



Wealthy Way Group Limited

富道集團有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code: 3848

PLACING and PUBLIC OFFER

Sponsor

AmCap
Ample Capital Limited
豐盛融資有限公司

Sole Global Coordinator,
Joint Bookrunner and Joint Lead Manager

AmCap
Ample Orient Capital Limited
豐盛東方資本有限公司

Joint Bookrunner and
Joint Lead Manager

 **潮商** 證券有限公司
ChaoShang Securities Limited

IMPORTANT

If you are in any doubt about any contents of this prospectus, you should obtain independent professional advice.



Wealthy Way Group Limited 富道集團有限公司

(incorporated in the Cayman Islands with limited liability)

PLACING AND PUBLIC OFFER

Number of Offer Shares	: 36,000,000 Shares (subject to the Over-allotment Option)
Number of Placing Shares	: 32,400,000 Shares (Subject to reallocation and the Over-allotment Option)
Number of Public Offer Shares	: 3,600,000 Shares (Subject to reallocation)
Offer Price	: Not more than HK\$5.56 per Offer Share and expected to be not less than HK\$4.0 per Offer Share (payable in full on application in Hong Kong dollars, plus brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund)
Nominal Value	: HK\$0.01 per Share
Stock Code	: 3848

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潮商證券有限公司
ChaoShang Securities Limited

Co-Lead Manager

CONVOY
Investment Services
康宏證券投資

Co-Managers

CHKL | 中港通證券
China Hong Kong Link Securities

Innovax
Securities

Pacific
Foundation

富源證券
WealthLink
Securities Limited

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified under "Appendix V — Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" to this prospectus, has been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies of Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be fixed by the Price Determination Agreement between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on the Price Determination Date, which is expected to be on or before Monday, 10 July 2017 at or before 5:00 p.m., or such later date or time as may be agreed by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and the Company, but in any event no later than 5:00 p.m. on Wednesday, 19 July 2017. The Offer Price will not be more than HK\$5.56 per Offer Share and is expected to be not less than HK\$4.0 per Offer Share unless otherwise announced. Investors applying for Public Offer Shares must pay, on application, the maximum Offer Price of HK\$5.56 for each Offer Share together with brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK\$5.56. If our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) are unable to reach an agreement on the Offer Price by that date or time or such later date or time as agreed by our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), the Share Offer will lapse and will not proceed.

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may, with the consent of our Company, reduce the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, notice of reduction of the indicative Offer Price will be published on our Company's website at www.cwl.com and the website of the Stock Exchange at www.hkexnews.hk not later than the morning of the last day for lodging applications under the Public Offer.

Prospective investors of the Offer Shares should note that the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement to subscribe for, and to procure subscribers to subscribe for, the Public Offer Shares, are subject to termination by the Sole Global Coordinator (for itself and on behalf of the Public Offer Underwriters) upon the occurrence of any of the events set out under the section headed "Underwriting — Underwriting Arrangements and Expenses — Public Offer — Grounds for termination" in this prospectus, at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date.

Prior to making an investment decision, prospective investors should carefully consider all the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" in this prospectus.

28 June 2017

EXPECTED TIMETABLE⁽¹⁾

If there is any change in the following expected timetable of the Share Offer, we will issue an announcement on the respective website of our Company at www.cwl.com and the Stock Exchange at www.hkexnews.hk.

2017 ⁽¹⁾

Application lists of the Public Offer open⁽²⁾ 11:45 a.m. on Tuesday, 4 July

Latest time to lodge **WHITE** and **YELLOW** Application Forms⁽³⁾
and to give **electronic application instruction** to HKSCC 12:00 noon on
Tuesday, 4 July

Application lists of the Public Offer close⁽²⁾ 12:00 noon on Tuesday, 4 July

Expected Price Determination Date⁽⁴⁾ Monday, 10 July

Announcement of the final Offer Price, the level of indication of
interest in the Placing, the level of applications in the Public Offer,
the basis of allocation of the Public Offer Shares to be published in
The South China Morning Post (in English) and the Hong Kong
Economic Times (in Chinese) and on the website of our Company
at www.cwl.com and the website of the Stock Exchange
at www.hkexnews.hk on or before..... Thursday, 20 July

Results of allocations in the Public Offer (with successful
applicants' identification document numbers, where applicable)
to be available through a variety of channels (see the section
headed "How to Apply for Public Offer Shares
— 10. Publication of Results" in this prospectus) from Thursday, 20 July

Results of allocations in the Public Offer will be available at
www.tricor.com.hk/ipo/result with a "search by ID number/Business
Registration Number" function from Thursday, 20 July

Despatch/Collection of share certificates in respect of
wholly or partially successful applications pursuant
to the Public Offer on or before⁽⁵⁾⁽⁶⁾ Thursday, 20 July

Despatch/Collection of refund cheques in respect of
wholly successful (if applicable) and wholly or partially
unsuccessful applications pursuant to the Public Offer on⁽⁶⁾⁽⁷⁾ Thursday, 20 July

Dealings in Shares on the Stock Exchange expected to
commence on..... 9:00 a.m. on Friday, 21 July

EXPECTED TIMETABLE⁽¹⁾

Notes:

1. All times and dates refer to Hong Kong local times and dates unless otherwise stated. Details of the structure of the Public Offer, including its conditions, are set out in the section headed “Structure and Conditions of the Share Offer” in this prospectus.
2. If there is a “black” rainstorm warning signal or a tropical cyclone warning signal number 8 or above is in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 4 July 2017, the application lists will not open on that day. For further information please refer to the section headed “How to Apply for Public Offer Shares — 9. Effect of Bad Weather on the Opening of the Application Lists” in this prospectus.
3. Applicants who apply by giving electronic application instructions to HKSCC should refer to the section headed “How to Apply for Public Offer Shares — 5. Applying by Giving Electronic Application Instructions to HKSCC via CCASS” in this prospectus.
4. The Price Determination Date is expected to be on or around Monday, 10 July 2017. If, for any reason, the Offer Price is not agreed by 5:00 p.m. on Wednesday, 19 July 2017 between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), the Share Offer will not proceed and will lapse accordingly.
5. Share certificates for the Offer Shares are expected to be issued on or before Thursday, 20 July 2017 but will only become valid certificates of title provided that the Share Offer becomes unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms before 8:00 a.m. on the Listing Date. Investors who trade the Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.
6. Applicants who have applied on **WHITE** Application Forms for 1,000,000 or more Public Offer Shares under the Public Offer may collect their refund cheques and share certificates (as applicable) in person from our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 20 July 2017. Applicants being individuals who opt for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorised representatives bearing a letter of authorisation from their corporation stamped with the corporation’s chop. Both individuals and authorised representatives of corporations must produce, at the time of collection, identification and (where applicable) documents acceptable to our Hong Kong Branch Share Registrar.

Applicants who apply with **YELLOW** Application Forms for 1,000,000 or more Public Offer Shares under the Public Offer may collect their refund cheques (where relevant) in person but may not collect their share certificates, which will be deposited into CCASS for credit to their designated CCASS Participants’ stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Uncollected share certificates (if applicable) and refund cheques (if applicable) will be despatched by ordinary post and at the own risk of the applicants shortly after the expiry of the time for collection at the date of despatch of refund cheque as described in the section headed “How to Apply for Public Offer Shares — 13. Despatch/Collection of Share Certificates and Refund Monies” in this prospectus.

EXPECTED TIMETABLE⁽¹⁾

7. Refund cheques will be issued in respect of wholly or partially unsuccessful application and also in respect of successful applications in the event that the final offer price is less than the price per Public Offer Share payable on application. Part of your Hong Kong identity card number/passport number or if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of or may invalidate your refund cheque.

Particulars of the structure of the Share Offer, (including the conditions thereto) and the procedures for application for the Public Offer Shares, are set out in the sections headed “Structure and Conditions of the Share Offer” and “How to Apply for Public Offer Shares” in this prospectus respectively.

CONTENTS

You should rely only on the information contained in this prospectus to make your investment decision.

The Company, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus.

Any information or representation not made in this prospectus must not be relied on by you as having been authorised by the Company, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, and any of their respective directors, officers, employees, agents or representatives or any other party involved in the Share Offer.

The contents on the website at www.cwl.com which is the official website of our Company do not form part of this prospectus.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. Since this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a financial leasing and advisory services provider based in Shenzhen, Guangdong Province, the PRC, primarily specialising in the provision of financial leasing services and advisory services for customers in the PRC.

Our financial leasing services and advisory services are provided to customers mainly including airline company, health care service provider and energy saving equipment provider.

We have a short operating history and half of our Group’s senior management team had no relevant experience in the financial leasing industry prior to joining our Group.

Mr. Lo, who has extensive experience in the areas of corporate management, finance and property development, established our Group in 2012, after he identified from his business connections the market demand for financial leasing services as an alternative corporate financing channel to traditional ones under the prevailing economic condition of the PRC. Financial leasing is an emerging and growing industry in the PRC, Mr. Lo, through his extensive experience in the finance industry, had acquired knowledge and practical working flow of the financial leasing industry at our Group’s inception stage.

In addition, Mr. Lo participated in courses in relation to financial leasing, and reviewed the industry research reports from time to time to keep himself abreast of the recent trends in and demands from different industries for financial leasing. Together with his extensive financial experience and increasing practical knowledge of the financial leasing industry as mentioned above, Mr. Lo is able to analyse and capture the market trends and give advice on the overall strategic planning and business opportunities for development and expansion of our Group.

With our Directors’ business network particularly that of Mr. Lo, our Group focused on providing services to the small and medium enterprises (“SMEs”) in Guangdong Province, the PRC at our Group’s inception stage. The number of customers directly referred by Mr. Lo and Mr. Xie was 16 and 13 respectively, and these customers contributed approximately 89.4%, 34.1% and 19.7% of our Group’s total revenue during the Track Record Period. In 2014, our Group decided to recruit Mr. Shi Lei and Mr. Luo Xing, both of whom had relevant experience in the financial leasing industry, to join our Group to expand our financial leasing services. Mr. Shi Lei was appointed as the general manager of CWW Leasing and deputy general manager of CWW Services. Mr. Luo Xing was appointed as the head of business development department of CWW Leasing and

SUMMARY

CWW Services. Relevant industry experience of Mr. Shi Lei and Mr. Luo Xing are disclosed in the section headed “Directors, Senior Management and Employees” in this prospectus. The number of customers directly referred by Mr. Shi Lei and Mr. Luo Xing was 17 and 6 respectively, and these customers contributed approximately 5.9%, 61.4% and 57.9% of our Group’s total revenue during the Track Record Period.

Since 2014, we had adjusted our business strategy to focus on certain specific industry segments with growth potential, such as airline company, health care service provider and energy saving equipment provider. Leveraging on the accumulated industry experience of our Directors and the senior management and the adjusted business strategy, we have achieved substantial business growth during the Track Record Period. Nevertheless, our strategy to focus on airline customers will adversely affect our net interest margin due to the thinner interest spread with respect to the loans offered to them, which is part of our pricing strategy to enter into this industry segment.

According to Euromonitor, by the end of 2015, CWW Leasing ranked 15th among the financial leasing companies in Shenzhen in terms of registered capital.

The following table sets forth a breakdown of our revenue by type of services during the Track Record Period:

	Year ended 31 December					
	2014		2015		2016	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Interest income from financial leasing	10,515	29.6	20,524	38.4	41,520	58.3
Interest income from factoring	—	—	—	—	1,425	2.0
Financial leasing advisory services income	14,195	39.9	24,378	45.6	21,693	30.4
Other financial advisory services income	<u>10,835</u>	<u>30.5</u>	<u>8,555</u>	<u>16.0</u>	<u>6,605</u>	<u>9.3</u>
Total	<u><u>35,545</u></u>	<u><u>100.0</u></u>	<u><u>53,457</u></u>	<u><u>100.0</u></u>	<u><u>71,243</u></u>	<u><u>100.0</u></u>

For the years ended 31 December 2014, 2015 and 2016, our revenue was approximately RMB35.5 million, RMB53.5 million and RMB71.2 million, respectively, and our profit for the same period was approximately RMB22.1 million, RMB24.7 million and RMB29.6 million, respectively. Our net financial leasing receivables were approximately RMB173.9 million, RMB597.7 million and RMB543.1 million as at 31 December 2014, 2015 and 2016, respectively.

SUMMARY

Foreign-invested financial leasing companies in the PRC are approved and primarily regulated by the MOFCOM and/or other applicable local governmental authorities, and also under the supervision and administration of the provincial-level commerce authorities and other regulatory bodies. Our financial leasing services offered to health care provider are further regulated by the China Food and Drug Administration and/or its local counterpart as a form of operation of medical devices and are required to comply with the Regulations on the Supervision and Administration over Medical Devices. Please refer to the section headed “Regulatory Overview” in this prospectus for details.

OUR BUSINESS MODEL

Our services encompass financial leasing and advisory services. Please refer to the section headed “Business — Business Operations” in this prospectus for details.

During the Track Record Period, our services are summarised as below:

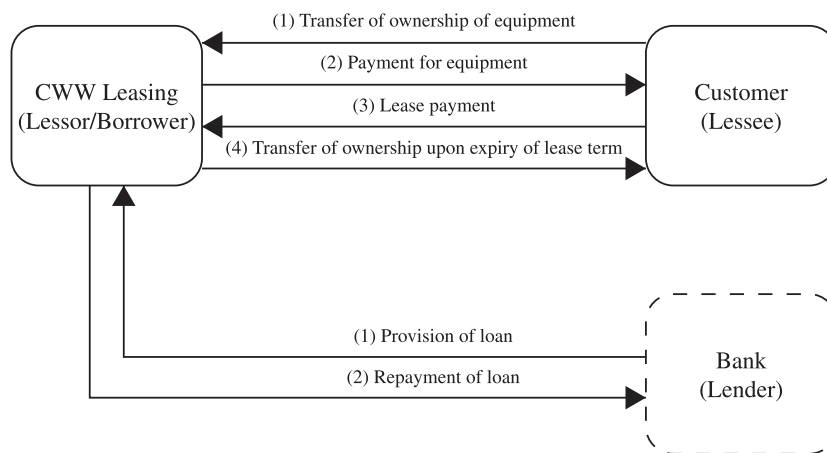
1. Financial leasing services

Services offered: Financial leasing solutions, including both direct financial leasing and sale-leaseback services.

Pricing: Fixed rate or PBOC based-floating interest rate.

Sale-leaseback

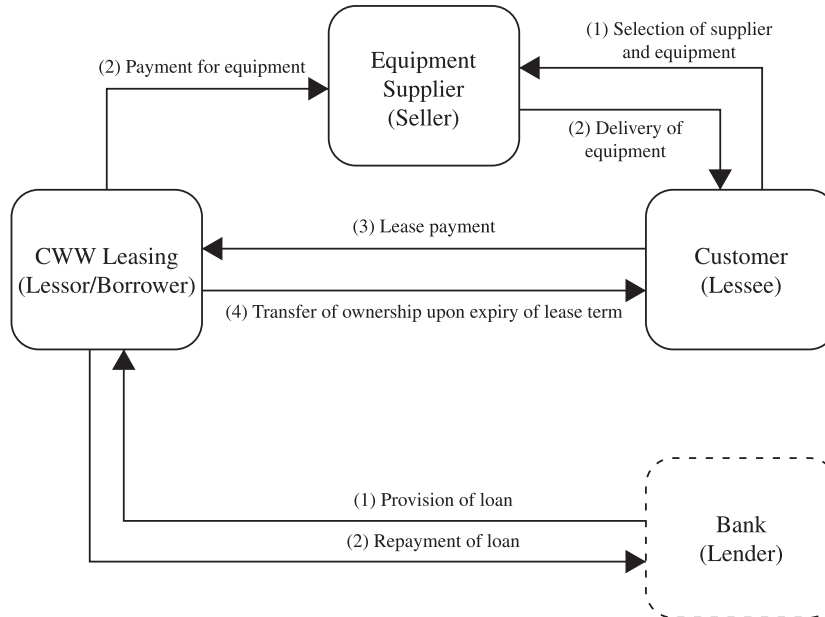
Sale-leaseback is a type of financial leasing service where our customer, as the lessee, sells existing assets to us, and then we, as the lessor, lease the assets back to the customer for its use. The relationship between the parties involved in a sale-leaseback arrangement is illustrated in the following diagram.



SUMMARY

Direct financial leasing

Direct financial leasing is the other financial leasing service where we, as the lessor, purchase the assets under the lease agreement from the seller (i.e. equipment manufacturer) for our customer, who is the lessee. We then lease the assets to our customer for its use. We also cooperate with equipment manufacturers to provide direct financial leasing for our customer. The following diagram illustrates the relationship between the parties involved in a direct financial leasing arrangement.



2. Advisory services

Services offered: Mainly include financial leasing advisory and other financial advisory services.

Pricing: Advisory services fees are normally charged on a percentage basis, with rates ranged from 2% to 10% of the expected transaction or financing size.

Our customers

During the Track Record Period, we had a concentration of customers in five industries, including airline company, health care service provider, public utilities provider, energy saving equipment provider and taxi operator. For the years ended 31 December 2014, 2015 and 2016, our customers from these five industries contributed approximately 59.6%, 67.8% and 58.8% of our total revenue, respectively, and our top five customers contributed approximately 69.8%, 55.4% and 49.8% of our total revenue, respectively.

SUMMARY

Our Group's aggregate credit exposure to our top five customers as at 31 December 2014, 2015 and 2016 was approximately RMB112.2 million, RMB418.3 million and RMB371.1 million, representing approximately 58.0%, 67.8% and 63.5% of our Group's total credit exposure, respectively.

The following table sets forth the number of our customers as at the dates indicated:

	As at 31 December		
	2014	2015	2016
Number of customers			
Corporate customers	26	45	48
Individual customers	163	57	—
	189	102	48

The following table sets forth a breakdown of the number of our customers by type of services as at the dates indicated:

	As at 31 December		
	2014	2015	2016
Financial leasing services	8	18	23
Factoring services	—	—	3
Advisory services	186	92	37
Total (<i>Note</i>)	194	110	63

Note: As at 31 December 2014, 2015 and 2016, we had 5, 8 and 15 common customers for both financial leasing services and advisory services.

For the years ended 31 December 2014, 2015 and 2016, we entered into 8, 22 and 16 new financial leasing agreements with our customers, respectively.

For more details, please refer to the sections headed “Business — Customer Geographical Analysis”, “Business — Customer Profile Analysis”, and “Business — Customer Business Nature Analysis” in this prospectus.

SUMMARY

Our financial leasing agreements

The following table sets forth number and value of our financial leasing agreements by length of lease for the periods/dates indicated:

	Year ended/As at 31 December															
	2013		2014		2015		2016		2013		2016					
	Number of newly signed financial leasing agreements during the year	Value (RMB'000)	Number of newly signed financial leasing agreements in progress as at end of the year	Value (RMB'000)	Number of newly signed financial leasing agreements during the year	Value (RMB'000)	Number of newly signed financial leasing agreements during the year	Value (RMB'000)	Number of newly signed financial leasing agreements during the year	Value (RMB'000)	Number of newly signed financial leasing agreements in progress as at end of the year	Value (RMB'000)				
Length of lease																
— More than 1 to 2 years	6	58,000	6	58,000	7	120,600	11	136,100	2	35,000	8	95,600	9	96,654	10	116,654
— More than 2 to 3 years	—	—	—	—	—	—	—	—	19	266,520	19	266,520	5	73,650	23	330,170
— More than 3 to 5 years	1	30,000	1	30,000	1	50,000	2	80,000	—	—	2	80,000	2	393,880	4	473,880
— More than 5 years	—	—	—	—	—	—	—	—	1	300,000	1	300,000	—	—	1	300,000
Total	7	88,000	7	88,000	8	170,600	13	216,100	22	601,520	30	742,120	16	564,184	38	1,220,704

The average term of our financial leasing agreements for the years ended 31 December 2013, 2014, 2015 and 2016 was approximately 2.3, 2.3, 3.1 and 3.0 years respectively.

The following table sets forth the maturity profile of our newly signed financial leasing agreements during each year of the Track Record Period:

	Year ended 31 December											
	2013			2014			2015			2016		
	Number	Value (RMB'000)	Proportion (%)	Number	Value (RMB'000)	Proportion (%)	Number	Value (RMB'000)	Proportion (%)	Number	Value (RMB'000)	Proportion (%)
Matured by												
— 31 December 2014	2	42,500	48.3	—	—	—	—	—	—	—	—	—
— 31 December 2015	4	15,500	17.6	1	60,000	35.2	—	—	—	—	—	—
— 31 December 2016	—	—	—	6	60,600	35.5	2	25,000	4.1	—	—	—
— Latest Practicable Date	1	30,000	34.1	—	—	—	3	58,600	8.1	2	23,880	4.2
Not yet Matured as at the Latest Practicable Date	—	—	—	1	50,000	29.3	17	517,920	87.8	14	540,304	95.8
Total	7	88,000	100.0	8	170,600	100.0	22	601,520	100.0	16	564,184	100.0

Our financing sources

We pursue a diversified source of fund through a combination of internal capital and external bank borrowings from certain PRC banks. During the Track Record Period, there was a concentration of our borrowings from certain PRC banks for our financial leasing business. As at 31 December 2016, our total bank borrowing balance was approximately RMB359.4 million. For the years ended 31 December 2014, 2015 and 2016, our effective interest rate per annum for the bank loans was 7.2%, from 4.8% to 6.7%, and from 4.8% to 5.6% respectively. For details of our lenders and the risk of concentration of our borrowings, please refer to the sections headed “Business — Lenders” and “Risk Factors — We rely on a few banks in the PRC for our financial leasing services” in this prospectus.

SUMMARY

COMPETITIVE STRENGTHS

We believe that the following strengths have contributed to our success and enabled us to capture future opportunities in the financial leasing industry: (i) we are able to tailor-make our integrated financial services for our customers; (ii) we have been continuously expanding our customer base; (iii) we have provided convenient access to short-term to medium-term financings; (iv) we have implemented an effective risk management system; and (v) we have an experienced management team with industry knowledge and network for continued business development.

For details, please refer to the section headed “Business — Competitive Strengths” in this prospectus.

BUSINESS STRATEGIES

In order to further develop and expand our business, we intend to pursue the following principal strategies: (i) continue to enhance our risk management capabilities; (ii) expand our business operation into financial leasing related factoring service to capture growth opportunities; (iii) continue to develop our business with existing and new customers in industries with growth potential; (iv) continue to strengthen our management team by hiring senior staff with industry experience; and (v) build up customer loyalty to our Group.

For details, please refer to the section headed “Business — Our Strategies” in this prospectus.

RISK MANAGEMENT AND CONTROL

As a financial leasing service provider, we are exposed to a series of risks in our daily business operations, including credit risk, liquidity risk, interest rate risk, operational risk and legal and compliance risk. We recognise the possibility of potential risks and significance of an effective risk management system. The core principle of our risk management system is to minimise such risks in our business activities and to protect the long-term interests of our Group and the Shareholders.

For more details, please refer to the section headed “Business — Risk Management and Control” in this prospectus.

APPROVALS AND COMPLIANCE

As advised by our PRC Legal Adviser, during the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant PRC laws and regulations in all material respect, except for a number of immaterial non-compliance incidents, the details of which are set out in the section headed “Business — Approvals and Compliance” in this prospectus.

SUMMARY

As advised by our PRC Legal Adviser, we had obtained all licenses, approvals and permits from appropriate regulatory authorities necessary for our business and such licenses, approvals and permits were valid and subsisting during the Track Record Period and up to the Latest Practicable Date.

As advised by our PRC Legal Adviser, we are not restricted to operate within Shenzhen according to the conditions imposed by our business approval and licence.

For details, please refer to the section headed “Business — Approvals and Compliance” in this prospectus.

HIGHLIGHTS OF RISK FACTORS

Our daily business activity is affected by numerous risks and there are risks relating to investment in the Offer Shares. You should read the entire section headed “Risk Factors” in this prospectus carefully before you decide to invest in the Offer Shares. Some of the major risks we face include the following:

- Our Group has a short operating history and our results during the Track Record Period may not be a reference to our future operation performance, as our finance costs and operating expenses are expected to increase following the expansion of our businesses. Besides, our income is generally project based and non-recurring in nature and any decrease in the number of projects would affect our operations and financial results.
- Our Group has a short operating history and our zero default ratio during the Track Record Period may not be indicative of our future default ratio and may represent our Group’s lack of experience in enforcement of our security rights over the collaterals. Besides, the risk management measures of our Group may not be effective in mitigating our risk exposures in the future.
- The financial leasing market in the PRC is highly competitive and competitive pressures could lead to a decrease in our market share. Besides, save for a few customers which are listed companies, non-listed airline company, hospitals and clinics and public utilities companies, most of our customers are SMEs in the PRC. These SMEs may be less resilient to adverse changes in market conditions and general economic environment and, in turn, our business and operations may be materially affected.
- Our business and financial condition could be adversely affected if we are unable to effectively mitigate our (i) credit risk, which depends on the financial and business performance of our customers, our asset quality and the collectability of our receivables; and (ii) liquidity risk, which is closely related to our bank borrowings and gearing ratio. We are also faced with the risk that the value of our leased assets, and collateral or

SUMMARY

guarantees securing our finance leases may not be sufficient to cover related financial leasing receivables. Furthermore, there is a mismatch between our cash flow and profit due to the business nature of financial leasing.

- We may not be able to continue to conduct financial leasing services in relation to certain types of medical devices if we cannot renew our relevant permits or comply with relevant requirements, which may in turn adversely affect our business development.

OUR SHAREHOLDING STRUCTURE

Immediately upon completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), Wealthy Rise, as a beneficial owner, will hold 75% of the issued share capital of our Group, and hence, it is one of our Controlling Shareholders. Wealthy Rise is a company incorporated in the BVI with limited liability and is wholly and beneficially-owned by Mr. Lo. Therefore, through Wealth Rise, Mr. Lo is our Controlling Shareholder.

For further details regarding our Controlling Shareholders, please refer to the section headed “Relationship with the Controlling Shareholders” in this prospectus.

USE OF PROCEEDS

Assuming an Offer Price of HK\$4.78 per Offer Share, being the mid-point of the indicative Offer Price range, we estimate that we will receive net proceeds of approximately HK\$145.7 million (equivalent to RMB127.0 million) from the Share Offer after deduction of listing-related expenses payable by us assuming the Over-allotment Option is not exercised. We intend to use the net proceeds from the Share Offer to achieve our future plans mainly in the following manner: (i) 70%, or approximately HK\$102.0 million (equivalent to RMB88.9 million), to be applied towards expanding our current financial leasing operation; (ii) 20%, or approximately HK\$29.1 million (equivalent to RMB25.4 million) to be applied towards developing our new financial leasing related factoring business; and (iii) the remaining balance of 10%, or approximately HK\$14.6 million (equivalent to RMB12.7 million), to be used as our Group’s general working capital.

SUMMARY

SELECTED FINANCIAL INFORMATION

The tables below present the selected financial information of our Group for the Track Record Period, which were set forth under the section headed “Financial Information” in this prospectus and should be read in conjunction with the Accountants’ Report in Appendix I to this prospectus. Our consolidated financial information was prepared in accordance with accounting policies which are in conformity with the HKFRSs.

Operating results

	Year ended 31 December		
	2014	2015	2016
	RMB’000	RMB’000	RMB’000
Continuing operations			
Revenue	35,545	53,457	71,243
Profit before income tax	29,353	34,297	42,215
Profit for the year from continuing operations	21,754	24,739	29,560
Discontinued operations (Note)			
Profit for the year from discontinued operations	336	—	—
Profit for the year attributable to the owners of the Company	22,090	24,739	29,560
Total comprehensive income for the year attributable to the owners of the Company	22,125	24,575	29,260
Total comprehensive income for the year attributable to:			
— Continuing operations	21,788	24,575	29,260
— Discontinued operations	337	—	—
	22,125	24,575	29,260

Note: Discontinued operations represented the provision of financial agency services for both lenders and individual customers in the PRC that have been discontinued since December 2014. For details, please refer to the section headed “History, Reorganisation and Development — Subsidiaries and equity interest disposed of prior to the Reorganisation” in this prospectus and note 12 of the Accountants’ Report set out in Appendix I to this prospectus.

SUMMARY

We recorded revenue of approximately RMB35.5 million, RMB53.5 million and RMB71.2 million for the years ended 31 December 2014, 2015 and 2016 respectively. The substantial increase in our income during the Track Record Period was primarily attributable to the increase in the number of financial leasing services and the relevant advisory services contracts signed with new customers. Our total comprehensive income for the year also increased from approximately RMB21.8 million for the year ended 31 December 2014 to approximately RMB24.6 million for the year ended 31 December 2015, and further to RMB29.3 million for the year ended 31 December 2016.

Summary of consolidated statements of financial position

	As at 31 December		
	2014	2015	2016
	RMB'000	RMB'000	RMB'000
Non-current assets	88,392	429,418	346,163
Current assets	214,711	200,099	349,871
Current liabilities	34,854	105,358	121,999
Net current assets	179,857	94,741	227,872
Total assets less current liabilities	268,249	524,159	574,035
Non-current liabilities	28,620	259,955	275,171
Equity			
Share capital	—	—	—
Reserves	239,629	264,204	298,864
Total equity	239,629	264,204	298,864

We experienced a decrease in net current assets from approximately RMB179.9 million as at 31 December 2014 to approximately RMB94.7 million as at 31 December 2015. The decrease was mainly due to (i) the decrease in the amounts due from related parties of approximately RMB54.2 million; and (ii) the increase in bank borrowing of approximately RMB48.7 million. Net current assets increased to approximately RMB227.9 million as at 31 December 2016 mainly due to (i) the increase in loan and account receivables of approximately RMB46.2 million; and (ii) the increase in cash and cash equivalents of approximately RMB102.6 million.

SUMMARY

We experienced a significant increase in non-current liabilities from approximately RMB28.6 million as at 31 December 2014 to approximately RMB260.0 million as at 31 December 2015, and further to approximately RMB275.2 million as at 31 December 2016. Such increase was mainly due to the increase in bank borrowings arising from expansion in our financial leasing business.

Summary of consolidated statements of cash flows

	Year ended 31 December		
	2014	2015	2016
	RMB'000	RMB'000	RMB'000
Net cash flows (used in)/generated from operating activities	(111,891)	(380,674)	83,343
Net cash flows (used in)/generated from investing activities	(29,419)	50,183	3,280
Net cash flows generated from financing activities	<u>159,437</u>	<u>282,858</u>	<u>16,217</u>
Net increase/(decrease) in cash and cash equivalents	<u>18,127</u>	<u>(47,633)</u>	<u>102,840</u>

We experienced net operating cash outflows of approximately RMB111.9 million and RMB380.7 million for the years ended 31 December 2014 and 2015 respectively. This was primarily due to the increase of loan and account receivables in the ordinary course of our business.

Net interest margin and net interest spread

For the years ended 31 December 2014, 2015 and 2016, our net interest margin was 8.3%, 3.0% and 5.1%, respectively, and our net interest spread was 7.6%, 0.7% and 3.7%, respectively. For details, please refer to the section headed “Financial Information — Description of Line Items in the Consolidated Statements of Comprehensive Income — Revenue — Financial Leasing” in this prospectus.

Collateral coverage ratio

Our aggregate total assets coverage ratio for newly signed leases was 1.2 times, 1.3 times and 1.5 times for the years ended 31 December 2014, 2015 and 2016 respectively. Our aggregate total assets coverage ratio for outstanding financial leasing receivables was 1.6 times, 1.6 times and 1.9 times as at 31 December 2014, 2015 and 2016 respectively. Our coverage ratio for the number of leases guarantees from customers and/or their related parties was 100%, 81.0% and 78.6% for the years ended 31 December 2014, 2015 and 2016 respectively. For details, please refer to the section headed “Business — Business Operations — Financial Leasing — Leased Assets and Collateral” in this prospectus.

SUMMARY

Key financial ratios

	As at/year ended 31 December		
	2014	2015	2016
Net profit margin	61.2%	46.3%	41.5%
Return on equity	9.1%	9.4%	9.9%
Return on total assets	7.2%	3.9%	4.2%
Current ratio	6.2 times	1.9 times	2.9 times
Gearing ratio ⁽¹⁾	20.9%	126.1%	120.3%
Debt to equity ratio ⁽²⁾	N/A	124.3%	84.3%
Risky Assets to equity ratio	1.1 times	2.5 times	2.1 times

Due to the significant increase in finance cost arising from the new bank borrowings since November 2014, together with the increase in employee benefit expenses and listing expense, our Group's net profit margin decreased from approximately 61.2% for the year ended 31 December 2014 to approximately 46.3% for the year ended 31 December 2015, and further decreased to approximately 41.5% for the year ended 31 December 2016.

To cater for the expansion of our financial leasing business, we increased our bank borrowings from approximately RMB50.0 million as at 31 December 2014 to approximately RMB333.1 million as at 31 December 2015. Therefore, our Group's gearing ratio increased from approximately 20.9% as at 31 December 2014 to approximately 126.1% as at 31 December 2015. As at 31 December 2016, our Group's gearing ratio slightly decreased to approximately 120.3%, which was mainly due to the increase in equity outweighing the increase in bank borrowings.

Our Group's default ratio, non-performing assets and provision coverage ratio as at 31 December 2014, 2015 and 2016 was zero.

For details, please refer to the section headed "Financial Information — Key Financial Ratios Analysis" in this prospectus.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Based on our Group's unaudited management accounts, our revenue and profit for the four months ended 30 April 2017 recorded growth as compared to that of the same period in 2016 mainly due to the increase in interest income from financial leasing. During the four months ended 30 April 2017, we were able to enter into 2 new financial leasing agreements with airline customers.

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1. Gearing ratio is calculated by dividing (i) total interest-bearing debt by (ii) total equity at the end of a given year and multiplying by 100.0%.
 2. The calculation method of Risky Assets to equity ratio is the same as that of Risky Assets to net assets ratio.
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SUMMARY

The expected non-recurring expenses in connection with the Listing of approximately RMB8.3 million for the year ending 31 December 2017 would have a negative impact on the financial results of our Group for this year. For details, please refer to the section headed “Financial Information — Listing Expenses” in this prospectus.

In light of the above, our Directors have confirmed that since 31 December 2016 and up to the date of this prospectus, there had been no material adverse change in the industry in which we operate or in the financial or trading position of our Group that would materially affect the information shown in our consolidated financial statements included in the Accountants’ Report set forth in Appendix I to this prospectus.

DIVIDEND

We have no fixed dividend policy. Following completion of the Listing, subject to certain covenants of our Group’s borrowings in relation to dividend payment (please see the section headed “Financial Information — Indebtedness” in this prospectus for further details), we may distribute dividends by ways of cash or by other means that our Board considers appropriate. A decision to distribute any interim dividend or recommend any final dividend would require the approval of our Board and will be at their discretion. There can be no assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of our Board or at all. Our historical dividend distribution is not an indication or may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. In addition, any final dividend for a financial year will be subject to Shareholders’ approval. Our Board will review our Company’s dividend policy and determine whether dividends are to be declared and paid.

We did not declare nor pay any dividend during the Track Record Period.

Please refer to the section headed “Financial Information — Dividend” in this prospectus for details.

SUMMARY

SHARE OFFER STATISTICS

Market capitalisation upon Listing:	HK\$576.0 million to approximately HK\$800.6 million (assuming the Over-allotment Option is not exercised and taking no account of any Shares to be issued upon the exercise of options under the Share Option Scheme)
Shares to be in issue following completion of the Share Offer and Capitalisation Issue:	144,000,000 Shares
Offer size:	36,000,000 Shares
Offer Price:	HK\$4.0 to HK\$5.56
Board lot:	1,000 Shares
Offering structure:	32,400,000 Shares for Placing (subject to reallocation and the Over-allotment Option) and 3,600,000 Shares for Public Offer (Subject to reallocation)
Unaudited pro forma adjusted net tangible assets per Share:	HK\$3.26 to HK\$3.64

DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this prospectus.

“Ample Capital” or “Sponsor”	Ample Capital Limited, a corporation licensed to engage in type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
“Application Form(s)”	WHITE Application Form(s) and, YELLOW Application Form(s) or, where the context so requires, any of them to be used in connection with the Public Offer
“Articles of Association” or “Articles”	the articles of association of our Company conditionally adopted on 19 June 2017, which will take effect on the Listing Date, as may be amended, supplemented or otherwise modified from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“business day”	a day (other than Saturday and Sunday and public holiday) on which licensed banks in Hong Kong are generally open for normal banking transactions to the public
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate, a method of assessing the average growth of a value over time
“Capitalisation Issue”	the issuance of Shares to be made upon the capitalisation of certain sums standing to the credit of the share premium account of our Company, as further described in the section headed “Further Information about Our Company and Subsidiaries — Written resolutions of the sole Shareholder passed on 19 June 2017” in Appendix IV to this prospectus
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會)
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct participant or a general clearing participant

DEFINITIONS

“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Companies Law”	the Companies Law (as revised) of the Cayman Islands, as amended, supplemented and/or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our”, “we” or “us”	Wealthy Way Group Limited (富道集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 10 December 2015
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transactions”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Wealthy Rise and Mr. Lo
“core connected person(s)”	has the meanings ascribed thereto under the Listing Rules
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)

DEFINITIONS

“CWW Services”	深圳市富道金融服務有限公司 (Shenzhen Wealthy Way Financial Services Company Limited*), a company incorporated in the PRC as a wholly foreign-owned enterprise on 20 February 2012 and an indirect wholly-owned subsidiary of our Company
“CWW Finance”	Wealthy Way International Finance Limited (富道國際金融有限公司), a company incorporated in Hong Kong on 7 December 2011 with limited liability and an indirect wholly-owned subsidiary of our Company
“CWW HK”	China Wealthy Way Group Limited (中國富道集團有限公司), a company incorporated in Hong Kong on 9 November 2011 with limited liability and an indirect wholly-owned subsidiary of our Company
“CWW Leasing”	富道(中國)融資租賃有限公司 (Wealthy Way (China) Leasing Company Limited*), a company incorporated in the PRC as a wholly foreign-owned enterprise on 5 April 2012 and an indirect wholly-owned subsidiary of our Company
“Deed of Indemnity”	the deed of indemnity dated 19 June 2017 executed by our Controlling Shareholders (as indemnifiers) in favour of our Company, particulars of which are set out in the paragraph headed “E. Other Information — Tax and other indemnities” in Appendix IV to this prospectus
“Deed of Non-competition”	the deed of non-competition dated 19 June 2017 executed by our Controlling Shareholders (as covenantors) in favour of our Company (for ourselves and as trustee for each of our subsidiaries), particulars of which are set out in the paragraph headed “Relationship with Controlling Shareholders — Non-Competition Undertakings” in this prospectus
“Director(s)”	the director(s) of our Company
“EIT Law”	the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) promulgated on 16 March 2007, effective from 1 January 2008
“Euromonitor”	Euromonitor International Limited, an independent market research agency
“Euromonitor Report”	the market research report prepared by Euromonitor

DEFINITIONS

“Executive Director(s)”	the executive director(s) of our Company
“GDP”	gross domestic product
“Group”, “our Group”, “we”, “our” or “us”	our Company together with its subsidiaries or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries pursuant to the Reorganisation, its present subsidiaries
“HK\$” or “HKD”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKFRSs”	Hong Kong Financial Reporting Standards
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited
“Independent Third Party(ies)”	individual(s) or company(ies) who/which is/are independent of and not a connected person or connected persons (within the meaning of the Listing Rules) with any directors, chief executives or substantial shareholders of our Company, its subsidiaries or any of their respective associates as defined under the Listing Rules
“INED(s)”	the independent non-executive Director(s)
“Joint Bookrunners” or “Joint Lead Managers”	Ample Orient Capital Limited and ChaoShang Securities Limited
“Latest Practicable Date”	19 June 2017, being the latest practicable date for ascertaining certain information prior to the printing of this prospectus
“Listing”	listing of the Shares on the Main Board of the Stock Exchange
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about Friday, 21 July 2017, on which the Shares are listed and from which dealings in the Shares commence on the Main Board

DEFINITIONS

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock market (excluding the option markets) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Memorandum” or “Memorandum of Association”	the memorandum of association of the Company conditionally adopted on 19 June 2017 which will take effect on the Listing Date (as amended from time to time), a summary of which is set out in Appendix III to this prospectus
“Ministry of Finance”	Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Lo”	Mr. Lo Wai Ho, our founder, chairman and chief executive officer, one of our executive Directors and Controlling Shareholders; Mr. Xie’s uncle
“Mr. Xie”	Mr. Xie Weiquan, our non-executive Director, Mr. Lo’s nephew
“NDRC”	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“NPC”	National People’s Congress of the PRC (中華人民共和國全國人民代表大會)
“Ordinary Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of our Company
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage fee, the Stock Exchange trading fee and SFC transaction levy), which will not be more than HK\$5.56 per Offer Share and is expected to be not less than HK\$4.0 per Offer Share, at which the Offer Shares are to be subscribed for and issued pursuant to the Share Offer, such price to be agreed and determined on or before the Price Determination Date
“Offer Shares”	the Public Offer Shares and the Placing Shares together, where relevant, with any additional Share(s) issued pursuant to the exercise of the Over-allotment Option

DEFINITIONS

“Over-allotment Option”	the option expected to be granted by us to the Placing Underwriters, exercisable by the Sole Global Coordinator pursuant to the Placing Underwriting Agreement
“PBOC”	People’s Bank of China (中國人民銀行)
“Placing”	the conditional placing of the Placing Shares by the Placing Underwriters on behalf of our Company of the Placing Shares for cash at the Offer Price, as further described under the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Placing Shares”	32,400,000 new Shares initially being offered by the Company for the subscription at the Offer Price under the Placing, subject to reallocation and the Over-allotment Option as described in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Placing Underwriters”	the underwriters of the Placing Shares whose names are set out in the section headed “Underwriting” in this prospectus
“Placing Underwriting Agreement”	the conditional underwriting agreement relating to the Placing expected to be entered into, among others, the Sponsor, the Sole Global Coordinator, our Company, our Executive Directors, our Controlling Shareholders and the Placing Underwriters on or about the Price Determination Date, details of which are set forth in the section headed “Underwriting” in this prospectus
“PRC” or “China”	The People’s Republic of China, and for the purpose of this prospectus, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC government” or “Chinese government”	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities)
“PRC Legal Adviser”	Deheng Law Offices (Shenzhen) (北京德恒(深圳)律師事務所), the legal adviser to our Company as to PRC laws
“Price Determination Agreement”	the agreement to be entered into between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on or around the Price Determination Date to fix and record the Offer Price

DEFINITIONS

“Price Determination Date”	the date on which the Offer Price is to be fixed, by our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), which is expected to be on or before Monday, 10 July 2017
“Public Offer”	the conditional offer of the Public Offer Shares by our Company for subscription by the public in Hong Kong for cash at the Offer Price on and subject to the terms and conditions stated in this prospectus and in the Application Forms as further described in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Public Offer Shares”	3,600,000 new Shares initially offered by our Company for subscription at the Offer Price under the Public Offer (subject to reallocation as described under the section headed “Structure and Conditions of the Share Offer” in this prospectus)
“Public Offer Underwriters”	the underwriters of the Public Offer Shares whose names are set out in the section headed “Underwriting” in this prospectus
“Public Offer Underwriting Agreement”	the conditional underwriting agreement relating to the Public Offer entered into, among others, by our Company, our Executive Directors, our Controlling Shareholders, the Sole Global Coordinator, the Sponsor and the Public Offer Underwriters, details of which are set forth in the section headed “Underwriting” in this prospectus
“Remuneration Committee”	the remuneration committee of the Board
“Reorganisation”	the reorganisation of our Group in preparation of the Listing, details of which are set out in the section headed “History, Reorganisation and Development” in this prospectus
“Risky Assets”	the residual assets after deducting cash, bank deposits, national bonds and entrusted leased assets from the total assets of a financial leasing company
“RMB” or “Renminbi”	Renminbi yuan, the lawful currency of the PRC
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)

DEFINITIONS

“SAIC”	State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
“SAT”	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
“Share(s)”	share(s) of a nominal value of HK\$0.01 each in the capital of our Company
“Share Offer”	the Public Offer and the Placing
“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company on 19 June 2017, the principal terms of which are summarised in “Other Information — Share Option Scheme” in Appendix IV to this prospectus
“Shareholder(s)”	holder(s) of the Share(s)
“Stabilising Manager”	Ample Orient Capital Limited
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Borrowing Agreement”	the stock borrowing agreement which may be entered into between Wealthy Rise and the Stabilising Manager on or about the Price Determination Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary” or “Subsidiaries”	has the meaning ascribed to it under the Listing Rules
“substantial shareholders”	has the meaning ascribed to it under the Listing Rules
“SZ Services”	深圳市浩森時貸金融服務有限公司 (Shenzhen Haosenshidai Financial Services Company Limited*), a company incorporated in the PRC as a limited liability company on 30 August 2013 and disposed of by our Group on 30 December 2014

DEFINITIONS

“SZ Leasing”	深圳前海富道融資租賃有限公司 (Shenzhen Qianhai Fudao Financial Leasing Company Limited*), a company incorporated in the PRC as a limited liability company on 11 September 2014 and an indirect wholly-owned subsidiary of our Company
“Track Record Period”	the period comprising the three years ended 31 December 2014, 2015 and 2016
“United States”	The United States of America
“USD” or “US dollars” or “US\$”	United States dollars, the lawful currency of the United States
“Underwriters”	the Public Offer Underwriters and the Placing Underwriters
“Underwriting Agreements”	the Placing Underwriting Agreement and the Public Offer Underwriting Agreement
“Wealthy Rise”	Wealthy Rise Investment Limited (富登投資有限公司), a company incorporated in the BVI on 27 October 2011 with limited liability and one of our Controlling Shareholders upon completion of the Reorganisation
“WW Holdings”	Wealthy Way Holdings Limited (富道控股有限公司), a company incorporated in the BVI on 20 January 2016 with limited liability and a direct wholly-owned subsidiary of our Company upon completion of the Reorganisation
“Wealthy Way Management”	Wealthy Way Investment Management Limited (富道投資管理有限公司), a company incorporated in Hong Kong on 15 November 2011 with limited liability and disposed of by our Group on 30 December 2014
“WHITE Application Form(s)”	the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the applicant’s or applicants’ own name(s)
“YELLOW Application Form(s)”	the application form(s) for use by the public who require(s) such Public Offer Shares to be deposited directly into CCASS

DEFINITIONS

“Yong Li”	深圳前海永利融資租賃有限公司 (Shenzhen Qianhai Yongli Financial Leasing Company Limited*), a company incorporated in the PRC as a limited liability company on 25 December 2014 and the equity interest of which was disposed of by our Group pursuant to a transfer agreement dated 12 April 2016, please refer to section headed “History, Reorganisation and Development — Subsidiaries and equity interest disposed of prior to the Reorganisation” in this prospectus for more details
“%”	per cent

Unless otherwise expressly stated or the context otherwise requires, all data in this prospectus is as of the date of this prospectus.

Translated English names of Chinese laws and regulations, government authorities, departments, entities (including certain of our subsidiaries), institutions, natural persons, facilities, certificates, titles and the like included in this prospectus and for which no official English translation exists are unofficial translations for identification purposes only. The English translation of company name in Chinese which are marked with “” is for identification purposes only. In the event of any inconsistency, the Chinese name prevails.*

FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus are forward looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as “will” “expect”, “anticipate”, “estimate”, “believe”, “going forward”, “ought to”, “may”, “seek”, “should”, “intend”, “plan”, “projection”, “could”, “vision”, “goals”, “objective”, “target”, “schedules” and “outlook”) are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including the risk factors detailed in this prospectus), uncertainties and other factors some of which are beyond our control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our operations and business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our ability to develop and manage our operations and business;
- our financial condition and performance;
- our plan of use of proceeds;
- availability of bank loans and other form of financing;
- changes in policies, legislations, regulations or practices in those counties or territories in which we operate that may affect our business operations;
- competition for, among other things, capital, technology and skilled personnel;
- our ability to control costs;
- our dividend policy;
- changes to regulatory and operating conditions in the industry and geographical markets in which we operate; and
- all other risks and uncertainties described in the section headed “Risk Factors”.

FORWARD-LOOKING STATEMENTS

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made and, subject to the requirements of applicable laws, rules and regulations, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise, or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of our Directors are made as of the date of this prospectus. Any such intentions may change in light of future developments. All forward-looking statements in this prospectus are expressly qualified by reference to the cautionary statements set out in this section.

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Potential investors should carefully consider all of the information set forth in this prospectus, including the risks and uncertainties described below before making an investment in the Offer Shares. You should pay particular attention to the fact that our Company is incorporated in the Cayman Islands and that substantially all of our Group's operations are conducted in the PRC. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks. The market price of our Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS AND THE FINANCIAL LEASING INDUSTRY

Our Group has a short operating history and our results during the Track Record Period may not be representative of the results of our operation performance in the future

Our operating subsidiaries were only established in 2012. For the years ended 31 December 2014, 2015 and 2016, our revenue was approximately RMB35.5 million, RMB53.5 million and RMB71.2 million, respectively. The substantial increase in our income during the Track Record Period was primarily attributable to the increase in the number of financial leasing services and the relevant advisory services contracts signed with new customers, namely airline company, health care service provider and energy saving equipment provider. Our profit from continuing operations increased from approximately RMB21.8 million for the year ended 31 December 2014, to approximately RMB24.7 million for the year ended 31 December 2015, and further to approximately RMB29.6 million for the year ended 31 December 2016. However, completion of the financial leasing projects in our further operation is subject to a number of factors beyond our control. Our finance costs are also expected to increase mainly because of the expansion of our financial leasing services.

Following the expansion of our businesses, our operating expenses are also expected to increase because of recruitment of more employees for our business growth. Besides, the expenses for the Listing incurred by our entities in Hong Kong are not deductible for tax purpose during the year. The above factors and Listing expenses incurred and to be incurred could have adverse impact on our results for the year ending 31 December 2017. As a result, our results during the Track Record Period may deviate from those in the future and may not be a reference to our future operation performance.

Our income is generally project based and non-recurring in nature and any decrease in the number of projects would affect our operations and financial results

Our business model is generally project based under which we charge customers fixed or floating interests for our financial leasing services and service fee for our advisory services under a specific project. Our contracts which are non-recurring in nature with our customers may create uncertainty as to our future revenue. We have no guarantee either to maintain business relationships

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with existing customers and secure existing transactions, or to seek new transactions with new customers on a continuous basis. As such, our business, financial condition and results of operations may be materially and adversely affected.

The financial leasing market in the PRC is highly competitive, and competitive pressures could lead to a decrease in our market share

The financial leasing market in the PRC is highly fragmented and competitive. We face various competitions from other financial leasing companies of different sizes in the PRC. Some of our competitors are significantly larger than we are and have greater financial and marketing resources than ours. In addition, some of our competitors have a more diversified offering, greater technical resources, longer operating histories, lower cost structures and better relationships with equipment manufacturers. Further, certain of our competitors are more geographically diverse than we are and have greater recognition among customers and financial institutions than we do. As a result, our competitors that have the advantages identified above may be able to provide their services at lower costs and in more efficient ways. Therefore, we may in the future encounter increased competition in the equipment-based financial leasing services from existing competitors or from new market entrants.

We fully depend on the customers in the PRC

As all our customers engage in their business and operations in the PRC, we are exposed to the local economic and political conditions of the PRC. There may be additional regulations which impose more restrictions on our business and future development. If there is economic down-turn, recession or other worsening of the economic conditions in the PRC, our customers and our Group may face different levels of decline, which could in turn have an adverse effect on the ability of our customers to meet their financial and other obligations under our leases and the quality of our financial leasing portfolio. In addition, the bank financing available to our financial leasing services may be tightened and restricted by more conditions. Therefore, our business and development in the future may substantially depend on the economic conditions of the PRC which we are unable to control.

Save for a few customers which are listed companies, non-listed airline company, hospitals and clinics and public utilities companies, most of our customers are SMEs, which may be less resilient to adverse changes in market conditions and general economic environment

We expect that our future growth will continue to depend on the success of our customers, which is in turn subject to various factors out of our control, such as market performance and financial position of our customers, and the general economic environment. Save for a few customers which are listed companies, non-listed airline company, hospitals and clinics and public utilities companies, most of our customers are SMEs and our businesses rely on them to generate revenue. SMEs may not be able to support themselves financially during the time of adverse changes in market conditions, competitive business environment or economic environment since financial institutions often, at their own discretion, reduce the financing amount or request for

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higher interest rate if such SMEs cannot prove their strong financial position. Under such circumstances, the SMEs may be under pressure to meet additional requirements made by the financial institutions to maintain their existing credit line in a short period of time. As a result, they may face a weaker financial position or be adversely affected by changes in the economic cycle and, in turn, our business and operations may also be materially affected.

On the other hand, we have no guarantee that our customers may have strong internal financial controls or resources to prepare accurate audited financial statements on which we rely on to evaluate their creditworthiness. Together with various factors, including failure to achieve their business plans, a downturn in their industries and negative economic conditions, abilities of SMEs to comply with their contractual obligations toward us may be affected, and therefore SMEs may pose increased risks relating to default relative to large enterprises.

Inability to renew our permits or comply with relevant requirements could materially affect our operations and financial performance.

We are required to obtain the registration or the operation permit for some of our business activities in the PRC. CWW Leasing obtained the Class II medical device operation registration certificate (第二類醫療器械經營備案憑證) from the Market and Quality Supervision Commission of Shenzhen Municipality (深圳市市場和質量監督管理委員會) in September 2015 to deal with financial leasing services of Class II medical device (excluding in vitro diagnostics reagents) (二類醫療器械(不含體外診斷試劑)) and the medical device operation permit (醫療器械經營許可證) from the Market and Quality Supervision Commission of Shenzhen Municipality (深圳市市場和質量監督管理委員會) in October 2015 to deal with financial leasing of Class III medical device in order to expand our business in financial leasing of the Class II and Class III medical devices. The permit is subject to renewal and other requirements. For details regarding the expiry dates of the permit, please refer to the section headed “Business — Approvals and compliance” in this prospectus. If the registration certificate or permit is revoked due to our serious violation of applicable rules, or if we fail to renew the permit upon its expiration, we may not be able to continue to conduct any financial leasing services in relation to Class II and/or Class III medical devices and expansion plan of our related business will become uncertain and will be materially adversely affected.

We may be unable to effectively mitigate credit risk and maintain our overall asset quality and profitability.

Our performance and future growth substantially depend on our ability to effectively manage our credit risk and maintain the quality of our receivables portfolio. If any of our customers are unable to maintain their financial and business performance, our business operations will be directly affected. As such, any deterioration in our asset quality or impairment in the collectability of our receivables could materially and adversely affect our business, prospects, financial condition and results of operations.

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Although we have established our risk management system, we have no guarantee that our evaluation process and methods could effectively evaluate the credit risks and customers' performance due to changing economic environment. In the event that quality of any of our financial leasing services turns sour, our overall asset quality and profitability will be materially and adversely affected.

We may be unable to fund the capital outlays required for the growth of our business if we cannot obtain additional capital as required.

Our business has significant capital requirements. Our ability to remain competitive, sustain our growth and expand our operations largely depends on our access to capital. If capital that we generate from our business, together with cash on hand and borrowings under our credit facilities are not sufficient to meet our capital needs and implement our growth strategies, we will require additional financing or give up the transaction. However, we may not succeed in obtaining additional financing with more favourable conditions. If we are unable to obtain sufficient additional capital in the future, we may be unable to fund the capital outlays required for the development and growth of our business, including those relating to purchasing equipment, and fulfilling bank's requirements on our capital size. Any additional indebtedness that we incur will make us more vulnerable to economic downturn and may limit our ability to withstand competitive pressures.

We rely on a few banks in the PRC for our financial leasing services.

Our present operations are mainly funded by bank borrowings, operating cash flow and paid-up capital from our Group. Besides the paid-up capital of our Group, our balance of bank loans were approximately RMB50.0 million, RMB333.1 million and RMB359.4 million as at 31 December 2014, 2015 and 2016, respectively, which were attributable to 1, 3 and 3 commercial banks in the PRC, respectively. As such bank borrowings were financed by a few commercial banks in the PRC, this results in a concentration of our bank borrowings for our financial leasing business. In addition, these banks have the right to demand our Group for early repayment of our bank loans in the event that our collection status of financial leasing receivables is not satisfactory, or, under their reasonable judgement, there is any event which may constitute a material adverse effect on our repayment ability. If any of these banks refuses to continue the financing due to changes of economic environment or our breach of any terms and conditions of the bank borrowings, we may lack cash liquidity and enough funding for existing operations and therefore this could have adverse impact on our financial position and results of operations.

In addition, it is expected that we will need additional financing from commercial banks and financial institutions for our business development in the future. Failure to obtain the required financing or to raise necessary funding to support our expansion could be an obstacle to our business and could result in adverse impact on our business, prospect, financial condition and results of operations.

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An increase in the interest rates would increase our finance cost and we may not be able to transfer our costs effectively to our customers.

Our interest expenses relating to our borrowings from the commercial banks in PRC amounted to approximately RMB0.2 million, RMB8.9 million and RMB12.6 million for the years ended 31 December 2014, 2015 and 2016, respectively. We expect to continue to incur interest expenses in this regard. As bank borrowing is one of our sources of financing, any significant change in the prevailing interest rates in the market will affect our finance cost. We have no assurance that we are able to increase the interest rate charged to our customers by the same percentage. As a result, this could have an adverse impact on our business, prospects, financial condition and results of operations.

We are exposed to liquidity risk.

Our operations are funded by cash generated from operating activities, shareholders' contributions and bank borrowings. Our gearing ratio was approximately 20.9%, 126.1% and 120.3% as at 31 December 2014, 2015 and 2016 respectively. Our liquidity, therefore, could be adversely affected by the bank borrowings and gearing ratio, for instance, (i) we could be required to allocate a higher portion of our cash flow from business operations to fund repayments of principal and interest on our borrowings, which in turn reduce the availability of our cash flow to fund our operations and development; (ii) we may be more susceptible to adverse economic conditions; (iii) our ability to incur additional debt could be restricted; and (iv) our exposure to interest rate fluctuations could be increased. We cannot guarantee that we will obtain sufficient bank financing in the future for our business development.

We face the risks of concentration of customers in a few industries.

During the Track Record Period, our revenue was primarily generated from customers in a few industries, namely, airline company, health care service provider, public utilities provider, taxi operator and energy saving equipment provider. For the year ended 31 December 2014, taxi operators and public utilities providers in aggregate contributed approximately 52.5% of our revenue. For the years ended 31 December 2015 and 2016, airline company, health care service providers and energy saving equipment provider in aggregate contributed approximately 55.5% and 52.7% of our revenue, respectively.

We expect that our customers may continue to be concentrated in the industries which airline company, health care service provider and energy saving equipment provider operate in. If there is a significant economic downturn or material adverse changes in the economic and regulatory environment in any of these industries, the business performance of our customers could be adversely affected, which could in turn materially and adversely affect our business, financial condition and results of operations.

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We may not be able to expand our financial leasing services into the public hospital segment due to restrictions imposed by the notices in relation to the financial leasing with public hospitals and may further face an increasingly competitive financial leasing market on health care service provider

According to the notices in relation to the financial leasing with public hospitals as set out in the section headed “Regulatory Overview — Laws and Regulations relating to the Financial Leasing with Public Hospitals” in this prospectus, public hospitals are prohibited from funding certain constructions and equipment acquisitions by loans or other fund-raising activities. This inevitably prevents our Group’s entrance into the public hospital segment and restricting our business development in health care services segment. Our Directors believe that this may also hinder other financial leasing companies from providing leasing services to public hospitals, thereby resulting in an increasingly competitive market in providing financial leasing services to private hospitals. As health care service provider, including private hospitals, is one of our major targeted types of customers, we may encounter increased competition from peer competitors, which may adversely affect our business, operating results and financial position.

The value of our leased assets, and collateral or guarantees securing our finance leases may not be sufficient to cover related financial leasing receivables.

We obtain legal title of the leased assets to secure our finance leases. We also require our customers (and their legal representatives, shareholders and associated companies) to provide joint and several guarantees in most cases. In the case of any material default on the financial lease payment terms, we are entitled to enforce our security rights over such collateral or guarantee and/or repossess and dispose of the leased assets to realize their value. Although we regularly conduct post-leasing examinations on our leased assets and collateral, their value may decline and may be materially and adversely affected by various factors, such as damages, losses, excess supply, devaluation or reduction in market demand, or fluctuation on economy conditions. Likewise, notwithstanding that we conduct regular review on the guarantors’ financial condition, we have no assurance that their financial condition would not suddenly deteriorate. If there is material deterioration of their creditworthiness or financial condition, the amount which we may recover under these guarantees could be significantly reduced.

In the event that the value of our leased assets, or the collaterals or guarantees securing our finance leases, proves to be insufficient to cover the relevant financial leasing receivables, we may be required to obtain additional security from our customers or other sources. Nevertheless, we cannot guarantee that we will be able to obtain additional security. Any decline in the value of our leased assets, collateral or guarantees securing our finance leases, or our inability to obtain additional security, may result in impairments and cause us to make additional allowance for, or write off, our non-performing assets. This may, in turn, significantly and adversely affect our business, prospects, financial condition and results of operations. We have no assurance that we will be able to liquidate or otherwise realize the value of our leased assets upon our customers’ material default in a timely manner so as to cover any shortfall of the related financial leasing receivables.

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Our Group has a short operating history and our zero default ratio during the Track Record Period may not be indicative of our future default ratio and may represent our Group's lack of experience in enforcement of our security rights over the collaterals.

Our Group's default ratio as at 31 December 2014, 2015 and 2016 was zero. Given that our operating subsidiaries were only established in 2012, and there had been no material default on the financial lease payment terms by our customers since our operation and up to the Latest Practicable Date, we did not have any history or experience in enforcing our security rights over the collateral or guarantee and/or foreclosing the leased assets. However, the trend of our historical records is a mere analysis or indication of our past performance and does not have any positive implication on and may not necessarily reflect our future financial performance.

Following the development of our business with existing and new customers in industries with growth potential, our zero default ratio during the Track Record Period may not be indicative of our default ratio in future. We therefore have no guarantee either (i) to maintain our Group's zero default record if our customers fail to comply with their contractual obligations toward us due to a downturn in their industries and negative economic conditions or (ii) to enforce our security rights over the collaterals timely due to our lack of experience. Should we fail to enforce our security rights or foreclose leased assets in a timely manner, the amount which we may recover could be significantly reduced.

The risk management measures of our Group may not be effective in mitigating our risk exposures in the future.

Our zero default record may not be indicative of our successful implementation of our business strategies in the future. Our risk management measures are only implemented based on historical market behavior, and we have no assurance that they are free from deficiencies to sufficiently identify or mitigate relevant risk exposures in future. In the event that any of our risk management measures are found to be insufficient or ineffective, our business, operating results and financial position may be adversely affected.

We experienced net cash outflow from operating activities for the years ended 31 December 2014 and 2015.

We had net cash outflow from our operating activities of approximately RMB111.9 million and RMB380.7 million for the years ended 31 December 2014 and 2015 respectively, primarily attributable to increase of loan and account receivables in the ordinary course of business. Please refer to the section headed "Financial Information — Liquidity and Capital Resources — Cash Flows — Net cash flows (used in)/generated from operating activities" for details. We have no assurance that we will not experience any period of net cash outflow from operating activities in the future. Our liquidity in the future will to an extent depend on our ability to maintain adequate cash inflows from operating activities, collected primarily from our outstanding loan and account

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receivables. Should there be any significant deterioration in the quality of our loan and account receivables portfolio, our liquidity and our cash flows from operating activities could be materially and adversely affected.

There is a mismatch between our cash flow and profit due to the business nature of financial leasing.

We had net cash outflow from operating activities of approximately RMB111.9 million and RMB380.7 million for the years ended 31 December 2014 and 2015, respectively, while we had net cash inflow from operating activities of approximately RMB83.3 million for the year ended 31 December 2016. Our profit from continuing operations was approximately RMB21.8 million, RMB24.7 million and RMB29.6 million for the years ended 31 December 2014, 2015 and 2016, respectively. Such mismatch between our cash flow and profit during the Track Record Period was due to the business nature of financial leasing. We conduct our financial leasing business and generate profit through placing loans to our customers, which is reflected as operating cash outflow, and receiving payments of loan principals and interests from our customers, which is reflected as operating cash inflow. During our business development, in general, net operating cash outflow is inevitable. Such mismatch will continue to exist in the future.

We may not be able to retain members of our management team and other key personnel or attract qualified and experienced personnel to join us.

Our operations are managed by a small number of key executive officers, and our future performance depends on the continued contributions of those management personnel. Members of our senior management team are experienced in the financial leasing industry. Their business relationships with our customers, the equipment manufacturers, the commercial banks and other financial institutions are important to us. For the years ended 31 December 2014, 2015 and 2016, customers directly referred by Mr. Lo and Mr. Xie contributed approximately 89.4%, 34.1% and 19.7% of our Group's total revenue, respectively, while those directly referred by Mr. Shi Lei and Mr. Luo Xing contributed approximately 5.9%, 61.4% and 57.9% of our Group's total revenue, respectively. As such, our future performance and growth depend to a large extent on our ability to retain and motivate the existing members of our senior management team. For further information on our Directors and senior management team, please refer to the section headed "Directors, Senior Management and Employees" in this prospectus.

A loss of one or more of the above key staff members under our small management team could harm our business and prevent us from implementing our business strategies, in particular the maintenance of relationships with our existing customers built up by them. Although we have encountered, and anticipated that we will continue to encounter, intense competition for experienced employees from other competitors in our industry, there is no assurance that we will be able to retain members of our senior management team or recruit additional competent personnel for our future development. Any loss of members of our senior management team without immediate and adequate replacement may limit our competitiveness and affect our successful implementation of business strategies. In addition, if any member of our senior management team

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join our competitor or forms a competing company, we may lose our customers, and other key staff members. As a result, our operating results and financial condition could be materially and adversely affected.

We may not be able to successfully implement our strategies, or achieve our business objectives.

Our business objectives and strategies as set out in this prospectus are based on our existing plans and intentions. However, our objectives and strategies are based on prevailing circumstances and the development trend of the financial leasing industry currently known to our Directors. We intend to expand our existing business in accordance with the objectives and therefore have to recruit additional employees with the necessary skills and knowledge to achieve our planned expansion and implement our strategies.

There is no assurance that we will successfully implement our strategies or that our strategies will be able to achieve our objectives. Our business, operating results and financial position may be materially and adversely affected if our strategies and/or business objectives are not achieved.

We may not be able to detect and prevent fraud or other misconduct committed by our employees or third parties.

Fraud or other misconduct by our employees (such as breaches of our internal policies and procedures on the approval of business transactions) or third-parties may be difficult to detect and prevent and could subject us to financial loss, sanctions imposed by governmental authorities and seriously harm our reputation. Our risk management system and internal control procedures are designed to monitor our operations and overall compliance. However, we may not be able to identify non-compliance matters during the application process. Furthermore, it is not always possible to detect and prevent fraud or other misconduct and the precautions we take to prevent and detect such activities may not be labour and cost effective. Hence, there exists the risk that fraud or other misconduct may have previously occurred but was undetected, or may occur in the future. This could have a material adverse effect on our business reputation, operating results, and financial condition.

Our customers may not have adequate insurance coverage on the leased assets.

We do not have any direct and daily control of the operation of our customers, by virtue of holding title to their assets, directly or indirectly, we may be held strictly liable for losses resulting from the operation of our assets, or may be held liable for those losses on other legal theories.

We are unable to give assurance that there would not be any major losses resulting from the operation of our assets or any assurance that such losses be covered by insurance.

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Furthermore, we are unable to ensure that our customers maintain sufficient insurance and/or other coverage for the claims which may be made against us during the leasing term. Insufficient insurance coverage will affect our financing from banks and also our profits from the leasing agreement with the relevant customers if we are required to compensate the claimant. The inadequate insurance may adversely affect our business, prospects, financial condition and results of operations.

We have not obtained insurance coverage to cover potential liabilities or losses.

Save as car insurance and the social insurance for our employees in accordance with legal requirements, we have not obtained insurance coverage for our business operations, or the assets for financial leasing. We face different kinds of risks on our businesses and operations and may lack adequate insurance coverage or may not have insurance coverage, which is directly or indirectly related to our operations. As a result, our insurance coverage may be inadequate to cover such losses or damages, if any. Any such uninsured losses may materially and adversely affect our business, prospects, financial conditions and results of operations.

Adoption of HKFRS 9 and its amendments from 1 January 2018 may have impact on our provisioning practice for impairment of financial assets.

We currently assess the impairment of our loans and other financial assets under the guidance of HKAS 39. The Hong Kong Institute of Certified Public Accountants issued the final version of HKFRS 9 in September 2014, which will replace the accounting standards relating to the classification, measurement and derecognition of financial assets and financial liabilities under HKAS 39, and give rise to substantial changes in the classification and measurement of financial assets and financial liabilities. The standard will take effective for annual periods beginning on or after 1 January 2018.

With regard to impairment of financial assets, HKFRS 9 has adopted an expected credit loss model, as opposed to an incurred credit loss model required under HKAS 39. In general, the expected credit loss model requires an entity to assess the change in credit risk of the financial asset since initial recognition at each reporting date and to recognise the expected credit loss depending on the degree of the change in credit risk. Details on the other differences between HKFRS 9 and HKAS 39 are set forth in note 34 in the Accountants' Report in Appendix I to this prospectus.

We anticipate that the adoption of HKFRS 9 in the future may have impact on amounts reported in respect of our Group's financial assets (e.g. the impairment on receivables) based on expected loss model and financial liabilities designated as fair value through profit or loss. However, considering that the new standard requires changes to systems and processes to collect and analyse necessary data, it would not be feasible for us to quantify the impact that such new standard would have, or to provide a reasonable estimate of its effect, on our operating results or financial position before we are able to make a detailed assessment.

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We would be required to make changes to our provisioning practice and increase our credit loss provisioning as a result of our adoption of the HKFRS 9 expected credit loss model in the future, as well as any other future amendments to HKAS 39 or similar standards issued from time to time, including any authoritative interpretive guidance on the application of such new or revised standards. Such changes may negatively affect our business, financial condition and results of operation.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Changes in political and economic policies of the PRC government could have an adverse effect on the overall economic growth of the PRC, which could reduce the demand for our service and adversely affect our competitive position.

Our business operations are conducted in the PRC for the PRC financial leasing market. Accordingly, our business, financial condition, results of operations and prospects are affected significantly by economic, political and legal developments in the PRC. The PRC economy differs from the economies of most developed countries in many respects, including the degree of government involvement, the level of development, the growth rate, the control of foreign exchange, access to financing, and the allocation of resources.

While the PRC economy has grown significantly in the past decades, the growth has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and refine the allocation of resources. Some of these measures benefit the overall PRC economy, but may also have a negative effect on us. These actions, as well as other actions and policies of the PRC government, could cause a decrease in the overall level of economic activity in the PRC and an adverse effect on the prospects of our customers, in turn, have a mutual and adverse impact on our business, prospects and financial condition.

Furthermore, as the PRC economy has become increasingly linked with the global economy, the PRC is affected in various respects by downturns and recessions of major economies around the world. Any adverse change in the economic conditions in the PRC, in policies of the PRC government or in laws and regulations in the PRC, could have an adverse effect on the overall economic growth of the PRC and market demand for our service and our competitive position.

Any slowdown in the PRC economy could affect the financial leasing industry in the PRC and result in a material adverse effect on our operation, business performance, and financial condition.

We rely primarily on domestic demand to achieve growth in our revenue. Such demand is materially affected by the overall economic growth in the PRC as well as policy support for the financial leasing industry. Any deterioration in the PRC financial leasing industry as a result of global economic downturn or the PRC government's macroeconomic measures affecting the financial leasing industry may have a material adverse impact on our business performance and

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financial condition. Furthermore, any deterioration in the financial condition or difficulties of our lessees could affect our business (such as the deterioration of the quality of our existing lease receivable and our ability to generate new leases), thereby could materially and adversely affect our business performance and financial condition.

Furthermore, the global crisis in financial services and credit markets since 2008 caused a slowdown in the growth of the global economy with a corresponding impact on the PRC economy. Although there are signs of recovery in the global and the PRC economies, we cannot assure you that any such recovery is sustainable. In addition, if the crisis in global financial services and credit markets were to persist, there is no certainty as to its impact on the global economy, especially the PRC economy. As a result of global economic cycles, we cannot assure you that the PRC economy will grow in a sustained or steady manner. Any slowdown or recession in the PRC economy may affect our ability to secure new leases and contracts, and may increase the default rate on our existing leases and contracts and our ability to obtain sufficient financing, which may in turn have a material adverse effect on our operating results and financial condition.

The PRC government's regulation of loans and direct investment by offshore holding companies to the PRC entities may delay or prevent us from using the proceeds of the Share Offer to make loans or additional capital contributions to our PRC subsidiaries, which could adversely affect our liquidity and our ability to fund and expand our business.

To use the proceeds from the Share Offer or any future offerings, as an offshore holding company of our PRC subsidiaries, we may make loans to our PRC subsidiaries, or we may make additional capital contributions to our PRC subsidiaries. Any loans to our PRC subsidiaries are subject to regulations and approvals in the PRC. For example, loans by us to our wholly-owned PRC subsidiaries to finance their activities cannot exceed statutory limits and must be registered with SAFE or its local counterparts. Any capital contributions to our PRC subsidiaries must be approved by MOFCOM or its local counterparts. We have no guarantee that we will be able to obtain these government approvals on a timely basis. If we are unable to obtain such approvals on schedule, our ability to use the proceeds of the Share Offer and to capitalize our PRC operations may be negatively affected, which could materially and adversely affect our ability to fund and expand our business.

In addition, SAFE promulgated the Circular on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (Hui Fa [2015] No. 19) (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知)(匯發[2015]19號) (“**Circular 19**”). The Circular on Relevant Operating Issues concerning Improvement of the Administration of Payment and Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (Hui Zong Fa [2008] No.142) (《國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》(匯綜發[2008]142號)) has been abolished accordingly. Circular 19 stipulates that foreign exchange settlement of the capital of the foreign-invested enterprises is discretionary and can be settled at the local banks based on the actual operation needs of the enterprises. However, the capital in Renminbi obtained from foreign exchange settlement shall not be used directly or indirectly for (i) payments beyond the business scope of the foreign-invested enterprises or the one prohibited by the

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laws and regulations; (ii) investment in securities unless otherwise provided by the laws and regulations; (iii) granting of entrust loans in Renminbi (unless otherwise permitted by the scope of business of the enterprises), repaying the inter-enterprises borrowings or repaying the bank loans in Renminbi that have been sub-lent to the third party; and (iv) paying the expenses related to the purchases of real estate (self-use estate excluded). Violation of Circular 19 may significantly limit our ability to transfer the net proceeds from the Share Offer to our PRC subsidiaries, which may adversely affect our ability to expand our business.

Uncertainties with respect to the PRC legal system could have an adverse effect on our business.

The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since the late 1970s, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation since then has significantly enhanced the protections afforded to various forms of foreign investments in the PRC. We conduct our business primarily through our subsidiaries established in the PRC. These subsidiaries are generally subject to laws and regulations applicable to foreign investment in the PRC. However, the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties, which may limit legal protections available to us.

In addition, some regulatory requirements issued by certain the PRC government authorities may not be consistently applied. However, the PRC administrative and court authorities have their own discretion in interpretation and implementation of the statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings than in more developed legal systems. These uncertainties may impede our ability to enforce the contracts we have entered into with our business partners, including financial institutions and customers.

Such uncertainties, including the inability to enforce our contracts, together with any further development or interpretation of the PRC law that is adverse to us, could materially and adversely affect our business and operations. We cannot predict the effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the preemption of local regulations by national laws. These uncertainties could limit the legal protections available to us and other foreign investors, including our Shareholders. Any litigation in the PRC may be protracted and result in substantial costs and diversion of our resources and management attention.

RISK FACTORS

We may be classified as a “resident enterprise” and subject to PRC income taxes to our worldwide income or be required to withhold PRC income tax on dividends payable, and such classification could result in unfavourable tax consequences to us and our non-PRC Shareholders.

The PRC EIT Law provides that enterprises established outside of the PRC whose “de facto management bodies” are located in the PRC are considered PRC “tax resident enterprises” and will generally be subject to the uniform 25.0% PRC enterprise income tax rate on their global income.

Under the implementation rules to the PRC EIT Law (中華人民共和國企業所得稅法實施條例), a “de facto management body” is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and other assets of an enterprise, however, the circumstances under which an enterprise’s “de facto management body” would be considered to be located in the PRC are currently unclear. The Circular on losses Concerning the Identification of Chinese Controlled Overseas Registered Enterprises as Resident Enterprises in Accordance with the Actual Standards of Organizational Management (Guo Shui Fa [2009] No. 82) issued by the State Administration of Taxation on 22 April 2009 (國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知(國稅發[2009]82號) (the “**Circular 82**”), provides that certain foreign enterprises controlled by a PRC company or a PRC company group will be classified as “resident enterprises” if the following are located or resident in the PRC: senior management personnel and departments that are responsible for daily production, operation and management; financial and personnel decision making bodies; key properties, accounting books, company seal, and minutes of board meetings and shareholders’ meetings; and half or more of the senior management or directors having voting rights.

We may be deemed to be a PRC resident enterprise if the related criteria under Circular 82 are referred to and applied to us by the PRC tax authorities. If our Company or any of our overseas subsidiaries is considered a PRC tax resident enterprise for PRC tax purposes, a number of unfavourable PRC tax consequences could follow. First, our Company or our overseas subsidiary will be subject to the uniform 25.0% enterprise income tax rate as to our global income as well as tax reporting obligations. Second, we cannot assure you that such dividends, which would normally qualify as “tax-exempted income” under applicable rules, will not be subject to a 10.0% withholding tax, as the PRC taxation authorities, which enforce the withholding tax, have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for PRC tax purposes. Finally, dividends payable by us to our investors that are non-resident enterprises and gain on the sale of our Shares may become subject to PRC withholding tax, if such dividends and gains are regarded by PRC tax authorities to be sourced from the PRC.

RISK FACTORS

PRC tax laws on dividend distribution may adversely affect our operating results and dividends payable by us to our foreign investors and gains on the sale of our Shares may be subject to withholding taxes under PRC tax laws.

Under the PRC EIT Law, a withholding income tax at the rate of 20.0% is applicable to dividends derived from sources within the PRC paid by foreign-invested enterprises to their non-PRC parent companies. However, pursuant to the implementation rules of the PRC EIT Law, a reduced withholding income tax rate of 10.0% shall be applicable in such case. In addition, due to the Arrangement between China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income, signed on 21 August 2006 (the “**Hong Kong Tax Treaty**”) (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排), a company incorporated in Hong Kong will be subject to withholding income tax at a rate of 5.0% on dividends it receives from its PRC subsidiaries if it holds a 25.0% or more interest in that particular PRC subsidiary, or 10.0% if it holds less than a 25.0% interest in that subsidiary. In addition, the State Administration of Taxation promulgated a tax notice on 27 October 2009 (國家稅務總局關於如何理解和認定稅收協定中「受益所有人」的通知(國稅函[2009] 601號)) (the “**Circular 601**”), which provides that tax treaty benefits will be denied to “conduit” or shell companies without business substance, and a beneficial ownership analysis will be used based on a “substance-over-the-form” principle to determine whether or not to grant tax treaty benefits. It is unclear at this early stage whether Circular 601 applies to dividends from our PRC subsidiaries paid to us through our Hong Kong subsidiaries. It is possible however, that under Circular 601, the Hong Kong subsidiaries would not be considered as the “beneficial owner” of any such dividends, and that such dividends would as a result be subject to income tax withholding at the rate of 10.0% rather than the favourable 5.0% rate applicable under the Hong Kong Tax Treaty.

Furthermore, due to ambiguities in the PRC EIT Law and its implementation rules, a withholding tax at the rate of 10.0% may also be applicable to dividends payable to investors (excluding individual natural persons) that are non-resident enterprises to the extent such dividends are sourced within the PRC. Similarly, any gain realised on the transfer of our Shares by such investors is also subject to a withholding tax at the rate of 10.0% if such gain is regarded as income derived from sources within the PRC. If we are considered a resident enterprise in the PRC, it is unclear whether the dividends we pay with respect to our Shares would be treated as income derived from sources within the PRC and be subject to PRC income tax. If we are required under the PRC EIT Law to withhold PRC income tax on our dividends payable to our foreign Shareholders, or if you are required to pay PRC income tax on the transfer of the Shares, the value of your investment in our Shares may be materially and adversely affected. For further information, please refer to the paragraph headed “We may be classified as a “resident enterprise” and subject to PRC income taxes to our worldwide income or be required to withhold PRC income tax on dividends payable, and such classification could result in unfavourable tax consequences to us and our non-PRC Shareholders.” in this section.

RISK FACTORS

The control of foreign currency conversion may limit our foreign exchange transactions, including dividend payments on our Shares.

Our PRC subsidiaries receive all of their revenue in Renminbi and therefore cannot guarantee that we will have sufficient foreign exchange to meet our foreign exchange requirements after Listing.

According to the relevant foreign exchange laws and regulations in the PRC, the Renminbi cannot be freely converted into any foreign currency, and conversion and remittance of foreign currencies are subject to the approvals and permits by the relevant authorities. Under the current PRC foreign exchange regime, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advanced approval from SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, may be approved by or registered or filed with SAFE.

Following the completion of the Share Offer, we will be able to pay dividends in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, there can be no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payment to our Shareholders or to satisfy any other foreign exchange requirements. If SAFE refuses to issue its permit or approval to us in relation to the conversion of Renminbi into any foreign exchange for the above purposes, our operations, business, prospects, financial condition and results of operations may be materially and adversely affected.

Fluctuation in the value of the Renminbi may have a material adverse effect on our business

We conduct substantially all our business in Renminbi. However, following the Share Offer, we may also maintain a significant portion of the proceeds from the offering in Hong Kong dollars before they are used in our PRC operations. The value of the Renminbi against the US dollar, Hong Kong dollar and other currencies may be affected by changes in the PRC's policies and international economic and political developments. On 21 July 2005, the PRC government changed its policy of pegging the value of the Renminbi to the US dollar. Under the new policy, the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. Effective on 21 May 2007, the PBOC enlarged the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the US dollar from 0.3% to 0.5% around the central parity rate. This allows the Renminbi to fluctuate against the US dollar by up to 0.5% above or below the central parity rate published by the PBOC. On 19 June 2010, the PBOC announced that the PRC government will reform the Renminbi exchange rate regime and increase the flexibility of the exchange rate. The floating band was further enlarged to 1% on 16 April 2012 and 2% on 17 March 2014. Under the current policy, the RMB is pegged against a basket of currencies, as determined by the PBOC, against which it can rise or fall within stipulated

RISK FACTORS

ranges each day. These changes in currency policy resulted in the Renminbi appreciating against the US dollar by approximately 33.4% from 21 July 2005 to 12 June 2015. As a result of these and any future changes in currency policy, the exchange rate may become volatile, the Renminbi may be revalued further against the US dollar or other currencies or the Renminbi may be permitted to enter into a full or limited free float, which may result in an appreciation or depreciation in the value of the Renminbi against the US dollar or other currencies. Fluctuations in exchange rates may adversely affect the value, translated or converted into US dollars or Hong Kong dollars (which are pegged to the US dollar), of our cash flows, revenues, earnings and financial position, and the value of, and any dividends payable to us by our PRC subsidiaries. For example, an appreciation of the Renminbi against the US dollar or the Hong Kong dollar would make any new Renminbi denominated investments or expenditures more costly to us, to the extent that we need to convert US dollars or Hong Kong dollars into Renminbi for such purposes.

RISKS RELATING TO THE SHARE OFFER

The market price and liquidity of our Shares following the Share Offer may be volatile.

The market price, liquidity, and trading volume of the Shares may be highly volatile. The following factors, among others, may cause the market price of our Shares after the Share Offer to vary significantly from the Offer Price:

- (a) variations in our revenues, profits and cash flow;
- (b) changes in laws and regulations in the PRC;
- (c) unexpected business interruptions resulting from natural disasters or other events;
- (d) major changes in our key personnel or senior management;
- (e) our inability to obtain or maintain regulatory approvals for our operations;
- (f) our inability to compete effectively in the market;
- (g) political, economic, financial and social developments in the PRC and worldwide;
- (h) fluctuations in stock market prices and volume;
- (i) changes in analysts' estimates of our financial performance; and
- (j) involvement in material litigation.

In addition, shares of other companies listed on the Stock Exchange with significant operations and assets in the PRC have experienced price volatility in the past for reason not related to their performance, and it is possible that the Shares may be subject to changes in price not directly related to our performance.

RISK FACTORS

We cannot guarantee if and when we will pay dividend in the future.

We did not declare nor pay any dividends to Shareholders of our Company during the Track Record Period. A declaration of dividends proposed by our Directors and the amount of any dividends will depend on various factors, including, without limitation, our results of operations, financial conditions, future prospects, and other factors which our Directors may determine are important. For further details of our dividend policy, please refer to the section headed “Financial Information — Dividend” in this prospectus. Our Company relies on dividend payments from the subsidiaries for funding. We cannot guarantee if and when we will pay dividends in the future. Moreover, dividends payable to foreign investors may become subject to PRC withholding taxes.

You may face difficulties in protecting your interests under the laws of Cayman Islands.

Our corporate affairs are governed by, among other things, the Articles of Association, the Companies Law and common law of the Cayman Islands. The rights of Shareholders to take action against our Directors, actions by minority Shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ in some respects from those in Hong Kong and other jurisdictions. The remedies available to the minority Shareholders may be limited compared to the laws of Hong Kong or other jurisdictions.

Information, forecasts and other statistics obtained from industry organisation and official government sources contained in this prospectus may not be accurate.

Information, forecasts and other statistics in this prospectus relating to the economy and the marketing communications industry on an international, regional and specific country basis have been collected from materials from industry organisation and official government sources. Our Directors have relied on these statements with due care and have no reason to believe that the statements are not accurate. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Sponsor, the Underwriter or any other party involved in the Share Offer and no representation is given as to its accuracy.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Cap. 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief:

- (a) the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive; and
- (b) there are no other matters the omission of which would make any statement herein or this prospectus misleading.

INFORMATION ABOUT THE SHARE OFFER

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus. No person is authorised in connection with the Share Offer to give any information, or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, and any of their respective directors or any other person involved in the Share Offer.

The following information is provided for guidance only. Prospective applicants for the Offer Shares should consult their financial advisers and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should inform themselves as to the relevant legal requirements of applying and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

FULLY UNDERWRITTEN

The Share Offer comprises the Placing and the Public Offer. The Share Offer is an offer of 3,600,000 new Shares under the Public Offer (subject to reallocation) and 32,400,000 new Shares under the Placing (subject to reallocation and the Over-allotment Option), in each case at the Offer Price. Details of the structure of the Share Offer are set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus. This prospectus and the Application Forms relating thereto set out the terms and conditions of the Share Offer.

The Share Offer is sponsored by the Sponsor, managed by the Sole Global Coordinator and is fully underwritten by the Underwriters subject to the Offer Price being agreed on or before the Price Determination Date.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DETERMINATION OF THE OFFER PRICE

The Offer Price is expected to be determined by agreement between us and the Sole Global Coordinator (acting for itself and on behalf of the Underwriters) on Monday, 10 July 2017. The Offer Price will be not more than HK\$5.56 per Offer Share and is currently expected to be not less than HK\$4.0 per Offer Share, unless otherwise announced. Investors applying for the Public Offer Shares must pay, on application, the maximum Offer Price of HK\$5.56 per Offer Share, together with brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK\$5.56 per Offer Share.

The Sole Global Coordinator (acting for itself and on behalf of the Underwriters) may, with our consent, reduce the number of the Offer Shares and/or the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such case, a notice of the reduction of the number of the Offer Shares and/or the indicative Offer Price range will be published in The South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), not later than the morning of the last day for lodging applications under the Public Offer. If applications for Public Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Public Offer, then even if the Offer Price is so reduced, such applications cannot subsequently be withdrawn.

If, for any reason, the Offer Price is not agreed between us and the Sole Global Coordinator (acting for itself and on behalf of the Underwriters) on or before 5:00 p.m. on Wednesday, 19 July 2017, the Share Offer will not proceed and will lapse.

RESTRICTIONS ON SALE OF THE OFFER SHARES

No action has been taken in any jurisdiction other than Hong Kong to permit the offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make an unauthorised offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the securities laws of such jurisdiction pursuant to registration with or an authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been offered and sold, and will not be offered or sold, directly or indirectly in the PRC or the U.S., except in compliance with the relevant laws and regulations of each of such jurisdiction.

The Offer Shares are offered to the public in Hong Kong for subscription solely on the basis of the information contained and the representations made in this prospectus and the related Application Forms. No person is authorised in connection with the Share Offer to give any information or to make any representation not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

by our Company, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents or advisers or any other person involved in the Share Offer.

Each person acquiring the Offer Shares will be required under the Share Offer and is deemed by his acquisition of the Offer Shares, to confirm that he is aware of the restriction on offers of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered any Offer Shares in circumstances that contravene any such restrictions.

Prospective applicants for Offer Shares should consult their financial advisers and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should inform themselves as to the relevant legal requirements of applying for the Offer Shares and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company has applied to the Listing Committee for the granting of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme). No part of the share or loan capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, our Shares on the Stock Exchange and our Company's compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for our Shares to be admitted into CCASS. Investors should seek the advice of their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF SHARES

We have instructed our Hong Kong Branch Share Registrar, and it has agreed, not to register the subscription, purchase or transfer of any Shares in the name of any particular holder unless and until the holder delivers a signed form to our Hong Kong Branch Share Registrar in respect of those Shares bearing statements to the effect that the holder:

- agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the Companies Law and our Articles of Association;
- agrees with us and each of our Shareholders that the Shares are freely transferable by the holders thereof; and
- authorises us to enter into a contract on his or her behalf with each of our Directors, managers and officers whereby such Directors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association.

HONG KONG SHARE REGISTER AND STAMP DUTY

All Offer Shares will be registered on our Hong Kong branch share register of members to be maintained by Tricor Investor Services Limited which may be traded on the Stock Exchange. Dealings in Shares registered in our Hong Kong branch register of members will be subject to Hong Kong stamp duty in Hong Kong. For further details about Hong Kong stamp duty, please seek professional tax advice.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of subscribing for, or purchasing, holding or disposing of, or dealing in or exercise of any rights in relation to the Offer Shares, you should consult an expert.

None of our Company, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, agents or advisors and every other person involved in the Share Offer accept responsibility for any tax effects on, or liability of, any person or holders of Shares resulting from subscribing for, purchasing, holding or disposing of, or dealing in or exercise of any rights in relation to the Offer Shares.

OVER-ALLOTMENT OPTION

Details of the Over-allotment Option are set out in the section headed “Structure and Conditions of the Share Offer” in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

PROCEDURE FOR APPLICATION FOR PUBLIC OFFER SHARES

The procedure for application for Public Offer Shares is set out in the section headed “How to Apply for Public Offer Shares” in this prospectus and on the relevant Application Forms.

STRUCTURE OF THE SHARE OFFER

Details of the structure of the Share Offer, including conditions of the Share Offer, Please refer to the section headed “Structure and Conditions of the Share Offer” in this prospectus.

TRADING

Dealings in the Shares are expected to commence on Friday, 21 July 2017. Shares will be traded in board lots of 1,000 Shares each under the stock code 3848.

NO CHANGE IN THE NATURE OF BUSINESS

No change in the nature of business of our Group is contemplated following the Listing.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. If there is any inconsistency between the names of any of the entities mentioned in this prospectus which are not in the English language and their English translations, the names in their respective original languages shall prevail.

EXCHANGE RATES CONVERSION

Unless otherwise specified, for the purpose of this prospectus, amounts denominated in HK\$ are translated into RMB at the rate of RMB1 = HK\$1.1468.

For exchange rates translations throughout this prospectus (if any), we make no representations and none should be construed as being made, that any of the Hong Kong dollar or U.S. dollar amounts contained in this prospectus could have been or could be converted into amounts of any other currencies at any particular rate or at all on such date or any other date.

ROUNDING

In this prospectus, where information is presented in thousands or millions, amounts of less than one thousand or one million, as the case may be, have been rounded to the nearest hundred, or hundred thousand, respectively. Amounts presented as percentages have, in certain cases, been rounded to the nearest tenth of a percent. Any discrepancies in any table or chart between totals and sums of amounts listed therein are due to rounding. Accordingly, the total of each column of figures as presented may not be equal to the sum of the individual items.

DIRECTORS, SENIOR MANAGEMENT AND PARTIES INVOLVED IN THE SHARE OFFER

DIRECTORS

<u>Name</u>	<u>Address</u>	<u>Nationality</u>
<i>Executive Directors</i>		
Mr. Lo Wai Ho (盧偉浩) (Chairman and chief executive officer)	Flat A, 28/F Kennedy Park at Central 4 Kennedy Road Hong Kong	Chinese
Ms. Chan Shuk Kwan, Winnie (陳淑君)	Flat F, 29/F, Block 10 Yee Lai Court South Horizons Ap Lei Chau Hong Kong	Chinese
<i>Non-executive Director</i>		
Mr. Xie Weiquan (謝偉全)	Flat E, 5/F, Block 3 1 Shek Pai Tau Path Phase 1, Chelsea Heights Tuen Mun New Territories Hong Kong	Chinese
<i>Independent non-executive Directors</i>		
Mr. Ha Tak Kong (夏得江)	Flat D, 14/F 105 Broadway Mei Foo Sun Chuen Lai Chi Kok Kowloon Hong Kong	Chinese
Mr. Ip Chi Wai (葉志威)	Flat/Room 5, Block P Floor 6, Kornhill Quarry Bay Hong Kong	Chinese

DIRECTORS, SENIOR MANAGEMENT AND PARTIES INVOLVED IN THE SHARE OFFER

Name	Address	Nationality
Ms. Hung Siu Woon Pauline (洪小媛)	Flat 1, 13/F, Block B Pearl Court 13 Belcher Street Kennedy Town Hong Kong	Chinese
<i>Senior Management</i>		
Mr. Shi Lei (石磊)	Room 302, Block 3 Phase 1, Wanke Jinyu Huafu (萬科金域華府一期) Shenzhen Guangdong Province PRC	Chinese
Mr. Lu Zemin (盧澤民)	Room 01, 22/F, Block 6 Tower 2, Gaofa Xi'an Garden (高發西岸花園) N19 District, Bao'an District Shenzhen Guangdong Province PRC	Chinese
Ms. Shi Yumei (史玉梅)	Room 504 2 Biyiwan Garden Xinwang Road Xixiang Bao'an District (新灣路西鄉碧逸灣花園) Shenzhen Guangdong Province PRC	Chinese
Mr. Luo Xing (羅興)	Room 604, Block B Xinzhou Garden Building (新洲花園大廈B座) Xinzhou Road Futian District Shenzhen Guangdong Province PRC	Chinese

Please refer to the section headed "Directors, Senior management and Employees" in this prospectus for further information.

PARTIES INVOLVED IN THE SHARE OFFER

Sponsor

Ample Capital Limited

Unit A, 14th Floor
Two Chinachem Plaza
135 Des Voeux Road Central
Central
Hong Kong

(a licensed corporation under the SFO permitted to engage in type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO)

Sole Global Coordinator

Ample Orient Capital Limited

Room A, 17/F
Fortune House
61 Connaught Road Central
Central
Hong Kong

**Joint Bookrunners and
Joint Lead Managers**

Ample Orient Capital Limited

Room A, 17/F
Fortune House
61 Connaught Road Central
Central
Hong Kong

ChaoShang Securities Limited

Rooms 4001–4002, 40/F
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

Co-Lead Manager

Convoy Investment Services Limited

21/F, Tesbury Centre
28 Queen's Road East
Admiralty
Hong Kong

DIRECTORS, SENIOR MANAGEMENT AND PARTIES INVOLVED IN THE SHARE OFFER

Co-Managers

China-Hong Kong Link Securities Company Limited
17/F, 80 Gloucester Road
Wan Chai
Hong Kong

Innovax Securities Limited
Unit A–C, 20/F, Neich Tower
128 Gloucester Road
Wan Chai
Hong Kong

Pacific Foundation Securities Limited
11/F, New World Tower II
16–18 Queen’s Road Central
Hong Kong

Wealth Link Securities Limited
Unit B1, 5/F, Guangdong Investment Tower
148 Connaught Road Central
Hong Kong

**Legal adviser to our Company
as to Hong Kong law**

Fairbairn Catley Low & Kong
23/F, Shui On Centre
6–8 Harbour Road
Hong Kong

**Legal adviser to our Company
as to Cayman Islands law**

Appleby
2206–19 Jardine House
1 Connaught Place
Central
Hong Kong
(Cayman Islands attorneys-at-law)

**Legal adviser to our Company
as to PRC law**

Deheng Law Offices (Shenzhen)
Storey 11, Section B
Anlian Plaza
No. 4018, Jintian Road
Shenzhen
PRC

DIRECTORS, SENIOR MANAGEMENT AND PARTIES INVOLVED IN THE SHARE OFFER

**Legal adviser to the Sponsor and
the Underwriters
as to PRC law**

Allbright Law Offices
23/F, Tower 1
Excellent Century Center
Fuhua 3 Road
Futian District
Shenzhen
PRC

**Legal adviser to the Sponsor
and the Underwriters as
to Hong Kong law**

Stevenson, Wong & Co
4/F, 5/F, 1602
Central Tower
28 Queen's Road Central
Hong Kong

Reporting Accountants

Moore Stephens CPA Limited
(Certified Public Accountants)
801–806 Silvercord, Tower 1
30 Canton Road
Tsimshatsui, Kowloon
Hong Kong

Receiving banks

Bank of China (Hong Kong) Limited
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Central
Hong Kong

CORPORATE INFORMATION

Registered Office	PO Box 1350 Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Headquarters and principal place of business in Hong Kong	Room 02, 8/F Kam Chung Building 52–58 Jaffe Road Wanchai Hong Kong
Company secretary	Ms. CHEUK Tat Yee (<i>HKICPA</i>) Flat 2002 On Chiu House Cheung On Estate Tsing Yi New Territories Hong Kong
Members of the audit committee	Mr. HA Tak Kong (<i>HKICPA</i>) (<i>chairman</i>) Mr. IP Chi Wai Ms. HUNG Siu Woon Pauline
Members of the remuneration committee	Mr. HA Tak Kong (<i>HKICPA</i>) (<i>chairman</i>) Mr. LO Wai Ho Mr. IP Chi Wai
Members of the nomination committee	Mr. HA Tak Kong (<i>HKICPA</i>) (<i>chairman</i>) Mr. LO Wai Ho Mr. IP Chi Wai

CORPORATE INFORMATION

Authorized representatives

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CORPORATE INFORMATION

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Company website (Note)

<http://www.cwl.com>

Note: The information on the website of our Company does not form part of this prospectus.

INDUSTRY OVERVIEW

The information that appears in this Industry Overview has been prepared by Euromonitor and reflects estimates of market conditions based on publicly available sources and trade opinion surveys, and is prepared primarily as a market research tool. References to Euromonitor should not be considered as the opinion of Euromonitor as to the value of any security or the advisability of investing in our Company. Our Directors believe that the sources of information contained in this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. Our Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information prepared by Euromonitor and set out in this section has not been independently verified by our Group, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other party involved in the Share Offer, and no representation is given as to its accuracy and the information should not be relied upon in making, or refraining from making, any investment decision.

COMMISSIONED REPORT FROM EUROMONITOR

Our Group commissioned Euromonitor, an independent market research company, to conduct an analysis of and produce the report on the financial leasing industry in China (focusing on Shenzhen). A total fee of US\$48,125 was paid to Euromonitor for the preparation of the report.

Research Methodologies

Euromonitor, founded in 1972, is a global research organisation and the private independent provider of business intelligence on industries, countries and consumers.

In compiling and preparing the Euromonitor Report, Euromonitor International used the following methodologies to collect multiple sources, validate the data and information collected, and cross-check each respondent's information and views against those of others:

- Secondary research, which involved reviewing published sources including National statistics and official sources such as National Bureau of Statistics of China, the Bureau of Statistics of Shenzhen, and the People's Bank of China etc., company reports including audited financial statements where available, independent research reports, and data based on Euromonitor International's own research database.
- Primary research which involved interviews with a sample of leading industry participants and industry experts for latest data and insights on future trends and to verify and cross check the consistency of data and research estimates.
- Projected data were obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related drivers.

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- Review and cross-checks of all sources and independent analysis to build all final estimates including the size, shape, drivers and future trends of the financial leasing services market and prepare the final report.

Forecasting Bases and Assumptions

Euromonitor International based the Euromonitor Report on the following assumptions:

- The Chinese economy is expected to maintain steady growth over the forecast period;
- The Chinese social, economic, and political environment is expected to remain stable in the forecast period;
- There will be no external shock, such as financial crisis or raw material shortage that affects the demand and supply of financial leasing services in China during the forecast period; and
- Key market drivers such as increase in per capita disposable income, rapid urbanization, development of China Finance market are expected to boost the development of the Financial Leasing Services market.

The research results may be affected by the accuracy of these assumptions and the choice of these parameters. The market research was completed in September 2016 and all statistics in the Euromonitor Report are based on information available at the time of reporting. Euromonitor's forecast data comes from analysis of historic development of the market, the economic environment and underlying market drivers, and is cross-checked against established industry data and trade interviews with industry experts.

The Sponsor and our Company consider such information to be reliable, accurate and not misleading after taking into account the following factors:

- (a) Euromonitor is an independent reputable research agency with extensive experience in their profession; and
- (b) Although the Euromonitor Report includes forecast of the development of the financial leasing industry in China, it does not contain performance forecast of our Group.

Our Directors confirm that, to the best of their knowledge, after taking reasonable care, there is no material adverse change in the market information since the date of the Euromonitor Report which may qualify, contradict or have an impact on the information in this section.

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FINANCIAL LEASING MARKET IN THE PRC

Financial Leasing Industry in China Experienced Rapid Expansion over the Historic Period

The financial leasing industry in China experienced extremely rapid growth during the historic period. According to China's Financial Leasing Industry Development Report 《中國融資租賃發展報告》 issued by the Department of Circulation Industry Development of Ministry of Commerce in China, the total registered capital for registered financial leasing companies in China increased from RMB80.0 billion to RMB556.5 billion in 2014. According to the same report, the outstanding contract value for financial leasing grew from RMB700.0 billion in 2010 to RMB4,440.0 billion in 2015, which is the latest data from the Ministry of Commerce of the People's Republic of China, with an astonishing value increase of 534.3% in those five years. In addition, the number of actively operating financial leasing companies in China was 4,508 at the end of 2015, an impressive increase from the 182 that were operating back in 2010.

Despite rapid expansion in the financial leasing industry in China, this industry's development remains at an early stage in China. Compared to the United States' rate of 22.0%, the penetration rate of financial leasing in China was merely 3.1% by the end of 2013, according to the Global Leasing Report from 2015. Financial leasing is already considered the second largest financial instrument in many developed countries, and the industry still has great room for growth in China for the forecast period.

Table 1 Financial Leasing Market in China, 2010–2015

<u>Data type</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>CAGR</u> <u>2010–2015</u>
Outstanding contract value for financial leasing in China (Billion RMB)	700.0	930.0	1,550.0	2,100.0	3,200.0	4,440.0	44.7%
Year-on-year growth	—	32.9%	66.7%	35.5%	52.4%	38.8%	—
No. of registered financial leasing companies in China	182.0	294.0	619.0	1,086.0	2,045.0	4,508.0	90.0%
Total registered capital for all registered financial leasing companies in China (Billion RMB)	80.0	135.8	189.0	288.4	556.5	—	—

Source: China Financial Leasing Industry Development Report issued in 2015, Ministry of Commerce of the People's Republic of China

(1) Investment penetration rate = leasing facilities and equipment/total investment in fixed assets

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Future Outlook of China's Financial Leasing Market

Outstanding contract value for financial leasing in China is expected to achieve RMB6,605.0 billion in 2016 and RMB9,900.0 billion in 2017. This growth will be fuelled by increasing demand from pillar industries' attractions, and the growing number of logistics companies that will utilize the financial leasing market.

Loan Interest Rates Are Declining due to Favourable Policies

The prevailing RMB loan interest rate from the People's Bank of China for financial institutions was trending down from 2010 to 2015. Loan durations are in 5 different increments: less than 6 months, 6 to 12 months, 1 to 3 years, 3 to 5 years, and more than 5 years. In 2010, the highest interest rate for financial institutions was 6.14% for a term of more than 5 years, but in 2015 the same duration loan was offered at a 4.9% rate, declining by 1.24 percentage points. The lowest interest rate in 2015 was 4.35% for durations of less than 6 months, and 6 to 12 months. The interest rate for less than 6 month loans decreased by 0.75 percentage points compared to 2010. The interest rate for 6 to 12 month loans decreased by 1.21%. The loan interest rate to financial institutions continues to decrease, riding on a trend of interest rate liberalization (利率市场化) in China. Due to the continuous decrease in loan interest rates for financial institutions, competition in the bank loan business between different banks is intensifying. Banks currently target large-sized and monopolistic enterprises with good corporate credit and positive financial reputations.

Table 2 Prevailing RMB Loan Interest Rates Applicable to all Financial Institutions in China 2010–2015

Date	Unit	By Loan Duration				
		6 months & below	>6 months to 12 months	1 to 3 years	3 to 5 years	5 years & above
Date of interest rate adjustment	Annual interest rate					
2010.10.20	%	5.10	5.56	5.60	5.96	6.14
2010.12.26	%	5.35	5.81	5.85	6.22	6.40
2011.02.09	%	5.60	6.06	6.10	6.45	6.60
2011.04.06	%	5.85	6.31	6.40	6.65	6.80
2011.07.07	%	6.10	6.56	6.65	6.90	7.05
2012.06.08	%	5.85	6.31	6.40	6.65	6.80
2012.07.06	%	5.60	6.00	6.15	6.40	6.55
2014.11.22*	%	5.60	5.60	6.00	6.00	6.15
2015.03.01	%	5.35	5.35	5.75	5.75	5.90
2015.05.11	%	5.10	5.10	5.50	5.50	5.65
2015.06.28	%	4.85	4.85	5.25	5.25	5.40
2015.08.26	%	4.60	4.60	5.00	5.00	5.15
2015.10.24	%	4.35	4.35	4.75	4.75	4.90

Source: People's Bank of China

* Note: Starting on 22 November 2014, the loan duration was simplified to increments of 1 year, 1 to 5 years and above 5 years.

Financial Leasing Industry Growth will be Fuelled by China's Pillar Manufacturing Industries — Aviation

According to the statistics from Civil Aviation Administration of China, China civil aviation industry experienced a rapid growth in the past few years. In 2015, the passenger traffic volume of the whole China civil aviation industry (全行業完成旅客運輸量) reached 440.0 million, with a growth of 11.4% from 2014. Along with the boom of the tourism industry and the growth of middle class population in China, planes will be the preferable choice for travel. These will lead to an increasing demand for aircrafts. Based on the data from Civil Aviation Administration of China, the number of the transport airplane in service in China's civil aviation industry grew from 2,370.0 in 2014 to 2,645.0 in 2015, an increase of 11.6%.

As one of the China's pillar manufacturing industries, the aviation industries have strong support from the Chinese government as well. According to the 12th Five-Year Plan from the General Administration of Civil Aviation of China, there will be 2,750 commercial airplanes in operation by the end of 2016 in China. Aviation is also listed as one of the 10 key sectors for future development according to the "Made in China 2025" (《中國製造2025》).

Financial leasing is considered an effective financing tool to support the pillar industry due to the large fixed asset demand by aircraft manufacturers. With the support of a more developed financial leasing industry and more abundant funding, this pillar industry will see more prosperous future growth, further fuelling the growth of the financial leasing industry in China.

The Financial Leasing Market for Health Care Service Provider is Expanding

According to the National Bureau of Statistics, the aging population (60 years old or above) accounted for 16.1% of total Chinese population in 2015. The gradually aging society brings a great demand to medical care and medical equipment. Moreover, in 2015, the urbanization rate reached 56.1% according to the statistics from the National Development and Reform Commission. More and more people are expected to migrate to the city and the present medical resources are not enough to satisfy the increasing demand. Actually, there already exists a shortage in the medical and health resources sector now, especially for medical equipment. In March, 2015, the State Council issued "the Outline for the Planning of the National Medical and Health Service System (2015–2020)" (《國務院辦公廳關於印發全國醫療衛生服務體系規劃綱要(2015–2020年)的通知》), which indicated that the number of hospitalizations increased from 6.7 million in 2004 to 20.4 million in 2014, with an average annual growth of 11.8%. While the number of beds in medical institutions per thousand residents (每千常住人口醫療衛生機構床位數(張)) only reached 4.8 in 2014, the target in 2020 will be 6.0 beds in medical institutions per thousand residents.

In addition, with the development of national economy, the per capita GDP reached RMB50,251.0 in 2015, according to the National Bureau of Statistics. Referencing historical growth trajectories from developed countries, when the GDP per capita reaches USD3,000.0, domestic consumption enters a period of fast growth due to greater spending towards discretionary items by the consumers as their living quality improves. For example, based on the latest data from the

Chinese Association of Plastic and Aesthetics (中國整形美容協會), in 2014, there were 7.0 million plastic and aesthetics surgeries, and it also claimed that the annual demand for plastic and aesthetics may increase at a speed of 30%. The plastic and aesthetics surgery requires the high standard medical equipment and thus, the demand of the surgery can lead to the increasing growth for the high standard medical equipment.

In 2013, the State Council of the People's Republic of China issued "Several Opinions of the State Council on Promoting the Development of the Health Service Industry" (《國務院關於促進健康服務業發展的若干意見》). It encourages financial institutions to develop business in the health care sector, specifically targeting micro enterprises and innovative businesses. This will encourage more financial institutions to provide funds for health care services and promote the development of financial leasing in the health care industry.

Rapid Development in Energy Conservation and Environmental Protection Promotes the Development of Financial Leasing

With the concern of environmental protection, since 2013, the State Council addressed the Opinions on Accelerating the Development of the Energy-Saving and Environmental Protection Industry (《國務院關於加快發展節能環保產業的意見》), which stipulated that the equipment of the key industries should be upgraded and energy-saving products should be developed. Meanwhile, it also instructed to expand financial channels for the energy-saving and environmental protection industry, and the private capital and foreign capital were welcomed.

In 2015, the Ministry of Environmental Protection of the People's Republic of China issued the "Analysis of the Impact on the Economy of Environmental Protection under the New Normal" (《新常態下環境保護對經濟的影響分析》). The analysis noted that during the Twelfth Five-year plan period, energy conservation and environmental protection industries increased rapidly, at a rate of 15% to 20%.

In May, 2015, the State Council issued the Made in China 2025 (《中國製造2025》), which set a target that by the end of 2020, the emission intensity of the main pollutants of key industries should decrease by 20.0%. Thus, the development of the energy-saving and environmental protection industry can lead to a large amount of equipment to transform and upgrade.

In 2015, the State Council General Office issued the "Guidance on Promoting Sound Development of the Financial Leasing Industry" (《國務院辦公廳關於加快融資租賃業發展的指導意見》), encouraging financial leasing companies to actively expand their business to include the energy conservation and environmental protection industries.

China has proposed different rules for the different industries. For example, in 2014, The National Development and Reform Commission, the Ministry of Environmental Protection, and the National Energy Administration, released the "Action Plan on Upgrading and Transforming the Energy Conservation and Emission Reduction of Coal-Fired Power (2014–2020)" (《煤電節能減排升級與改造行動計劃(2014–2020年)》). This plan proposed to decrease the proportion of coal based

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energy consumption in the overall primary energy consumption to 62.0% or less and to set a stricter standard for air pollutant emission. At the same time, the plan encourages private capital and social capital institutions to enter the energy saving business, and encourages banks and financial institutions to increase their credit support of coal and electricity projects for energy conservation and emission reduction. The rapid development of energy conservation and environmental protection industries can directly lead to the development of the financial leasing sector in this area.

Transportation

The urbanization rate in China reached 56.1% in 2015 based on the statistics from the National Development and Reform Commission. In order to increase the transport efficiency, disperse the crowd, the traffic facilities increase as well. Both the freight traffic volume and passenger traffic volume grow continuously. According to the latest data published by the Ministry of Communications of the People's Republic of China, in 2014, the total freight traffic volume was 43.1 billion tons, growing by 6.9%; the total passenger traffic volume was 22.1 billion people, increased by 4.1%. In December, 2015, the Ministry of Communications indicated that during the 13th Five Year Period, the transportation service should be upgraded. Besides, with the development of the e-commerce, the logistics industry also experiences a rapid growth. Thus, in order to pace with the growth, more transportation tools will be needed and upgraded.

Taxi is one of the important means of the public transport system in many cities in China. According to the Ministry of Transports of the People's Republic of China, the number of the taxi in operation rose from 1.23 million in 2010 to 1.37 million in 2014. With the popularity of the mobile Internet, people can call taxi through mobile apps, which increases the loading volume of the taxi industry. Based on the data of the Ministry of Transports of the People's Republic of China, the loading volume increased from 32.6 billion in 2010 to 40.6 billion in 2014. In October, 2015, the Ministry of Transports of the People's Republic of China addressed the Guiding Opinions on Deepening Reform and Promoting the Healthy Development of the Taxi Industry (《關於深化改革進一步推進出租汽車行業健康發展的指導意見(徵求意見稿)》), which focused on improving the service facilities, building the waiting area/room for the taxi services in the airport, railway station, ports, hospitals and the malls. As a result of increasing consumer demands for taxi services due to continued urbanization and improved living standards, more taxis will be needed and upgraded in the future. Financial leasing is considered an effective financing tool to support the taxi operators. With the support of abundant funding, the taxi operator industry will see rapid future growth.

Public Utilities

The construction of the public utilities were controlled by the government before 2014, which meant that the social capital was difficult to enter these areas in China before 2014. Changes occurred since 2014, in order to enhance the efficiency, the State Council issued "the Guiding Opinions on Innovation in Key Areas of Investment and Financing Mechanism to Encourage Social Investment" (《國務院關於創新重點領域投融資機制鼓勵社會投資的指導意見》) (the "Guiding Opinions") in 2014, which encouraged the social capital to enter the infrastructure of the water

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conservancy project, the construction of the electric power, and more financial channels are welcomed. The Guiding Opinions also mentioned the sector of water supply encouraged the social capital to enter as well.

More financial channels are welcomed since 2015. In March 2015, the National Development and Reform Commission addressed “the Implementation of Encouraging and Guiding the Participation of Social Capital in the Construction and Operation of Major Water Conservancy Projects” (《關於鼓勵和引導社會資本參與重大水利工程建設運營的實施意見》), which proposed to improve the mechanism of Public-Private-Partnership (“PPP”) of the construction and operation of major water conservancy projects. In May 2015, the National Development and Reform Commission approved 12 water conservancy projects, allowing the social capital to participate in the construction. With more experiences of the PPP on these areas, social capital can enter more projects of water conservancy, including the water supply. According to the Ministry of Water Resources, there were 27 new water conservancy projects in 2015.

ECONOMIC ENVIRONMENT IN SHENZHEN

Shenzhen’s Economic Growth Higher than Nation’s Average

According to the latest data released by the Statistics Bureau of Shenzhen, Shenzhen attained a GDP of RMB1,750.3 billion in 2015 and a GDP growth rate of 8.9% compared to 2014, which was significantly higher than the national GDP. Per capita GDP in Shenzhen was RMB157,985.0 in 2015, approximately three times higher than the 2015 national average of RMB50,251.0. GDP per capita in Shenzhen continues to increase, which is attributable to favourable government policies that are stimulating Shenzhen’s economic development.

Table 3 Shenzhen’s Nominal GDP and GDP Growth Rate, 2010–2015

Data type	2010	2011	2012	2013	2014	2015
Macro environment						
GDP (Billion RMB)	977.3	1,151.6	1,297.1	1,457.3	1,600.2	1,750.3
Year on year GDP growth (over the previous year)	12.4%	10.0%	10.0%	10.5%	8.8%	8.9%
Per capita GDP (RMB)	96,184.0	110,520.0	123,451.0	137,632.0	149,495.0	157,985.0
Year on year per capita GDP growth (over the previous year)	7.8%	7.3%	9.1%	9.7%	7.6%	5.2%

Source: Statistics Bureau of Shenzhen and Statistics Bureau of Statistics of Guangdong

In January 2016, the Shenzhen Municipal Committee unveiled the *Thirteenth Five Year Plan* (《中共深圳市委關於制定國民經濟和社會發展第十三個五年規劃的建議》), which put forth steps to: strengthen the position of the four pillar industries (high-tech industry, logistics, finance, and culture), to accelerate strategic emerging industries as the primary economic engine, and to create a higher level of medical care. Under this plan, related industries in Shenzhen will have a large

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demand for advanced high quality equipment in order to demonstrate their competence and eagerness to upgrade and transform their industries. This will create a broad market for financial leasing services to be involved in the process of solving their immediate and pressing financing issues.

Shenzhen's Regional Industry Characteristics Show Potential Demand for Financial Leasing

Based on the latest figures from the Statistics Bureau of Shenzhen, the logistics industry rose from RMB92.6 billion in 2010 to RMB161.4 billion in 2014, growing by 74.3%. Shenzhen has established 9 Logistics Industrial Parks. Fast industry development created demand for a large amount of equipment, and enterprises needed to find financing channels to help address the financing difficulties that created. Financial leasing services would be an excellent way to solve their immediate financing issues.

Shenzhen's 13th Five Year Plan indicates that strategic emerging industries will be the main economic engines, including: energy conservation and environmental protection, the Internet industry, the new energy industry, the bio-industry, the new generations of the information technology industry and the advanced materials industry. In line with the plan, Shenzhen established the ShenZhen Haikexing Sinovac Strategic Emerging Industrial Park, and the Shenzhen Wisdom Land Strategic Emerging Industrial Park. These strategic emerging industrial parks, cluster many related enterprises. The characteristics of these industries indicate that demand will increase for advanced machinery and equipment, which leads to a strong need for financial leasing services in Shenzhen.

As financial leasing will play an important role in Shenzhen, the Authority of Qianhai¹ has attached great importance to the development of the financial leasing sector. There are 10 development policies in Qianhai to make things more convenient for financial leasing businesses. For example, the Development of the Shenzhen Municipal Government Financial Services Offices issued "*The Opinions on Advancing the Pilot Operation of the Financial Leasing Business in Qianhai Bay Bonded Port Area*" (*《關於推進前海灣保稅港區開展融資租賃業務的試點意見》*), which indicated that financial leasing companies registered in Qianhai will have favourable tax rates if the financial leasing companies import passenger planes or cargo planes, with a weight of 25 tons or more, for domestic airline companies. The People's Bank of China Shenzhen Central Sub-branch issued "*The Interim Measures for Management of Qianhai Cross-Border Renminbi Loans in Qianhai*" (*《前海跨境人民幣貸款管理暫行辦法》*), which allows companies that register in Qianhai to get cross-border RMB loans from Hong Kong, including financial leasing companies, with interest rates determined by the lenders and borrowers.

¹ Qianhai: Qianhai stands for Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, located in Shenzhen. It is established on 26 August 2010, approved by the General Office of the State Council, aimed at a depth cooperation between Guangdong and Hong Kong in modern industry, including finance sector and information technology sector. Qianhai became a part of the Guangdong Pilot Free Trade Zone in 2015.

FINANCIAL LEASING MARKET IN SHENZHEN

Financial Leasing: Emerging Industry with Great Potential

According to the Authority of Qianhai, by the end of 2015 there were 606 financial leasing companies registered in Shenzhen, compared to 2013's number of 73 (from the Ministry of Commerce of the People's Republic of China), that demonstrates robust growth of 730.1%. The large number of financial leasing companies demonstrate the rapid development of financial leasing services in Shenzhen.

Logistics is one of the pillar industries in Shenzhen; since 2002 Shenzhen has prioritized the logistics industry which has resulted in huge development. It reached RMB161.4 billion in added value in 2014, increasing by 9.7% compared to 2013. Energy conservation and environmental protection are strategic emerging industries in Shenzhen. There were approximately 2,000 companies related to energy conservation and environmental protection, reaching RMB85.0 billion in added value in 2014. The development in logistics as well as energy conservation and environmental protection needs large equipment and it will broaden the financial leasing market.

Due to the large gap in the number of high quality hospitals between Shenzhen and other cities (Shenzhen has 9 first-class hospitals compared to 51 in Beijing), Shenzhen strives to establish more first-class hospitals. These hospitals require a huge amount of high cost equipment. The great need for equipment will create a large market for financial leasing services.

Competitive Landscape

According to the Authority of Qianhai, by the end of 2015, there were 606 financial leasing companies registered in Shenzhen. Due to the deficiency of the favourable policies of some specific industries, some of these registered companies are not actually in operation.

Through trade sources, in Shenzhen, generally speaking, financial leasing companies with over RMB200.0 million registered capital are considered to be of large-scale. Our Group, with the registered capital of RMB200.0 million, is categorized into the large-scale of the financial leasing in Shenzhen. As for the medium-scale financial leasing companies, the registered capital is between RMB50.0 million to RMB200.0 million in Shenzhen. Those whose registered capital is RMB50 million or less are the small-scale financial leasing companies in Shenzhen.

Through the data released by Guangdong Province Administration for Industry & Commerce and trade sources, among financial leasing companies with more than RMB200.0 million registered capital, there are 16 financial leasing companies that have active businesses in Shenzhen and all of which are foreign-funded companies.

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As Shenzhen-Hong Kong Cooperation on Modern Service Industries Zone is located in the Qianhai Area of Shenzhen, with the aim of a depth cooperation with Hong Kong, the Qianhai Area of Shenzhen has the convenience and advantage for the Hong Kong companies. Thus, among these 16 companies, there are 11 companies with funds from Hong Kong, accounting for 68.8%. We are the enterprise with sole (exclusive) investment from Hong Kong.

**Table 3 Financial Leasing Companies in Shenzhen, by Registered Capital,
by 31 December 2015**

<u>Ranking</u>	<u>Company</u>	<u>Registered Capital</u> <i>RMB (million)</i>	<u>Operating history</u> <i>(approximate years)</i>
1	Company 1	1,800.0	1
2	Company 2	1,025.3	2
3	Company 3	1,000.0	1
4	Company 4	1,000.0	1
5	Company 5	596.2	3
6	Company 6	500.0	1
7	Company 7	441.0	8
8	Company 8	400.0	1
9	Company 9	378.0	2
10	Company 10	300.0	2
11	Company 11	300.0	1
12	Company 12	269.5	3
13	Company 13	213.9	4
14	Company 14	208.0	2
15	CWW Leasing	200.0	3
16	Company 16	200.0	1

Source: Guangdong Province Administration for Industry & Commerce

* The data of registered capital above has been determined via a fieldwork program consisting of desk research and trade interviews. While audited data was available for some of the companies, they typically do not break the value into the relevant categories which were covered in this study. For these companies as well as those companies that are included in the market shares but are not publicly listed, we have estimated the data based on estimates provided by various trade sources (i.e. not just the companies themselves) and seeking a consensus on these estimates as much as possible.

** All the financial leasing companies' headquarter tabulated above are registered in Shenzhen.

*** According to the trade sources, the list above has excluded the financial leasing companies which are not actually in operation in Shenzhen.

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The average operating history (by the end of 2015) of the top 14 financial leasing companies by amount of registered capital in Shenzhen in the above table is approximately 2.3 years. Other than CWW Leasing, the operating history of the companies ranked the 5th, 7th, 12th and 13th are approximately 3 years, 8 years, 3 years and 4 years respectively, exceeding the above-mentioned average number of years.

There are several common classification methods used in the industry and one of them is based on registered capital. The registered capital is also a benchmark used by The Department of Circulation Industry Development of the Ministry of Commerce of the PRC (商務部流通業發展司) to represent the market size of financial leasing industry in China.

Companies with more registered capital generally have larger business scales. As the size of the borrower's registered capital is one of the factors considered by financial institutions, companies having larger amount of registered capital are able to raise more funds from financial institutions. With abundant financial resources, these companies are able to handle more projects, including those with higher capital requirement, enabling them to capture larger market shares in the financial leasing industry. By contrast, companies with small amount of registered capital could hardly raise funds from financial institutions. This limits their financial resources and thereby restricting the size and number of projects handled by them.

The development of the Shenzhen Municipal Government Financial Services Office (深圳市人民政府金融發展服務辦公室, the "Office") is responsible for collecting and analysing the operating data of the financial leasing companies located in Shenzhen, which is the only source of the mentioned data. Euromonitor and our Group tried to obtain such data from the Office. However, the Office refused to share the mentioned data despite our requests. The reason is that such data involves business information of financial leasing companies, which is considered strictly confidential, and therefore is not disclosed to the public, including the players in the financial leasing industry in Shenzhen and the consulting firms.

Drivers

Rapid Logistics Development Creates a Great Market for Financial Leasing

Shenzhen is one of the most important logistics clusters in China. Logistics is one of the pillar industries in Shenzhen and has 9 logistics industrial parks (Guangzhou has only 3). In October of 2014, the government of Shenzhen created the "*Measures to Promote the Development of the Logistics in Electronic Commerce*" (《關於促進深圳電子商務物流業發展的若干措施》). It supported the construction of advanced infrastructure while encouraging innovation in developing financing for the electronic commerce logistics supply chain. This requires a large amount of high cost equipment, and financial leasing can help mitigate financial issues during the transformation.

Growth of High-technology Industry Broadens Financial Leasing Market

In November of 2012, the Shenzhen government issued the “*Notice of the Measures of Promoting the Cooperation between Science and Technology and Finance*” (《印發關於促進科技和金融結合若干措施的通知》), which encouraged the new type of cooperation between technology sector and finance sector. For example, the notice supported financial leasing companies offering services to high-technology companies and the notice encourages establish a number of financial leasing services companies who are focusing on high-technology companies. Due to the characteristics of high-technology companies, demand for costly advanced equipment requires a huge amount of money and will broaden the financial leasing market in this area.

Energy Conservation and Environmental Protection Industry Attracts Financial Leasing Business

The Shenzhen government has included the energy conservation and environmental protection industry in their strategies for upgrading emerging industries in April of 2014. According to figures from the Shenzhen Government, there were about 2,000 companies related to energy conservation and environmental protection. The total value of energy conservation and environmental protection industry was RMB85.0 billion in 2013. In April of 2014 the Shenzhen government released “*The Revitalization of Shenzhen Energy Conservation and Environmental Protection Industry Development Plan (2014–2020)*” (《深圳節能環保產業振興發展規劃(2014–2020年)》), which stated that by the end of 2020, Shenzhen will be an important energy conservation and environmental protection industrial centre and innovation centre for China and achieve the target of the total value of RMB300.0 billion by 2020. In order to meet their goals, it is necessary for the energy conservation and environmental protection industry to obtain huge amounts of funds and develop lots of advanced infrastructure. Thus, the plan also encouraged financial institutions to support those enterprises, including private capital and foreign capital, which will create demand for financial leasing services.

Hospitals Requires More Equipment Fuelling Financial Leasing

According to the “*Annual Report on Population and Health Development of Shenzhen (2014)*” (《深圳人口與健康發展報告(2014)》), there were only 9 first-class (aka Grade 3, Class A) hospitals (三甲醫院) in Shenzhen at the end of 2013, while there were 51 in Beijing, 36 in Shanghai and 43 in Guangzhou. There were 29,068.0 hospital beds in Shenzhen in 2014, while Guangzhou had 68,685 and Shanghai had 94,722. Facing a clear deficiency in medical care for Shenzhen, the Shenzhen government issued the “*Notice of the Project of the introduction of famous doctors, famous hospitals, and famous clinics in Medical Treatment and Medical Health*” (《深圳市人民政府關於印發“醫療衛生三名工程”政策措施的通知》) in December of 2014, which encouraged the use of social capital to establish high quality hospitals in the form of sole proprietorships or joint capital ventures. The establishment of hospitals requires not only specialized equipment but also a great amount of funds, which can fuel the financial leasing sector in this area.

Connecting China and Hong Kong via Shenzhen

Shenzhen is a sub-provincial city in the Guangdong Province of Southern China located north of Hong Kong, and it was the first Special Economic Zone established after the economic reform and opening-up period of China in 1980. As a major financial city, Shenzhen is the home of the Shenzhen Stock Market. In 2015, the Qianhai & Shekou Area of Shenzhen was launched as a part of The China (Guangdong) Pilot Free Trade Zone, aiming to develop cooperation between Shenzhen and Hong Kong. The Qianhai & Shekou Areas of Shenzhen will prioritize finance, modern logistics, information services, science and technology services, and other strategic emerging service industries, in order to establish an experimental window to the world for China's financial industry, and become a significant base for global service trade as well as an international hub port. The Shenzhen-Hong Kong Cooperation on Modern Service Industries in Qianhai Area is an important area for China's economic growth. Qianhai will engage in modern service industry with joint development and cooperation between Shenzhen and Hong Kong. There are many favourable policies for the Hong Kong investors to establish and operate in Shenzhen. For example, the Approval of The State Council on "The Supporting Policies of the Development and Opening up of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen" (《國務院關於支持深圳前海深港現代服務業合作區開發開放有關政策的批覆》), it encourages Qianhai to implement pilot programs of cooperation between Shenzhen and Hong Kong in the establishment on school, hospitals. The establishment of these two facilities requires a large amount of equipment.

Favourable Regulations Encourage Financial Leasing Industry in Shenzhen

The Qianhai Area of the Guangdong Pilot Free Trade Zone is a vital place for a potential financial leasing boom. Companies in this zone gain preferential policies for airline financial leasing, and are allowed to get Shekou: The Shekou Area is next to the Qianhai Area, also located in Shenzhen, The Shekou Area aims to develop the logistics and the shipping. Shekou Area became a part of the Guangdong Pilot Free Trade Zone in 2015, cross-board RMB loans from Hong Kong. In January of 2014, the Development of the Shenzhen Municipal Government Financial Services Offices issued the opinions on "Advancing the Pilot Operation of Financial Leasing Businesses in Qianhai Bay Bonded Port Area" (《關於推進前海灣保稅港區開展融資租賃業務的試點意見》), it indicated that financial leasing companies registered in Qianhai will have favourable tax rates if they import passenger or cargo planes, that weigh 25 tons or more, for domestic airline companies.

In December of 2012, the People's Bank of China Shenzhen Central Sub-branch issued the "Interim Measures for Management of Qianhai Cross-Border Renminbi Loans in Qianhai" (《前海跨境人民幣貸款管理暫行辦法》), which allowed companies that register in Qianhai to get cross-border RMB loans from Hong Kong, including financial leasing companies. Interest rates for those loans are allowed to be determined by the lenders and borrowers, as opposed to China's government.

Constraints

Lack of Industry-specific Financial Leasing Policies

Although Shenzhen has issued a favourable policy towards airline importation financial leasing, the government has not created other policies for the various other industries. For example, there are different favourable policies for financial leasing services regarding a multitude of industries in Tianjin, such as the health care service provider industry and the new energy car industry, among others. Financial leasing companies in Shenzhen are looking forward to hearing about more industry-specific policies and thus, at this time, there are only a few of them actually in operation in Shenzhen.

High Standards of Experienced Personnel May Block Financial Leasing Business

The financial leasing business has a high standard for professional personnel who are familiar with the related industries they intend to service, particularly when it comes to industry specific laws, risks and analysis. The program can often reach more than RMB1.0 million in investment, and the professional handling the lease is one of the most important components to properly evaluating the program.

Entry Barriers

Entry Barriers Differ across Domestic and Foreign-funded Financial Leasing Companies

According to the regulations of the Qianhai Area of Shenzhen, the establishment of a domestic financial leasing company must apply for the qualification from the Ministry of Commerce People Republic of China firstly. Then, the proportion of foreign investment must be 25% or above.

In January 2014, the Development of the Shenzhen Municipal Government Financial Services Offices issued the opinions on “*Advancing the Pilot Operation of Financial Leasing Businesses in Qianhai Bay Bonded Port Area*” (《關於推進前海灣保稅港區開展融資租賃業務的試點意見》). It indicated that there is no limitation of the minimum registered capital for the subsidiary of the leasing project in Qianhai Bay Bonded Port Area, established by financial leasing company, including domestic financial leasing company or foreign-funded financial leasing company.

Capital Inputs is barrier for Develop Financial Leasing Services

Shenzhen’s financial leasing companies with large registered capital are able to develop the businesses which require huge amount of funds, for instance, the aviation leasing. It is difficult for the new entrants with less registered capital to carry out such huge financing amount of businesses.

Seasoned Personnel is Vital for a New Market Entrant

There is a short history of financial leasing in Shenzhen, which makes it difficult to find experienced personnel. The large financial leasing services companies with the great amount of registered capitals have already attracted seasoned personnel. For the new entrants, finding the personnel with sufficient qualities in a short period is difficult, so that the lack of experienced personnel is the barrier for the new entrants in the financial leasing services sector.

Future Outlook of Financial Leasing Market in Shenzhen

Upgrading of Logistics Brings Potential Market for Financial Leasing

Logistics is of great importance in Shenzhen's economy. In January 2016, the "Shenzhen 13th Five Year Plan" (《中共深圳市委關於制定國民經濟和社會發展第十三個五年規劃的建議》) proposed to build a modern urban distribution network system and to promote the development of industrial convergence between: logistics, finance and insurance, and information services. This will create demand for advanced infrastructure in logistics and create a large potential market for the financial leasing industry to fund.

Construction in Medical Care Sector Fuels Financial Leasing

The Shenzhen government attaches great importance to the development of the medical care industry. In January of 2016, the "Shenzhen 13th Five Year Plan" (《中共深圳市委關於制定國民經濟和社會發展第十三個五年規劃的建議》) encouraged the use of social capital to establish hospitals that are high quality with accelerated research facilities, and that utilize new medical technologies. With the construction of new medical care facilities, there is a great need for large quantities of health care service provider, which will broaden the financial leasing market.

Financial Leasing Opportunities: Energy Conservation and Environmental Protection Industry

With the great potential of the energy conservation and environment protection industry, Shenzhen's government has indicated that it will begin implementing 1,000 industrialization projects for this sector in April of 2014, the logistics of which are laid out in their "Revitalization of Shenzhen Energy Conservation and Environmental Protection Industry Development Plan" (《深圳節能環保產業振興發展規劃(2014-2020年)》). Meanwhile, the plan encouraged the flow of social capital into the energy conservation and environmental protection industries. The development of the energy conservation and environmental protection industry will come with great financial difficulties due to their equipment needs, and financial leasing can help in that area.

INDUSTRY OVERVIEW

FACTORING INDUSTRY IN MAINLAND CHINA

Market Overview

Snapshot Of China's Factoring Industry and Market Performance of China's Factoring Industry

Factoring industry emerged in China in 1993. In 1993, the State promulgated the “*Company Law of PRC*” (《中華人民共和國公司法》), opening a channel for small and medium-sized enterprises to enter into foreign trade industry. More and more private foreign trade enterprises engaged in international trades, adapted to international trade rules and gradually understood and accepted factoring, marking the beginning of China's factoring business.

Since China's entry into World Trade Organisation in 2001, China's foreign trade has entered into a high-speed development era, giving birth to a market with huge factoring potential. China has surpassed the United Kingdom and become the world's largest factoring country since 2011. By 2014, China had maintained the position of the world's largest factoring country for 4 consecutive years. In 2015, the total volume of factoring business in China declined for the first time mainly because of the slowdown of China's economic growth.

According to the data released by Factors Chain International (FCI), the total volume of factoring business in China was EUR352.88 billion in 2015, declining by 13.1% from EUR406.10 billion in 2014.

Table 1 The Factoring Industry in Mainland China, 2011–2015

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Total factoring turnover (in Euro million) in mainland China	<u>273,690.0</u>	<u>343,759.0</u>	<u>378,128.0</u>	<u>406,102.0</u>	<u>352,879.0</u>
Year to year Growth (%)	<u>/</u>	<u>25.6</u>	<u>10.0</u>	<u>7.4</u>	<u>-13.1</u>

Source: the Factors Chain International (FCI)

Key Player Types in the Industry

Commercial banks:

Bank factoring business is a comprehensive financial service integrating trade financing, business credit investigation, management of accounts receivable and credit risk guarantee.

Before accepting factoring business, commercial banks examine strictly the credit, the operation and the financial conditions of the sellers and/or the buyers, analyze the conditions of accounts receivable, including pledge, transfer, the age and the structure of accounts receivable, judge reasonably the buyers' willingness to pay, payment ability and the sellers' buy-back ability, and examine the authenticity and the legitimacy of the purchase contracts. Commercial banks need to have sufficient collateral support and credit lines.

The threshold for bank factoring is relatively high, which is more suitable for large enterprises with strong mortgage and risk tolerance. Small and medium-sized enterprises usually fail to meet the standards of banks. Besides, the approval procedures are relatively complex and time-consuming.

Commercial factoring companies:

Commercial factoring business refers to the factoring business conducted by nonbanking institutions.

In accordance with the factoring contracts signed by the suppliers and the factors, the suppliers transfer the present or future accounts receivable to the factors to obtain financing or services such as ledger management, accounts receivable collection, full protection against bad debts provided by the factors.

Compared with traditional bank factoring business, commercial factoring institutions pay more attention to providing a series of comprehensive services of investigation, management, settlement, financing and guarantee, focus more on a specific industry or field and provide more pertinent services. Commercial factoring usually pays more attention to the quality of the accounts receivable, the credibility of the buyers, the quality of the goods and so on rather than the qualifications of the sellers so as to conduct non-collateral business and transfer completely the risks of the bad debts.

The threshold for commercial factoring is relatively low, which is suitable for small and medium-sized enterprises failing to meet the standards of banks. In services, commercial factoring can provide more professional accounts receivable services for the clients. In financing procedures, the focus of factoring is the qualifications of the core enterprises and the authenticity of the trades. It mainly examines the credit of the core enterprises, basic trade contracts, shipping documents and so on. The required information and procedures are relatively simple. The lending procedures are simple. Therefore, the approval and the lending have the feature of timeliness.

Financial leasing companies

Financial leasing companies can apply for conducting commercial factoring business related to their core business or concurrent operations, that is, the aforementioned business related to the leaseholds and the leasing clients. The financial leasing companies that have applied for conducting commercial factoring business related to their core business or concurrent operations can provide equipment financing for high quality lessees and renew factoring financing for those meeting the conditions of commercial factoring business. Compared with general commercial factoring companies, financial leasing companies normally only serve their previous high quality leasing clients or conduct commercial factoring business related to their previous leaseholds.

Regulations

Up till now, there have not been any laws or regulations governing the registration and the operation of commercial factoring business. However, MOFCOM has issued circulars to promote commercial factoring in specific regions. Pursuant to “*Circular on Issues Related to Commercial Factoring Pilot Projects*” (《關於商業保理試點有關工作的通知》) promulgated by Ministry of Commerce on 27 June 2012, implementation of commercial factoring pilot projects was permitted in Tianjin Binhai New Area and Shanghai Pudong New Area to explore approaches to developing commercial factoring. Later in December 2012, trial implementation of commercial factoring pilot projects was extended to Guangzhou and Shenzhen where qualified investors from Hong Kong and Macau were allowed to establish commercial factoring companies.

By 2014, all provinces and municipalities except Hunan, Gansu, Ningxia, Hainan and Guizhou had carried out commercial factoring pilot projects.

There are no other qualifications and approvals required of financial leasing companies to conduct factoring business related to financial leasing.

Drivers and Constraints of the Factoring Leasing Market

Drivers: There are no other qualifications and approvals required of financial leasing companies to conduct financial leasing related factoring business. This encourages financial leasing companies to provide comprehensive financial services including financial leasing and factoring in China.

Constraints: The Ministry of Commerce of the PRC has not yet issued any formal national special regulations since it promulgated Policy Governing Commercial Factoring Enterprises (Trial) (Draft) in March 2015. Imperfect laws, regulations and supervisory system may become an obstacle to the further development of commercial factoring.

Competitive Landscape

Our Group conducts both financial leasing business and financial leasing related commercial factoring business, which provides comprehensive financial services solutions for our customers. At the current stage, our Group plans to provide factoring business for the customers who need factoring services among our previous financial leasing customers first, rather than seeking new factoring customers in the market.

There are no other qualifications and approvals required of financial leasing companies to conduct financial leasing related factoring business. This encourages financial leasing companies to provide comprehensive financial services including financial leasing and factoring in China.

Compared with banks, the threshold for bank factoring is relatively high, which is more suitable for large enterprises with strong mortgage and risk tolerance. Small and medium-sized enterprises usually fail to meet the standards of banks. Besides, the approval procedures are relatively complex and time-consuming.

Compared with commercial factoring companies, the threshold for commercial factoring companies is relatively low, which is suitable for small and medium-sized enterprises failing to meet the standards of banks. However, the commercial factoring companies in China are short of the channel of external financing so that they lack funds in general.

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The relevant laws and regulations applicable to the operations and business of our subsidiaries in the PRC are set out below:

INCORPORATION, OPERATION AND MANAGEMENT OF WHOLLY FOREIGN-OWNED ENTERPRISE

The establishment procedures, approval procedures, registered capital requirement, foreign exchange, accounting practices, taxation and labour matters of a wholly foreign-owned enterprise are regulated by the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法) (the “**Wholly Foreign-owned Enterprise Law**”), which was promulgated on 12 April 1986 and amended on 31 October 2000, and the Implementation Regulations of the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法實施細則) (the “**Implementation Regulations**”), which was promulgated on 12 December 1990 and amended on 12 April 2001 and 19 February 2014.

Under the Wholly Foreign-owned Enterprise Law and its Implementation Regulations, the power to examine and approve the establishment of the Foreign-owned Enterprises is conferred to the State Council department in charge of foreign trade and economic relations or an agency authorized by the State Council, which are generally the Ministry of Commerce of PRC (商務部, also as “**MOFCOM**”) and its province-level branches. However, in Shenzhen following an overhaul and reorganization of the governmental agencies, such power now resides in the Economy, Trade and Information Commission of Shenzhen Municipality (深圳市經濟貿易和信息化委員會).

According to the latest amendment to Wholly Foreign-owned Enterprise Law of the PRC on 3 September 2016, foreign-invested enterprises which do not fall within the scope of special administrative measures for foreign investment admission stipulated by the State or approval procedures stipulated in Article 6, Article 10 and Article 20 of the Wholly Foreign Owned Enterprise Law of the PRC shall be subject to the filing procedures.

Pursuant to the Provisional Measures for Filing Administration of Establishment and Changes of Foreign-invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》) which was promulgated by the Ministry of Commerce on 8 October 2016 and became effective on the same date, where establishments and changes to a foreign-invested enterprise do not fall within the scope of special administration measures for foreign investment admission as stipulated by the State, the foreign-invested enterprise shall go through filling procedures instead of the procedures for approvals. However, where establishments and changes to a foreign-invested enterprise fall within the scope of the special administration measures for foreign investment admission as stipulated by the State, the foreign-invested enterprise shall go through procedures for approvals according to the relevant laws and regulations governing foreign investment.

Any investments conducted by the foreign investors and foreign enterprises in the PRC shall be subject to the Catalogue for the Guidance of Foreign Investment Industries(外商投資產業指導目錄) (the “**Guidance Catalogue**”), the latest version of which was promulgated by the MOFCOM and the NDRC on 10 March 2015 and came into effect on 10 April 2015. The Guidance Catalogue

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divides the foreign investment industries into the Encouraged Foreign Investment Industries, the Restricted Foreign Investment Industries and the Prohibited Foreign Investment Industries. Industries which are not listed in the Guidance Catalogue shall be classified as the Permitted Foreign Investment Industries. According to the Guidance Catalogue, the core business of our PRC Subsidiaries does not fall within the Restricted or Prohibited category for foreign investments on a wholly-owned basis.

The foreign-invested enterprises that locate within the three Pilot Free Trade Zone (including China (Guangdong) Pilot Free Trade Zone) are subject to Administrative Measures for the Record-filing of Foreign investment in Pilot Free Trade Zone (for Trial implementation) (自由貿易試驗區外商投資備案管理辦法(試行), the “**Measures for PFTZ**”) promulgated by the MOFCOM on 8 May 2015. Under the Measures for PFTZ, if a foreign-invested enterprise incorporated outside the Pilot Free Trade Zone moves in, the said enterprise shall go through the filing formalities for alternation and obtain a Registration Certificate of Foreign-invested Enterprises. The Certificate of Approval for Establishment of Enterprises with Investment of Taiwan, Hong Kong, Macao and Overseas Chinese in the PRC shall be handed in for cancellation.

The Measures for PFTZ does not set out specific requirements as to the maintaining of such certificate. However, the Measures for PFTZ requires that the foreign-invested enterprises in the PFTZ shall log on the Record-filing System no later than June 30 each year to fill in and submit the Annual Report Form for the Investment and Operation of Foreign-funded Enterprises.

CWW Leasing had complied with the Measures for PFTZ and obtained the Registration Certificate of Foreign-invested Enterprises in China (Guangdong) Pilot Free Trade Zone (PFTZ) issued by the Administrative Committee of PFTZ Qianhai & Shekou Area (中國(廣東)自由貿易試驗區前海蛇口片區管委會) on 12 April 2016. The said Registration Certificate shall stay valid during the Track Record Period and up to the Latest Practicable Date.

Under the Wholly Foreign-owned Enterprises Law, foreign investors applying for the establishment of foreign-invested enterprises in the business as otherwise permitted under the Guidance Catalogue shall first obtain the said Certificate of Approval by the State Council or its agencies as authorized. However, the Wholly Foreign-owned Enterprises Law is silent as to the obtaining and maintaining of the said Certificate of Approval and only states that any application to establish a wholly foreign-owned enterprise is subject to examination and approval by the State Council department in charge of foreign trade and economic relations or an agency authorized by the State Council.

CWW Services had complied with the Wholly Foreign-owned Enterprise Law and obtained the Certificate of Approval for Establishment of Enterprises with Investment of Taiwan, Hong Kong, Macao and Overseas Chinese in the PRC on 15 February 2012. The said Certificate of Approval shall stay valid during the Track Record Period and up to the Latest Practicable Date.

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Under the Administrative Regulations on Company Registration promulgated by the State Council on 24 June 1994 and revised on 1 March 2014, a company shall have the status of enterprise legal person after having registered at the company registration authority according to the law and acquired a Business License. The name, registered capital, means of contribution by shareholders, the business scope and other features of such company shall comply with the Corporate Law as otherwise required.

Under the Interim Regulations on Enterprise Information Publicity promulgated by the State Council on 1 October 2014, an enterprise shall, from January 1 to June 30 of each year, submit the annual report for the previous year to the industrial and commercial administrative department via the enterprise credit information publicity system and publicize the same to the society. The failure of submission will not directly lead to an immediate invalidation of the business license, but the relevant authority may place the enterprise in the directory of abnormal operations and further impose administrative penalty for cases of gross violation.

Other than the foresaid, the related laws and regulations is silent as to the obtaining and maintaining of the business license.

CWW Leasing, CWW Services and SZ Leasing had all complied with the Administrative Regulations on Company Registration and had obtained the Business License on, separately, 5 April 2012, 20 February 2012 and 11 September 2014. CWW Leasing, CWW Services and SZ Leasing had also complied with the Interim Regulations on Enterprise Information Publicity and had made due filing of their annual reports.

Measures on the Administration of Foreign Investment in the Leasing Industry (外商投資租賃業管理辦法) (the “Measures of Foreign Investment in the Leasing Industry”)

MOFCOM promulgated the Measures of Foreign Investment in the Leasing Industry on 3 February 2005 to regulate the operation of foreign-invested leasing business and financial leasing business.

The Measures of Foreign Investment in the Leasing Industry apply to the establishment of foreign-invested enterprises by foreign investors such as foreign companies, enterprises and other economic organizations in the form of Sino-foreign equity joint ventures, Sino-foreign cooperative joint ventures and wholly foreign-owned enterprises in the PRC to engage in the leasing business or financial leasing business as well as to carry out business activities. Under the Measures of Foreign Investment in the Leasing Industry, foreign investors with total assets of no less than US\$5 million are permitted to apply to MOFCOM for establishing wholly foreign-owned financial leasing companies in the PRC. Foreign-invested financial leasing companies must satisfy the following conditions: (i) the registered capital shall not be less than US\$10 million; (ii) the term of operation of a foreign-invested financial leasing company in the form of a limited liability company normally shall not exceed 30 years; and (iii) it shall be staffed by appropriate professionals and its senior management personnel shall possess the appropriate professional qualifications and not less than three years' experience in the business.

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Under the Measures of the Foreign Investment in the Leasing Industry, foreign-invested financial leasing companies may conduct the following businesses: (i) financial leasing business; (ii) leasing business; (iii) purchase of leased property inside and outside China; (iv) maintenance of assets underlying the leases and disposal of the residual value of assets underlying the leases; (v) lease transaction consultancy and security services; and (vi) other businesses approved by MOFCOM. “Financial leasing business” is defined as the business in which lessor based on a lessee’s selections with respect of the seller and the leased object, agrees to purchase the assets underlying the leases from a seller, makes the leased object available to the lessee for use and collects rental from the lessee.

Foreign-invested financial leasing companies may carry out financial leasing business by means such as direct leasing, sub-leasing, sale-leaseback, leveraged leasing, entrusted leasing and joint leasing. The leased objects allowed include (i) movable properties such as manufacturing equipment, telecommunication equipment, health care service provider, scientific and research equipment, inspection and testing equipment, engineering and machinery equipment and office equipment; (ii) taxi operator equipment, such as airplanes, automobiles and ships; and (iii) intangible asset such as software and technology that are attached to the moveable properties and taxi operator equipment mentioned above provided that the value of such attached intangible assets shall not exceed half value of the movable properties or taxi operator equipment they are attached to.

The Measures of the Foreign Investment in the Leasing Industry require that the Risky Assets of a foreign-invested financial leasing company, which are determined by the total amount of residual assets after deducting cash, bank deposits, PRC treasury securities and entrusted leased assets from the total assets of the enterprise, shall generally not exceed ten times the company’s net assets as of the end of each financial year. The Measures of the Foreign Investment in the Leasing Industry further enquire that foreign-invested financial leasing companies shall submit a report on their business operations and an audited financial statements of the past year to MOFCOM for filing purposes before 31 March of each year. In addition, if the leased property to be imported by a foreign-invested financial leasing company based on the selection of the lessee is subject to special policy administrations such as quota or licensing, the lessee or the financial leasing company shall carry out application procedures in accordance with the relevant provisions.

To establish a foreign-invested financial leasing company, the investor shall submit all application materials to MOFCOM’s provincial branch at the place where the company will be located. MOFCOM’s provincial branch shall, after preliminary examination of the submitted application materials, submit the application materials together with a preliminary examination opinion to MOFCOM within 15 working days from the date on which it receives all application materials. MOFCOM shall make a decision with respect to whether or not it shall grant an approval within 45 working days from the date on which it receives all application materials. If it decides to grant an approval, it shall issue the foreign investment enterprise approval certificate; if it decides not to grant an approval, it shall explain in written form. Pursuant to the Decision of the State Council of PRC on the Fifth Batch of Administrative Examination and Approval Matters to be Cancelled or Delegated to Subordinate Authorities promulgated and effected on 4 July 2010, the

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approval process for the establishment or modification of foreign-invested enterprises engaged in financial leasing business with a total investment amount of US\$300 million or less can be approved by provincial-level governmental authorities without the need to submit the application to national level authorities.

In response to the reform of the registered registration system to promote the facilitation of the business registration system, MOFCOM adopted the Decision on Revising some Regulations and Normative Documents (關於修改部分規章和規範性文件的決定) adopted on 28 October 2015, in which the minimum registered capital requirement under the Measures of Foreign Investment has been abolished.

Measures for Supervision and Administration of Financial Leasing Enterprises (融資租賃企業監督管理辦法) (the “Measures for Financial Leasing Enterprises”)

MOFCOM promulgated the Measures for Financial Leasing Enterprises on 18 September 2013 to strengthen the regulation over both domestic and foreign-invested financial leasing enterprises.

According to the Measures for Financial Leasing Enterprises, MOFCOM and the provincial-level commerce authorities are in charge of the supervision and administration of financial leasing enterprises. A financial leasing enterprise shall, according to the requirements of MOFCOM, report the relevant data in a timely and truthful manner through the National Finance Leasing Enterprise Management Information System. Specifically, a financial leasing enterprise shall, within 15 working days after the end of each quarter, submit the statistics on and summary of its operation in the preceding quarter, and statistics on and summary of its operation in the preceding year as well as its financial and accounting report (including appended notes thereto) audited by an audit body for the preceding year prior to April 30 of each year. In the event of change of name, relocation to another region, increase or decrease of registered capital, change of organizational form, adjustment of ownership structure or other changes, a financial leasing enterprise shall report to the competent provincial-level commerce authority in advance. A foreign-invested financial leasing enterprise that undergoes the said changes shall go through approval and other procedures according to relevant provisions. A financial leasing enterprise shall, within 5 working days after the change of registration procedure with the AIC authority, log into the National Finance Leasing Enterprise Management Information System to modify the above information.

The Measures for Financial Leasing Enterprises explicitly stipulate the business scope of the financial leasing enterprise. A financial leasing enterprise may conduct its financial leasing activities by way of direct lease, sublease, leaseback, leveraged lease, trust lease and joint lease within the limits of applicable laws, regulations and rules. A financial leasing enterprise shall take financial leasing and other leasing businesses as its main business, and may be engaged in the purchase of leased property, disposal of the residual value of and maintenance of leased property, lease transaction consultancy and security services, assignment of amount receivables to a third party institution, receiving the lease deposit and other businesses approved by the approving authority in relation to financial leasing and leasing business. A financial leasing enterprise shall not be engaged in deposit taking, offering of loans, entrusted loans, and without the approval of

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competent authority, shall not be engaged in inter-bank borrowing. A financial leasing enterprise shall not be allowed to carry out illegal fund-raising activities under the disguise of financial leasing in any circumstances.

The Measures for Financial Leasing Enterprises also requires the financial leasing enterprises to strengthen their internal risk controls, and establish good systems for classifying at Risk Assets, and adopting a credit appraisal system for the lessee, an ex post recovery and disposal system and the risk alert mechanism. A financial leasing enterprise shall also establish an affiliated transaction management system, and exclude the persons related to the affiliated transactions from the voting or decision-making process for affiliated transactions where the lessee is an affiliate. In the event of any purchase of equipment from an affiliated production enterprise, the settlement price for such equipment shall not be lower than the price offered by such enterprise to any third party of such equipment or the equipment of the same batch. A financial leasing enterprise shall manage its assets under trust lease and assets under sublease separately and keep separate accounts therefor. A financial leasing enterprise shall strengthen the management of its major lessees, control the proportion of business with a single lessee and with lessees that are its affiliates, and pay attention to the prevention and diversification of operational risks. The Measures for Financial Leasing Enterprises also stipulates that the risky assets of a financial leasing enterprise shall not exceed 10 times of its total net assets.

The Measures for Financial Leasing Enterprises also contains regulatory provisions specifically focusing on the leaseback transaction. The subject matter of a leaseback transaction shall be those properties that can give play to its economic functions and produce continuous economic benefits. A financial leasing enterprise shall not accept any property to which a lessee has no title, or on which any mortgage has been created, or which has been sealed up or seized by any judicial organ, or whose ownership has any other defects as the subject matter of a leaseback transaction. A financial leasing enterprise shall give adequate consideration to and objectively evaluate assets leased back, set purchasing prices for subject matter thereof with reference to reasonable pricing basis in compliance with accounting principles, and shall not purchase any subject matter at a price in excess of the value thereof.

The PRC Contract Law and Relevant Interpretation of the Supreme People's Court

The National People's Congress promulgated the PRC Contract Law on 15 March 1999 for regulating the civil contractual relationship among natural persons, legal persons and other organizations. Chapter 14 of the PRC Contract Law sets mandatory rules about financial leasing contracts.

Under the PRC Contract Law, the financial leasing contracts shall be in written format and shall include terms such as the name, quantity, specifications, technical performance and inspection method of the leased object, the lease term, the composition, payment term, payment method and currency of the rent and the ownership of the leased object upon expiration of the lease.

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The PRC Contract Law includes a general mandate that the interest rate charged to a customer under a financial leasing contract shall take into account the purchase cost of the property or asset underlying a lease contract and should allow for a reasonable profit margin for the lessor, except as otherwise agreed upon by the contracting parties. Our Group's practice to adjust interest rates charged to our customers with reference to PBOC benchmark interest rates fully complies with the PRC Contract Law. Furthermore, there are no regulatory restrictions relating to the interest rates charged by our Group to our customers under relevant PRC laws, regulations and rules.

In light of the trial practice and in furtherance of the PRC Contract Law, the Supreme People's Court issued an Interpretation on Issues Concerning the Application of Law in Hearing Cases of Finance Lease Contract Disputes (最高人民法院關於審理融資租賃合同糾紛案件適用法律問題的解釋, the "**Interpretation**") on 24 February 2014 to establish further guidance regarding the hearing of the financial lease disputes cases. The Interpretation contains chapters in relation to (i) determination and validity of a finance lease contract, (ii) performance of a contract and publicity of a leased item, (iii) termination of a finance lease contract, and (iv) breach of a finance lease contract.

The PRC Contract Law and the Interpretation does not impose any restriction on the amount of interest rate a lessor may charge on its clients.

LAWS AND REGULATIONS RELATING TO THE FINANCIAL LEASING OVER MEDICAL DEVICES

The financial leasing of the medical devices is subject to the following rules and regulations: (i) the Regulations on the Supervision and Administration over Medical Devices (醫療器械監督管理條例, the "**Medical Devices Regulations**") promulgated by the State Council of the PRC on 4 January 2000 and subsequently revised by its Standing Committee on 12 February 2014; (ii) the Regulations on the Supervision and Administration of the Operation of Medical Devices (醫療器械經營監督管理辦法, the "**Medical Devices Operation Regulations**") promulgated by the China Food and Drug Administration (國家食品藥品監督管理總局, the "**CFDA**") on 30 July 2014 and came into effect on 1 October 2014; and (iii) the Reply Regarding the Supervision and Administration of Financial Leasing of Medical Devices (關於融資租賃醫療器械監管問題的答覆意見, Guo Shi Yao Jian Shi [2005] No. 250, the "**CFDA Reply**").

Under the Medical Devices Regulations and the Medical Devices Operation Regulations, medical devices are classified into three classes depending on the risk level of each class. When engaging in operation of Class III medical devices, an operating enterprise shall first obtain the Medical Equipment Operation Registration Certificate (醫療器械經營許可證, the "**Registration Certificate**"), and for the Class II medical devices the Type II Medical Equipment Registration Permit (第二類醫療器械經營備案憑證, the "**Type II Registration Permit**"). To apply for the Registration Certificate and the Type II Registration Permit, the operating enterprises shall make filings with the food and drug supervision and administration department of the people's government of the city divided into districts where the operating enterprise is located and submit supporting materials to demonstrate that it has established sufficient quality management

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institutions and personnel, and maintained appropriate business site and storage facility in accordance with the scope and scale of the business. The Medical Devices Regulations and the Medical Devices Operation Regulations are, however, silent and set out no specific requirements as to what may constitute “sufficient quality management institutions and personnel” and “appropriate business site and storage facility”. The Registration Certificate is valid for five years, and the operating enterprise is required to submit an annual report each year. To maintain the validity of the Registration Certificate, an operating enterprise shall submit the extension application six months prior to its expiration date. When reviewing the extension application, the food and drug supervision and administration department that granted the Registration Certificate shall examine and, if necessary, perform a site visit to the enterprise to ensure the full compliance of the Medical Devices Regulations and the Medical Devices Operation Regulations. The department may then decide whether to approve such application prior to the expiration date of such certificate. The same requirements are not applicable to the Type II Registration Permit, as it has no term of validity when first issued.

In the CFDA Reply, “financial leasing of medical devices” is defined as a form of operation of medical devices, and the lessor when engaging in financial leasing of medical devices shall, depending on the medical devices involved, first obtain the Registration Certificate and/or Registration Permit in accordance with the Medical Devices Regulations and the Medical Devices Operation Devices. The CFDA Reply is unclear whether the same requirements regarding sufficient quality management institutions and personnel as well as appropriate business site and storage facility under the Medical Devices Regulations and Medical Devices Operation Regulations are applicable to the lessor.

Therefore, our PRC Legal Adviser is in the opinion that there are no specific requirements explicitly stated under the Medical Devices Regulations, the Medical Devices Operation Regulations or the CFDA Reply targeting lessors like CWW Leasing regarding the obtaining and maintaining of the Registration Certificate or the Type II Registration Permit.

During the Track Record Period, CWW Leasing had conducted financial leasing of medical devices involved both Class II and Class III medical devices. CWW Leasing had complied with the Medical Devices Regulations, the Medical Devices Operation Regulations and the CFDA Reply, and obtained the Registration Certificate on 16 October 2015 and the Type II Registration Permit on 11 September 2015 from the Market and Quality Supervision Commission of Shenzhen Municipality. Our Directors shall ensure a due submission of subsequent annual reports as well as the extension application of the Registration Certificate prior to its expiration.

LAWS AND REGULATIONS RELATING TO THE FINANCIAL LEASING WITH PUBLIC HOSPITALS

According to (i) the Notice of the State Council on Issuing of Deepening the Reform Planning and Implementation Scheme of Healthcare System during the Twelfth Five-year Plan (關於印發“十二五”期間深化醫藥衛生體制改革規劃暨實施方案的通知) promulgated by the State Council; and (ii) the Urgent Notice on Controlling the Public Hospitals Against Rapid Expansion (關於控制公立

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醫院規模過快擴張的緊急通知) promulgated by the National Health and Family Planning Commission of the PRC, public hospitals shall adhere to the governmental policies when engaging in the medical equipment acquisitions by loans. According to the Notice of Opinions on Comprehensive Pilot Reform of County-Level Public Hospital (關於縣級公立醫院綜合改革試點意見的通知), the county-level hospitals are not allowed to obtain financing from loans or other fund-raising activities for construction or procurement of large-scale medical equipment (the aforesaid notices are collectively referred to as, the “**Notices**”).

As advised by our PRC Legal Adviser, the Notices were issued by the relevant authority to provide mere guidance for the development of public hospitals in the next five years and to control against rapid expansion. Given that the Notices do not fall within the scope of laws (which are enacted by the NPC or its Standing Committee) or administrative regulations (which are enacted by the State Council in accordance with the Legislation Law of the PRC (中華人民共和國立法法)), any contract entered into inconsistent with the Notices would not be considered void.

The Notices are addressed to the local governments and public hospitals as opposed to the entities (such as financial leasing companies) that have business relationship with public hospitals. We provided financial leasing services to healthcare service providers that consist of private hospitals and clinics. Our Directors confirmed that we had not engaged in any business with any public hospital that may be subject to the fund-raising restrictions under the Notices during the Track Record Period and up to the Latest Practicable Date. Thus, these Notices are not applicable to us.

LAWS AND REGULATIONS RELATING TO PRC TAXATION

Income Tax on Share Transfer of Non-resident Enterprise

Pursuant to the Notice of the State Administration of Taxation on Strengthening the Administration of Enterprise Income Tax on Gain Derived from Equity Transfer Made by Non-Resident Enterprise (國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知, the “**Notice 698**”) promulgated by the SAT and came into effect from 1 January 2008, and the Announcement of the State Administration of Taxation on Several Issues Concerning the Enterprise Income Tax on Indirect Property Transfer by Non-Resident Enterprises (國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告, the “**Announcement No. 7**”) promulgated by SAT and came into effect on 3 February 2015, where a non-resident enterprise indirectly transfers properties such as equity in Chinese resident enterprises without any reasonable commercial purposes with the aim of avoiding to pay enterprise income tax, such indirect transfer shall be reclassified as a direct transfer of equity in Chinese resident enterprise in accordance with Article 47 of the EIT Law. Indirect transfer of Chinese taxable properties shall mean transactions of non-resident enterprises which are carried out through transfer of equity of enterprises abroad that directly or indirectly hold Chinese taxable properties (not including the Chinese resident enterprises registered abroad, hereinafter referred to as “**enterprises abroad**”) and other similar equities (hereinafter referred to as “**equity**”) and cause the concrete results same as or similar to that of

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direct transfer of Chinese taxable properties, including the circumstance that the restructuring of non-resident enterprises causes changes of shareholders of enterprises abroad. Non-resident enterprises that indirectly transfer Chinese taxable properties are referred to as equity transferor.

According to Article 6 of the Announcement No. 7, indirect transfer of Chinese taxable properties that meets all of the following conditions shall be deemed as having a reasonable commercial purpose: (1) the equity relationship of the parties involved in the transfer falls under one of the following circumstances: (i) equity transferor directly or indirectly owns more than 80% of the equity of the equity transferee; (ii) equity transferee directly or indirectly owns more than 80% of the equity of the equity transferor; or (iii) more than 80% of the equity of both equity transferor and equity transferee is owned by the same party. If more than 50% (not including 50%) of the value of the equity of an enterprise abroad is directly or indirectly from the real estate in the territory of China, the proportion in items (i), (ii) and (iii) of Paragraph 1 of this article shall be 100%. The aforesaid equity indirectly held shall be calculated based on the product of the shareholding ratios of all enterprises in the shareholding chain; (2) compared with the same or similar indirect transfer occurred without this indirect transfer, the burden of taxation in China will not be reduced on the indirect transfer that may occur again after this indirect transfer; and (3) equity transferee pays all the equity transfer consideration with its equity or equity of enterprises controlled by it (not including equity of listed enterprises).

Value-added Tax and Preferential Tax Treatments

The SAT promulgated the Notice of State Administration of Taxation on Levying Turnover Tax on Financial Leasing Business (國際稅務總局關於融資租賃業務徵收流轉稅問題的通知) on 7 July 2000. According to this notice, the financial leasing business conducted by entities approved by the PBOC shall be levied business tax according to the Provisional Regulations on Business Tax and no value added tax shall be levied, whether or not the ownership of the leased goods has been transferred to the lessee. For the same business conducted by other entities, value-added tax rather than business tax shall be levied if the ownership of the leasing goods has been transferred to the lessee; while business tax rather than value-added tax shall be levied if the ownership of the leasing goods has not been transferred to the lessee.

The SAT promulgated the Supplemental Notice of State Administration of Taxation on Levying Turnover Tax on Financial Leasing Business (國家稅務總局關於融資租賃業務徵收流轉稅問題的補充通知) on 15 November 2000. According to this notice, the Notice of State Administration of Taxation on Levying Turnover Tax on Financial Leasing Business shall be applicable to the financial leasing business conducted by foreign-invested enterprises and foreign enterprises approved by Ministry of Foreign Trade and Economic Cooperation.

All entities and individuals engaged in the sales of goods, provision of processing, repairs and replacement services, and the importation of goods within the territory of the PRC shall pay value-added tax in accordance with the Provisional Regulations on Value-added Tax of the PRC (中華人民共和國增值稅暫行條例) (the “**Provisional Regulations on VAT**”) and its implementation rules. The Provisional Regulations on VAT was promulgated by the State Council which became effective

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on 13 December 1993 and amended on 10 November 2008. Pursuant to the Provisional Regulations on VAT and its implementation rules, value-added tax payable is calculated as “output value-added tax” minus “input value-added tax”. The rate of value-added tax is 17% or 13% in certain limited circumstances depending on the product type.

The SAT and the Ministry of Finance promulgated the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax In Lieu of Business Tax (關於全面推開營業稅改徵增值稅試點的通知) (Cai Shui [2016] No.36) (hereafter the “**Circular 36**”) on 23 March 2016 and become effective on 1 May 2016. The former Circulars including the one on the Inclusion of the Railway Transport Industry and Postal Service Industry in the Pilot Program of the Collection of Value-added Tax In Lieu of Business Tax (關於將鐵路運輸與郵政業納入營業稅改徵增值稅試點的通知) (Cai Shui [2013] No.106) has been abolished accordingly.

Appendix 1 to the Circular, namely the Implementing Measures for the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (營業稅改徵增值稅試點實施辦法) (hereafter the “**Implementing Measures**”) stipulated that entities and individuals engaged in sales of services, intangible assets or real property within the territory of the PRC shall pay value-added tax in lieu of business tax. Under the Implementing Measures, any taxable activities of taxpayers shall be subject to a value-added tax rate of 6%. However, the value-added tax rate is 11% when the taxpayers provide services related to transportation, postal services, basic telecommunications, construction, leasing of real property, seal any real property, or transfer any land use rights, and 17% if the services are related to the leasing of tangible personal property. Unless otherwise specified, the value-added tax levy rate is 3%.

The SAT and Ministry of Finance promulgated the Circular on Further Clarifying the Policies on Labor Dispatch Services and Toll-based Tax Credits and Other Policies during the Comprehensive Implementation of the Pilot Program of Collection of Value-Added Tax in Lieu of Business Tax (關於進一步明確全面推開營改增試點有關勞務派遣服務、收費公路通行費抵扣等政策的通告) (Cai Shui [2016]47) (hereafter the “**Circular 47**”) on 30 April 2016 and became effective on 1 May 2016. Under Circular 47, the VAT payable on finance lease contract with immovable assets entered into by general taxpayers before 30 April 2016 may be subject to the tax rate of 5% by applying the simple tax calculation method.

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The tax rates applicable to each type of our Group's finance leases/advisory services before and after the implementation of the VAT reform on 1 May 2016 are as follows:

	<u>CWW Leasing</u>	<u>CWW Services</u>	<u>SZ Leasing</u>
VAT			
Before 30 April 2016	<ul style="list-style-type: none"> ● 17% (interest from financial leasing of personal property) ● 6% (advisory services fee) 	<ul style="list-style-type: none"> ● 6% (advisory services fee) 	<ul style="list-style-type: none"> ● 17% (interest from financial leasing of personal property) ● 6% (advisory services fee)
Since 30 April 2016	<ul style="list-style-type: none"> ● 17% (interest from direct financial leasing) ● 11% (interest from financial leasing of immovable assets)⁽¹⁾ ● 6% (interest from sale-leaseback; advisory services fee) 	<ul style="list-style-type: none"> ● 6% (advisory services fee) 	<ul style="list-style-type: none"> ● 17% (interest from direct financial leasing) ● 11% (interest from financial leasing of immovable assets) ● 6% (interest from sale-leaseback; advisory services fee)
Business Tax			
Before 30 April 2016	5% (interest from financial leasing of immovable assets)	Replaced by VAT	5% (interest from financial leasing of immovable assets)
Since 30 April 2016	Replaced by VAT	Replaced by VAT	Replaced by VAT

Note: (1) For sale-leaseback contracts with immovable assets entered into before 30 April 2016, the applicable tax rate under the simple tax calculation method is 5%; for the ones entered into since 30 April 2016, the applicable tax rate is 6%.

Our finance lease contracts in relation to immovable assets are subject to the regulatory update prescribed under Circular 36. Having considered that: (i) only two of our existing finance lease contracts related to the sale-leaseback of immovable assets and entered into before 30 April 2016 are subject to the said regulatory update; (ii) under Circular 47, the VAT payable on finance lease contracts with immovable assets entered into by general taxpayers before 30 April 2016 may be subject to the tax rate of 5% by applying the simple tax calculation method; (iii) for sale-leaseback of immovable assets entered into since 30 April 2016, the applicable tax rate is 6%, as confirmed by the Shenzhen Qianhai State Administration of Taxation* (深圳市前海國家稅務局), the competent tax authority of CWW Leasing, during the interview conducted by our PRC Legal Adviser; (iv) our Directors have confirmed that CWW Leasing as a general taxpayer has applied the simple tax calculation under Circular 47 for the two aforementioned contracts, so that the applicable tax rate is 5%; (v) the new applicable tax rates (which are 5% for sale-leaseback of immovable assets entered into before 30 April 2016 and 6% for the ones entered into since 30 April 2016) do not significantly increase as compared to that before Circular 36 came into effect (which is 5% under the Business Tax); and (vi) save for the two aforementioned contracts, we have no current

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plan to expand our finance lease business in connection with immovable assets, our Directors are of the view that the potential impact of Circular 36 on our operations and financial results is immaterial.

Preferential Tax Treatments on Selling Assets in Financial Sale-leaseback

On 8 September 2010, the SAT promulgated the No. 13 Announcement on Tax Issues Concerning Lessee Selling Assets in Financial Sale-leaseback (關於融資性售後回租業務中承租方出售資產行為有關稅收問題的公告) for introducing some preferential tax treatments on the lessees in financial sale-leaseback. Under this announcement, “financial sale-leaseback” is defined as the business in which a lessee for the purpose of financing sell its assets to an enterprise which has been approved to engage in the financial leasing business and then have the sold assets leased back from such enterprise.

According to the announcement, the lessee in financial sale-leaseback can enjoy the following preferential tax treatments: (i) no value-added tax and business tax shall be imposed on the lessees activities of selling assets in financial sale-leaseback (ii) the lessees activities of selling assets in financial sale-leaseback would not be recognised as sale income and the depreciation of the assets of financial leasing shall still be made by lessees based upon the book value before the sale of the assets. The financing interest paid by the lessee during the financial leasing period shall be deducted as financial costs before making payments of enterprise income tax.

Withholding Tax on Dividends

According to the EIT Law and its Implementation Rules, non-resident enterprises which have not set up institutions or premises in the PRC, or where the institutions or premises are set up but its subsidiary’s after-tax income has no actual relationship with such institutions or premises shall be subject to the withholding tax of 10% on income derived from the after-tax profit of its subsidiary. According to the Arrangements between the Mainland of the PRC and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion With Respect to Taxes On Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), profit derived by a foreign investor residing in Hong Kong from PRC enterprise in which such foreign investor owns directly at least 25% equity interest is subject to the tax rate of 5% after obtaining the approval from the relevant tax bureau.

Pursuant to the Circular of the State Administration of Taxation on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》), which was promulgated by the SAT and became effective on 20 February 2009, all of the following requirements shall be satisfied for a party to a tax agreement to be entitled to the tax rate specified in the tax agreement for dividends paid to it by a PRC resident company: (i) such a fiscal resident who obtains dividends should be the company as provided in the tax agreement; (ii) owner’s equity interests and voting shares of the PRC resident company directly owned by such a fiscal resident reaches a specified percentage; and (iii) the equity interests of the

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PRC domestic company directly owned by such a fiscal resident, at any time during the twelve months prior to the obtainment of the dividends, shall reach the percentage specified in the tax agreement.

According to the Administrative Measures for Non-resident Taxpayers to Enjoy Treatments under Tax Treaties (《非居民納稅人享受稅收協定待遇管理辦法》) (the “Administrative Measures”), which was promulgated on 27 August 2015 and came into force on 1 November 2015, if the non-resident taxpayers are qualified for enjoying the favorable tax benefits under the tax arrangements, they could enjoy such benefits of themselves from the tax authority when they or their withholding agents make declarations to the relevant tax authority. Under the Administrative Measures, when the non-resident taxpayers or their withholding agents make declarations to the relevant tax authority, they should deliver the relevant reports and materials to the tax authority and such non-resident taxpayers and withholding agents will be subject to the follow-up management of the tax authority.

ENTERPRISE ACCOUNTING CODES NO. 21 LEASING

The Ministry of Finance promulgated the Enterprise Accounting Codes No. 21 Leasing (企業會計準則第21號—租賃, the “Codes”) on 15 February 2006 to regulate the accounting and information disclosure about financial leasing and operating leasing.

Under the Codes, leasing means an agreement to transfer the use rights of an asset to another party for a specified period in return for a rental payment. These Codes do not apply to the leasing of land-use rights or buildings through operating lease or the licensing of films, video tapes, scripts, writings, patents and copyrights, and the impairment losses of long-term credits formed by the financial leasing of a lessor.

In respect to financial leasing, the Codes require the lessor and the lessee to classify the leasing as financial leasing or as operating leasing at the commencement of the lease. The Codes also set out factors to be considered in such classification. The accounting treatment of financial leasing and operating leasing to be applied to the lessor and the lessee are specified in separate sets of detailed provisions in the Codes. The lessor and the lessee are also required to comply with several disclosure requirements in respect of their lease transaction on the notes of their balance sheet. In addition, they are required to disclose each sale-leaseback

FOREIGN CURRENCY EXCHANGE

Foreign Currency Exchange

The principal regulation governing foreign currency exchange in the PRC is the Foreign Exchange Administration Rules of the PRC (中華人民共和國外匯管理條例) (the “Foreign Exchange Administration Rules”). It was promulgated by the State Council of the PRC on 29 January 1996, became effective on 1 April 1996 and was amended on 14 January 1997 and 1 August 2008. Pursuant to the Foreign Exchange Administration Rules, the payment in and transfer

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of foreign exchange for current international transactions shall not be subject to the government control or restriction. Renminbi is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments.

Under the Foreign Exchange Administration Rules, foreign-invested enterprises in the PRC may purchase foreign exchange without the approval of SAFE for paying dividends by providing certain evidencing documents (board resolutions, tax certificates, etc.), or for trade and services-related foreign exchange transactions by providing commercial documents evidencing such transactions.

While convertible for capital account items, such as capital transfer, direct investment, investment in securities, derivative products or loan are subject to registration with SAFE and approval or file with the relevant governmental authorities (if necessary).

On 30 March 2015, SAFE promulgated Notice of the State Administration of Foreign Exchange on Reforming the Management Mode of Foreign Exchange Capital Settlement of Foreign Investment Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) to reform the management approach regarding the settlement of the foreign exchange capital of foreign-invested enterprises. The notice implemented a discretionary foreign exchange settlement where the foreign exchange capital in the capital account of foreign-invested enterprises for which the confirmation of rights and interests of monetary contribution by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) has been handled can be settled at the banks based on the actual operation needs of the enterprises.

OVERSEAS INVESTMENT BY DOMESTIC RESIDENTS

Notice of the State Administration of Foreign Exchange on the Administration of Foreign Exchange Involved in Overseas Investment and Financing and Return on Investment Conducted by PRC Residents via Special-Purpose Companies (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (the “**SAFE Circular No. 37**”), which was promulgated and effective on 4 July 2014, replaces Notice of the State Administration of Foreign Exchange on the Administration of Foreign Exchange Involved in Financing and Return on Investment Conducted by PRC Residents via Special-Purpose Companies (國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知) (the “**SAFE Circular No. 75**”). According to SAFE Circular No. 37, prior to making contribution to a Special-Purpose Company (the “**SPC**”) with legitimate holdings of domestic or overseas assets or interests, a Mainland resident shall apply to the relevant Foreign Exchange Bureau for foreign exchange registration of overseas investment. Mainland resident individuals shall refer to Chinese citizens holding the identity cards for Mainland residents, military identity documents or identity documents for Chinese armed police force, and overseas individuals who do not hold any Mainland legal identity document, but who have habitual residences within the territory of China due to relationship of economic interests. After a SPC has completed overseas financing, if the funds raised are repatriated to the Mainland for use, relevant Chinese provisions on foreign investment and external debt management shall be complied with.

REGULATORY OVERVIEW

Under the relevant rules, failure to comply with the registration procedures set forth in SAFE Circular No. 37 may result in restrictions being imposed on the foreign exchange activities of the relevant onshore company, including the increase of its registered capital, the payment of dividends and other distributions to its offshore parent or affiliate and the capital inflow from the offshore entity, and may also incur penalties under PRC foreign exchange administration regulations to relevant domestic resident.

On 13 February 2015, SAFE promulgated the Circular on Further Simplifying and Improving Direct Investment-related Foreign Exchange Administration Policies (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) (Huifa [2015] No. 13, “**Circular No. 13**”), which went into effect on 1 June 2015. Circular No. 13 simplifies the foreign exchange registration procedures for foreign direct investment and overseas direct investment, enables enterprises to handle it in a designated foreign exchange bank, and abolishes the capital contribution confirmation registration procedures. The foreign exchange registration procedure for direct investment is delegated to local banks which, after reviewing the documents a foreign-invested enterprise submits, will complete the registration through the online Capital Account Information System managed by SAFE.

COMMERCIAL FACTORING

Given that the commercial factoring is a relatively new business model in the PRC, there are no laws or regulations at the Latest Practicable Date governing the registration and operation of commercial factoring business. However, the MOFCOM had issued circulars to promote commercial factoring in the specific regions.

Pursuant to the Circular on the Pilot Work of Commercial Factoring (關於商業保理試點有關工作的通知), which was promulgated by the MOFCOM on 27 June 2012, a trial implementation of commercial factoring pilot work was permitted in Tianjin Binhai New Area and Shanghai Pudong New Area to explore the approaches to develop the commercial factoring and to better utilize its role in expanding the export and promoting the development of small and medium enterprises. Later in December 2012, the said trial implementation of commercial factoring pilot work was extended to Guangzhou and Shenzhen, which allowed qualified investors from Hong Kong and Macau to establish commercial factoring company in the said cities.

HISTORY, REORGANISATION AND DEVELOPMENT

OUR BUSINESS DEVELOPMENT

Introduction

The commencement of our Group's business could be traced back to 2012. Our principal business is conducted through CWW Services and CWW Leasing, which were founded by Mr. Lo with his personal wealth. For details related to Mr. Lo, please refer to the section headed "Directors, Senior Management and Employees" in this prospectus. CWW Leasing is principally engaged in provision of financial leasing and advisory services. It has obtained approval from Economy, Trade and Information Commission of Shenzhen Municipality (深圳市經濟貿易和信息化委員會) and Market Supervision Administration of Shenzhen Municipality (深圳市市場監督管理局) for operating businesses in the areas of financial leasing, leasing, purchasing domestic and overseas leased assets, repairing and disposing residual value of leased properties, and financial leasing consultation and guarantee in the PRC. CWW Services is principally engaged in provision of advisory services. Over the years, our Group has provided financial leasing and advisory services to PRC enterprises in various industries, including airline company, health care services provider, energy saving equipment provider, public utilities provider and taxi operator.

Set forth below is a chronology of the major business development and milestones of our Group since establishment:

Business Milestones

<u>Year</u>	<u>Major Development and Achievement</u>
2012	CWW Services was incorporated in the PRC and engaged in provision of advisory services CWW Leasing was incorporated in the PRC and engaged in provision of financial leasing and advisory services
2013	CWW Leasing entered into financial leasing agreement with an enterprise which is indirectly owned by the local government of Yangzhou City, the PRC, principally engaged in state-owned assets management and investment relating to agricultural infrastructure
2014	CWW Leasing entered into financial leasing agreement with a well-known nonferrous metal company based in Jilin Province, the PRC, and the shares of which are listed on The Shanghai Stock Exchange

HISTORY, REORGANISATION AND DEVELOPMENT

<u>Year</u>	<u>Major Development and Achievement</u>
2015	CWW Leasing entered into financial leasing agreement with a private airline company based in Hainan Province which is the largest shareholder of a Hainan airline operator listed on The Shanghai Stock Exchange CWW Leasing entered into financial leasing agreement with a private energy saving equipment provider based in Hunan Province, the PRC
2016	CWW Leasing entered into first factoring agreement with a private logistic company based in Hubei Province, the PRC

Our Corporate History

Our Company was incorporated as an exempted company in the Cayman Islands with limited liability under the Companies Law on 10 December 2015. The authorised share capital of our Company upon incorporation is HK\$390,000 divided into 39,000,000 ordinary shares of HK\$0.01 each. Upon its incorporation, 1 Share was allotted and issued as fully paid to the first subscriber, Reid Services Limited (an Independent Third Party), which was subsequently transferred to Mr. Lo at par. Mr. Lo then transferred the Share to Wealthy Rise at par.

On 24 May 2016, as part of the Reorganisation, our Company (through WW Holdings as nominee purchaser) acquired the entire issued share capital of CWW HK from Wealthy Rise, and in consideration, our Company allotted and issued 999 Shares as fully paid to Wealth Rise.

Our Company was registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance on 21 March 2016.

A summary of the corporate history of our subsidiaries is set out below:

Wealthy Rise

Wealthy Rise was incorporated with limited liability in the BVI on 27 October 2011. The authorised share capital of Wealthy Rise is US\$50,000 divided into 50,000 shares of US\$1.00 each, of which 1 share was allotted and issued to and fully paid by Mr. Lo at the date of incorporation. As a result, Mr. Lo is the shareholder of Wealthy Rise holding 100% of its issued share capital. As at the Latest Practicable Date, Wealthy Rise was principally engaged in investment holding. It has become a Controlling Shareholder of our Company upon completion of the Reorganisation. Please refer to the paragraph headed “Reorganisation” below in this section for more details.

HISTORY, REORGANISATION AND DEVELOPMENT

WW Holdings

WW Holdings was incorporated with limited liability in the BVI on 20 January 2016. The authorised share capital of WW Holdings is US\$50,000 divided into 50,000 shares of US\$1.00 each, of which 100 shares were allotted and issued to and fully paid by our Company at the date of incorporation. As a result, our Company is the shareholder of WW Holdings holding 100% of its issued share capital and Mr. Lo is the ultimate shareholder of WW Holdings, holding 100% of its issued share capital through Wealthy Rise. As at the Latest Practicable Date, WW Holdings was principally engaged in investment holding. It has become the intermediate holding company of our Group upon completion of the Reorganisation. Please refer to the paragraph headed “Reorganisation” below in this section for more details.

CWW HK

CWW HK was incorporated in Hong Kong on 9 November 2011 as a limited liability company. On 9 November 2011, 2 ordinary shares were allotted and issued to and fully paid by Wealthy Rise. On 26 April 2016, Wealthy Rise and CWW HK entered into a capitalisation agreement, pursuant to which CWW HK allotted 1 new share to Wealthy Rise to capitalise Wealthy Rise’s contribution in the sum of HK\$268,040,000 as shareholder’s contribution advanced to CWW HK for the general working capital of CWW HK and its subsidiaries. On 23 May 2016, Wealthy Rise, CWW HK and Mr. Lo entered into another capitalisation agreement, pursuant to which CWW HK allotted 1 new share to Wealthy Rise to capitalise the sum of HK\$6,539,567 advanced to CWW HK. On 24 May 2016, as part of the Reorganisation, our Company (through WW Holdings as purchaser’s nominee) acquired the entire issued share capital of CWW HK from Wealthy Rise, and in consideration, our Company allotted and issued 999 Shares as fully paid to Wealth Rise. After the said transfers, CWW HK has become a wholly-owned subsidiary of WW Holdings. As at the Latest Practicable Date, CWW HK was principally engaged in investment holding.

CWW Finance

CWW Finance was incorporated in Hong Kong on 7 December 2011 as a limited liability company. On 7 December 2011, 2 ordinary shares were allotted and issued to and fully paid by CWW HK. As at the Latest Practicable Date, CWW Finance was an intermediate holding company that held the entire equity interests of CWW Leasing and CWW Services, and it was principally engaged in investment holding.

CWW Services

CWW Services was incorporated in the PRC as a wholly foreign-owned enterprise on 20 February 2012, with an authorised capital of RMB13,000,000 fully paid up by Wealthy Way Management. On 19 December 2014, Wealthy Way Management and CWW Finance entered into a share transfer agreement pursuant to which Wealthy Way Management agreed to transfer 100% of the equity interest in CWW Services to CWW Finance at the consideration of RMB13,000,000, as part of corporate restructuring of our Group. The consideration was settled on 19 December 2014.

HISTORY, REORGANISATION AND DEVELOPMENT

The transfer of equity interest was approved by Shenzhen Bao An District Bureau of Economic Promotion (深圳市寶安區經濟促進局) and Market Supervision Administration of Shenzhen Municipality (深圳市市場監督管理局) on 25 December 2014. As a result, CWW Finance held 100% equity interest in CWW Services. As at the Latest Practicable Date, CWW Services provided advisory services to our customers.

CWW Leasing

CWW Leasing was incorporated in the PRC as a wholly foreign-owned enterprise on 5 April 2012, with an authorised capital of RMB200,000,000 fully paid up by CWW Finance. As at the Latest Practicable Date, CWW Leasing was principally engaged in financial leasing and advisory services.

SZ Leasing

SZ Leasing was incorporated in the PRC as a limited liability company on 11 September 2014, with an authorised capital of RMB1,000,000 to be fully paid up by CWW Leasing by 11 September 2044. As at the Latest Practicable Date, SZ Leasing had not commenced any business since its establishment.

Subsidiaries and equity interest disposed of prior to the Reorganisation

Wealthy Way Management and SZ Services

Wealthy Way Management was incorporated in Hong Kong on 15 November 2011 as a limited liability company. On 15 November 2011, 2 ordinary shares were allotted and issued to and fully paid by CWW HK.

SZ Services was incorporated in the PRC as a limited liability company on 30 August 2013 with registered capital of RMB15,000,000. The entire registered capital of SZ Services was legally and beneficially owned by Wealthy Way Management.

Immediately before its disposal on 30 December 2014, Wealthy Way Management was principally engaged in investment holding, while SZ Services was principally engaged in providing financial agency services to both lenders and individual customers and was held entirely by Wealthy Way Management. Wealthy Way Management was disposed of from our Group in order to rationalise the group structure for the Share Offer and to focus our resources on our financial leasing and advisory services offered to corporate customers.

Pursuant to an instrument of transfer dated 30 December 2014 between CWW HK and Profit Charm Industrial Investment Limited (the “**Profit Charm**”) (a private company incorporated in the BVI which is wholly and beneficially owned by Mr. Lu Yonghe, an ex-employee of CWW Services and an Independent Third Party), CWW HK transferred 2 shares of Wealthy Way Management (which represented its entire equity interests) to Profit Charm at the consideration of

HISTORY, REORGANISATION AND DEVELOPMENT

HK\$1,608,606, based on the net asset value of Wealthy Way Management of HK\$1,608,606 as at 30 June 2014. Since CWW HK was indebted to Mr. Lu Yonghe in a sum of HK\$1,600,000 (the “Debt”), HK\$1,600,000 of the consideration was settled by setting off the Debt, and the remaining balance of the consideration was settled by cash on the same date. The said transfer of shares was completed on 30 December 2014. Following the disposal, Wealthy Way Management and SZ Services were excluded from our Group’s structure.

Yong Li

Yong Li was incorporated in the PRC as a limited liability company on 25 December 2014 with registered capital of US\$10,000,000. The equity interest of Yong Li was legally and beneficially owned as to 75% by 深圳東華健康投資有限公司 (Shenzhen Donghua Jiankang Investment Limited*), an Independent Third Party and as to 25% by CWW Finance.

Immediately before its disposal, Yong Li was dormant.

Pursuant to a transfer agreement entered into between CWW Finance and Global Finance Consultancy Limited (an Independent Third Party) on 12 April 2016, CWW Finance agreed to transfer 25% equity interest of Yong Li to Global Finance Consultancy Limited at the consideration of HK\$3,900,000, based on 25% of the fair value of the entire equity interests of Yong Li as at 31 December 2015 (i.e. RMB11,509,000) plus a premium of approximately HK\$470,000. The said transfer was completed on 30 May 2016. Following completion of the disposal, our Group ceased to hold any equity interest in Yong Li.

REORGANISATION

In contemplation of the Listing, our Group has undergone the Reorganisation which involved the following steps:

(i) Incorporation of our Company

Our Company was incorporated in the Cayman Islands on 10 December 2015 to act as the holding company of our Group. The authorised share capital of our Company upon incorporation is HK\$390,000 divided into 39,000,000 ordinary shares of HK\$0.01 each. Upon its incorporation, 1 Share was allotted and issued as fully paid to the first subscriber, Reid Services Limited, which was subsequently transferred to Mr. Lo at par. Mr. Lo then transferred such 1 Share to Wealthy Rise at par.

HISTORY, REORGANISATION AND DEVELOPMENT

(ii) Incorporation of WW Holdings

WW Holdings was incorporated in the BVI with limited liability on 20 January 2016. The authorised share capital of WW Holdings is US\$50,000 divided into 50,000 shares of US\$1.00 each, of which 100 shares were allotted and issued fully paid to our Company on incorporation. As a result, Mr. Lo is the ultimate shareholder of WW Holdings, holding 100% of the issued share capital of WW Holdings. WW Holdings is principally engaged in investment holding and has become the intermediate holding company of our Group upon completion of the Reorganisation.

(iii) Acquisition of CWW HK and its subsidiaries by our Company

Our Company (through WW Holdings as nominee purchaser) acquired CWW HK and its subsidiaries from its then owner, Wealthy Rise on 24 May 2016. The consideration for the acquisition was satisfied by the allotment and issue of 999 Shares to Wealthy Rise on the same date, all credited as fully paid.

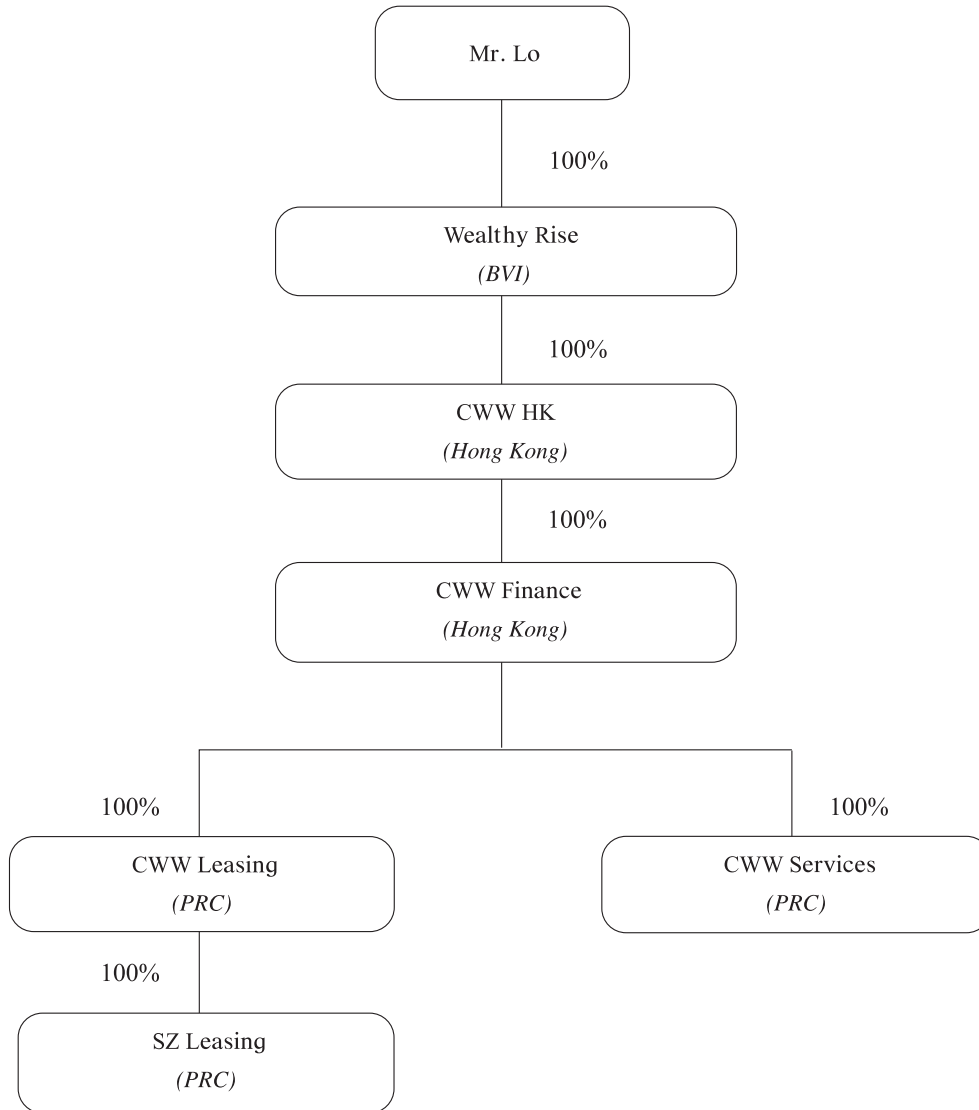
(iv) Increase in authorised share capital of our Company

On 19 June 2017, the authorised share capital of our Company was increased from HK\$390,000 divided into 39,000,000 Shares to HK\$200,000,000 divided into 20,000,000,000 Shares by the creation of an additional 19,961,000,000 new Shares.

HISTORY, REORGANISATION AND DEVELOPMENT

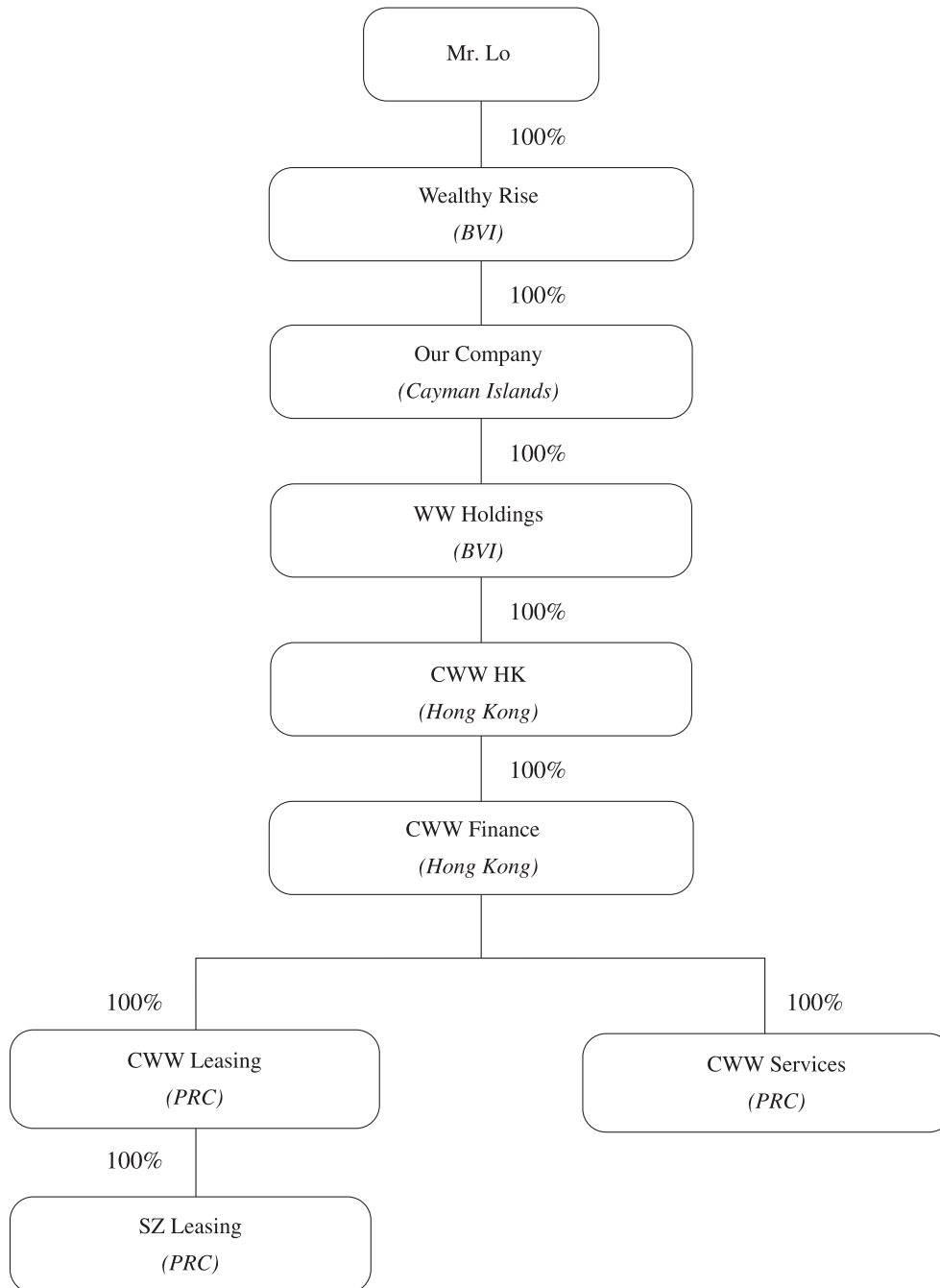
GROUP STRUCTURE

The following chart sets out the corporate structure of our Group immediately before the Reorganisation:



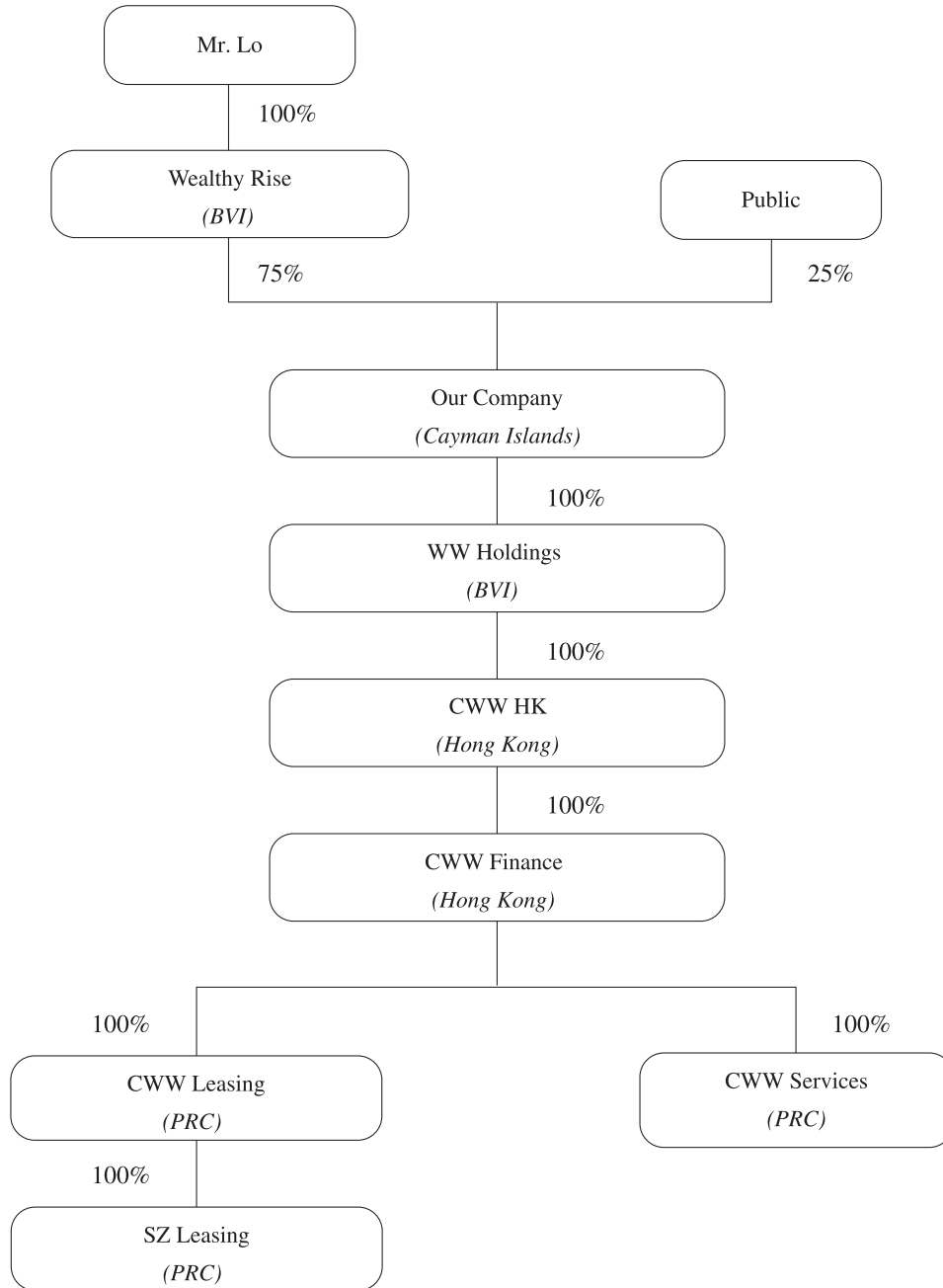
HISTORY, REORGANISATION AND DEVELOPMENT

The following chart sets out the corporate structure of our Group after completion of the Reorganisation but before completion of the Capitalisation Issue and the Share Offer:



HISTORY, REORGANISATION AND DEVELOPMENT

The following chart sets out the corporate structure of our Group immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme):



PRC REGULATORY REQUIREMENTS

Our PRC Legal Adviser has confirmed that all transfers in equity interest in respect of the PRC companies as described above have obtained all necessary approvals and permits and the procedures involved are in accordance with PRC laws and regulations. Our PRC Legal Adviser further advised that our Group is not required to complete registration under “Circular No. 37 of PRC State Administration of Foreign Exchange on issues concerning Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purposes Vehicle” (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》).

SUMMARY

Our Group's business is conducted via two operating subsidiaries, namely CWW Leasing and CWW Services, in Shenzhen, Guangdong Province, the PRC. CWW Leasing is primarily engaged in financial leasing services and financial leasing advisory services, while CWW Services offers other financial advisory services. According to the Euromonitor Report, CWW Leasing is considered as a large-scale financial leasing company in Shenzhen with a registered capital of RMB200.0 million. Since our establishment, we have been continuously offering finance solutions to our customers in the PRC. As at 31 December 2016, we had 48 corporate customers in various industries including airline company, health care service provider and energy saving equipment provider.

Over the years, we have accumulated knowledge and experience in meeting the financing needs of our customers in various industries and of different sizes in the PRC. Through CWW Leasing, our financial leasing services are provided to our customers who have financing needs as an alternative source of financing to traditional sources of financing. Our Directors expect that not only our customers but also other companies in their industries will continue to have demand for financial leasing services. We also provided advisory services through CWW Leasing and CWW Services including financial leasing advisory services and other financial advisory services to our customers during the Track Record Period. Since June 2016, we have started to provide financial leasing related factoring service to our customers.

We pursue a diverse source of fund through a combination of internal capital and external bank borrowings from certain PRC banks. Our Directors believe that a diversified funding strategy will lower our cost of capital. We had been maintaining stable relationships with our lenders during the Track Record Period. Our bank borrowing balance as at 31 December 2016 amounted to approximately RMB359.4 million.

Being a financial leasing service provider, we have implemented a risk management system to mitigate the risks in our daily operations. The risk management structure of CWW Leasing consists of the risk control committee at the top, under which are risk management department, business development department, and accounting and finance department. For details, please refer to the paragraph headed "Risk Management and Control" in this section.

For the years ended 31 December 2014, 2015 and 2016, our revenue was approximately RMB35.5 million, RMB53.5 million and RMB71.2 million, respectively, and our profit for the respective period was approximately RMB22.1 million, RMB24.7 million and RMB29.6 million. Our net financial leasing receivables were approximately RMB173.9 million, RMB597.7 million and RMB543.1 million as at 31 December 2014, 2015 and 2016, respectively.

Our financial leasing services include sale-leaseback as well as direct financial leasing. Our advisory services mainly include financial leasing advisory services and other financial advisory services. For the years ended 31 December 2014, 2015 and 2016, our financial leasing services and financial leasing advisory services contributed approximately 69.5%, 84.0% and 88.7% of our total

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revenue respectively, and correspondingly, approximately 30.5%, 16.0% and 9.3% of our total revenue were derived from other financial advisory services. During the Track Record Period, the contribution of financial leasing services and financial leasing advisory services to our total revenue had been growing continuously. We intend to remain focused on the financial leasing business in the future to achieve long term growth.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths contributed to our success.

We are able to tailor-make our financial services for our customers.

Leveraging on our industry knowledge and relationships with our customers, we are able to tailor-make our services particularly on interest rates and payment timeframes to better suit our customers' financial needs. During the Track Record Period, we have been continuously developing financial leasing solutions combined with advisory services.

We have been continuously expanding our customer base.

We believe that maintaining good relationship with our customers, equipment manufacturers and banks is crucial to our continued success. Some of our customers were referred by the equipment manufacturers and banks during the Track Record Period. Throughout years of business operations, we have developed a customer base in Shenzhen and also expanded our business to other regions of the PRC such as Guangdong Province, Hubei Province, Hunan Province, Hainan Province, Jilin Province and Inner-Mongolia. As at 31 December 2016, we had 48 corporate customers in the PRC which are across various industries, including airline company, health care service provider and energy saving equipment provider.

We have provided convenient access to short-term to medium-term financings.

The expansion of businesses and commercial activities in the PRC over the years has created a growing demand for funding. Considering that small to medium-sized enterprises often lack the ability to obtain traditional financing from commercial banks for their business development, we can help them obtain short-term to medium-term financing by providing financial leasing related solutions. We believe that our Group complements the role of commercial banks by providing alternative channel for customers who need financing.

We have implemented an effective risk management system.

For our financial leasing services, we have a risk management system comprising our business development department, accounting and finance department, risk management department and risk control committee.

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We conduct a systematic risk management review on each project. Each potential opportunity is assessed by the business development department on customer's background, credit records, financials and the underlying assets. The risk management department reviews all given information and thoroughly considers relevant risk factors. Where necessary, external legal advisors are engaged to review the legal issues in the project. Our accounting and finance department also works closely with the risk management department to assist in risk assessment by providing financial and tax opinions. The risk control committee as the final decision maker has the ultimate authority to approve each project. We also periodically conduct post-leasing management on our customers and monitor financial leasing receivables.

We take both macro and micro economic conditions into account before making business decisions. Despite the recent slow-down of the PRC economy in general, we have been able to continue to increase our revenues and financial leasing receivables during the Track Record Period.

We have an experienced management team with industry knowledge and network for continued business development.

Our success is attributable to our founder, Mr. Lo, and our management team with relevant finance and commercial experience. The majority of our Directors and senior management team has over 10 years of experience in corporate management, financial leasing or banking and finance industry. Please refer to the section headed "Directors, Senior Management and Employees" in this prospectus for details.

Financial leasing is an emerging and growing industry in the PRC, Mr. Lo through his experience in the finance industry, had acquired knowledge and practical working flow of the financial leasing industry at the inception stage. In addition, Mr. Lo participated in courses in relation to financial leasing, and study the industry research reports from time to time to keep himself abreast of the recent trends in and demands from different industries for financial leasing. Together with his extensive financial experience and increasing practical knowledge of the financial leasing industry, Mr. Lo is able to analyse and capture the market trends and give advice on the overall strategic planning and business opportunities for development and expansion of our Group.

Ms. Chan Shuk Kwan, Winnie, being one of our executive Directors, has more than 20 years' experience in banking and finance industry particularly in loan administration and credit analysis. Mr. Shi Lei (general manager of CWW Leasing and the deputy general manager of CWW Services) has over 15 years' experience in the financial leasing industry in the PRC. Mr. Luo Xing (head of business development department of CWW Leasing and CWW Services) also has around six year's industry experience. Although Mr. Lu Zemin (head of the risk management department of CWW Leasing) and Ms. Shi Yumei (head of accounting and finance department of CWW Leasing and CWW Services) did not possess relevant experience before joining our Group, they have subsequently acquired experience required for their roles of more than four years.

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We consider our Directors and senior management as valuable assets to help us develop sustainable business strategies, manage and limit our risk exposure and capture profitable business opportunities. We believe the knowledge and experience of our Directors and senior management serve as the fundamental pillars of our success in the financial leasing industry.

OUR STRATEGIES

Continue to enhance our risk management capabilities

We will continue to improve our risk management capabilities. We would further streamline our process workflow to enhance our customer selection process, including credit assessment and approval procedures. In addition, we intend to upgrade our information technology system, to more closely monitor each of our customer's financial and operational status. Finally, we will continue to expand our risk management team to cater for our expanding business operations.

Expand our business operation into financial leasing related factoring service to capture growth opportunities

Financial leasing related factoring business has been growing rapidly during recent years due to the booming demand in the credit market. We believe that there is an enormous potential market with increasing financing needs in financial leasing sector from customers in various industries. Therefore, we plan to develop our business in financial leasing related factoring service so as to better serve our customers' needs. This will also enable us to implement market diversification beyond our current targeted industries in the long term. At the current stage, we plan to first concentrate on customers which need factoring services in relation to the financial leasing services provided by us. We will employ staff with relevant experience to conduct financial leasing related factoring business. On 26 April 2016, we expanded our registered scope of business to include financial leasing related factoring business. There is no other qualification and approval required for us to conduct financial leasing related factoring business.

Continue to develop our business with existing and new customers in industries with growth potential

At the inception stage of our Group and during the year ended 31 December 2013, we mainly focused on providing services to the small and medium enterprises in Guangdong Province and targeted taxi operator and public utilities provider, given the personal connections of Mr. Lo and Mr. Xie. After Mr. Shi Lei and Mr. Luo Xing (both are members of our senior management, whose biographical details are set out in the section headed "Directors, Senior Management and Employees" in this prospectus) joined our Group in 2014, we started to focus on the business segment of airline company, health care service provider and energy saving equipment provider. The change in our business strategy was due to: (i) the relevant industry experience and business connection of Mr. Shi Lei and Mr. Luo Xing in these industries; and (ii) the findings of our market research which showed better growth potential of these industries. In order to carry out the adjusted business strategy, as for the airline industry, we approached the airline companies in the PRC and

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gradually built up business relationship with two customers in the airline industry. As for health care service provider and energy saving equipment provider, our marketing staff not only approached the target customers directly, but also built up and strengthened our relationship with equipment suppliers of the relevant business segments so as to secure business referrals from the equipment suppliers. For the year ended 31 December 2016, airline company, health care service provider and energy saving equipment provider contributed an aggregate of approximately 52.7% of our revenue. We believe our adjusted target customers and marketing strategy have directly led to our Group's robust growth during the Track Record Period and such adjustments would assist our Group in exploration of more new customers with larger scale projects.

Under the current economic and political environment, we consider that customers including airline company, health care service provider and energy saving equipment provider have growth potential and we intend to continue to focus on these sectors. We would keep a close eye on the market condition and make necessary adjustment on our target customers going forward. In addition, we plan to expand our customer base through various sales and marketing channels. Please refer to the paragraph headed "Sales and Marketing" in this section for details.

Continue to strengthen our management team by hiring senior staff with industry experience

To cope with our business expansion, our Group recruited Mr. Shi Lei as the general manager of CWW Leasing and deputy general manager of CWW Services, and Mr. Luo Xing as the head of business development department of CWW Leasing and CWW Services in 2014. Mr. Shi has more than 15 years and Mr. Luo has more than 5 years of experience in the financial leasing industry. Ms. Chan Shuk Kwan Winnie, who specialises in credit analysis and loan administration, also joined our Group in May 2016 as an executive Director. For details of the experiences of Mr. Shi, Mr. Luo and Ms. Chan, please refer to the section headed "Directors, Senior Management and Employees" in this prospectus. Our Directors believe that a strong management team is conducive to our business development. We will continue to identify and recruit suitable, qualified and experienced personnel in the financial leasing industry to join our management team.

Build up customer loyalty to our Group

Although some of our customers were directly referred by our Directors and senior management members during the Track Record Period, they were not directly involved in the subsequent service period. Our process workflow, from due diligence to the post-completion follow-up work, involved active participation of our different departments and had been consistently applied to different customers, irrespective of whether or not they were referred customers. In order to cultivate business relationship between the customers and our Group, throughout the service period, each of the customers was assigned with dedicated staff members from our business development department, who followed up on the request of and provided necessary assistance to the respective customer. Having considered that (i) we recorded an aggregate of 3, 13 and 19 recurring corporate customers during the Track Record Period, which we believe were mainly contributed by the dedicated services of our staff members; (ii) we have a stable staff force in our business development department in terms of low staff turnover rate, which

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would ensure a smooth working process and help us in developing long term business relationships with the customers; (iii) CWW Leasing has joined 深圳市融資租賃行業協會 (Shenzhen Financial Leasing Industry Society*), an organisation established among various financial leasing companies in Shenzhen for the purpose of facilitating the orderly development of the financial leasing industry, which would keep us abreast of the recent trends and development in the industry; and (iv) our listing status would enhance our corporate profile and recognition, reinforce our brand awareness and image and also generate reassurance amongst our existing customers, we expect that we will be able to maintain business relationships with these referred customers.

Nevertheless, in order to build up long term business relationships and maintain a base of recurring customers, we will enhance customer loyalty to our Group, rather than to the relevant Directors and senior management members. Given the nature of the financial leasing industry, we believe the price or interest rate charged is the primary concern when the customers choose a financial leasing service provider. Therefore, our Group intends to maintain a competitive pricing strategy going forward. In addition, through regular meetings and discussions with our existing customers, we would be able to keep track of their business development and specific financing needs. This in turn would ensure a mutual understanding between customers and us, and enable us to provide them with tailor-made financing solutions in a timely manner.

BUSINESS OPERATIONS

We operate in the PRC through our headquarters in Shenzhen, Guangdong Province, the PRC. We primarily offer financial leasing services, financial leasing advisory services and other advisory services.

Financial Leasing

The following table sets forth our average loan size as at 31 December 2014, 2015 and 2016:

	As at 31 December		
	2014	2015	2016
	RMB'000	RMB'000	RMB'000
Average loan size	16,293	24,737	32,830

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The following table sets forth number and value of our financial leasing agreements by length of lease for the periods/dates indicated:

	Year ended/As at 31 December															
	2013		2014		2015		2016		2013		2016					
	Number of newly signed financial leasing agreements during the year	Value (RMB'000)	Number of financial leasing agreements in progress as at end of the year	Value (RMB'000)	Number of newly signed financial leasing agreements during the year	Value (RMB'000)	Number of newly signed financial leasing agreements during the year	Value (RMB'000)	Number of newly signed financial leasing agreements during the year	Value (RMB'000)	Number of newly signed financial leasing agreements during the year	Value (RMB'000)				
Length of lease																
— More than 1 to 2 years	6	58,000	6	58,000	7	120,600	11	136,100	2	35,000	8	95,600	9	96,654	10	116,654
— More than 2 to 3 years	—	—	—	—	—	—	—	—	19	266,520	19	266,520	5	73,650	23	330,170
— More than 3 to 5 years	1	30,000	1	30,000	1	50,000	2	80,000	—	—	2	80,000	2	393,880	4	473,880
— More than 5 years	—	—	—	—	—	—	—	—	1	300,000	1	300,000	—	—	1	300,000
Total	7	88,000	7	88,000	8	170,600	13	216,100	22	601,520	30	742,120	16	564,184	38	1,220,704

The average term of our financial leasing agreements for the years ended 31 December 2013, 2014, 2015 and 2016 was approximately 2.3, 2.3, 3.1 and 3.0 years respectively.

The following table sets forth the maturity profile of our newly signed financial leasing agreements during each year of the Track Record Period:

	Year ended 31 December											
	2013			2014			2015			2016		
	Number	Value	Proportion	Number	Value	Proportion	Number	Value	Proportion	Number	Value	Proportion
	(RMB'000)	(%)		(RMB'000)	(%)		(RMB'000)	(%)		(RMB'000)	(%)	
Matured by												
— 31 December 2014	2	42,500	48.3	—	—	—	—	—	—	—	—	
— 31 December 2015	4	15,500	17.6	1	60,000	35.2	—	—	—	—	—	
— 31 December 2016	—	—	—	6	60,600	35.5	2	25,000	4.1	—	—	—
— Latest Practicable Date	1	30,000	34.1	—	—	—	3	58,600	8.1	2	23,880	4.2
Not yet Matured as at the Latest Practicable Date	—	—	—	1	50,000	29.3	17	517,920	87.8	14	540,304	95.8
Total	7	88,000	100.0	8	170,600	100.0	22	601,520	100.0	16	564,184	100.0

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The following table sets forth the maturity profile of our loan receivables as at 31 December 2014, 2015 and 2016:

	As at 31 December					
	2014		2015		2016	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Financial leasing receivables, including unearned finance income						
Due within one year	100,326	51.5	219,997	31.2	246,664	40.4
Due in one to two years	48,932	25.1	175,253	24.9	158,090	25.9
Due in two and three years	22,482	11.5	120,703	17.1	69,373	11.4
Due after three years and beyond ^(note)	23,171	11.9	189,052	26.8	136,011	22.3
Total	194,911	100.0	705,005	100.0	610,138	100.0

Note: The ceiling on the maturity of these receivables is eight years.

We categorise our financial leasing operations into two types: (i) sale-leaseback; and (ii) direct financial leasing.

The table below sets out our revenue derived from interest income from financial leasing by type for the periods indicated:

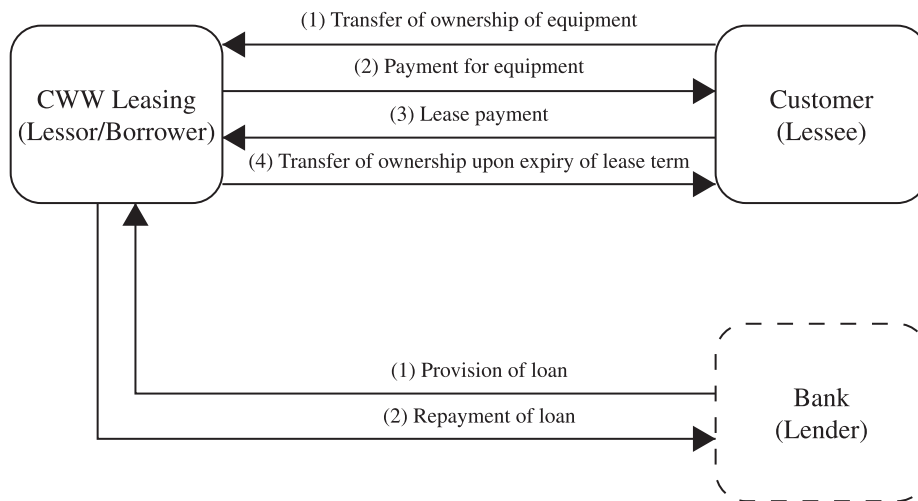
Revenue	Year ended 31 December					
	2014		2015		2016	
	RMB'000	%	RMB'000	%	RMB'000	%
Sale-leaseback	9,622	91.5	14,940	72.8	32,255	77.7
Direct financial leasing	893	8.5	5,584	27.2	9,265	22.3
Total	10,515	100.0	20,524	100.0	41,520	100.0

The percentage of our financial leasing revenue derived from direct financial leasing increased significantly during 2015 which was primarily attributed to the large increase in direct financial leasing projects with health care service providers. For the year ended 31 December 2016, the percentage remained stable as compared with that for the year ended 31 December 2015.

Sale-leaseback

In a sale-leaseback, our customer, as the lessee, sells the existing assets to us, and then we, as the lessor, lease the assets back to our customer for its use. During the lease term, our customer remains in possession of the underlying assets, and repays the purchase amount of the assets, interests and other fees to us. At the end of the lease term, the ownership of the assets will be transferred back to our customer at a nominal consideration. Sale-leaseback is primarily used to improve customer’s working capital.

The relationship between the lessor and lessee is illustrated in the following diagram. During the Track Record Period, we funded our sale-leaseback transaction primarily through our internal capital and bank borrowings.

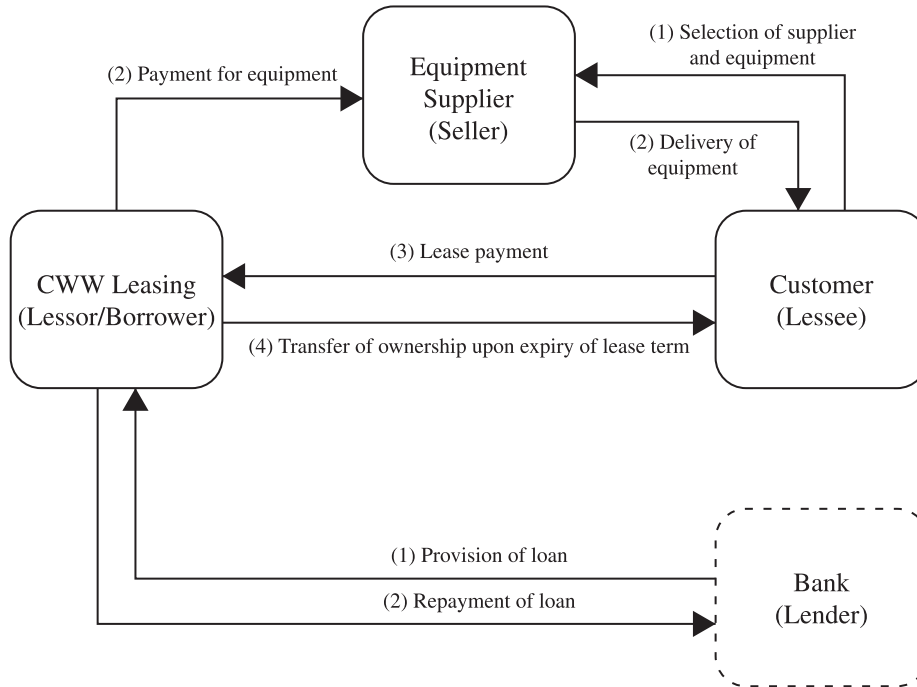


Direct financial leasing

In a direct financial leasing, we, as the lessor, purchase the assets from the seller for our customer, who is the lessee. We then lease the assets to our customer for its use in accordance with the terms and conditions of the financial leasing agreement. During the lease term, our customer remains in possession of the leased assets and repays the purchase amount of the assets, interest and other fees to us. At the expiry of the lease term, the ownership of the assets will be transferred to our customer at a nominal consideration. Direct financial leasing is mainly applied when our customer has financing needs for acquiring new equipment.

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Our financial leasing is primarily funded through a mix of internal capital and bank borrowing. The following table illustrates the relationship among the lessor, lessee and equipment supplier.



We also cooperate with equipment manufacturers to provide direct financial leasing for our customers. We usually purchase leased assets which were ordered by our customers directly from equipment manufacturers. Then, the financial leasing project will follow the direct leasing cycle. Through their referral, we are able to expand our customer base. In some cases, the equipment manufacturers may undertake to repurchase the subject leased assets from us.

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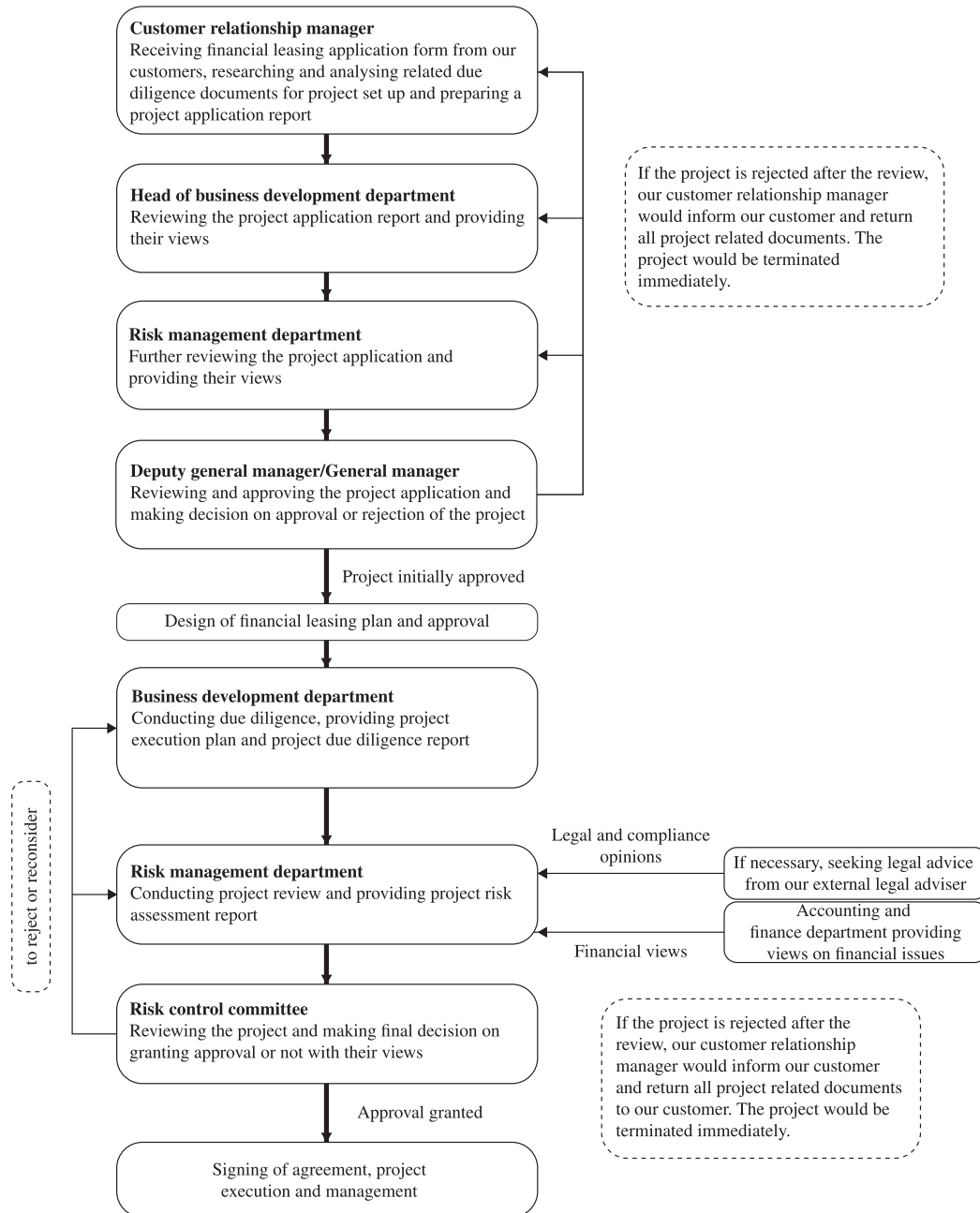
Rewards and Risks for Financial Leasing Business Model

Our Directors consider that the following are the risks and rewards to our Group's business model in relation to sale-leaseback and direct financial leasing:

	<u>Sale-leaseback</u>	<u>Direct financial leasing</u>
Rewards	<ul style="list-style-type: none">• Lower value-added tax ("VAT") rate (currently at 6%)• Generally, the business project of our customer in which the leased asset is used has been running for a certain period of time, it is easier for us to estimate the cash flow generated from such project and evaluate the performance of our customer based on its operating history	<ul style="list-style-type: none">• Leased assets may be sold more easily as they are generally new
Risks	<ul style="list-style-type: none">• Leased assets have been used for certain period of time and may not be sold as easily as those under direct financial leasing.	<ul style="list-style-type: none">• Higher VAT rate (currently at 17%)• Generally, the business project of our customer in which the leased asset is used is at early stage, it is more difficult for us to estimate the cash flow generated from such project and evaluate the performance of our customer with shorter operating history

Operational Workflow

We have adopted a systematic operational workflow applied to each of our financial leasing projects. Under this workflow, various risk control measures and procedures are consistently applied to every lease, involving the active participation of our different departments. The chart below sets out the process workflow of our financial leasing business operations.



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Summary of Key Terms of Financial Leasing Agreement

We have standard terms for our financial leasing agreements. The key terms of our financial leasing agreements are summarised below.

Term	:	Normally below three years; and certain agreements ranged between five to eight years.
Equipment under lease	:	Lessee's list of equipment under lease is detailed as appendix to our financial leasing agreement.
Title ownership of equipment under lease	:	Under both direct financial leasing and sale-lease back, the title ownership of the equipment belongs to the lessor.
Right to use and possession	:	For both direct financial leasing and sale-lease back, the lessee has the right to use the leased asset while the lessor possess the leased asset during the financial leasing period.
Equipment inspection	:	Under direct financial leasing, the equipment is delivered to the lessee from the supplier directly and the lessee is responsible for inspection on the equipment; under sale-leaseback, the lessee acknowledges that the equipment has been properly inspected and satisfied in good conditions.
Insurance	:	Full insurance coverage on assets under lease insurance with the costs borne by the lessee.
Payment schedule	:	A lease payment contains both interest and principal payment. Interest rate is either (i) a floating rate adjusted upon the PBOC benchmark interest rate or (ii) a fixed rate. Lease payment is usually by month or quarter. Detailed payment schedule is listed as appendix to our financial leasing agreement, or any revised detailed payment schedule subsequently updated as per the floating rate adjusted.
Usage, maintenance and tax fees	:	All usage, maintenance costs and any tax fees incurred from such activities will be paid by the lessee.

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- Default provision : If, among other things, the lessee (i) fails to make any successive instalment payments, (ii) delays the lease payments, (iii) fails to make full payments on time, (iv) has deteriorating business and financial conditions or fails to perform its obligations specified in the financial leasing agreement, we shall have the right to demand prompt payment in full or in part of the financial leasing receivables.
- Dispute resolution : Settlement through negotiation or litigation in a court with jurisdiction at lessor's domicile.
- Termination : After full settlement of all interests and principal payables or compensation settled. Customers can choose either (i) to continue the current lease agreements, or (ii) to purchase back the leased assets.

Typically we will also require lessees (and their related parties) to enter into joint and several guarantees and, if necessary, to pledge collaterals to secure their obligations under their financial leasings.

For some of our financial leasing agreements, we may collect deposits from customers. During the Track Record Period, the deposits ranged from 3.0% to 20.0% (in average 5.6%) of the entire value of the financial leasing agreements. The factors considered when determining the amount of deposit may include loan size and effective interest rate of the contracts, and our relationship with the customers.

Leased Assets and Collateral

Subject to the quality and appraisal of the assets, we normally keep the net funding we provide to our customers below the net value of the assets under the financial leasing agreements. During the Track Record Period, we followed the general practice in the industry to have the title of the leased assets transferred to us, being the lessor, to secure the finance lease and accordingly, we obtained legal title to all the assets under our financial leasing agreements. Pursuant to the terms of our financial leasing agreements, we are entitled to deal with such assets at our full discretions if any customer defaults on the relevant finance lease. We also required our customers (and their legal representatives, shareholders and associated companies) to provide joint and several guarantees in most cases, and the shareholder(s) of our customers to pledge their shares or equity interest in their companies in our favor. Save for the aforesaid, we did not require our financial leasing customers to provide additional collateral during the Track Record Period given that we have obtained the title to all leased assets to secure our interests. For details of our range of coverage ratio during the Track Record Period, please refer to the tables below.

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Coverage ratio range for newly signed leases

	Year ended 31 December		
	2014	2015	2016
Type of leased asset			
Aircraft engine and hardware (RMB million)	—	59.1–403.4	—
Equipment and machinery (RMB million)	2.2	3.3–34.2	3.6–39.0
Transportation assets (RMB million)	62.7	54.0	24.5
Water pipeline (RMB million)	62.4	—	—
Others (RMB million)	—	—	25.9
Range of finance lease receivable netting off deposit (RMB million)	1.6–60.0	2.7–380.0	3.2–20.0
Range of coverage ratio of individual lease ⁽¹⁾ (times)	1.0–1.6	1.1–3.6	1.1–4.9
Aggregate total coverage ratio ⁽¹⁾ (times)	1.2	1.3	1.5

Note:

- (1) Coverage ratio is calculated as leased asset value at the beginning of the lease (fair value) divided by the finance lease receivable (netting off deposit). Aggregate total coverage ratio is calculated as total leased asset value at the beginning of the lease (fair value) divided by the finance lease receivable (netting off deposit). In general the minimum coverage ratio by leased assets over any single finance lease receivable will not be lower than 1.

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Coverage ratio range for outstanding finance lease receivable

	As at 31 December		
	2014	2015	2016
Type of leased asset ⁽²⁾			
Aircraft engine and hardware (RMB million)	—	58.0–399.1	50.4–373.3
Equipment and machinery (RMB million)	2.2–61.1	1.8–54.7	3.0–39.0
Transportation assets (RMB million)	58.5	54.0	19.6
Water pipeline (RMB million)	41.1–60.5	42.4–58.7	39.6–56.2
Others (RMB million)	—	—	21.6
Range of finance lease receivable netting off deposit (RMB million)	1.0–46.5	0.5–280.7	1.3–243.1
Range of coverage ratio of individual lease ⁽¹⁾ (times)	1.2–4.6	1.0–3.7	1.0–15.7
Aggregate total coverage ratio ⁽¹⁾ (times)	1.6	1.6	1.9

Notes:

- (1) Coverage ratio is calculated as leased asset value divided by the outstanding finance lease receivable (netting off deposit). Aggregate total coverage ratio calculated as total leased asset value divided by the outstanding finance lease receivable (netting off deposit).
- (2) For our finance lease receivables, the value of the underlying leased assets is based on evaluations made by independent asset appraisers. The independent asset appraisers generally adopted replacement cost method in evaluating the value of the leased assets.

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Number of lease with guarantee provided by customers and/or their related parties and the relevant coverage ratio

	Total number of transactions in the period (a)^(Note)	No. of lease with guarantees provided by the customers and/or their related parties (b)	Coverage ratio (b)/(a)
For the year ended 31 December			
2014	8	8	100.0%
2015	21	17	81.0%
2016	14	11	78.6%

Note: The numbers in the table above reflect multiple transactions with the same customer.

Notifiable transactions

Pursuant to Rule 14.04(1)(c) of the Listing Rules, the entering into or terminating of finance leases where the financial effects of such leases have an impact on the balance sheet and/or profit and loss account of a listed issuer constitutes a transaction under Chapter 14 of the Listing Rules. In this regard, upon Listing, our financial leasing activities may constitute notifiable transactions under Chapter 14 of the Listing Rules, which will be subject to the relevant notification, announcement and shareholders' approval requirements. If our Group enters into or terminates any finance leases after Listing, we will ensure compliance with the applicable requirements under Chapter 14 of the Listing Rules, and will seek advice from external legal advisers where necessary for ensuring full compliance with the Listing Rules.

Advisory Services

Apart from financial leasing services, we also offer a series of advisory services to our customers. As most of our existing and potential customers may have business and financial issues on which they may need advice, we from time to time communicate with our customers to understand their requirements and design solutions to help improve their business and financial performance. Our advisory services mainly include financial leasing advisory services and other financial advisory services.

Provision of Advisory Services

We gather and analyse information as to the general economy and the customer's industry. Our advisory services are based on these analysis together with our client's business and financial information.

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Financial Leasing Advisory Services

We provide financial leasing advisory services for customer who is interested in financial leasing service. We analyse their business and financial information to (i) identify areas which could be improved by applying financial leasing service; (ii) determine any asset suitable for financial leasing; and (iii) advise the benefits of financial leasing on customer's financial performance. As part of our analysis and advisory services, we also explain to our customer the workflow of financial leasing transaction.

Our financial leasing services are not bundled with our financial leasing advisory services. Instead, we offer our financial leasing services to customers irrespective of whether or not they have sought financial leasing advices from us. Customers who have obtained our financial leasing advices may opt for entering into financial leasing agreements with us only when they consider financial leasing as a suitable channel to meet their financial needs.

The following table sets out the number of our new financial leasing advisory services customers and the number of such customers who subsequently entered into financial leasing agreements with us, during the Track Record Period:

	Year ended 31 December		
	2014	2015	2016
Number of new financial leasing advisory services customers during the respective year	8	20	18
Number of new financial leasing advisory services customers who subsequently entered into financial leasing agreements with us during the respective year	2	10	4
% of new financial leasing advisory services customers who subsequently entered into financial leasing agreements with us during the respective year	25.0%	50.0%	22.2%

With reference to our customer's financial and business needs, we may provide certain financial leasing plans and/or proposals to our customer, with different interest rates and payment schedule. The plans are further evaluated and compared in aspects such as profitability, cash flow and debt-service coverage.

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Set out below are the summary of the nature and scope of the financial leasing advisory services we provided to the customers who sought for financial leasing proposal during the Track Record Period.

- general analysis on the customer's industry
- impact of government policy on the customer's industry
- future development of the customer's industry
- current business operation status of the customer
- competitive strengths and the future development opportunities of the customer
- financial analysis of the customer, including gearing, cashflow, profitability, loan repayment ability, stock turnover days, trade receivable turnover days, etc.
- credit status analysis of the customer
- financial leasing options, including direct financial leasing or sale-leaseback and related operational workflow, the proposed lease amount, tenor and payment schedule, collaterals, estimated interest expenses, operating cashflow and interest coverage ratio in relation to the leased assets, tax impact, etc.

Whilst our advisory reports normally include a general analysis on the customer's industry, we believe that our advice on the financial leasing options is the core part of the advisory reports. At the inception stage, the advisory reports were prepared by the joint effort of Mr. Xie Riquan of our business development department and Ms. Shi Yumei, the head of our accounting and finance department. They collected publicly available information on the customers' industries and provided analysis in the advisory reports primarily from the financial perspective. These advisory reports were subsequently reviewed and finalised by Mr. Xie, and approved by Mr. Lo afterwards. After Mr. Shi Lei and Mr. Luo Xing joined our Group, and Mr. Lu Zemin was re-designated as the head of risk management department of CWW Leasing in September 2014, the advisory reports had been prepared by the collective effort of Mr. Luo Xing, Mr. Xie Riquan, Ms. Shi Yumei and Mr. Lu Zemin. In order to compile the advisory reports, they obtained information on the customers' industries via various sources and provided analysis primarily on the financing options. These advisory reports were then reviewed, finalised and approved by Mr. Shi Lei. Mr. Xie Riquan passed 高等教育自學考試 (the self-taught higher education examinations) for financial management and was awarded a graduation certificate by 深圳大學 (Shenzhen University) and 廣東省自學考試委員會 (the Self-study Examination Commission of Guangdong Province). For details of the qualification of Mr. Lo, Mr. Xie, Ms. Shi Yumei, Mr. Shi Lei, Mr. Luo Xing and Mr. Lu Zemin, please refer to the section headed "Directors, Senior Management and Employees" in this prospectus. Since mid-2015, our Group has recruited more staff members with experiences in banking, financing or financial leasing, and/or holding degrees in business-related disciplines, to prepare the advisory reports.

Other Financial Advisory Services

Our other financial advisory services focus on financial analysis and advising on financing options. We gather financial information from our customer to evaluate its revenue growth, profitability as well as level of debt over its total assets or equity. Having considered the needs of our customer, we propose certain financing options to our customer including financing arrangements with different financial institutions. We also compare the effects of these options on customer's financial performance for consideration by our customer. During the service period, we provide analysis reports to our customer on a regular basis.

During the Track Record Period, we also provided other financial advisory services to individuals who primarily sought car financing. We offered these customers car financing related financial advisory services, including advice on source of funding and design of financing plan, based on their financial status. The revenue generated from such services amounted to approximately RMB1.6 million and RMB0.2 million, representing 6.4% and 0.6% of our total advisory services income for the years ended 31 December 2014 and 2015, respectively. We have not entered into any new agreement with individual customer since June 2014 as the performance of the relevant services did not meet our expectation.

During the Track Record Period, we have signed a finance lease agreement and an advisory services agreement with one customer. According to the finance lease agreement, we performed as a lessor and the customer was the lessee. Under the finance lease arrangement, we also signed a set of agreements with a bank, including a factoring agreement which is buyout in nature.

Pursuant to the factoring agreement, the bank is entitled to all rights on the transferred account receivables of the customer. We did not receive any reward from the factoring agreement because we have no rights to receive payment of account receivables from the customer. As confirmed by our PRC Legal Adviser, the ownership and the rights of the account receivables of the customer have been transferred to the bank. Thus, the risks of the account receivables (including the risk that the customer fails to pay account receivables) shall remain with and be borne by the bank without recourse to us unless we breach our representations or warranties under the factoring agreement. Our major representations and warranties under the factoring agreement include: (i) we have obtained necessary permits and authorisation to enter into the agreement; (ii) the documentations provided by us are authenticate, complete and effective; and (iii) the account receivables transferred from us are legitimate, effective and enforceable and come without any claims, disputes, any restrictions on their transfer or any pre-existed transfer agreements. The factoring agreement also states that the bank may demand early repayment under certain circumstances, none of which results from the default by the customer. Therefore, our PRC Legal Adviser considers that the customer's default in finance lease payment will not trigger a breach of our representations or warranties, nor will it trigger the early repayment clause under the factoring agreement, and therefore we will not be exposed to additional risk of breach resulting from the customer's default.

Since we were not exposed to any significant risk and reward associated with the factoring agreement, we were not considered as acting as a principal under the factoring agreement in the perspective of accounting standard. We only acted as a receiving agent of the bank and helped

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monitor the status of quarterly settlement from the customer to the bank. Our service fee for acting as receiving agent is reflected in the advisory services agreement. The total contract sum is covered by all quarterly settlement of advisory work during the period from April 2016 to January 2019. The revenue generated from this transaction is the advisory fees received from the customer which amounted to RMB779,512 (after value-added tax) over the period from April 2016 to January 2019 and the advisory fees is fixed to be received at RMB64,959 (after value-added tax) quarterly.

Income of Our Advisory Services

During the Track Record Period, contribution from advisory services to our total revenue had been decreasing from approximately 70.4% to 61.6% to 39.7% for the years ended 31 December 2014, 2015 and 2016, respectively. The decrease trend is attributable to the financial leasing industry's rapid growth in the PRC. At the early stage of our development, our customers consisted of only SMEs which may not have knowledge on financial leasing. Following the increasing demand on the financial leasing services in the PRC, together with our business strategies of expansion of our business operation into financial leasing, our income generated from advisory services became comparatively less significant during the Track Record Period.

The following table sets forth the breakdown of our advisory services income for the periods indicated:

	Year ended 31 December					
	2014		2015		2016	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Financial leasing advisory services income	14,195	56.7	24,378	74.0	21,693	76.7
Other financial advisory services income	10,835	43.3	8,555	26.0	6,605	23.3
	<u>25,030</u>	<u>100.0</u>	<u>32,933</u>	<u>100.0</u>	<u>28,298</u>	<u>100.0</u>

For the years ended 31 December 2014, 2015 and 2016, approximately 56.7%, 74.0% and 76.7% of our advisory services income were derived from the provision of financial leasing advisory services. Some of these customers who sought financial leasing advice from us subsequently entered into financial leasing agreements with us (the “**Referred Customers**”). Or, if they were equipment suppliers, referred their customers to enter into financial leasing agreements with us. We kept on developing new customers for our financial leasing services during the Track Record Period, and we had been able to maintain a growth in revenue and also diversify our source of revenue.

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The following table sets forth a breakdown of the number of new customers of our financial leasing service by (i) industry segment; and (ii) indicating whether they were Referred Customers during the Track Record Period:

	Year ended 31 December		
	2014	2015	2016
Airline company			
— Referred Customers	—	2	—
— Non-Referred Customers	—	—	—
Health care service provider			
— Referred Customers	1	4	—
— Non-Referred Customers	—	3	1
Public utilities provider			
— Referred Customers	—	—	—
— Non-Referred Customers	1	—	—
Taxi operator			
— Referred Customers	—	—	—
— Non-Referred Customers	1	—	—
Energy saving equipment provider			
— Referred Customers	—	1	1
— Non-Referred Customers	—	—	2
Others (Note)			
— Referred Customers	1	3	3
— Non-Referred Customers	—	—	2
Total number of Referred Customers	2	10	4
Total number of Non-Referred Customers	2	3	5
Total number of new customers of our financial leasing service during the respective year	4	13	9

Note: Others included customers mainly engaged in the logistic, non-ferrous metal, telecommunication, carpark operator, property management and other manufacturing industries.

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For the years ended 31 December 2014, 2015 and 2016, revenue contributed from the new Referred Customers in the corresponding year was approximately RMB2.2 million, RMB23.6 million and RMB6.7 million, respectively.

Account receivables

The following table sets forth a breakdown of our account receivables by financial leasing advisory services and other financial advisory services during the Track Record Period:

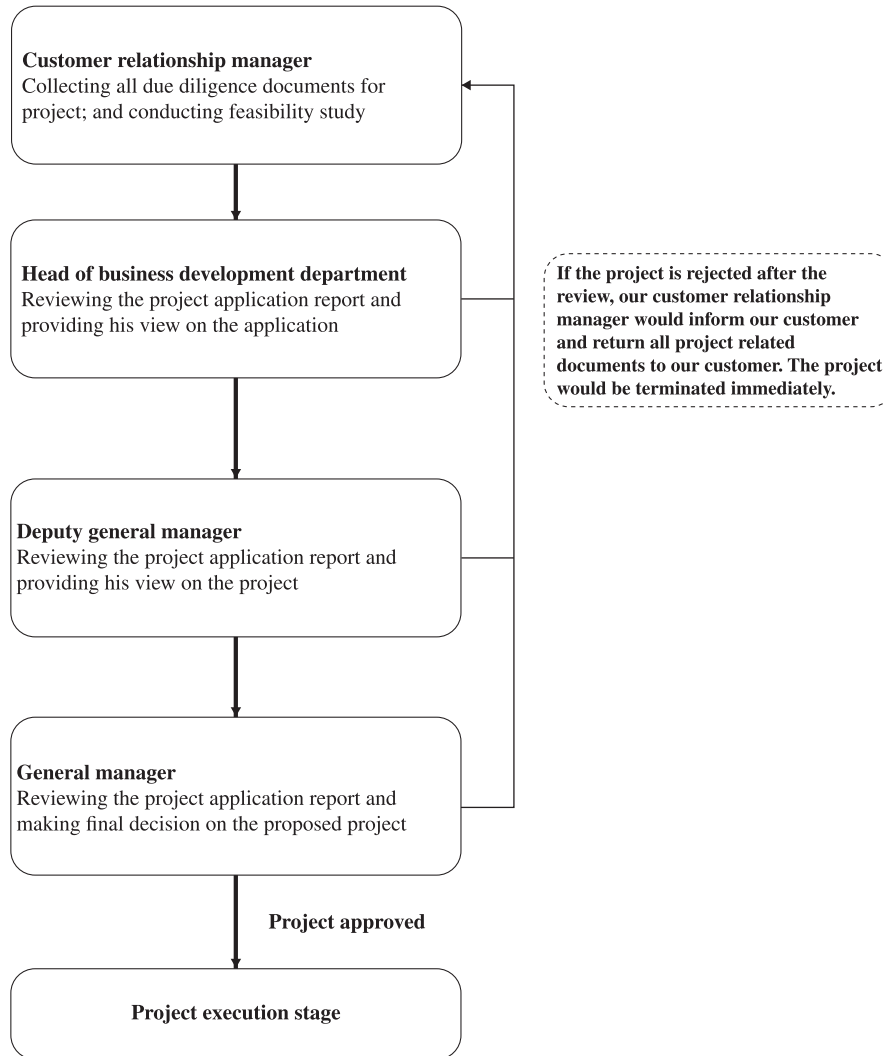
	As at 31 December					
	2014		2015		2016	
	RMB'000	%	RMB'000	%	RMB'000	%
Account receivables						
— Financial leasing advisory services	10,050	51.2	11,315	57.5	—	—
— Other financial advisory services	9,560	48.8	8,360	42.5	—	—
	19,610	100.0	19,675	100.0	—	—

The account receivables from financial leasing advisory services were approximately RMB10.1 million and RMB11.3 million as at 31 December 2014 and 2015 respectively, and decreased to nil as at 31 December 2016.

The account receivables from other financial advisory services were approximately RMB9.6 million and RMB8.4 million as at 31 December 2014 and 2015 respectively, and decreased to nil as at 31 December 2016.

Operational Workflow

The diagram below illustrates the workflow of both our financial leasing advisory services and other financial advisory services.



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Summary of Key Terms of Advisory Services Agreements

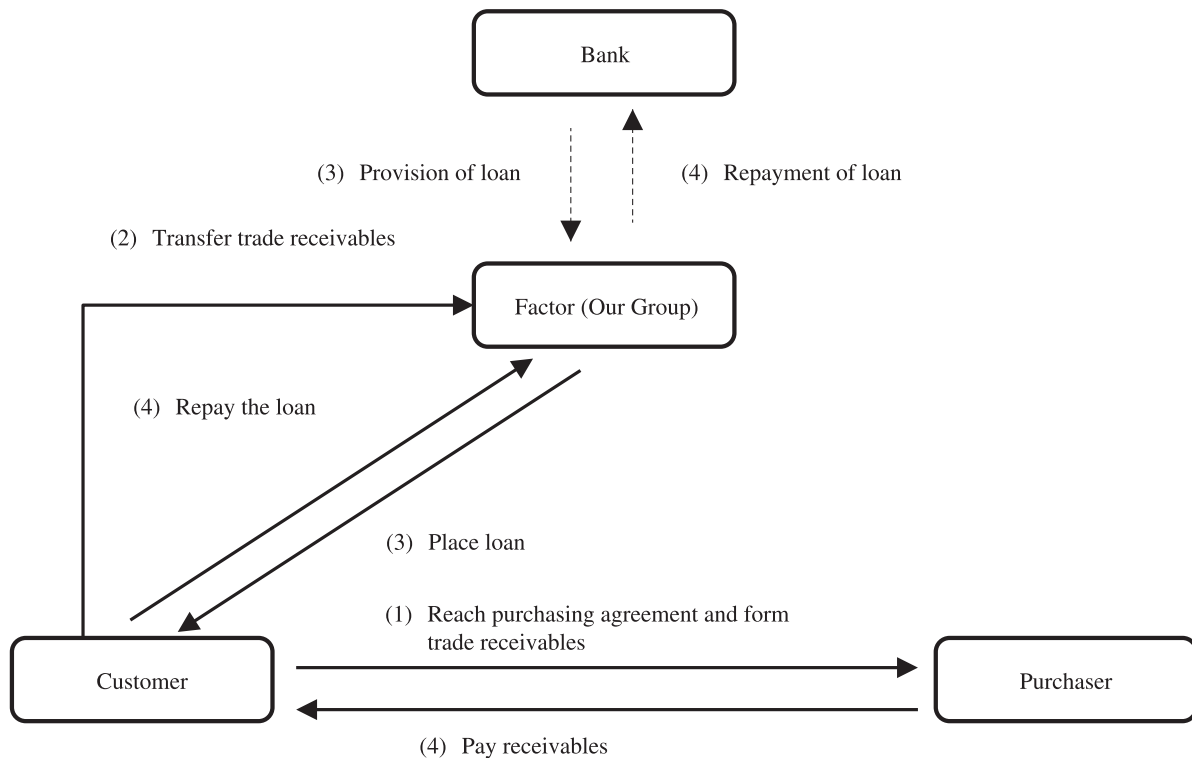
We have standard terms for advisory services agreements. Below are the summary of the key terms of our advisory services agreements.

- | | | |
|--------------------|---|---|
| Terms | : | Service term, between 1 month and 3 years. The average term of our advisory services was around 9 months during the Track Record Period. |
| Service range | : | Financial leasing advisory services, or other financial advisory services. |
| Advisory fees | : | (i) A one-off payment for the advisory services charge shall be delivered within a specified period ranging from 7 days to 6 months upon execution of the agreement or delivery of the payment notice, or at a specified date after the contract period; or (ii) quarter payment after execution of the agreement. As stated in certain agreements, the VAT invoice shall be issued within 30 days after the settlement is made by our customer. Most of the agreements do not have any specified clause on the issuance of the VAT invoices. |
| Default provision | : | (i) If the customer provides inaccurate or misleading information, we will not be responsible for any legal consequence and shall have the right to terminate the agreement; (ii) if the customer fails to perform its obligation specified in the agreement, such as any reason leading to punctual completion of the project or affecting payment ability, or authorise a third party other than us for advisory services without our consent, we shall have the right to request our customer to comply with the obligation, or to terminate the agreement and claim for the payment and related losses. |
| Exemption clause | : | Our advisory services and related materials are provided to our customers for reference. We are not responsible for or liable to any loss from adoption of strategic decisions made upon our advisory services delivered. |
| Dispute resolution | : | Through negotiation or litigation in a court with jurisdiction at the customers' domicile. |

Financial leasing related factoring service

Besides financial leasing and advisory services, since June 2016, we have been starting to offer financial leasing related factoring service to our customer. Our Directors are of the view that such business expansion has no material operational and financial impact on our Group as (i) the operational procedure of such factoring business is similar to our financial leasing business; (ii) we do not intend to put significant focus on such factoring business in the foreseeable future; and (iii) we expect to generate the majority of our revenue from providing financial leasing and financial leasing advisory services going forward.

During the year ended 31 December 2016, we had entered into three factoring agreements with three different customers, and we charged a fixed rate on them in respect of the factoring services. The rate we charge is determined with reference to (i) the analysis on industry of the customer; and (ii) the customer's credibility. For the year ended 31 December 2016, our interest income derived from financial leasing related factoring service was approximately RMB1.4 million, representing approximately 2.0% of our revenue during the same period. The relationship between our customer and us is illustrated in the following diagram.



Under our factoring service, our customers sell their trade receivables to us to raise finance, and we, as the factor, provide a discounted amount of the trade receivables to our customers. The discount will be determined by considering, among other matters, the customers' credit status, the trade receivables' quality, structure, duration and payment schedule. Normally the financing amount shall not exceed 50% of the trade receivables.

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Our financial leasing related factoring service is normally with recourse basis. This allows us to claim for the amount we should have the right to collect when the customers' purchaser fails to pay when the trade receivables come due.

For our financial leasing related factoring service, the procedures from the initial project establishment to the post factoring service management are similar to those applied in our financial leasing projects.

Each financial leasing related factoring opportunity needs to go through a series of internal procedures which are the same as those for financial leasing project selection, including the credit risk analysis on the underlying debtors to the trade receivables we will purchase. Once the financial leasing related factoring opportunity has turned into an actual project, we will conduct due diligence on the customer to identify and assess potential issues and risks, and evaluate the customer's creditability by reviewing its business operation and financial status.

Our financial leasing factoring projects share the same review and approval process as the financial leasing projects which require assessment by our risk management department and accounting and finance department as well as approval from the risk control committee. Once the transaction has been approved, the reviewed and approved agreement will be delivered to our customer for signing. At the post factoring service stage, we will conduct post factoring assessment quarterly which include site visit and public searches, to acquire, among others, updated information of our customers' operating and financial conditions, collection of trade receivables.

PRICING POLICY

Our revenue can be classified into two types, namely interest income derived from financial leasing, and advisory services income derived from our financial leasing advisory services and other advisory services.

According to our PRC Legal Adviser, there are no laws or regulations that require our Group to comply with any maximum interest rate that could be charged to finance lease customers. In particular, Chapter XIV "Financial Leasing Contract" of the Contract Law of the PRC and the Interpretation of the Supreme People's Court on Issues Concerning the Application of Law in Hearing Cases of Finance Lease Contract Disputes (最高人民法院關於審理融資租賃合同糾紛案件適用法律問題的解釋) constitute major rules governing the financial lease contract, and neither stipulate any special requirement as to the interest rate of the financial lease contract.

According to our PRC Legal Adviser, there are no laws or regulations that require our Group to comply with any requirement as to the amount of advisory fee that could be charged to the customers. Under the Price Law of the PRC (中華人民共和國價格法), unless otherwise regulated within the range stipulated by the government-guided prices or government-set prices, service providers enjoy the rights to fix on their own prices in accordance with the related market price. As at the Latest Practicable Date, the amount of advisory fees charged to the finance lease customers was not governed by any government-guided or government-set prices.

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Financial leasing

Our financial leasing agreements are generally priced at both fixed rate and floating interest rate. We negotiate the interest rate on a case-by-case basis with our customer based on its asset quality, financial condition and industry. Whether using fixed rate or floating rate are determined by factors including source of funding (bank financing or our internal capital) and market trend on interest rate. Our Directors monitor the credit market environment closely to improve our decision-making on interest rate and mitigate our interest rate risk.

Our interest rate charge is adjusted on the basis of (i) analysis on industry of our customers, and (ii) each customer's credibility. Our industry analysis relies on our internal industry outlook and external industry report subscribed. Customer's credit environment is evaluated on an individual basis, with integrated analysis on customer's business operation, financials and leased asset's status. The risk control committee will make the final decision on the interest rate charged.

Set out below are the range of interest rates we charged on customers from each industry during the Track Record Period:

<u>Type of customer</u>	<u>Range of interest rates</u>	<u>Range of effective interest rates</u> <i>(Note 2)</i>
Airline company	5.1%–5.8%	5.1%–5.9%
Health care service provider	6.3%–11.1%	7.6%–14.8%
Energy saving equipment provider	6.3%–12.0%	8.1%–14.9%
Taxi operator	10.8%–12.0%	10.8%–14.5%
Public utilities provider	5.2%–7.4%	6.5%–7.5%
Others <i>(Note 1)</i>	6.9%–12.0%	7.0%–14.5%

Note 1: Others include logistic, non-ferrous metal, telecommunication, carpark operator and other manufacturing industries.

Note 2: The effective interest rate is the rate that exactly discounts estimated future cash receipts from the customers through the expected life of the financial leasing receivables to these receivables' net carrying amount on initial recognition.

The following table sets forth: (i) the interest-earning assets; (ii) interest-bearing liabilities; (iii) net interest margin; and (iv) net interest spread of our Group for the periods indicated.

Year ended 31 December

	2014			2015			2016		
	Average balance ⁽¹⁾	Interest income/expense	Average yield/cost rate ⁽²⁾	Average balance	Interest income/expense	Average yield/cost rate	Average balance	Interest income/expense	Average yield/cost rate
	RMB'000	RMB'000		RMB'000	RMB'000		RMB'000	RMB'000	
Interest-earning assets	123,682	10,515	8.5%	385,837	20,524	5.3%	570,434	41,520	7.3%
Interest-bearing liabilities	25,000	230	0.9%	191,572	8,858	4.6%	346,290	12,636	3.6%
Net interest margin ⁽³⁾	—	—	8.3%	—	—	3.0%	—	—	5.1%
Net interest spread ⁽⁴⁾	—	—	7.6%	—	—	0.7%	—	—	3.7%

(1) Average balance of interest-earning assets is calculated based on the average of the beginning and end balances of net financial leasing receivables. Average balance of interest-bearing liabilities is calculated based on the average of the beginning and end balances of bank borrowings.

(2) Average yield is calculated based on dividing interest income by the average total balance of interest-earning assets. Average cost rate is calculated based on dividing interest expense by the average total balance of our interest-bearing liabilities.

(3) Net interest margin is calculated by dividing the net balance of interest income and interest expense by the average total balance of interest-bearing assets.

(4) Net interest spread is calculated by deducting average cost rate by average yield.

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The PBOC benchmark lending rates were 6.00% to 6.55%, 4.75% to 6.15%, and 4.75% to 4.9% in the three years ended 31 December 2014, 2015 and 2016 respectively. The effective lending rates of our Group were 6.5% to 13.2%, 5.5% to 14.9% and 5.1% to 14.9% for the years ended 31 December 2014, 2015 and 2016 respectively. The lease payment bill contains both interest and principal payment, where the interest is calculated based on interest rate either in (i) a floating rate adjusted upon the PBOC benchmark interest rate; or (ii) a fixed rate as stipulated in the financial leasing agreement. To further address our risk on the interest rate, our effective lending rates are normally charged at a preset margin above the PBOC benchmark interest rates and varied by projects on the basis of, among others, the difference in size of the principal amount, customers' background and risk level of the transaction.

As advised by our PRC Legal Adviser, there is no law or regulation in the PRC which stipulates the maximum interest rate that could be charged by our Group to finance lease customers.

Advisory services

Our advisory services fees vary with the services provided and are determined on arm's-length negotiations with our customers on a case-by-case basis. The factors we may consider when determining advisory services fees include: (i) type of the advisory services; (ii) relationships with our customers; (iii) customers' business and financial status; and (iv) size and complexity of potential financial leasing transactions or financing plan. Normally advisory services fees are charged on a percentage basis, with rates ranged from 2% to 10% for the financial leasing advisory services and around 2% for the other financial advisory services, of the expected financial leasing transaction or the expected financing size of the advisory services sought. Advisory services fees beyond such range needs further approval from our Directors. The following table sets forth the range of the advisory services fees charged on different types of customers of our financial leasing advisory services during the Track Record Period:

<u>Type of customer</u>	<u>Advisory services fees (%)</u>
Airline company	1.8–2.7
Health care service provider	3.8–8.5
Public utilities provider	6.0–9.0
Taxi operator	4.7–9.2
Energy saving equipment provider	5.0–8.0
Others (<i>Note</i>)	3.0–9.1

Note: Others included customers mainly in the construction, mining, non-ferrous metal, logistic, investment, trading, manufacturing, telecommunication and property management industries.

According to Euromonitor, they understood from 深圳市融資租賃行業協會 (Shenzhen Financial Leasing Industry Society*) that, in general, financial leasing companies do not charge fixed fees for the advisory services that they provide for the customers, and they charge a certain percentage, usually no more than 10% of the transaction amount. Other specific projects are

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charged separately. Financial leasing companies provide tailored advisory services for the customers and charge fees in accordance with the actual services that they provide to the customers in target industries after negotiating with the customers. The amount of the fees is subject to the following factors: (a) the nature of the advisory services; (b) the importance of the advisory services provided for the customers; (c) the relationship between the customers and the companies; (d) the operation and management conditions of the customers; (e) the transaction amount, duration and complexity of the projects that the customers require the advisory services on.

As advised by our PRC Legal Adviser, there is no restriction on determination of the rates or ranges of the advisory fees under the relevant PRC laws and regulations.

CUSTOMER GEOGRAPHICAL ANALYSIS

The following table sets forth a breakdown of our revenue by geographical location of our customers during the Track Record Period:

	Year ended 31 December					
	2014		2015		2016	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Beijing	773	2.2	722	1.3	217	0.3
Guangdong Province (excluding Shenzhen)	8,327	23.4	6,138	11.5	7,048	9.9
Shenzhen	16,412	46.2	14,740	27.6	26,640	37.4
Hainan Province	—	—	14,514	27.1	17,233	24.2
Henan Province	592	1.7	215	0.4	499	0.7
Hubei Province	—	—	7,628	14.3	9,474	13.3
Hunan Province	—	—	2,320	4.3	4,630	6.5
Inner Mongolia	1,675	4.7	2,224	4.2	2,133	3.0
Jiangsu Province	1,927	5.4	1,400	2.6	844	1.2
Jilin Province	5,415	15.2	2,977	5.6	2,035	2.8
Shanghai	424	1.2	579	1.1	490	0.7
	<u>35,545</u>	<u>100.0</u>	<u>53,457</u>	<u>100.0</u>	<u>71,243</u>	<u>100.0</u>

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CUSTOMER PROFILE ANALYSIS

The following table sets forth a breakdown of our revenue by customer profile during the Track Record Period:

	Year ended 31 December					
	2014		2015		2016	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Individual customers	1,621	4.6	313	0.6	—	—
SMEs <i>(Note)</i>	24,907	70.1	22,156	41.4	34,408	48.3
Other corporates:						
Listed companies	1,675	4.7	3,499	6.5	3,474	4.9
Hospitals and clinics	—	—	9,872	18.5	14,333	20.1
Non-listed airline company	—	—	13,239	24.8	16,051	22.5
Public utilities companies	7,342	20.6	4,378	8.2	2,977	4.2
	<u>35,545</u>	<u>100.0</u>	<u>53,457</u>	<u>100.0</u>	<u>71,243</u>	<u>100.0</u>

Note: Our Directors consider SMEs among our customers to be those except for listed companies, non-listed airline company, hospitals and clinics, public utilities companies and individuals. The majority of these customers have a registered capital of less than RMB20 million.

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CUSTOMER BUSINESS NATURE ANALYSIS

The following table sets forth a breakdown of our revenue according to nature of customer's business for the periods indicated:

	Year ended 31 December					
	2014		2015		2016	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Airline company	—	—	14,616	27.3	17,267	24.2
Health care service provider	2,517	7.1	12,766	23.9	15,078	21.2
— Hospitals and clinics	—	—	9,872	18.5	14,333	20.1
— Other health care service providers ^(Note 1)	2,517	7.1	2,894	5.4	745	1.1
Public utilities provider	7,491	21.1	4,431	8.3	2,983	4.2
Taxi operator ^(Note 1)	11,161	31.4	2,116	4.0	1,367	1.9
Energy saving equipment provider ^(Note 1)	—	—	2,333	4.3	5,172	7.3
Other customers ^(Note 2)						
— Investment/Trading company ^(Note 1)	7,685	21.6	7,171	13.4	7,822	11.0
— Others	3,147	8.8	2,382	4.5	2,252	3.2
— Others ^(Note 1)	3,544	10.0	7,642	14.3	19,302	27.0
	<u>35,545</u>	<u>100.0</u>	<u>53,457</u>	<u>100.0</u>	<u>71,243</u>	<u>100.0</u>

Note 1: Customers under this category are SMEs.

Note 2: Other customers included customers mainly engaged in the investment/trading, logistic, non-ferrous metal, telecommunication, carpark operator, property management and other manufacturing industries.

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Financial leasing

The following table sets forth a breakdown of our financial leasing interest income for the periods indicated:

	Year ended 31 December					
	2014		2015		2016	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Airline company	—	—	6,370	31.0	13,022	31.4
Health care service provider	555	5.3	5,360	26.1	10,710	25.8
Energy saving equipment provider	—	—	635	3.1	3,663	8.8
Public utilities provider	4,661	44.3	4,431	21.6	2,983	7.2
Taxi operator	5,029	47.8	1,173	5.7	1,367	3.3
Others						
Logistic service provider	—	—	285	1.4	3,035	7.3
Non-ferrous metal	270	2.6	2,251	11.0	1,379	3.3
Telecommunication	—	—	—	—	936	2.3
Electronic	—	—	—	—	345	0.8
Manufacturer	—	—	—	—	1,425	3.4
Carpark operator	—	—	—	—	1,631	3.9
Miscellaneous	—	—	19	0.1	1,024	2.5
Total	10,515	100.0	20,524	100.0	41,520	100.0

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Financial leasing advisory services

The following table sets forth a breakdown of our financial leasing advisory services income for the periods indicated:

	Year ended 31 December					
	2014		2015		2016	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Airline company	—	0.0	8,246	33.8	4,245	19.6
Health care service provider	1,962	13.8	7,406	30.4	4,368	20.1
Energy saving equipment provider	—	0.0	1,698	7.0	1,509	7.0
Public utilities provider	2,830	19.9	—	0.0	—	0.0
Taxi operator	6,132	43.2	943	3.9	—	0.0
Others						
Manufacturer	—	0.0	1,132	4.6	2,170	10.0
Mining company	1,856	13.1	—	0.0	—	—
Construction	—	0.0	566	2.3	227	1.0
Non-ferrous metal	1,415	10.0	—	0.0	660	3.0
Logistic service provider	—	0.0	2,972	12.2	896	4.1
Trading	—	0.0	1,415	5.8	2,115	9.7
Telecommunication	—	0.0	—	0.0	2,754	12.7
Investment company	—	0.0	—	0.0	1,132	5.2
Property management	—	0.0	—	0.0	1,617	7.6
Total	<u>14,195</u>	<u>100.0</u>	<u>24,378</u>	<u>100.0</u>	<u>21,693</u>	<u>100.0</u>

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Other financial advisory services

The following table sets forth a breakdown of our other financial advisory services income for the periods indicated:

	Year ended 31 December					
	2014		2015		2016	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Investment/Trading company	6,715	62.0	4,811	56.2	3,632	55.0
Construction	388	3.6	1,793	21.0	1,321	20.0
Logistic	39	0.3	20	0.2	—	—
Trading	971	9.0	944	11.0	943	14.3
Manufacturing	389	3.6	377	4.4	377	5.7
Individuals	1,623	15.0	213	2.5	—	—
Miscellaneous	710	6.5	397	4.7	332	5.0
Total	<u>10,835</u>	<u>100.0</u>	<u>8,555</u>	<u>100.0</u>	<u>6,605</u>	<u>100.0</u>

For a discussion of trends during the Track Record Period, please refer to the section headed “Financial Information” in this prospectus.

Airline company

Airline company has become one of our major targeted types of customers since 2015, contributing approximately 27.3% and 24.2% of our total revenue for the year ended 31 December 2015 and 2016. With the boom of the tourism industry and the growing number of middle classes in the PRC, there is and will be a continuous demand for aircrafts from airline companies. More aircrafts will be needed to pace with the growing passenger traffic volume. Our service for airline companies is mainly sale-leaseback. At present, the leased assets under our financial leasing arrangement with airline companies are primarily aircraft engines, and we are planning to expand towards financial leasing of aircrafts upon Listing.

Health care service provider

Health care service provider has been one of our major targeted types of customers since 2013, contributing approximately 7.1%, 23.9% and 21.2% of our total revenue for the years ended 31 December 2014, 2015 and 2016, respectively. The growing ageing populations together with the emerging urban migrants to cities in China create a shortage in the medical and health resources sector. The Chinese economic development has also led to a growth in GDP per capita, which leads to an increase in domestic consumption including advanced surgery. Our Directors believe that this will generate growth in demand for health care service providers.

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We provide our customers being health care service providers with both direct financial leasing and sale-leaseback services.

We provided financial leasing services to healthcare service providers that consist of private hospitals and clinics. Our Directors confirmed that we had not engaged in any business with any public hospital during the Track Record Period and up to the Latest Practicable Date which may subject us to fund-raising restrictions set out in the section headed “Regulatory Overview — Laws and Regulations Relating to the Financial Leasing with Public Hospitals” in this prospectus. Our Directors further confirmed that in the foreseeable future, we will continue to concentrate on private hospitals and clinics among the health care service providers.

In light of the above, our Directors are of the view that our finance leases with health care service providers were not and would not be materially affected by the fund-raising restrictions during the Track Record Period and going forward.

Public utilities provider

We started to provide our financial leasing services to public utilities provider in 2013. Customers who are public utilities providers contributed approximately 21.1%, 8.3% and 4.2% of our total revenue for the years ended 31 December 2014, 2015 and 2016, respectively. As we focused on other major targeted types of customers in 2015 and 2016, the revenue contribution from public utilities providers decreased largely for the years ended 31 December 2015 and 2016.

Energy-saving equipment provider

We started to provide our financial leasing services to energy-saving equipment provider in 2015. Customers who are energy-saving equipment providers contributed approximately 4.3% and 7.3% of our total revenue for the year ended 31 December 2015 and 2016. We mainly provide sale-leaseback services to these customers.

With the concern of the environmental protection, the PRC government has stipulated that the equipment of the key industries should be upgraded and energy-saving products should be developed. The government’s stringent rules on pollutions will also stimulate environmental protection industry, leading to a large amount of equipment to transform and upgrade. Our Directors believe that this will offer us market opportunities in the future.

Taxi operator

We commenced our business with taxi operators in 2013 due to Mr. Lo’s personal network. Customers who are taxi operators contributed approximately 31.4%, 4.0% and 1.9% of our total revenue for the years ended 31 December 2014, 2015 and 2016, respectively. As we focused on other major targeted types of customers in 2015 and 2016, the revenue contribution from taxi operators decreased significantly for the years ended 31 December 2015 and 2016.

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The following table sets forth a breakdown of our loan portfolio by industry segment of our customers as at the dates indicated:

	As at 31 December					
	2014		2015		2016	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Airline company	—	—	308,847	51.7	290,071	53.4
Health care service provider	28,220	16.2	112,479	18.8	77,324	14.2
Energy saving equipment provider	—	—	33,786	5.7	50,527	9.3
Public utilities provider	71,535	41.1	59,722	10.0	16,740	3.1
Taxi operator	30,442	17.5	14,858	2.5	—	—
Others						
— Logistic service provider	—	—	39,250	6.6	22,064	4.1
— Manufacturer	—	—	—	—	14,092	2.6
— Miscellaneous	43,750	25.2	28,785	4.7	72,323	13.3
Total	173,947	100.0	597,727	100.0	543,141	100.0

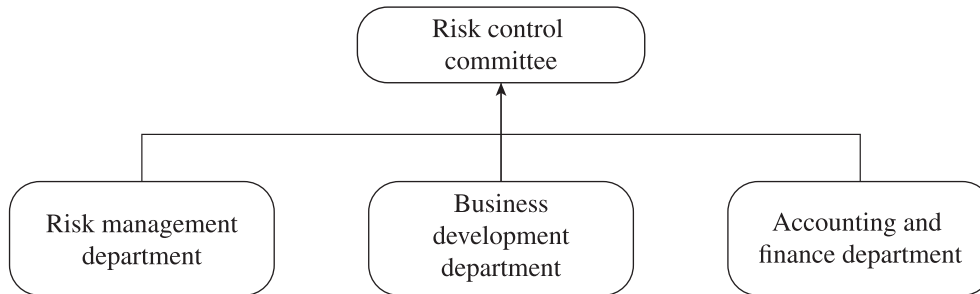
RISK MANAGEMENT AND CONTROL

Risk management overview

As a financial leasing service provider, we are exposed to a series of risks in our daily business operations, including credit risk, liquidity risks, interest rate risk, operational risk and legal and compliance risk. We recognise the possibility of the potential risks and the significance of an effective risk management system. The core principle of our risk management system is to minimise such risks in our business activities and to protect the long-term interests of our Group and the Shareholders.

Risk management structure

CWW Leasing has established a risk management structure which consists of risk control committee at the top, risk management department, business development department, and accounting and finance department. Our risk management structure is shown as the following chart:



Risk control committee

Our risk control committee was established on 14 September 2014 to cope with the expansion of our financial leasing business. Prior to its establishment, risk management functions were carried out by Mr. Xie with the assistance of Mr. Lu Zemin and under the supervision of Mr. Lo. Mr. Lu Zemin was responsible for research and analysis of related due diligence documents prepared by customer relationship managers for financial leasing project set up and preparation of project application report. Mr. Xie reviewed the project application report and provided his comment or approval of the project for next approval process. After the project was approved by Mr. Xie to be set up, the business development department further conducted in-depth due diligence and produced project execution plan and project due diligence report. If necessary, legal adviser and finance department would provide their inputs of the project for the final approval from Mr. Lo.

After its establishment as the main decision-making party in our Group regarding risk management, the risk control committee plays a primary role in overseeing the whole risk management system. The risk control committee reviews and approves every proposed financial leasing project. It also participates in the post leasing management by reviewing the post leasing assessment report and approving the asset quality classification initiated from the business development team. If any overdue payment or other issues which may lead to deterioration of asset quality, the risk control committee will authorise the reclassification of asset quality and coordinate with our business development, accounting and finance department and risk management department to work out related solutions. For details of the classification of asset quality, please refer to the paragraph headed “Business — Asset Quality” below in this section.

The current members of the risk control committee comprise (i) Mr. Lo, an executive Director and the chairman of the Board; (ii) Ms. Chan Shuk Kwan Winnie, an executive Director; (iii) Mr. Xie, a non-executive Director; and (iv) Mr. Shi Lei, the general manager of CWW Leasing and the deputy general manager of CWW services. For details of their experience, please refer to the

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section headed “Directors, Senior Management and Employees” in this prospectus. Mr. Lo has been the chairman of the risk control committee during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period, Mr. Shi Lei and Mr. Lo did not abstain from voting when the risk control committee was reviewing the projects they referred to our Group. However, during the Track Record Period and up to the Latest Practicable Date, none of the committee members had any personal interest in or obtained any personal benefit from the financial leasing agreements signed by our Group. In addition, all of the projects were approved by the three committee members unanimously, and none of them had a decisive vote to approve the projects. In order to prevent conflict of interests so as to form an independent view when approving a proposed finance leasing project, since 1 June 2017, any committee member who refers the potential project to our Group or has interests in the potential project has to declare his/her interest to the committee and abstain from voting. In the case of equality of votes, the chairman has a casting vote. Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, none of the committee members had any interest in any financial leasing agreements signed by our Group, and/or had interests in the potential projects and had to abstain from voting.

Ms. Chan Shuk Kwan, Winnie was appointed as an executive Director on 12 May 2016 in view of her extensive experience in the banking and finance industry particularly in credit analysis and loan administration. It was intended for her to join the risk control committee, after she was given time to familiarise herself with our Group’s business operation and the financial leasing industry in the PRC. However, during the process, Ms. Chan had to take months’ leave to attend to pressing family matters involving her family members. Although she has been continuously overseeing our Group’s strategic planning, Ms. Chan was not actively involved in our daily management, hence her appointment to the risk control committee had been delayed. She was appointed as a member of the risk control committee with effective from 1 June 2017 after her family matters have been resolved. She will be appointed as the chairman of the risk control committee in place of Mr. Lo upon Listing.

Among the other members of the risk control committee, Mr. Shi Lei has accumulated the relevant experience of risk management in the financial leasing industry from his previous employment. Although neither of Mr. Lo nor Mr. Xie had the relevant experience before the establishment of our Group, they have subsequently acquired more than four years’ experience in risk control from our business operation. During the Track Record Period, we had zero default ratio for all of the matured financial leasing loan receivables (including 21 fully matured financial leasing agreements with total value of approximately RMB336.1 million up to the Latest Practicable Date).

In the future, we will from time to time review the composition of the committee and may invite any expertise to join the same where necessary.

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Risk management department

Risk management department is in charge of formulating risk management policies, publishing business guidelines, performing project review and classification of the assets' qualities. It monitors factors which may have negative impacts on customers' abilities of lease payment after signing the financial leasing agreements. Our risk management department also coordinates with our external legal advisers to review the legal issues in the project where necessary.

Business development department

Business development department is primarily responsible for developing, negotiating and investigating each financial leasing project as well as managing the execution of the financial leasing agreements.

Accounting and finance department

Accounting and finance department is mainly responsible for performing financial and tax compliance review, providing financial and tax opinions for the financial leasing projects and conducting lease payment calculation and receipt and payment management.

The below table sets out our risk management measures which have been implemented since 14 September 2014 after the risk control committee was established.

Risk management process

<u>Risk management measures to be taken at different stage of a financial leasing project</u>	<u>Department and personnel involved</u>	<u>Duties and functions</u>
Project selection, review and approval	<ul style="list-style-type: none">— Business development department— Risk management department— Risk control committee— General manager/deputy general manager	<ul style="list-style-type: none">— review financial leasing application— general manager/deputy general manager makes decisions on approval or rejection of the project

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Risk management measures to be taken at different stage of a financial leasing project	Department and personnel involved	Duties and functions
Due diligence on customers	<ul style="list-style-type: none"> — Business development department — Risk management department 	<ul style="list-style-type: none"> — identify and evaluate potential issues and risks — conduct due diligence on customers' background, financial status, credit worthiness — conduct on-site inspections and interviews with management team of our customers — conduct public searches on customers with government authorities, banks and conducts online searches — prepare project due diligence report
Financial leasing plan review and approval	<ul style="list-style-type: none"> — Risk management department — Accounting and finance department — Risk control committee 	<ul style="list-style-type: none"> — risk management department reviews the project and provides project risk assessment report — accounting and finance department reviews the project and provides opinions — if necessary, seek legal advice from external legal adviser — risk control committee reviews the project and makes final decision on approval or rejection of the project
Signing financial leasing agreement	<ul style="list-style-type: none"> — Business development department — Risk management department — Accounting and finance department 	<ul style="list-style-type: none"> — business development department and if necessary, external legal advisors draft, negotiate and review the agreement — risk management department conducts further review on the draft agreement — risk control committee has final review and approval of the agreement

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Risk management measures to be taken at different stage of a financial leasing project	Department and personnel involved	Duties and functions
Portfolio management	<ul style="list-style-type: none"> — Risk management department — Business development department 	<ul style="list-style-type: none"> — risk management department and business development department conduct site visit and searches to acquire updated operating and financial information of customers — risk management department perform check on guarantors' creditability and security on assets' usage and change of status — risk management department prepare post leasing assessment report — risk control committee reviews the post leasing assessment report
Risk management and enforcement measures	<ul style="list-style-type: none"> — Risk management department — Risk control committee 	<ul style="list-style-type: none"> — decide the risk mitigation measures against material impacts on customers' lease payment ability — extensions granted for overdue caused by short-term working capital or cash flow difficulties — impose extra conditions for customers having serious business operational or financial issues — enforce rights to take actions such as demanding for outstanding payments, disposal of leased assets or raising law suit for customer undergoes liquidation bankruptcy

Project selection, review and approval

Before each financial leasing opportunity turning to be a real project, it needs to go through a series of our internal procedures. Please refer to the paragraph headed "Financial Leasing Services — Operational workflow" in this section for more details.

Due diligence on customers

Our business development department will conduct due diligence on our customers in order to identify and evaluate potential issues and risks. The due diligence normally includes (i) basic personal and corporate information; (ii) financial status; (iii) quality, valuation and title of the leased assets; (iv) history of credibility; (v) operation history and management's efficiency and stableness; (vi) purpose and feasibility of financing; and (vii) market competitiveness and future development.

We have set out guidelines for the due diligence procedures, which our Directors believe can help our staff conduct due diligence more effectively.

In order to verify the background of our customers and the information provided by them, our due diligence procedures primarily include conducting (i) on-site inspections and interviews; and (ii) public searches. Valuation on our leased assets is also an important part of our due diligence process.

On-site inspections and interviews

We visit our customers' factories and/or offices to conduct on-site inspections and management interviews after we have analysed the information provided by our customers. With such procedures in place, we are able to obtain information regarding the experience of the management team of our customers as well as their business and operations.

Public searches

To evaluate the business and creditability of our customers, we also conduct various kinds of searches with government authorities and banks, as well as gathering relevant information on our customers via online searches.

Asset appraisal

For value of the leased assets under direct lease financing, we communicate with our customer and make reference to the quotes provided by the equipment suppliers. For sale-leaseback, valuation on the leased assets is conducted by our accounting and finance department and external asset appraisal agencies. Ms. Shi Yumei, our head of accounting and finance department is responsible to review and evaluate the assets under financial leasing. For her experience and qualifications, please refer to the section headed "Directors, senior management and employees — Senior management" in this prospectus. During the Track Record Period, we engaged two independent asset appraisal agencies to conduct valuation on the leased assets under sale-leaseback and direct financial leasing. The two independent asset appraisal agencies are duly qualified in the PRC with asset appraisal permits issued by government authorities.

Execution of financial leasing agreement

Once we have approved the financial leasing projects, our business development department, and, if necessary, external legal advisors will collaborate to draft, negotiate and review the agreement. The risk management department will conduct a further review on the drafted agreement. Once the agreement is finally reviewed and approved by risk control committee, it will be delivered to our customers for execution.

Portfolio management

Financial leasing portfolio management is a significant part of our risk management for financial lease during the post leasing stage of the financial leasing cycle. When the financial leasing agreement takes effect and during the term of the agreement, we will conduct post leasing inspections, including site visit and searches, to acquire, among others, updated information of our customers' operating and financial conditions, lease payments, and usage and maintenance of the leased assets. We will also perform check on guarantors' creditability and the security on assets' usage and change of status. Portfolio management is primarily collaborated by our business development department and risk management department together. In addition to conducting the post leasing inspection, these departments also prepare the post leasing assessment report which analyses the results of the post leasing inspections and ascertain whether the customer is subject to potential credit risk or other material issues. Post leasing assessment report will be compiled accordingly and delivered to our risk control committee for review. The post leasing assessment is conducted quarterly and is subject to the assets quality and project status.

Post leasing extension and enforcement measures

We consider different solutions or plans if we have found our customer in difficulties on lease payment or the quality of asset under financial lease has deteriorated unexpectedly. In case some incidents may affect the classification of asset quality, we will treat them differently based on the nature of such incidents. For customer having overdue lease payments caused by short term working capital or cash flow difficulties, we may agree to grant certain extension only if the customer has no significant change of business operation or financial status. Such extension requires approval from the risk control committee.

For customer having serious business operational or financial issues which may lead to failure of punctual payments, and such situation may be persistent in the long term, we may impose extra conditions on the customer such as addition of guarantor with sufficient resource and ability to make lease payment and addition of extra collateral.

For customer who undergoes liquidation or bankruptcy, or who fails to meet the obligation stipulated in the financial leasing agreement with insufficient guarantor or collateral, we may enforce our rights to take certain actions to mitigate our risks, including (i) demanding for outstanding payments from the customer or the guarantor if there is any; (ii) disposal of leased asset; and (iii) raising lawsuit or arbitration against the customer and applying for court order.

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Once the situation occurs, we will adjust the asset quality matching with the situation in our assessment report. The risk control committee will review and comment on the assessment if necessary. Under risk control committee's approval, we will also make provision for impairment in respect of financial leasing receivable where necessary.

Our Directors confirm that during the Track Record Period, (i) there was an incident of overdue payment by our customers, which was rectified subsequently and had no material adverse impact on the financial conditions of our Group; and (ii) none of our customers undergoes liquidation or bankruptcy during the term of the financial leasing agreement.

Management of leased assets

We manage our leased assets from the very beginning of each project to the post-leasing follow-up stage. We also require our customers to execute confirmations and other documents to ensure that ownerships of the leased assets are properly transferred to us.

We choose assets for financial leasing through a series of selection criteria, including (i) the nature of the leased asset; (ii) asset's original price and value; (iii) liquidity of the leased asset; (iv) ownership; and (v) insurance. Assets are not considered if (i) they are under security or with disputes in ownership; (ii) they are detained or seized by related authorities; (iii) there is any discrepancy in ownership; or (iv) they are prohibited by laws or regulations in the PRC.

For direct financial leasing, our business development department will participate in the transfer process of the leased asset from the equipment manufacturer to our customer, and verify the quality and assess the conditions of the leased assets. For sale-leaseback, verification of the quality will be conducted prior to the signing of the agreement. All financial leasing transactions require ownership transfer certificates.

For direct financial leasing, we communicate with our customer and equipment supplier in confirming the purchase price which should be within the industry-recognised range. For sale-leaseback project, we engage external asset appraisal agency to provide assessed value of the leased asset. We also monitor the movement of leased assets' value during the post leasing follow-up stage. During the post leasing follow-up period, we will regularly check and record the leased assets' ownerships, usage and maintenance, and insurance.

Credit Risk Management

We have adopted the following measures to manage our credit risk:

- we select each business opportunity thoroughly before it turning to be an actual project;
- we conduct due diligence on the business, operation, director, shareholder and industry of our customer;

BUSINESS

- before each project is approved, our business development department, risk management department, accounting and finance department, risk control committee and general manager/deputy general manager work together to address and discuss all issues and risks associated with each project;
- we manage our portfolio by assessing our customers' operating and financial conditions, lease payments and usage and maintenance of the leased assets, and to review guarantors' credibility and, if applicable, condition of the collateral; and
- we have diversified risk mitigation measures which enable us to select the optimal risk mitigation option.

Market Risk Management

We are exposed to various market risks, such as interest rate risk, credit market risk and risk from the targeted industry. We take an active approach to mitigate the market risk through acquiring updated market research reports and performing internal risk analysis.

We subscribe to various market research journals and other research reports regularly to enable us to obtain updated market information. These market research publications contain various journal/review articles and research papers provided by specialists, major financial institutions and/or government authorities. The publications cover not only reviews and trending analysis on economy, industry performance, market and policies, but also economic and industrial statistics and data.

Based on these market research journals and research reports, we conduct internal risk analysis on our current projects and business development including the market trend of interest rate, macro economic environment, and the market status and development of our targeted industries, so as to adjust or formulate our business and pricing strategies against market risks.

In particular, in order to manage our interest rate risk, we consider the following factors when determining the interest rate: (i) source of funding (bank financing or our internal capital); (ii) market trend on interest rate; and (iii) analysis on industry of our customers and each customer's credibility. Our risk control committee will make the final decision on interest rate.

Liquidity Risk Management

Liquidity risk refers to the risk of failure to meet the payment obligations to our lenders on time. The objective of our liquidity risk management is to ensure sufficient level of liquidity enabling us to meet our payment obligations when such obligations come due, and to achieve sufficiency of liquidity by matching our assets and liabilities.

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We manage our liquidity risk by reviewing and analysing our asset and liability positions. Our main assets are financial leasing receivables and our main liabilities are bank borrowings. We funded our projects by our internal capital and bank borrowings. For projects the capital requirement of which beyond our internal financing capability, we seek external financing source that match with the scales, terms and pricing of these projects. We had maintained stable relationships with our lenders during the Track Record Period.

We adopt various measures to mitigate our liquidity risk or avoid liquidity mismatch:

- (i) We maintain sufficient liquid assets to ensure we can meet our financial obligations to our lenders when such obligations come due.
- (ii) We prepare monthly reports which shows our asset and liability positions for review by Directors and senior management. We closely review and analyse our financial leasing receivables and our bank borrowing in terms of scale, terms and pricing.
- (iii) We also aim to match our financial leasing projects with the related bank borrowings. In terms of pricing, our pricing policy takes various factors into account to compute our cost of finance in order to determine our rates charged to our customer to ensure profitability of our financial leasing projects.
- (iv) We regularly monitor a series of liquidity risk indicators, such as debt-to-asset ratio and liquidity ratio. Our risk management department determines and monitors the liquidity risk indicators, and establishes and updates our liquidity risk management policies. Our accounting and finance department is responsible for providing key liquidity risk indicators and corresponding financial data.

If any adverse situation occurs, the responsible department will report to our risk control committee, which will then take appropriate actions accordingly: (i) work with our lenders to adjust the payment schedule to avoid payment term mismatch; (ii) restructure the finance leases together with the lenders who provide funding to us if necessary; (iii) dispose leased assets to maintain sufficient liquid assets; and/or (iv) obtain extra capital. Our Directors confirm that there had not been any adverse situation in connection with liquidity risk and we had been able to meet our financial obligations to our lenders on time during the Track Record Period.

ASSET QUALITY

Asset Quality Classification

Article 13 of the Measures for Financial Leasing Enterprises requires the financial leasing enterprises to establish a good system for classifying at Risky Assets and Article 16 of the Measures of Foreign Investment in the Leasing Industry requires that the Risky Assets shall not exceed 10 times the company's net assets as at the end of the financial year. Two of our Group's subsidiaries, CWW Leasing and SZ Leasing, are subject to above mentioned regulations. As SZ

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Leasing had not conducted any business or hold any assets, no risky assets to equity ratio can be calculated. The risky assets to equity ratio of CWW Leasing satisfied such requirements during the Track Record Period. Please refer to the section headed “Financial Information — key financial ratios analysis” in this prospectus for details. In addition, we had put in place a five-category asset quality classification system. The proposed criteria for the five-category asset quality classification are as follows.

Pass. financial leasing agreements are well executed by the lessee. It is confident that interests and principals can be fully paid in a timely fashion. Also there is no unfavourable factor affecting lessees’ such capabilities of payment. In this case, the probability of loss/impairment on the financial leasing receivables is 0.

Special mention. Even though the lessee has been able to make the lease payments in a timely manner, there are still factors that could adversely affect its ability to pay, such as if lease payments have been overdue for over 30 days and the financial status of the lessee has worsened or its net cash flow has become negative. Under these circumstances, financial leasing receivable should be classified as special mention or lower.

Substandard. The lessee’s ability to pay is in obvious question as it is unable to make its payments in full with its operating revenues, and we are likely to incur losses notwithstanding the enforcement of any lease assets, guarantees or collaterals underlying the lease agreement. We take into account other factors, for example, if lease payments have been overdue for over six months, then the financial leasing receivable should be classified as substandard or lower class.

Doubtful. The lessee’s ability to pay is in absolute question as it is unable to make lease payments in full and/or on a timely basis with its operating revenues. Under this circumstance, we are likely to incur significant losses notwithstanding the enforcement of any lease assets, guarantees or collaterals underlying these lease agreements. We take into account other factors, for example, if payments have been overdue for more than one year, the financial leasing receivable shall be classified as doubtful or lower.

Loss. After taking all possible steps or going through all necessary legal procedures, lease payments remain overdue or only a very limited portion has been recovered. Given other factors have been taken into account, for example, if lease payments have been overdue for more than two years, the financial leasing receivable for these leases shall be classified as a loss.

As at 31 December 2014, 2015 and 2016, all of our Risky Assets fell under “pass” category. However, our Directors confirm that during the years, there had been Risky Assets falling under “Special mention” category, which was subsequently settled before end of reporting period.

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Provisions for Financial Leasing Receivable

We assess our financial leasing receivable for impairments at the end of each reporting period. It may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Therefore, our Directors review and assess for impairment individually based on customers' payment history and the values of the assets pledged. Generally speaking, impairment shall be made for the Risky Assets falling under Loss category and considered to be made for the Risky Assets falling under "Substandard" and "Doubtful" category.

Based on past experience, our Directors are of the opinion that no provision for impairment is necessary in respect of the financial leasing receivables balances as at 31 December 2014, 2015 and 2016, as there has not been a significant change in credit quality for these customers and the balances are still considered fully recoverable.

In addition, according to our PRC Legal Adviser, in view that our financial leasing operations are not regulated by the CBRC, we are not required to provide general provisions as the commercial banks and other financial institutions under the supervision of the CBRC generally are. Instead, our provisioning policies are based on relevant or applicable accounting standards and guidelines.

CUSTOMERS

The following table below sets forth the number of our customers as at the dates indicated:

	As at 31 December		
	2014	2015	2016
Corporate customers	26	45	48
Individual customers	<u>163</u>	<u>57</u>	<u>—</u>
Total	<u><u>189</u></u>	<u><u>102</u></u>	<u><u>48</u></u>

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The following table sets forth a breakdown of the number of our customers by type of services as at the dates indicated:

	As at 31 December		
	2014	2015	2016
Financial leasing services	8	18	23
Factoring services	—	—	3
Advisory services	186	92	37
Total (Note)	194	110	63

Note: As at 31 December 2014 and 2015 and 2016, we had 5, 8 and 15 common customers for both financial leasing and advisory services.

The following table sets forth a breakdown of the number of our customers by industry segment as at the dates indicated:

	As at 31 December		
	2014	2015	2016
Airline	—	2	2
Health care service provider	6	17	6
Public utilities provider	2	2	2
Taxi operator	3	1	—
Energy saving equipment provider	—	1	5
Others (Note)	178	79	33
Total	189	102	48

Note: Others included individual customers and corporate customers mainly engaged in the logistic, non-ferrous metal, telecommunication, carpark operator, property management, investment, trading and other manufacturing industries.

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Our corporate customers include airline companies, health care service providers, energy saving equipment providers, public utility providers, taxi operators and others. As at 31 December 2016, we had 48 customers in total. Compared to the number of customers as at 31 December 2015, the number of customers as at 31 December 2016 dropped significantly by 52.9% mainly due to cessation of our financial advisory services for individual customers which started in 2014. As part of our individual customers' contracts were still in effect during 2015, we still had 57 individual customers as at 31 December 2015. All such contracts had been completed and/or terminated in June 2016. We have adopted certain criteria in our customer selection process, including industry potential, business operating status, financial status, status of collateral and guarantor, and previous and current loan records. During the Track Record Period, we also referred our advisory services customers who intended to seek financing from banks and/or other financing institutions to the recommended lenders for further negotiation. However, we did not refer our financial leasing advisory customers to other financial leasing service providers. Please refer to the paragraphs headed “**東莞市恒豐浩森投資股份有限公司 (Dongguan Hengfenghaosen Investment Corporation Limited) (“Hengfenghaosen Investment”)**” and “**東莞市恒豐浩森實業投資有限公司 (Dongguan Hengfenghaosen Industrial Investment Limited) (“Hengfenghaosen Industrial”)**” in this section below for more details.

For the years ended 31 December 2014, 2015 and 2016, we entered into 8, 22 and 16 new financial leasing agreements with our customers, respectively.

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Year ended/as at 31 December 2014

Rank	Customer	Approximate amount of revenue attributable (RMB'000)	Approximate percentage of revenue attributable %	Services provided by our Group	Aggregate loan advanced (RMB'000)	Approximate outstanding loan and account receivables attributable (RMB'000)	Approximate percentage of outstanding loan and account receivables attributable	Year of incorporation	Registered capital (to date) (RMB'000)	Shareholder structure	Principal business	Business relationship started since
1	Customer E	6,572	18.5%	Financial leasing and advisory services	60,000	30,442	15.7%	1983	12,800	Two individual shareholders	A private company based in Shenzhen, the PRC, principally engaged in trading, investment and passenger transport	September 2013
2	Hengfenghaosen Investment, Hengfenghaosen Industrial, 东莞市浩森信託諮詢有限公司 (Dongguan Haosen Credit Consultancy Limited) ("Haosen")	6,132	17.3%	Advisory services	—	6,760	3.5%	2007; 2009; 2010	50,000; 10,000; 1,000	Two individual shareholders; Two corporate shareholders and one individual shareholder.	A private group based in Dongguan, the PRC, principally engaged in investment, asset management, trading and consultancy services (Note 1, 2)	April 2013
3	Customer H	5,502	15.5%	Financial leasing and advisory services	50,000	46,644	24.1%	2009	668,000	One corporate shareholder	A state-owned enterprise based in Ordos, Inner Mongolia Autonomous Region, the PRC, principally engaged in investments in water supply, sewage treatment and water conservation projects	December 2013
4	Customers F, I	4,589	12.9%	Financial leasing and advisory services	42,500	3,500	1.8%	1996; 1992	10,000; 10,000	One corporate shareholder and one individual shareholder; One corporate shareholder and one individual shareholder	A private group based in Shenzhen, the PRC, principally engaged in the provision of passenger transport services	February 2013
5	Customer D	1,989	5.6%	Financial leasing	30,000	24,891	12.9%	2009	3,508,000	One corporate shareholder	A company indirectly owned by the local government of Yangzhou, the PRC, principally engaged in state-owned assets management and investment relating to agricultural infrastructure	September 2013

Notes:

- The principal businesses of Hengfenghaosen Investment, Hengfenghaosen Industrial and Haosen are set forth below: (i) Hengfenghaosen Investment is mainly engaged in corporation investment (i.e. property investment, direct investment to the private equity funds, trusts and private company in PRC), advisory services in relation to the project investment, property leasing business, real estate intermediary business in PRC, and trading and investment business in relation to the building materials; (ii) Hengfenghaosen Industrial is mainly engaged in advisory services in relation to the project investment, property leasing business, real estate intermediary business, and trading and investment business in relation to the building materials; (iii) Haosen is mainly engaged in loan intermediary business (i.e. handle the loan application on behalf of clients and advisory services in relation to the loan application).
- As confirmed by Hengfenghaosen Investment, Hengfenghaosen Industrial and Haosen, they were investing and managing the interests and assets of their own. According to the PRC Legal Advisor, by merely investing and managing their own interests and assets, the three companies were not required to apply for any prior authorization or license within the PRC.

BUSINESS

Year ended/as at 31 December 2015

Rank	Customer	Approximate amount of revenue attributable	Services provided by our Group	Aggregate loan advanced	Approximate outstanding loan and account receivables attributable	Approximate percentage of outstanding loan and account receivables attributable	Year of incorporation	Registered capital (to date)	Shareholder structure	Principal business	Business relationship started since
		(RMB'000)	%	(RMB'000)	(RMB'000)	(RMB'000)		(RMB'000)			
1	Customer J	13,331	24.9%	380,000	281,136	45.5%	2004	6,008,324	Twenty-three individual shareholders	A private airline operator based in Hainan Province, the PRC, which is the largest shareholder of a Hainan airline operator listed on The Shanghai Stock Exchange	July, 2015
2	Customer K	5,909	11.1%	50,280	41,122	6.7%	2012	20,000	One corporate shareholder and three individual shareholders	A private group engaged in the provision of health care services in the PRC, including Wuhan, Qianjiang, Xiangyang, Zouyang, Jingzhou, Suzhou, and Xianao	March 2015
3	Hengfenghaosen Investment, Hengfenghaosen Industrial, Haosen	4,245	7.9%	—	4,260	0.7%	2007; 2009; 2010	50,000; 10,000; 1,000	Two individual shareholders; Two corporate shareholders and one individual shareholder.	A private group based in Dongguan, the PRC, principally engaged in investment, asset management, trading and consultancy services (Note 1, 2)	April 2013
4	Customer L	3,178	5.9%	65,000	57,258	9.3%	2011	26,400	Ten corporate shareholders	A private company principally engaged in the provision of investment and consultancy services, and research and development services in relation to ophthalmic health care services.	December 2014
5	Customer H	3,007	5.6%	50,000	34,484	5.6%	2009	668,000	One corporate shareholder	A state-owned enterprise based in Ordos, Inner Mongolia Autonomous Region, the PRC, principally engaged in investments in water supply, sewage treatment and water conservation projects	December 2013

Notes:

- The principal businesses of Hengfenghaosen Investment, Hengfenghaosen Industrial and Haosen are set forth below: (i) Hengfenghaosen Investment is mainly engaged in corporation investment (i.e. property investment, direct investment to the private equity funds, trusts and private company in PRC), advisory services in relation to the project investment, property leasing business, real estate intermediary business in PRC, and trading and investment business in relation to the building materials; (ii) Hengfenghaosen Industrial is mainly engaged in advisory services in relation to the project investment, property leasing business, real estate intermediary business, and trading and investment business in relation to the building materials; (iii) Haosen is mainly engaged in loan intermediary business (i.e. handle the loan application on behalf of clients and advisory services in relation to the loan application).
- As confirmed by Hengfenghaosen Investment, Hengfenghaosen Industrial and Haosen, they were investing and managing the interests and assets of their own. According to the PRC Legal Advisor, by merely investing and managing their own interests and assets, the three companies were not required to apply for any prior authorization or license within the PRC.

BUSINESS

Year ended/as at 31 December 2016

Rank	Customer	Approximate amount of revenue attributable (RMB'000)	Approximate percentage of revenue attributable %	Services provided by our Group	Aggregate loan advanced (RMB'000)	Approximate outstanding loan and account receivables attributable (RMB'000)	Approximate percentage of outstanding loan and account receivables attributable	Year of incorporation	Registered capital (to date) (RMB'000)	Shareholder structure	Principal business	Business relationship started since
1	Customer J	16,082	22.6%	Financial leasing and advisory services	630,000	272,365	46.6%	2004	6,008,324	Twenty-three individual shareholders	A private airline operator based in Hainan Province, the PRC, which is the largest shareholder of a Hainan airline operator listed on The Shanghai Stock Exchange	July, 2015
2	Customer L	6,856	9.6%	Financial leasing and advisory services	83,500	45,212	7.7%	2011	26,400	Ten corporate shareholders	A private company principally engaged in the provision of investment and consultancy services, and research and development services in relation to ophthalmic health care services.	December 2014
3	Customer K	5,646	7.9%	Financial leasing and advisory services	50,280	20,912	3.6%	2012	20,000	One corporate shareholder and three individual shareholders	A private group engaged in the provision of health services in the PRC, including Wuhan, Qianjiang, Xiangyang, Zaoyang, Jingzhou, Suzhou, and Xianao	March 2015
4	Customer N	3,826	5.4%	Financial leasing and advisory services	44,000	32,650	5.6%	2004	10,000	Three individual shareholders	A private energy saving equipment provider based in Hunan Province, the PRC	July 2015
5	Hengfenghaosen Investment, Hengfenghaosen Industrial, Haosen	3,066	4.3%	Advisory services	—	—	—	2007; 2009; 2010	50,000; 10,000; 1,000	Two individual shareholders; Two individual shareholders; Two corporate shareholders and one individual shareholder	A private group based in Dongguan, the PRC, principally engaged in investment, asset management, trading and consultancy services (Note 1, 2)	April 2013

Notes:

- The principal businesses of Hengfenghaosen Investment, Hengfenghaosen Industrial and Haosen: (i) Hengfenghaosen Investment is mainly engaged in corporation investment (i.e. property investment, direct investment to the private equity funds, trusts and private company in PRC), advisory services in relation to the project investment, property leasing business, real estate intermediary business in PRC, and trading and investment business in relation to the building materials; (ii) Hengfenghaosen Industrial is mainly engaged in advisory services in relation to the project investment, property leasing business, real estate intermediary business, and trading and investment business in relation to the building materials; (iii) Haosen is mainly engaged in loan intermediary business (i.e. handle the loan application on behalf of clients and advisory services in relation to the loan application).
- As confirmed by Hengfenghaosen Investment, Hengfenghaosen Industrial and Haosen, they were investing and managing the interests and assets of their own. According to the PRC Legal Advisor, by merely investing and managing their own interests and assets, the three companies were not required to apply for any prior authorization or license within the PRC.

During the Track Record Period, to the best knowledge of our Directors, some of our customers are controlled by common shareholders. In view of the above, our revenue generated from the relevant customers were consolidated and set out in the above table.

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Our top five customers contributed approximately 69.8%, 55.4% and 49.8% of our revenue for each of the years ended 31 December 2014, 2015 and 2016, respectively. Our largest customer by revenue contributed approximately 18.5%, 24.9% and 22.6% of our revenue for the years ended 31 December 2014, 2015 and 2016, respectively. Our Directors will continue to further expand our customer portfolio to mitigate concentration risk on our top five customers. As of the Latest Practicable Date, none of our Shareholders and Directors or any of their respective close associates had any interest in any of our top five customers.

Set out below are the summary of the nature and scope of the major services we provided to Hengfenghaosen Investment, Hengfenghaosen Industrial and Haosen, being one of our top five customers, during the Track Record Period.

Hengfenghaosen Investment

Since Hengfenghaosen Investment intended to further expand its trading business of cement and steel, it sought for an analysis on the suitable financing options. Leveraging on our knowledge in financial market, we delivered an analysis report to Hengfenghaosen Investment including the following key aspects:

- general analysis on cement and steel industry
- impact of government policy on cement and steel industry
- future development of cement and steel industry
- current business operation status of Hengfenghaosen Investment
- competitive strengths and future development opportunities of Hengfenghaosen Investment
- financial analysis of Hengfenghaosen Investment, including gearing, cashflow, profitability, loan repayment ability, etc.
- credit status analysis of Hengfenghaosen Investment
- financing options, including pros and cons of financing with banks or trust companies, the recommended lenders, the proposed loan amount, tenor and payment schedule, and the estimated interest expenses

Apart from delivering the report, we also referred Hengfenghaosen Investment to the recommended lenders, for further negotiation on the financing. Our Directors consider this as a value-added service to strengthen the customer's communication with the lending banks and/or financial institutions as well as the recent market practices in the view that under the prevailing economic condition of the PRC, it may not be easy for small private companies to approach and

establish relationships with sizable banks. After referring Hengfenghaosen Investment to the recommended lenders, we gave some advice to Hengfenghaosen Investment on the terms and conditions on the facility proposed by the recommended lenders during their negotiations with the recommended lenders. However, we did not play any role in the subsequent negotiations between Hengfenghaosen Investment and the relevant recommended lenders, nor did we exercise any influence on their decision of whether to execute financing agreements since it was the independent commercial decisions of Hengfenghaosen Investment and the recommended lenders. Therefore, we did not charge any commission or additional fees in respect of such referrals. According to our PRC Legal Adviser, up to the Latest Practicable Date, there were no laws or regulations governing the referral of customers for financing services.

Hengfenghaosen Industrial

Since Hengfenghaosen Industrial intended to further expand its real property development business, it sought for an analysis on the suitable financing options. Leveraging on our knowledge in financial market, we delivered an analysis report to Hengfenghaosen Industrial including the following key aspects:

- general analysis on real property industry
- impact of policy on real property industry
- land supply status
- competitive landscape of the real property industry
- current business operation status and the future development opportunities of Hengfenghaosen Industrial
- financial analysis of Hengfenghaosen Industrial, including gearing, current ratio, quick ratio, cashflow, profitability, trade receivable turnover days, etc.
- credit status analysis of Hengfenghaosen Industrial
- financing options, including working capital loan and bill financing, the recommended lenders, the proposed loan amount and tenor, and the estimated interest expenses

Apart from delivering the report, we also referred Hengfenghaosen Industrial to the recommended banks for further negotiation on the financing. Our Directors consider this as a value-added service to strengthen the customer's communication with the lending banks and/or financial institutions as well as the recent market practices in the view that under the prevailing economic condition of the PRC, it may not be easy for small private companies to approach and establish relationships with sizable banks. After referring Hengfenghaosen Industrial to the recommended banks, we gave some advice to Hengfenghaosen Industrial on the terms and

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conditions on the facility proposed by the recommended lenders after their negotiation with the recommended lenders. However, we did not play any role in the subsequent negotiation between Hengfenghaosen Industrial and the relevant recommended lenders, nor did we exercise any influence on their decision of whether to execute financing agreements since it was the independent commercial decisions of Hengfenghaosen Industrial and the relevant recommended lenders. We did not charge any commission or additional fees in respect of such referrals. According to our PRC Legal Adviser, up to the Latest Practicable Date, there were no laws or regulations governing the referral of customers for financing services.

As confirmed by Hengfenghaosen Investment and Hengfenghaosen Industrial, they had tried to obtain facilities from certain other financial institutions on their own before engagement of CWW Services but were only granted facilities of approximately RMB20 to 30 million, which were much less than their demands and the facility amounts granted with CWW Services' assistance. For each of the years ended 31 December 2014, 2015 and 2016, the principal amount of the facilities obtained by Hengfenghaosen Investment under each engagement of CWW Services was approximately RMB169.0 million, RMB87.7 million and RMB98.5 million, respectively. For each of the years ended 31 December 2014 and 2015, the principal amount of the facilities obtained by Hengfenghaosen Industrial under each engagement of CWW Services was approximately RMB134.1 million and RMB106.0 million, respectively.

Hengfenghaosen Investment and Hengfenghaosen Industrial had been able to obtain larger facility amounts as mentioned above after engaging CWW Services mainly due to the facts that (i) being private SMEs, they may not easily approach the sizeable banks without any referral; and (ii) without much experience in dealing with banks and/or financial institutions, they only have limited information as to which banks and/or financial institutions could best meet their financing needs and/or would accept their loan applications. One example is, the loan amount approval authority of the banks and/or financial institutions may vary. Same amount in certain banks and/or financial institutions may require approval from the provincial branch but others may only require municipal level's approval. CWW Services helped the customers to better target the banks and/or financial institutions with relatively larger approval authority at their local branch level to obtain the required loan amount in a shorter period of time. This would be one of the factors considered by our customers as our value-added service in particular it is time sensitive for them to obtain the loan to seize the business and/or investment opportunities.

As confirmed by the relevant lending bank and financial institution, the interest rates of the relevant facilities granted to Hengfenghaosen Investment and Hengfenghaosen Industrial during the Track Record Period were generally in line with the interest rate for other similar borrowers in similar industry.

During the Track Record Period, with the assistance of CWW Services, including analysing their operating and financial conditions, comparing financing options of different banks and financial institutions, recommending financing options, referring recommended lenders to them, advising them in preparing adequate and suitable documents to the recommended lenders and submission of advisory reports to them, Hengfenghaosen Investment and Hengfenghaosen Industrial

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had a better understanding on the requirements of loan application and their then financial positions. Leveraging on the personal network and previous industry experience of Mr. Lo and our senior management, Hengfenghaosen Investment and Hengfenghaosen Industrial were able to approach the banks and financial institutions more smoothly, which would in turn allow them to communicate with the banks and financial institutions on their own more efficiently. As such, they could successfully obtain facilities in a much shorter time, i.e. within three months in general, which were around three months quicker than those without the assistance of CWW Services.

According to Hengfenghaosen Investment and Hengfenghaosen Industrial, the business opportunities in the trading of construction materials and plastics and/or investment opportunities available to them normally would lapse in case they were not able to inject the requisite working capital within three months. Although the aforesaid time saving may not be measured quantitatively, Hengfenghaosen Investment and Hengfenghaosen Industrial pointed out that they could immediately utilize such loans when granted to them to capture the business and/or investment opportunities, which could generally bring them satisfactory profits, with around 30% gross profit margin, and the profits generated from such business and investment opportunities outweighed the amount of services fees paid to CWW Services.

In view of (i) lower time costs on facility application; (ii) the ability to obtain requisite fund from the banks or financial institutions within the restricted time limit; (iii) better opportunity to capture the business and investment opportunities; and (iv) cost efficiency of obtaining facilities from the relevant bank and financial institutions, Hengfenghaosen Investment and Hengfenghaosen Industrial considered the assistance of CWW Services is conducive to their business development and economically worthwhile.

Although CWW Services advised the customers in preparing adequate and suitable documents to the recommended lenders, CWW Services was not responsible for verifying the information included in the documents submitted by the customers to the banks and/or financial institutions for the application of loan facilities. CWW Services in practice helped the customers to check the submitted documents against publicly available information, such as the corporate information published by the governmental authorities, and the reports compiled by qualified professional parties, such as auditors of the customers. CWW Services will not bear any responsibilities if the submitted information or document is inaccurate or misleading.

During the Track Record Period, Hengfenghaosen Investment and Hengfenghaosen Industrial obtained short-term loan facilities with a term of less than 12 months from the banks and financial institutions. As confirmed by Hengfenghaosen Investment and Hengfenghaosen Industrial, due to the evolving financing and credit environment, the changing credit policies of the government and individual financial institutions, and their changing financial positions, whenever an existing bank loan was settled, the full application procedures for new facilities shall start over again either with the current bank or another financial institution which might have different documentary requirements, and an updated loan application proposal and related documents shall be submitted to the bank or financial institution. In view of the above, Hengfenghaosen Investment and

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Hengfenghaosen Industrial were not able to fully secure new facilities from the current bank or other financial institutions for their business and investment activities by their own with an efficient time schedule.

In addition, according to Hengfenghaosen Investment and Hengfenghaosen Industrial, in case they could not obtain new facilities from the current bank or other financial institutions, in order not to lose any business or investment opportunity, they would have to seek financing from local money lenders with a cost of 10%–18% higher than that of banks or financial institutions even if the service fees of CWW Services had been taken into account. As such, they re-engaged CWW Services to provide the aforesaid financial advisory services in each relevant financial year. In each year of the engagement, CWW Services (i) compared the financing options of different financial institutions available in the market; (ii) reviewed whether there was any change in the credit policies of the banks and/or financial institutions, monetary policies of the PRC and industry information; and (iii) evaluated the business, financial and credit status of Hengfenghaosen Investment and Hengfenghaosen Industrial, and advised them on the abovementioned aspects accordingly. By re-engagement of CWW Services, the management of Hengfenghaosen Investment and Hengfenghaosen Industrial believed that they would have a better opportunity to secure the loan facilities in a relatively shorter period of time.

The Sponsor, upon reviewing the relevant advisory services agreements and advisory reports of CWW Services, discussing with our Directors, and conducting interviews with Hengfenghaosen Investment and Hengfenghaosen Industrial, and the relevant bank and financial institution, considers the aggregate advisory service fees of RMB6.0 million, RMB4.0 million and RMB2.95 million charged by CWW Services to Hengfenghaosen Investment and Hengfenghaosen Industrial for the years ended 31 December 2014, 2015 and 2016, were reasonable.

As confirmed by our Directors, our Group has and will focus more on the financial leasing services and financial leasing advisory services in the future to achieve long term growth, which can be reflected by the decreasing trend of the revenue from other financial advisory services during the Track Record Period. For more details, please refer to the section headed “Financial Information” in this prospectus.

Haosen

Since Haosen intended to further expand its business into microfinance, it sought for a feasibility study on the entrance of the microfinance market by Haosen. Leveraging on our knowledge in financial market, we delivered a report to Haosen including the following key aspects:

- industry background information
- government policy towards micro-financing and relevant legal issues
- recent development and future prospect of microfinance business

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- Haosen’s background, financial status and swot analysis
- advice on Haosen’s market position and target clients
- future financial needs of Haosen
- operation proposal for Haosen
- business development proposal for Haosen

The terms for our top 5 customers are generally in line with that in the paragraphs headed “Summary of Key Terms of Financial Leasing Agreements” and “Summary of Key Terms of Advisory Services Agreements” in this section.

LENDERS

We relied partially on interest-bearing bank loans to operate our business. We have established stable working relationships with the banks. Please see below a table of the details of our banks during the Track Record Period:

<u>Bank</u>	<u>Date of first cooperation</u>
Bank 1 (<i>note 1</i>)	November 2014
Bank 2 (<i>note 2</i>)	June 2015
Bank 3 (<i>note 3</i>)	July 2015
Bank 4 (<i>note 4</i>)	July 2015
Bank 5 (<i>note 5</i>)	December 2016

Notes:

1. Bank 1 is a regional commercial bank headquartered in Hangzhou, PRC.
2. Bank 2 is a regional commercial bank headquartered in Nanjing, PRC.
3. Bank 3 is a national policy bank.
4. Bank 4 is a regional commercial bank headquartered in Shanghai, PRC.
5. Bank 5 is a regional commercial bank headquartered in Beijing, PRC.

As at 31 December 2016, our total bank borrowing balance was approximately RMB359.4 million.

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The following table sets forth the breakdown of the balances of our respective bank borrowings and the corresponding customers of our financial leasing services as of the dates indicated:

		As at 31 December			
		2014	2015	2016	
		RMB'000	RMB'000	RMB'000	
1	Bank 1	Customer M	50,000	25,000	—
2	Bank 3	Customer J	—	280,644	241,936
3	Bank 4	a listed airline company in the PRC	—	27,500	17,500
4	Bank 5	Customer J	—	—	100,000
Total		50,000	333,144	359,436	

When making these transactions with our lenders, the financing agreements will contain terms including interest rates, covenants, restrictions and etc. Set out below are some major terms:

- Interest rates: usually a floating rate above the PBOC benchmark rate is applied. The rate will normally be adjusted when the benchmark rate changed through adjustment mechanism of interest rates.
- Restrictions: the money borrowed shall not used for the purpose not specified in the agreement.
- Any material change of our shareholder's structure, including mergers and acquisitions, restructuring, Listing, or liquidations, we as a borrower shall inform the bank beforehand. As at the Latest Practicable Date, we have informed the banks about our proposed Listing and obtained their consents.

Our bank borrowings were financed by a few commercial banks in the PRC, resulting in a concentration of our bank borrowings for our financial leasing business.

SALES AND MARKETING

We conduct sales and marketing principally through our offices in Shenzhen by leveraging the industry expertise and local knowledge of our business development. Our business development team liaise with existing and potential customers regularly to understand their requests and financing needs. As at the Latest Practicable Date, we had 8 employees in our business development department, headed by Mr. Luo Xing.

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Having stable relationships with our banks and other financial institutions, we have also developed a group of new customers through their referrals. In addition, we cooperate with equipment manufacturers and dealers in China to obtain more quality customers, assisting more entrepreneurs to meet their financial needs.

COMPETITION

According to the Authority of Qianhai Area of Shenzhen, China, by the end of 2015, there were 606 financial leasing companies registered in Shenzhen. Due to the deficiency of the favourable policies of some specific industries, some of the companies are not actually in operation.

With the registered capital of RMB200.0 million, CWW Leasing is categorized into the large-scale of the financial leasing industry in Shenzhen. As for the medium-scale financial leasing companies, the registered capital is between RMB50.0 million to RMB200.0 million. Those whose registered capital is RMB50.0 million or less are the small-scale financial leasing companies. Among financial leasing companies with more than RMB200.0 million registered capital, there are 16 financial leasing companies that have active businesses in Shenzhen, all of which are foreign-funded companies, and CWW Leasing was ranked 15th in terms of registered capital by the end of 2015.

As Shenzhen-Hong Kong Cooperation on Modern Service Industries Zone is located in the Qianhai Area of Shenzhen, with the aim of an in-depth cooperation with Hong Kong, the Qianhai Area of Shenzhen has the convenience and advantage for the Hong Kong companies. Thus, among these 16 companies, there are 11 companies with funds from Hong Kong, accounting for 68.8%. Our Group is the enterprise with sole (exclusive) investment from Hong Kong.

Entry barrier for the financial leasing industry mainly include capital input and seasonal personnel. Please refer to the section headed “Industry Overview” in this prospectus for more details.

INSURANCE

As at the Latest Practicable Date, we did not maintain any credit insurance, business interruption insurance, third-party liability insurance or any other insurance policies, except for the mandatory social insurance for our employees and car insurance.

As at the Latest Practicable Date, we had not experienced any business interruptions which had a material adverse effect on our business. Based on industry practice in China, our experience in running our businesses, the availability of insurance products in China and advice received from insurance agents, our Directors are of the view that we have sufficient insurance coverage for our current operations.

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INTELLECTUAL PROPERTY

As at the Latest Practicable Date, we were the registered owner of one trademark in Hong Kong. We also applied for the registration of one trademark in the PRC.

As at the Latest Practicable Date, we were the registered owner of the following domain name: www.cwl.com.

Please refer to the paragraph headed “Further Information about Our Business — Intellectual Property of our Group” in Appendix IV to this prospectus.

During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors after having made all reasonable enquiries, we did not infringe or were not alleged to infringe any intellectual property rights owned by third parties and we had not been subject to any material intellectual property claim against us or involved in any material intellectual property dispute.

PROPERTIES

Leased Properties

As of the Latest Practicable Date, we did not have any owned properties, and we leased the following properties in Hong Kong and the PRC for office use:

<u>Location</u>	<u>Gross floor area</u> <i>(sq.m.)</i>	<u>Lessor</u>	<u>Usage</u>	<u>Term of current lease</u>
Room 1803, Block D, Caifugang Building, Baoyuan Road, Xixiang Street, Bao'an District, Shenzhen, PRC	297.07	A Connected Person	office	The lease is for a period from 1 April 2016 to 31 March 2019 at a monthly rent of RMB36,450.
Room 1802A-1, Block D, Caifugang Building, Baoyuan Road, Xixiang Street, Bao'an District, Shenzhen, PRC	60	A Connected Person	office	The lease is for a period from 1 April 2016 to 31 March 2019 at a monthly rent of RMB7,200.

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<u>Location</u>	<u>Gross floor area</u> <i>(sq.m.)</i>	<u>Lessor</u>	<u>Usage</u>	<u>Term of current lease</u>
Room 606, Ocean Terminal Port Building 59 Linhai Avenue, Shenzhen, PRC	10	An Independent Third Party	office	The lease is for a period from 16 January 2017 to 15 January 2018 at an annual rent of RMB10,560.
Room 802, 8/F, Kam Chung Building, Nos. 52–58 Jaffe Road, Nos. 17–21 Fenwick Street, Hong Kong	70	An Independent Third Party	office	The lease is for a period from 1 January 2017 to 31 July 2017 at a monthly rent of HK\$16,800.

Further details of the leases relating to the premises in Caifugang Building are also set out in the section headed “Connected Transactions” in this prospectus.

LEGAL PROCEEDINGS

As at the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of any material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against us that would have a material effect on our financial condition or results of operations.

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APPROVALS AND COMPLIANCE

Our Group had obtained all licences, approvals and permits from appropriate regulatory authorities for our business operations in the PRC during the Track Record Period and up to the Latest Practicable Date.

The following table sets forth our major approval and permits as at the Latest Practicable Date:

	<u>Licenses/Approvals/Permits</u>	<u>Approval Number</u>	<u>Issuing authority/Institution</u>	<u>Date of Grant</u>	<u>Date of Expiry</u>
CWW Leasing	Registration Certificate of Foreign-invested Enterprises in China (Guangdong) Pilot Free Trade Zone (中國(廣東)自由貿易試驗區外商投資企業備案證明)	粵前海自貿資備 201601341	Administrative Committee of the China Pilot Free Trade Zone (PFTZ) Qianhai & Shekou Area (中國(廣東)自由貿易試驗區前海蛇口片區管委會)	12 April 2016	Not Applicable
	Business License (營業執照)	914403005907283672	Market Supervision Administration of Shenzhen Municipality (深圳市市場和質量監督管理局)	1 September 2015	Not Applicable
	Type II Medical Equipment Operation Registration Certificate (第二類醫療器械經營備案憑證)	粵深食藥監械經營備 20150758	Market and Quality Supervision Commission of Shenzhen Municipality (深圳市市場和質量監督管理委員會)	11 September 2015	Not Applicable
	Medical Equipment Operation Permit (醫療器械經營許可證)	粵325200	Market and Quality Supervision Commission of Shenzhen Municipality (深圳市市場和質量監督管理委員會)	16 October 2015	15 October 2020
CWW Services	Certificate of Approval for Establishment of Enterprises with Investment of Taiwan, Hong Kong Macao and Overseas Chinese in the PRC (中華人民共和國台港澳僑投資企業批准證書)	商外資粵深外資證 字[2012]0043號	People's Government of Shenzhen Municipality (深圳市人民政府)	15 February 2012	Not Applicable
	Business License (營業執照)	914403005891931319	Market Supervision Administration of Shenzhen Municipality (深圳市市場和質量監督管理局)	19 October 2015	Not Applicable
SZ Leasing	Business License (企業法人營業執照)	440301111285258	Market Supervision Administration of Shenzhen Municipality (深圳市市場和質量監督管理局)	11 September 2014	Not Applicable

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The following table summarises the key requirements regarding the liquidity ratio applicable to us during the Track Record Period:

<u>Key Requirements</u>	<u>Name of subsidiary</u>	<u>Compliance status</u>
Risky Assets shall not exceed 10 times the company's net assets as at the end of the financial year. ^(Note)	CWW Leasing	Complied with such requirement throughout the Track Record Period.
	CWW Services	Not applicable
	SZ Leasing	As SZ Leasing has not commenced any business since its establishment and does not hold any asset, no Risky Assets to equity ratio could be calculated throughout the Track Record Period.

As advised by our PRC Legal Adviser, we are not restricted to operate within Shenzhen according to the conditions imposed by our business approval and licence.

Our PRC Legal Adviser has advised and our Directors have confirmed that, during the Track Record Period and up to the Latest Practicable Date, our Group had complied with the relevant PRC laws and regulations in all material respects, except for a number of non-compliance incidents. The non-compliance incidents are set forth below and all of them are considered to be immaterial non-compliances under the Guidance Letter HKEx-GL63-13 issued by the Stock Exchange. As described in the followings, our PRC Legal Adviser has further advised that the chance of imposition of penalties in respect of such incidents is low.

Our Controlling Shareholder has provided an indemnity in favour of our Group from and against, among other things, all actions, claims, losses, payments, charges, costs, penalties, damages or expenses which we may incur, suffer or accrue, directly or indirectly, that may arise from or in connection with non-compliance incidents as disclosed below in this section.

Note: The calculation method of Risky Assets to net assets ratio is the same as that of Risky Assets to equity ratio.

The table below summarizes our Group's non-compliances during the Track Record Period and up to the Latest Practicable Date:

No.	Name of subsidiary	Historical non-compliance	Reasons for non-compliance	Legal consequences and potential maximum penalties	Control measures adopted to prevent recurrence
1.	CWW Leasing	CWW Leasing failed to pay adequate social insurance contributions for its employees before April 2016. For each of the three years ended 31 December 2016, the amount of contribution shortfall was approximately RMB13,000, RMB180,000 and RMB46,000 (the "Contribution Shortfall").	This non-compliance was due to the inadvertent errors of relevant staff as they were not familiar with relevant laws.	According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), the social insurance authorities are entitled to order the employer to pay the contribution shortfall and late charge of 0.05% per day in a given time period. If the employer fails to pay the shortfall and the late charge within the time limit, the social insurance authorities may further impose a fine ranging from one to three times of the shortfall.	This non-compliance had been rectified since April 2016 and our Group has made financial provisions for the Contribution Shortfall. To ensure compliance with the relevant social insurance laws and regulations, our Group will seek advice from external legal advisors to the latest requirements of applicable laws and regulation from time to time.
				Given that: (a) since April 2016, CWW Leasing have made social insurance contributions in accordance with the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), this non-compliance had been duly rectified; (b) Shenzhen Municipal Social Insurance Fund Bureau (深圳市社會保險基金管理局) as the competent social insurance authority has issued a certificate on 28 March 2016, confirming that CWW Leasing had no record of any administrative punishments owing to violation of the social insurance laws, regulations and rules between 1 December 2012 and 29 February 2016; (c) our Group had made financial provisions for the Contribution Shortfall; and (d) our Controlling Shareholder has executed the Deed of Indemnity to indemnify our Company against any economic losses arising from such non-compliance.	Our accounting and finance department will review on a monthly basis if our social insurance contribution complies with the relevant laws and regulations
				In light of the above, our PRC Legal Adviser is of the opinion that: the risk of CWW Leasing (a) being ordered to repay the Contribution Shortfall or (b) being penalised by the social insurance authority is remote, and this historical non-compliance incident will not have any material adverse effect on CWW Leasing.	

No.	Name of subsidiary	Historical non-compliance	Reasons for non-compliance	Legal consequences and potential maximum penalties	Control measures adopted to prevent recurrence
2.	CWW Services	CWW Services failed to pay adequate social insurance contributions for its employees in 2014. The amount of contribution shortfall was approximately RMB54,000 (the "Contribution Shortfall").	This non-compliance was due to the inadvertent errors of relevant staff as they were not familiar with relevant laws	<p>According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), the social insurance authorities are entitled to order the employer to pay the contribution shortfall and late charge of 0.05% per day in a given time period. If the employer fails to pay the shortfall and the late charge within the time limit, the social insurance authorities may further impose a fine ranging from one to three times of the shortfall.</p> <p>Given that: (a) since year 2015, CWW Services have made social insurance contributions in accordance with the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), this non-compliance had been duly rectified; (b) Shenzhen Municipal Social Insurance Fund Bureau (深圳市社會保險基金管理局) as the competent social insurance authority has issued a certificate on 28 March 2016, confirming that CWW Services had no record of any administrative punishments owing to violation of the social insurance laws, regulations and rules between 1 March 2013 and 29 February 2016; (c) our Group had made provisions for the Contribution Shortfall; and (d) our Controlling Shareholder has executed the Deed of Indemnity to indemnify our Company against any economic losses arising from such non-compliance.</p> <p>In light of the above, our PRC Legal Adviser is of the opinion that: the risk of CWW Services (a) being ordered to repay the Contribution Shortfall or (b) being penalised by the social insurance authority is remote, and this historical non-compliance incident will not have any material adverse effect on CWW Services.</p>	<p>This non-compliance had been rectified since year 2015 and our Group has made financial provisions for the Contribution Shortfall.</p> <p>To ensure compliance with the relevant social insurance laws and regulations, our Group will seek advice from external legal advisors to the latest requirements of applicable laws and regulation from time to time.</p> <p>Our accounting and finance department will review on a monthly basis if our social insurance contribution complies with the relevant laws and regulations</p>

No.	Name of subsidiary	Historical non-compliance	Reasons for non-compliance	Legal consequences and potential maximum penalties	Control measures adopted to prevent recurrence
3.	CWW Leasing and CWW Services	<p>There were certain delay in issuing value added tax (“VAT”) invoice to our customers for the advisory services by our Group during the Track Record Period, which was not in full compliance with the Interim Regulation of the People’s Republic of China on Value Added Tax (《中華人民共和國增值稅暫行條例》) and the Provisions for the Use of Special Invoices of Value-Added Tax (《增值稅專用發票使用規定》). The amount of abovementioned delayed VAT during the Track Record Period was approximately RMB0.62 million.</p>	<p>Such non-compliances occurred mainly due to inadvertent human error because of inadequate human resources and working guidelines of the finance department during the inception stage of our Group’s business. This resulted in the situation that when the handling staff in the finance department took maternity leave in 2015 and inadvertently overlooked and omitted to handover all the tasks of issuing VAT invoices properly, therefore there was no particular staff assigned to review the VAT invoice issuance to ensure the compliance. Such missing in VAT when the handling staff was back to work, and/or when the customers requested for the VAT invoices.</p> <p>As confirmed by our Directors, VAT invoices were subsequently issued and tax payment were made immediately after discovery of the delay, and all non-compliance had been duly rectified by April 2016.</p>	<p>The potential overdue fines on such non-compliance was approximately RMB48,000 (0.05% per day on the amount of delayed VAT). As confirmed by our PRC Legal Adviser, such non-compliance was immaterial and the risk of any penalty imposed on our Group by the tax authority is low since: (i) such delay is not a material violation of the relevant laws and regulations; and the compliance letters issued by the relevant tax authorities further confirmed no material violations by our Group during the Track Record Period were recorded; (ii) our Group had subsequently issued the VAT invoices and made payment to the VAT for such advisory services; (iii) according to the interviews with the relevant tax authorities, in practice, similar events as a result of inadvertent omission was not uncommon among taxpayers; and (iv) according to the relevant tax authorities, no penalties would generally be imposed if the taxpayer had made voluntary disclosure to the tax authorities by keeping the account, issuing the VAT invoice and paying VAT for the delayed amount. During the Track Record Period and up to the Latest Practicable Date, our Group had not received any notice or order from the relevant tax authorities for penalties on such delay.</p>	<p>Our Group had identified such issue and started to implement internal enhancement measures since early 2016 to prevent re-occurrence of similar non-compliance. The measures include: (i) allocating more human resources to the finance department and adopting policies and procedures to ensure the effective handover of and adequate follow up on the issuance of VAT invoices during the absence of the handling staff in the finance department; (ii) conducting quarterly review on tax issues by the finance department head in order to ensure timely issuance of VAT invoices.</p> <p>Our Directors confirm that there has been no recurrence of such non-compliance since April 2016. Based on the sampling test conducted by the internal control reviewer which was recorded in the internal control review report, there has been no reoccurrence of such non-compliances since the implementation of the enhanced internal control procedures.</p>

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In relation to the non-compliance of delay in issuing VAT invoices, having considered that: (i) the error of the staff involved in the abovementioned incident has been rectified; (ii) the non-compliance has all been duly rectified; (iii) there has been no re-occurrence of such non-compliance as confirmed by the internal control reviewer; and (iv) remedial actions have been taken by our Group for the aforesaid non-compliance incidents; (v) as confirmed by our PRC Legal Adviser, such non-compliance was immaterial and the risk of any penalty imposed on our Group by the tax authority is low; and (vi) we had not received any complaint from our customers for our late issuance of VAT invoices to them during the Track Record Period and up to the Latest Practicable Date, our Directors are of the view, and the Sponsor concurs, that (a) such non-compliance was immaterial and will not have material adverse impact on our Group's business, financial position and result of operation; (b) such non-compliance was not a systemic failure of our internal controls as the non-compliance incidents were merely caused by an individual staff, who inadvertently overlooked and omitted to handover the work properly before taking her maternity leave, which was an isolated case; and (c) the prevailing internal control measures are sufficient in preventing occurrence of similar incident going forward.

FUTURE PLAN AND USE OF PROCEEDS

FUTURE PLAN

Our goal is to increase shareholder value and to be one of the active financial leasing and advisory services providers in south China in the long-term by strengthening our competitive position. Please refer to the section headed “Business — Our strategies” in this prospectus for details of our business plan.

USE OF PROCEEDS

We estimate that the aggregate net proceeds available to us from the Share Offer will be approximately HK\$145.7 million (equivalent to RMB127.0 million) (assuming an Offer Price of HK\$4.78 per Offer Share, being the midpoint of the indicative Offer Price range of HK\$4.0 to HK\$5.56 per Offer Share), after deduction of listing expenses payable by us assuming the Over-allotment Option is not exercised. We believe that the listing of the Shares on Main Board will enhance our profile and the net proceeds of the Share Offer will strengthen our financial position to pursue our business plans. Our Directors believe that developing our business through equity financing has below advantages over borrowing: (i) normally bank borrowing requires use of loan on specific project while equity financing can be more flexible; and (ii) the listing status can help us in maintaining existing customers and attracting new customers.

We intend to apply the net proceeds as follows:

- (i) 70%, or approximately HK\$102.0 million (equivalent to RMB88.9 million), will be used to apply towards expanding our current financial leasing operation;
- (ii) 20%, or approximately HK\$29.1 million (equivalent to RMB25.4 million), will be used to apply towards developing our new financial leasing related factoring business; and
- (iii) the remaining balance of 10%, or approximately HK\$14.6 million (equivalent to RMB12.7 million), will be used as our Group’s general working capital.

If the Offer Price is fixed at the high-end of the indicative Offer Price range, being HK\$5.56 per Share, the net proceeds we receive from the Share Offer will increase by approximately HK\$27.5 million (equivalent to RMB24.0 million). We intend to apply the additional net proceeds for the above purposes on a pro-rata basis. If the Offer Price is set at the low-end of the indicative Offer Price range, being HK\$4.0 per Offer Share, the net proceeds we received from the Share Offer will decrease by approximately HK\$27.5 million (equivalent to RMB24.0 million). We intend to reduce the net proceeds for the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, the additional net proceeds received from the additional Offer Shares will be applied for the above purposes on a pro-rata basis. If the Over-allotment Option is exercised at the high-end or low-end of the Offer Price range, we intend to

FUTURE PLAN AND USE OF PROCEEDS

adjust our allocation of the net proceeds for the above purpose on a pro-rata basis. For details of the Over-allotment Option, please refer to the section headed “Structure and Conditions of the Share Offer — Over-allotment Option” in this prospectus.

To the extent of the net proceeds from the Share Offer are immediately applied for the above purposes, it is the present intention of our Directors that such net proceeds will be placed in short term deposit account with financial institutions in Hong Kong. We will issue an announcement in Hong Kong if there is any material change in the above proposed use of proceeds.

CONNECTED TRANSACTIONS

CONNECTED TRANSACTIONS

We have entered into certain transactions with our connected person which will continue following Listing and therefore will constitute continuing connected transaction within the meaning of the Listing Rules.

CONNECTED PERSON

深圳恒豐房地產有限公司 (Shenzhen Hengfeng Real Estate Co. Limited*) (“Shenzhen Hengfeng”)

Shenzhen Hengfeng is beneficially held as to 65% by 廣東恒豐投資集團有限公司 (GD Hengfeng Investment Group Co. Limited*) (“GD Hengfeng”) and 35% by 恒豐投資(中國)發展有限公司 (Hengfeng Investment Development Limited*) (“Hengfeng Development”). GD Hengfeng is owned as to 80% by Mr. Lu Nuan Pei (盧暖培) (“Mr. Lu”), who is Mr. Lo’s brother and Mr. Xie’s uncle, and as to 20% by two Independent Third Parties. Hengfeng Development is owned as to 70% by Mr. Lu, 10% by Mr. Lo, and 20% by two Independent Third Parties.

EXEMPT CONTINUING CONNECTED TRANSACTIONS

Tenancy Agreements with Shenzhen Hengfeng

a. CWW Leasing

On 1 April 2016, a tenancy agreement was entered into between Shenzhen Hengfeng (as landlord) and CWW Leasing (as tenant) (the “CWW Leasing Tenancy Agreement”) in respect of the lease of the property situated at Room 1803, Block D, Caifugang Building, Baoyuan Road, Xixiang Street, Bao’an District, Shenzhen, China (寶安區西鄉街道寶源路財富港大廈D座1803) (the “1st Shenzhen Premises”) for office use.

The 1st Shenzhen Premises is leased to CWW Leasing for a term of 3 years commencing on 1 April 2016 and ending on 31 March 2019 at a monthly rental of RMB 36,450. Our Directors and the Sponsor confirm that the rent under the CWW Leasing Tenancy Agreement is fair and reasonable and consistent with the market rate and that the 1st Shenzhen Premises has been leased to CWW Leasing on normal commercial terms.

b. CWW Services

On 1 April 2016, a tenancy agreement was entered into between Shenzhen Hengfeng (as landlord) and CWW Services (as tenant) (the “CWW Services Tenancy Agreement”) in respect of the lease of the property situated at Room 1802A-1, Block D, Caifugang Building, Baoyuan Road, Xixiang Street, Bao’an District, Shenzhen, China (寶安區西鄉街道寶源路財富港大廈D座1802A-1) (the “2nd Shenzhen Premises”, together with the 1st Shenzhen Premises, the “Shenzhen Office Premises”) for office use.

CONNECTED TRANSACTIONS

The 2nd Shenzhen Premises is leased to CWW Services for a term of 3 years commencing on 1 April 2016 and ending on 31 March 2019 at a monthly rental of RMB7,200. Our Directors and the Sponsor confirm that the rent under the CWW Services Tenancy Agreement is fair and reasonable and consistent with the market rate and that the 2nd Shenzhen Premises has been leased to CWW Services on normal commercial terms.

Our Group has commenced leasing the Shenzhen Office Premises from Shenzhen Hengfeng since 1 February 2012 for office use. By entering into the CWW Leasing Tenancy Agreement and the CWW Services Tenancy Agreement (collectively, the “**Tenancy Agreements**”), our Group will be able to continue to lease the Shenzhen Office Premises after Listing to conduct our business operations without the need to find and relocate to alternative places.

Historical amount

Since the Tenancy Agreements are expected to continue after Listing, the entering into of the Tenancy Agreements will constitute continuing connected transactions of our Group under the Listing Rules.

The aggregate annual rental paid by our Group to Shenzhen Hengfeng for lease of the Shenzhen Office Premises for each of the three years ended 31 December 2014, 2015 and 2016 was approximately RMB484,000, RMB484,000 and RMB514,000, respectively.

Listing Rules implications

Pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, the transactions under the Tenancy Agreements are aggregated to determine the relevant classification of the connected transactions, as both agreements were entered into with Shenzhen Hengfeng and both agreements were related to rental of premises in Caifugang Building.

The expected aggregate annual rental to be paid by our Group to Shenzhen Hengfeng under the Tenancy Agreements for the period ending 31 March 2019 are as follows:

	<u>Year ending 31 December</u>		<u>Period ending</u>
	<u>2017</u>	<u>2018</u>	<u>31 March</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>2019</u>
			<u>RMB'000</u>
Expected annual rental to be paid to			
Shenzhen Hengfeng	<u>523.8</u>	<u>523.8</u>	<u>131.0</u>

On such basis, each of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules calculated with reference to the annual cap on an annual basis is less than 5% and the annual consideration is less than HK\$3,000,000. Accordingly, the entering into of the Tenancy Agreements constitutes an exempt continuing connected transaction of our Company

CONNECTED TRANSACTIONS

under Rule 14A.76(1) of the Listing Rules, and is exempt from all disclosure requirements, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Confirmation from our Directors

Our Directors, including the INEDs, confirm that the Tenancy Agreements were entered into on normal commercial terms, in the ordinary and usual course of business and are fair and reasonable to our Group on the basis that the terms of the Tenancy Agreements are no less favourable to our Group than terms offered to Independent Third Parties, and therefore are in the interests of our Company and the Shareholders as a whole.

Confirmation from the Sponsor

The Sponsor is of the view that the Tenancy Agreements were entered into in the ordinary and usual course of business and on normal commercial terms and that the terms of the Tenancy Agreements are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS

Our Board currently consists of six Directors, comprising two executive Directors, one non-executive Director and three independent non-executive Directors. The following table sets forth the information regarding the members of our Board.

Name	Age	Position	Roles and responsibilities	Date of joining our Group	Date of appointment as Director	Relationship with other Directors and senior management
Mr. Lo Wai Ho (盧偉浩)	47	Executive Director, chairman and chief executive officer	Overall strategic planning and management of our Group	9 November 2011	10 December 2015	Uncle of Mr. Xie and Mr. Lu Zemin (a member of our senior management)
Ms. Chan Shuk Kwan Winnie (陳淑君)	51	Executive Director	Overall strategic planning of our Group	12 May 2016	12 May 2016	Nil
Mr. Xie Weiquan (謝偉全)	35	Non-executive Director	Advising on business opportunities for investment, development and expansion of our Group	1 January 2013	12 May 2016	Nephew of Mr. Lo and cousin of Mr. Lu Zemin (a member of our senior management)
Mr. Ha Tak Kong (夏得江)	48	Independent non-executive Director	Providing independent judgment on the issues of strategy, performance, resources and standard of conduct of our Company	19 June 2017	19 June 2017	Nil
Mr. Ip Chi Wai (葉志威)	49	Independent non-executive Director	Providing independent judgment on the issues of strategy, performance, resources and standard of conduct of our Company	19 June 2017	19 June 2017	Nil
Ms. Hung Siu Woon Pauline (洪小媛)	50	Independent non-executive Director	Providing independent judgment on the issues of strategy, performance, resources and standard of conduct of our Company	19 June 2017	19 June 2017	Nil

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

SENIOR MANAGEMENT

Our senior management comprises the following members:

Name	Age	Position	Roles and responsibilities	Date of joining our Group	Relationship with other Directors and senior management
Ms. Cheuk Tat Yee (卓達儀)	30	Company secretary of our Company	Overseeing our Group's company secretarial affairs	12 May 2016	Nil
Mr. Shi Lei (石磊)	39	General manager of CWW Leasing and deputy general manager of CWW Services	Responsible for the overall business development of our Group	1 September 2014	Nil
Mr. Lu Zemin (盧澤民)	29	Head of risk management department of CWW Leasing and CWW Services	Overseeing the risk management team of CWW Leasing	20 February 2012	Nephew of Mr. Lo and cousin of Mr. Xie
Ms. Shi Yumei (史玉梅)	33	Head of accounting and finance department of CWW Leasing and CWW Services	Responsible for the finance and accounting of CWW Leasing and CWW Services	30 November 2012	Nil
Mr. Luo Xing (羅興)	33	Head of business development department of CWW Leasing and CWW services	Responsible for assisting the general manager in the business development of our Group, particularly in respect of the financial leasing business of CWW Leasing	10 September 2014	Nil

DIRECTORS

The functions and duties of our Board include, but are not limited to, convening general meetings, reporting on the performance of our Group at general meetings, implementing resolutions passed at general meetings, formulating business and investment plans, preparing annual budget and final accounts, preparing proposals on profit distribution and increasing or decreasing the registered capital, as well as exercising other authorities, functions and responsibilities in accordance with the Articles of Association.

Executive Directors

Mr. Lo Wai Ho (盧偉浩), aged 47, is an executive Director, the founder, chairman and chief executive officer of our Group. He is mainly responsible for the overall strategic planning and management of our Group.

Mr. Lo has over 23 years of experience in the areas of corporate management, finance and property development. From July 1993 to December 1997, Mr. Lo was the deputy general manager of Heng Feng Investments (China) Development Company Limited (“**Heng Feng**”) (formerly known as Stable Profit Industries Limited and Heng Feng Investments (China) Development Company Limited). Heng Feng is principally engaged in the business of property development projects in the PRC. Mr. Lo was responsible for the corporate management, finance and the PRC property projects of Heng Feng. In January 1998, he was appointed as a director of Heng Feng.

Since the beginning of 2012 after Mr. Lo founded our Group, he has been primarily responsible for overall strategy of Heng Feng. He has not been involved in its day-to-day operations.

Mr. Lo has also been one of the directors of (i) Grand Partners Asset Management Limited since June 2011, a corporation licensed under the SFO to carry out type 9 (asset management) regulated activities; (ii) Grand Partners Investment Consultants Limited since August 2015, a corporation licensed under the SFO to carry out type 4 (advising on securities) regulated activities; and (iii) Grand Partners Securities Limited since October 2015, a corporation licensed under the SFO to carry out type 1 (dealing in securities) regulated activities. Mr. Lo is not involved in their day-to-day operations and his primary responsibilities are to preside over and participate in board meetings, provide strategic advice and guidance to the management of Grand Partners Asset Management Limited, Grand Partners Investment Consultants Limited and Grand Partners Securities Limited. Mr. Lo is currently the vice-chairman of 深圳市融資租賃行業協會 (Shenzhen Financial Leasing Industry Society*).

Mr. Lo is the uncle of Mr. Xie and Mr. Lu Zemin (a member of our senior management). Other than disclosed in this prospectus, Mr. Lo is not connected with any other Directors, members of the senior management, substantial shareholders or controlling shareholders of our Company.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Lo has not held any directorship in any other public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years immediately preceding the date of this prospectus.

Ms. Chan Shuk Kwan Winnie (陳淑君), aged 51, is an executive Director and is mainly responsible for the overall strategy planning of our Group. She joined our Group on 12 May 2016. She has over 20 years of experience in the banking and finance industry in Hong Kong, and specializes in credit analysis and loan administration. From January 1989 to August 1990, Ms. Chan was a credit analyst of OTB Card Company Limited, a company which was principally engaged in the credit card business. From August 1990 to August 1992, she was employed as credit analyst in the loans department of Sumitomo Mitsui Trust (Hong Kong) Limited (formerly known as The Sumitomo Trust Finance (H.K.) Limited), a company which was principally engaged in the business of debt investment, provision of securities, investment advisory and fund management services. From February 1996 to July 2013, Ms. Chan worked in Industrial & Commercial Bank of China (Asia) Limited (formerly known as Belgian Bank and Fortis Bank Asia HK), a licensed bank registered with the Hong Kong Monetary Authority and her last position was credit manager in the credit department.

In April 1988, Ms. Chan obtained a degree of Bachelor of Science from University of South Florida, USA.

Ms. Chan is not connected with any other Directors, members of the senior management, substantial shareholders or other controlling shareholders of our Company.

Ms. Chan has not held any directorship in any other public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years immediately preceding the date of this prospectus.

Non-executive Director

Mr. Xie Weiquan (謝偉全), aged 35, was appointed as our non-executive Director on 12 May 2016 and is mainly responsible for advising on business opportunities for investment, development and expansion of our Group. He joined our Group on 1 January 2013 in charge of the finance and risk management, human resources and general administration of CWW Leasing and CWW Services. Mr. Xie has been re-designated as the consultant of CWW Leasing and CWW Services since 12 May 2016 to render advices particularly relating to finance and risk management.

Mr. Xie has extensive experience in finance, investment and asset management. From July 2006 to July 2009, Mr. Xie worked at 中國平安人壽保險股份有限公司 (China Ping An Life Insurance Co., Ltd.), which is an insurance company and he was primarily responsible for the development of investment management system and procurement. From September 2009 to December 2012, he was the manager of finance of 廣東恒豐投資集團有限公司 (GD Hengfeng Investment Group Co. Limited*), a limited liability company incorporated in the PRC which is principally engaged in the business of property investment and development. Mr. Xie has been a

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

representative and member of the investment committee of Grand Partners Asset Management Limited since February 2014, and has been its Responsible Officer since 21 April 2017. Mr. Xie has also been a representative of Grand Partners Investment Consultants Limited since October 2016. Mr. Xie is primarily responsible for the business operations and marketing of Grand Partners Asset Management Limited and Grand Partners Investment Consultants Limited.

In July 2004, Mr. Xie graduated from 哈爾濱工業大學 (Harbin Institute of Technology), PRC with a degree of Bachelor of Management in Science and Engineering. In July 2006, Mr. Xie graduated from 哈爾濱工業大學 (Harbin Institute of Technology) PRC, with a degree of Master of Management in Science and Engineering. In November 2015, he obtained a degree of Master of Business Administration in Finance from The Chinese University of Hong Kong.

Mr. Xie is the nephew of Mr. Lo (our founder, chairman, chief executive officer, an executive Director and a Controlling Shareholder) and cousin of Mr. Lu Zemin (a member of our senior management). Other than disclosed in this prospectus, Mr. Xie is not connected with any other Directors, members of the senior management, substantial shareholders or controlling shareholders of our Company.

Mr. Xie has not held any directorship in any other public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years immediately preceding the date of this prospectus.

Independent non-executive Directors

Mr. Ha Tak Kong (夏得江), aged 48, was appointed as an INED on 19 June 2017. He is mainly responsible for providing independent judgment on the issues of strategy, performance, resources and standard of conduct of our Company. He has over 27 years of experience in financial accounting and auditing. Between June 2004 to September 2015, Mr. Ha was appointed as an independent non-executive director of China Investment and Finance Group Limited (中國投融資集團有限公司) (formerly known as Garron International Limited) (stock code: 1226). Between September 2007 and October 2008, Mr. Ha was an independent non-executive director of Seamless Green China (Holdings) Limited (無縫綠色中國(集團)有限公司) (formerly known as Fast Systems Technology (Holdings) Limited (東光集團有限公司)) (stock code: 8150). Since December 1992, Mr. Ha has been employed as the chief financial officer of World Wide (Hardware) Industrial Co., an export/import trading company.

In December 2002, Mr. Ha graduated with a degree of Bachelor of Accounting from the University of Hong Kong.

Mr. Ha has been admitted as an associate of the Association of International Accountants since November 2003, an associate of The Taxation Institute of Hong Kong since March 2004 and a member of The Hong Kong Institute of Certified Public Accountants since July 2004.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Ha was a director of the following companies, which were incorporated in Hong Kong prior to their dissolution:

<u>Name of company</u>	<u>Principal business activity prior to dissolution</u>	<u>Date of dissolution</u>	<u>Means of dissolution</u>	<u>Reasons for dissolution</u>
Bosan Industries Limited	Dormant	7 March 2003	Striking off	Ceased to carry on business
Maxen International Limited	Dormant	19 October 2012	Deregistration	Ceased to carry on business
Wide All International Limited	Investment holdings	19 October 2012	Deregistration	Ceased to carry on business

Mr. Ha confirmed that Wide All International Limited was solvent at the time of it being dissolved, and the dissolution was voluntary by way of submitting an application to the Registrar of Companies of Hong Kong.

Save as disclosed above, Mr. Ha has not held any directorship in any other public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years immediately preceding the date of this prospectus.

Mr. Ip Chi Wai (葉志威), aged 49, was appointed as an INED on 19 June 2017. He is mainly responsible for providing independent judgement on the issues of strategy, performance, resources and standard of conduct of our Company. Mr. Ip has been an independent non-executive director of Asia Standard Hotel Group Limited (stock code: 292) and Dingyi Group Investment Limited (鼎億集團投資有限公司) (stock code: 508) since December 2003 and March 2016 respectively. Between September 2000 and November 2013, Mr. Ip was an independent non-executive director of China Bio Cassava Holdings Limited (中國生物資源控股有限公司) (formerly known as Q9 Technology Holdings Limited) (九方科技控股有限公司) (stock code: 8129).

In December 1990, Mr. Ip graduated from the University of Hong Kong with a degree of Bachelor of Laws. He was admitted as a solicitor in Hong Kong in 1993 and has over 23 years of experience in the legal profession.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Ip was a director of the following company, which was incorporated in Hong Kong prior to its dissolution:

<u>Name of company</u>	<u>Principal business activity prior to dissolution</u>	<u>Date of dissolution</u>	<u>Means of dissolution</u>	<u>Reasons for dissolution</u>
Asian Square Limited	dormant	12 April 2002	Striking off	Ceased to carry on business

Save as disclosed above, Mr. Ip has not held any directorship in any other public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years immediately preceding the date of this prospectus.

Ms. Hung Siu Woon Pauline (洪小媛), aged 50, was appointed as an INED on 19 June 2017. She is mainly responsible for providing independent judgment on the issues of strategy, performance, resources and standard of conduct of our Company.

Ms. Hung has over 19 years of experience in the finance industry in Hong Kong. In September 1997, Ms. Hung joined Emperor Securities Limited and her last position was senior manager of credit & risk control, when she resigned in September 2004. Ms. Hung was mainly responsible for risk management and compliance, supervise operations of the credit and compliance and dealing departments. From August 2006 to December 2007, she was employed as operation manager of Environmental Pioneers & Solutions Limited, which is now a subsidiary of FSE Engineering Holdings Limited (stock code: 331) and a former subsidiary of NWS Holdings Limited (stock code: 659). Ms. Hung was responsible for operations supervision including sales and marketing and accounting. From January 2008 to April 2009, she was employed as operation director of Success International Management Services Limited and was mainly responsible for operations supervision. Between July 2009 and September 2014, Ms. Hung was operations manager and representative of AM Wanhai Securities Limited (formerly known as AM Capital Limited) which is a licensed corporation under the SFO to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities. Between January 2015 and April 2015, Ms. Hung was employed as head of compliance and risk by South China Finance and Management Limited, a subsidiary of South China Financial Holdings Limited (stock code: 619). During the period from 1 March 2016 to 31 March 2016, Ms. Hung was an investment representative of KGI Hong Kong Limited. Ms. Hung also joined FDT Capital Limited in April 2016 as the director of operations and was transferred to FDT Securities Limited (formerly known as Mega Securities (Hong Kong) Company Limited), and resigned in December 2016. Since October 2014, she has been a director of Green Robin Hood Organisation Limited, which is listed in the Hong Kong list of charitable institutions and trusts of public character.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

In December 1991, Ms. Hung completed her study in commerce in Murdoch University, Australia and was awarded a degree of Bachelor of Commerce. In April 2007, she obtained a degree of Master of Business Administration from the University of Western Sydney, Australia.

Ms. Hung was a director of the following company, which was incorporated in Hong Kong prior to its dissolution:

<u>Name of company</u>	<u>Principal business activity prior to dissolution</u>	<u>Date of dissolution</u>	<u>Means of dissolution</u>	<u>Reasons for dissolution</u>
Vic & Ode Enterprises Limited	Dormant	12 April 2002	Striking off	Ceased to carry on business

Save as disclosed above, Ms. Hung has not held any directorship in any other public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years immediately preceding the date of this prospectus.

SENIOR MANAGEMENT

Mr. Shi Lei (石磊), aged 39, joined our Group on 1 September 2014 as the general manager of CWW Leasing and the deputy general manager of CWW Services. He is mainly responsible for our Group's overall business development.

Mr. Shi has over 15 years of experience in the financial leasing industry in the PRC. Mr. Shi obtained a bachelor degree in financial management from 中央財經大學 (Central University of Finance and Economics), PRC in June 2001. From July 2001 to March 2005, he had been employed as accounting officer, project manager of the leasing and finance departments, head of the capital department and head of the investment banking department at China Development Bank Financial Leasing Co., Ltd. (國銀金融租賃股份有限公司) (formerly known as Shenzhen Finance Leasing Co. Ltd. (深圳金融租賃有限公司)). Mr. Shi was mainly responsible for overseeing its leasing and finance, capital and investment banking department. During March 2005 to September 2011, Mr. Shi had been the deputy general manager of the accounting and finance department and the general manager of the leasing department of 南方國際租賃有限公司 (South China International Leasing Co. Ltd.). Mr. Shi was mainly responsible for overseeing its finance and leasing department. From October 2011 to September 2014, Mr. Shi was the deputy general manager of 深圳市永泰融資租賃有限公司 (Shenzhen Win Time Financial Leasing Company Limited). Mr. Shi was mainly responsible for overseeing its business section.

Mr. Shi has not held any directorship in any other public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years immediately preceding the date of this prospectus.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Lu Zemin (盧澤民), aged 29, is the head of the risk management department of CWW Leasing and is mainly responsible for overseeing its risk management department. He joined our Group on 20 February 2012.

Prior to joining our Group, Mr. Lu worked for 深圳恒豐海悅國際酒店有限公司 (Hengfeng Haiyue International Hotel Company Limited) as the senior manager of the marketing department during August 2007 to February 2009. From March 2009 to December 2012, Mr. Lu worked for 廣東恒豐集團有限公司 (GD. Hengfeng Group Co. Ltd.) as the senior manager of its investment department.

At the initial stage of our Group, Mr. Lu was appointed by Mr. Lo as his nominee to be (i) the director (from 5 April 2012 to 22 January 2015), legal representative (from 5 April 2012 to 22 January 2015) and general manager (from 5 April 2012 to 7 May 2014) of CWW Leasing; and (ii) the director, legal representative and general manager (from 20 February 2012 to 18 October 2015) of CWW Services. Mr. Lu mainly assisted Mr. Lo in the establishment of CWW Leasing and CWW Services at the initial stage and later their external affairs under Mr. Lo's instructions. He has been re-designated as the head of risk management of CWW Leasing since 1 September 2014.

Mr. Lu completed an online course in administrative management from 華中科技大學 (Huazhong University of Science and Technology), PRC in July 2011. Mr. Lu obtained certificates for passing the financial leasing practical training issued by 中國外商投資企業協會租賃業工作委員會 (China Leasing Business Association of CAEFI) in July 2013 and November 2014 respectively.

Mr. Lu is the nephew of Mr. Lo (our founder, chairman, chief executive officer, an executive Director and a Controlling Shareholder) and the cousin of Mr. Xie (our non-executive Director). Other than disclosed in this prospectus, Mr. Lu is not connected with any other Directors, members of the senior management, substantial shareholders or controlling shareholders of our Company.

Mr. Lu has not held any directorship in any other public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years immediately preceding the date of this prospectus.

Ms. Shi Yumei (史玉梅), aged 33, joined our Group on 30 November 2012 as the head of accounting and finance department of CWW Leasing and CWW Services. She is mainly responsible for the accounting and finance of CWW Leasing and CWW Services.

Ms. Shi has over 9 years of experience in financial accounting in the PRC. She was the head of the accounting and finance department of 深圳市三智通信技術有限公司 (Shenzhen City Sanzhi Telecommunications Technology Company Limited) from January 2008 to December 2012. Ms. Shi obtained a bachelor degree in accounting from 延安大學 (Yanan University), the PRC in July 2007. She has been qualified as an intermediate accountant in the PRC in October 2012.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Ms. Shi has not held any directorship in any other public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years immediately preceding the date of this prospectus.

Mr. Luo Xing (羅興), aged 33, joined our Group on 10 September 2014 as the head of business development department of CWW Leasing and CWW Services. He is mainly responsible for assisting the general manager in the business development of our Group, particularly in respect of the financial leasing business of CWW Leasing.

Mr. Luo graduated from 廣東工業大學 (Guangdong University of Technology) in June 2006 with a bachelor's degree in business management. Prior to joining our Group, Mr. Luo was the department head of business department of 深圳永泰融資租賃有限公司 (Shenzhen Win Time Financial Leasing Company Limited) from October 2011 to August 2014, responsible for its business development, customer relations and liaison with banks.

Mr. Luo has not held any directorship in any other public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years immediately preceding the date of this prospectus.

COMPANY SECRETARY

Ms. Cheuk Tat Yee (卓達儀), aged 30, was appointed as company secretary of our Company on 12 May 2016. Ms. Cheuk worked at Ernst & Young as accountant between November 2009 to December 2013. She was an assistant accounting manager of Shing Future Holdings Limited, which is a subsidiary of Hoifu Energy Group Limited (凱富能源集團有限公司) (stock code: 7), from December 2013 to October 2015. Ms. Cheuk was the company secretary of China Investment and Finance Group Limited (stock code: 1226) from August 2014 to March 2015. During the period from November 2015 to February 2017, she was the senior accountant at Taobao China Holding Limited. She has been the finance manager of Haifu International Finance Holding Group Limited since February 2017. Ms. Cheuk graduated with a degree of Bachelor of Business Administration in Professional Accounting from The Hong Kong University of Science and Technology in November 2009. She has been a member of the Hong Kong Institute of Certified Public Accountants since November 2011.

Ms. Cheuk has not held any directorship in any other public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years immediately preceding the date of this prospectus.

BOARD COMMITTEES

We have established the following committees under the Board: the audit committee (the “**Audit Committee**”), the remuneration committee (the “**Remuneration Committee**”) and the nomination committee (the “**Nomination Committee**”). The committees operate in accordance with the terms of reference established by our Board.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Audit Committee

Our Company established the Audit Committee in accordance with Rule 3.21 of the Listing Rules pursuant to a resolution of our Board passed on 19 June 2017 with written terms of reference in compliance with paragraph C3 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the “**Corporate Governance Code**”). The primary duties of the Audit Committee are mainly to make recommendations to our Board on the appointment and removal of the external auditor, review the financial statements and provide advice in respect of financial reporting and oversee the internal control procedures and risk management of our Group. The Audit Committee comprises Mr. Ha Tak Kong, Mr. Ip Chi Wai and Ms. Hung Siu Woon, Pauline. Mr. Ha Tak Kong is the chairman of the Audit Committee.

Remuneration Committee

Our Company established the Remuneration Committee in accordance with Rule 3.25 of the Listing Rules pursuant to a resolution of our Board passed on 19 June 2017 with written terms of reference in compliance with paragraph B1 of the Corporate Governance Code. The primary functions of the Remuneration Committee are to make recommendation to our Board on the overall remuneration policy and structure relating to all Directors and senior management, review performance based remuneration and ensure none of our Directors determine their own remuneration. The Remuneration Committee comprises Mr. Ha Tak Kong, Mr. Lo and Mr. Ip Chi Wai. Mr. Ha Tak Kong is the chairman of the Remuneration Committee.

Nomination Committee

Our Company established the Nomination Committee pursuant to a resolution of our Board passed on 19 June 2017 with written terms of reference in compliance with paragraph A5 of the Corporate Governance Code. The primary duties of the Nomination Committee include reviewing the structure, size, and composition of our Board, assessing the independence of independent non-executive Directors and making recommendations to our Board on matters relating to the appointment of Directors. The Nomination Committee comprises Mr. Ha Tak Kong, Mr. Lo and Mr. Ip Chi Wai. Mr. Ha Tak Kong is the chairman of the Nomination Committee.

COMPENSATION OF THE DIRECTORS AND SENIOR MANAGEMENT

Our Directors and senior management receive compensation in the form of salaries, allowances, discretionary bonuses and other benefits-in-kind, including our contribution to the pension schemes on their behalf. We determine the remuneration of our Directors based on each Director’s qualification, responsibilities and seniority.

The aggregate amount of remuneration (including fees, salaries, contribution to retirement benefit scheme and discretionary performance related bonus) to our Directors for the years ended 31 December 2014, 2015 and 2016 were approximately RMB388,000, RMB297,000 and RMB922,000 respectively.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

The aggregate amount of remuneration (including fees, salaries, contribution to retirement benefit scheme and discretionary performance related bonus) to our five highest paid individuals for the year ended 31 December 2014, 2015 and 2016 were approximately RMB853,000, RMB1,012,000 and RMB1,609,000 respectively. Such individuals included 1 Director and 4 employees in 2014, 1 Director and 4 employees in 2015, and 2 Directors and 3 employees in 2016.

We have not paid any remuneration to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of the years ended 31 December 2014, 2015 and 2016. Further, none of our Directors have waived any remuneration during the same period.

Share Option Scheme

We have conditionally adopted the Share Option Scheme, pursuant to which, among others, the employees of our Group may be granted options to subscribe for our Shares. Please refer to the paragraph headed “Share Option Scheme” in Appendix IV to this prospectus for details.

EMPLOYEES

As at the Latest Practicable Date, we had a total of 37 employees. The following table shows the breakdown of our full-time employees by functions.

<u>Function</u>	<u>Employee number</u>
Management	7
Company secretary	1
Administration	8
Accounting and finance	7
Risk management	6
Business development	7
IT	<u>1</u>
Total	<u><u>37</u></u>

Our Directors are of the view that we have maintained a good relationship with our staff. As at the Latest Practicable Date, our Group had not experienced any disruption to our operations due to labor dispute.

To ensure the quality of our employees, we provide induction training and ongoing on-the-job training to our employees to enhance their industry knowledge, their skills in compliance, management, sales, and team working.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

EMPLOYEE'S BENEFITS PROVIDED BY OUR GROUP

Save as disclosed in the paragraph headed “Business — Approvals and compliance” in this prospectus, as at the Latest Practicable Date, our Group had complied in all material aspects with all statutory requirements on retirement contribution in the jurisdictions where our Group operates.

CORPORATE GOVERNANCE CODE

Pursuant to code provision A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, our Company does not have a separate chairman and chief executive officer and Mr. Lo currently performs these two roles. Our Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring the consistent leadership within our Group and enables more effective and efficient overall strategic planning of our Group. Besides, with three INEDs out of a total of six Directors in our Board, there will be sufficient independent voice within our Board to protect the interests of our independent Shareholders. Therefore, our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of chairman of our Board and chief executive officer of our Company at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.

Save as disclosed above, our Company expects to comply with the Corporate Governance Code. Our Directors will review the corporate governance policies of our Group and compliance with the Corporate Governance Code each financial year.

COMPLIANCE ADVISOR

Pursuant to Rule 3A.19 of the Listing Rules, our Company has appointed Ample Capital as the compliance adviser. The compliance adviser will advise us on the following matters pursuant to Rule 3A.23 of the Listing Rules:

- (i) before the publication of any regulatory announcement, circular or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- (iii) where our Company proposes to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where the business activities, developments or results deviate from any forecast, estimate or other information of this prospectus; and

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

- (iv) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares, the possible development of a false market in its securities, or any other matters.

In addition, the compliance adviser will also provide, *inter alia*, the following services to us:

- (i) if required by the Stock Exchange, deal with the Stock Exchange in respect of any or all matters listed in paragraph (i) to (iv) above;
- (ii) in relation to an application by us for a waiver from any of the requirements in Chapter 14A of the Listing Rules, advise us on our Company's obligations and in particular the requirement to appoint an independent financial advisor; and
- (iii) assessing the understanding of all new appointees to our Board regarding the nature of their responsibilities and fiduciary duties as a director of a listed issuer, and, to the extent our Directors form an opinion that the new appointees' understanding is inadequate, discuss the inadequacies with our Board and make recommendations to our Board regarding appropriate remedial steps, such as training.

The terms of the appointment shall commence on the Listing Date and end on the date on which our Company distributes its annual report in respect of its financial results for our Company's first full financial year commencing after the Listing Date, and such appointment may be subject to extension by mutual agreement.

SHARE CAPITAL

SHARE CAPITAL

The table below sets forth information with respect to the authorised and issued share capital of our Company before and following the completion of the Capitalisation Issue and Share Offer (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme):

HK\$

Authorised share capital:

20,000,000,000	Shares of HK\$0.01 each	200,000,000
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Shares in issue or to be issued, fully paid or credited as fully paid:

1,000	Shares in issue at the date of this prospectus of HK\$0.01 each	10
107,999,000	Shares to be issued pursuant to the Capitalisation Issue	1,079,990
<u>36,000,000</u>	Shares to be issued pursuant to the Share Offer	<u>360,000</u>
<u>144,000,000</u>	Total	<u>1,440,000</u>

ASSUMPTIONS

The table as shown above assumes the Share Offer becoming unconditional and the allotment and issue of Shares pursuant thereto and under the Capitalisation Issue and Share Offer are made as described herein. It does not take into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates given to our Directors to allot and issue or repurchase Shares as referred to in the paragraph headed “General mandate to issue Shares” or the paragraph headed “General mandate to repurchase Shares” below, as the case may be.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08 of the Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of 25% of the total issued share capital of our Company in the hands of the public (as defined in the Listing Rules).

SHARE CAPITAL

RANKING

The Offer Shares will rank *pari passu* in all respects with all Shares in issue or to be issued as mentioned in this prospectus, and will qualify for all dividends or other distributions declared, made or paid after the date of this prospectus, save for entitlements under the Capitalisation Issue.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarised under the paragraph headed “Share Option Scheme” in Appendix IV to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Conditional on the conditions as stated in the paragraph headed “Structure and Conditions of the Share Offer — Conditions of the Share Offer” of this prospectus being fulfilled, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with subject to the requirement that the aggregate number of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a rights issue, or scrip dividend scheme or similar arrangements, or a specific authority granted by the Shareholders) shall not exceed:

- (a) 20% of the total number of issued Shares immediately following the completion of the Share Offer and the Capitalisation Issue (not including Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme); and
- (b) the aggregate number of Shares repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares as described below.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme. This general mandate to issue Shares will remain in effect until:

- (a) the conclusion of our Company’s next annual general meeting;
- (b) the expiration of the period within which our Company’s next annual general meeting is required to be held by any applicable laws of the Cayman Islands or the Articles; or
- (c) it is varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

SHARE CAPITAL

For further details of this general mandate, please refer to the paragraph headed “Further Information about our Company and our Subsidiaries — Written Resolutions of the sole Shareholder passed on 19 June 2017” in Appendix IV to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Conditional on conditions as stated in “Structure and Conditions of the Share Offer — Conditions of the Share Offer” of this prospectus being fulfilled, our Directors have been granted a general unconditional mandate to exercise all the powers to repurchase Shares (Shares which may be listed on the Stock Exchange or on any other stock exchange which is recognised by the SFC and the Stock Exchange for this purpose) with an aggregate number of Shares of not more than 10% of the total number of issued Shares immediately following the completion of the Capitalisation Issue and the Share Offer (not including Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in connection with all applicable laws and regulations and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in “Repurchase of Our Own Securities” in Appendix IV to this prospectus.

The general mandate to repurchase Shares will remain in effect until:

- (a) the conclusion of our Company’s next annual general meeting;
- (b) the expiration of the period within which our Company’s next annual general meeting is required to be held by any applicable laws of the Cayman Islands or the Articles; or
- (c) it is varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

For further details of this general mandate, please refer to the paragraph headed “Further Information about our Company and our Subsidiaries — Written Resolutions of the sole Shareholder passed on 19 June 2017” in Appendix IV to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

The circumstances under which general meeting and class meeting are required are provided in our Articles. For details, please see “Summary of the Constitution of the Company and Cayman Islands Company Law” in Appendix III to this prospectus.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Our Controlling Shareholders are Mr. Lo and Wealthy Rise. Our Directors confirm that, immediately following the completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), the following persons are entitled to exercise or control the exercise of 30% or more of the voting power at the general meeting of our Company:

<u>Name of shareholder</u>	<u>Nature of interests</u>	<u>Number of Shares held after the Share Offer and Capitalisation Issue</u>	<u>Percentage of shareholding after the Share Offer and the Capitalisation Issue</u>
Wealthy Rise	Beneficial owner	108,000,000	75%
Mr. Lo	Interest in a controlled corporation	108,000,000	75%

Wealthy Rise is a company incorporated in the BVI with limited liability and is wholly and beneficially owned by Mr. Lo.

RULE 8.10 OF THE LISTING RULES

Each of our Controlling Shareholders, our Directors and their respective close associates do not have any interest in any business, apart from the business operated by members of our Group, that competes or is likely to compete, directly or indirectly, with the business of our Group, and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Management independence

Although our Controlling Shareholders will retain controlling interests in our Company upon completion of the Share Offer, the day-to-day management and operation of our business will be the responsibility of all our executive Directors and members of the senior management. Our Board has six Directors comprising two executive Directors, one non-executive Director, and three INEDs. Our Board and senior management operate as a matter of fact independently of our Controlling Shareholders and they are in a position to fully discharge their duties to the Shareholders as a whole after Listing of our Company on the Stock Exchange without reference to our Controlling Shareholders.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

Each of our Directors is aware of his or her fiduciary duties as a director which require, among other things, that he/she acts for the benefit of and in the best interests of our Company and does not allow any conflict between his or her duties as a director and his or her personal interest to affect the performance of his/her duties as a director. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) will abstain from voting at the relevant board meetings of our Company in respect of such transactions and will not be counted in the quorum. In addition, our Group has an independent senior management team to carry out the business decisions of our Group independently.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders.

Operational independence

We have established our own organisational structure made up of individual departments, each with specific areas of responsibilities. We have sufficient operational resources, such as sales and marketing and general administration resources to operate our business independently. We have also established a set of internal controls to facilitate the effective operation of our business.

Save as disclosed in the section headed “Connected Transactions” in this prospectus, our Group had not shared our operational resources, such as customers, marketing, sales and general administration resources with our Controlling Shareholders and/or their close associates, and our Controlling Shareholders and/or their close associates had not provided any critical services or materials for our operation during the Track Record Period. Though there will be continuing connected transactions between our Group and the associate of our Controlling Shareholders after Listing, these transactions are entered into in our ordinary course of business on terms which are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and our Directors consider that alternative premises are available if necessary. Accordingly, our Directors believe that we do not unduly rely on our Controlling Shareholders or their close associates.

Financial independence

We have our own accounting and finance department and independent financial system. We make financial decisions according to our own business needs. We also have independent access to third party financing. In view of our Group’s internal resources and the estimated net proceeds from the Share Offer, our Directors believe that we will have sufficient capital for our financial needs without dependence on our Controlling Shareholders. Our Directors further believe that, upon Listing, we are capable of obtaining financing from external sources independently without the support of our Controlling Shareholders. Therefore, we will be financially independent from our Controlling Shareholders and/or any of their respective close associates.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

NON-COMPETITION UNDERTAKINGS

From the Controlling Shareholders

Our Controlling Shareholders (each a “**Covenantor**” and collectively, the “**Covenantors**”) entered into the Deed of Non-Competition in favour of our Company (for ourselves and as trustee for each of our subsidiaries), under which each of the Covenantors has irrevocably and unconditionally, jointly and severally, undertakes to and covenants with our Company (for ourselves and as trustee for each of our subsidiaries) that:

- (a) he/it shall not, and shall procure each of his/its close associates and/or companies controlled by him/it (excluding any member of our Group) not to, whether on his/its own account or in conjunction with or on behalf of any person, firm or company and whether directly or indirectly, carry on a business which is, or be interested or involved or engaged in or acquire or hold any rights or interest or otherwise involved in (in each case whether as an investor, a shareholder, partner, principal, agent, director, employee, consultant or otherwise and whether for profit, reward, interest or otherwise) any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by our Group in Hong Kong, the PRC and any other country or jurisdiction to which our Group provides such services and/or products and/or in which any member of our Group carries on business mentioned above from time to time (“**Restricted Business**”);
- (b) if he/it and/or any of his/its close associates and/or companies controlled by he/it (excluding any member of our Group) is offered or becomes aware of any project or new business opportunity (“**New Business Opportunity**”) that relates to the Restricted Business, whether directly or indirectly, he/it shall give the Company a first right of refusal to participate or engage in such New Business Opportunity by: (i) promptly within ten (10) Business Days notify or procure the relevant close associate and/or the companies controlled by him/it to notify our Group in writing of such New Business Opportunity and provide such information as is reasonably required by our Group in order to enable our Group to come to an informed assessment of such New Business Opportunity; and (ii) use his/its best endeavours to procure that such New Business Opportunity is offered to our Group on terms no less favourable than the terms on which such opportunity is offered to him/it and/or his/its close associates and/or companies controlled by him/it;
- (c) he/it shall provide our Group and our Directors (including the INEDs) with all information necessary, including but not limited to monthly turnover records and any other relevant documents considered necessary by the INEDs from time to time, for the annual review by the INEDs with regard to compliance and enforcement of the terms of Deed of Non-Competition;

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

- (d) (i) he/it will not and will procure that none of his/its close associates and/or companies controlled by him/it (excluding any member of our Group) will solicit or entice away from any member of our Group any existing or then existing directors, employees or customers of our Group; and
- (ii) he/it will not without the consent from our Company, make use of any information pertaining to the business of our Group which may have come to his/its knowledge in his/its capacity as the controlling shareholder (within the meaning of the Listing Rules) of our Company for any purposes.

The non-competition undertaking will take effect from the date on which dealings in the Shares first commence on the Stock Exchange and will cease to have any effect upon the earliest of the date on which (a) (i) such Covenantor, and his/its close associates, individually or taken as a whole, cease to own, in aggregate, 30% or more of the then issued share capital of our Company directly or indirectly or cease to be deemed as a Controlling Shareholder and do not have power to control our Board or there is at least one other independent Shareholder other than the Covenantors and his/its close associates holding more Shares than the Covenantors and his/its close associates taken together; and (ii) Mr. Lo ceases to be a Director; or (b) the Shares cease to be listed and traded on the Stock Exchange or other recognised stock exchange.

CORPORATE GOVERNANCE MEASURES TO SAFEGUARD THE INTEREST OF SHAREHOLDERS

We will adopt the following measures to strengthen our corporate governance practice and to safeguard the interests of our Shareholders:

- (1) the Articles provide that a Director shall absent himself/herself from participating in Board meetings (nor shall he/she be counted in the quorum) and voting on any resolution of our Board approving any contract or arrangement or other proposal in which he/she or any of his/her close associates is materially interested unless a majority of the INEDs expressly requested him/her to attend. The attendance of that Director shall not be counted towards a quorum at the meeting and such Director shall not vote on the relevant resolution;
- (2) the INEDs will review on a bi-annual basis the compliance with the respective non-competition undertaking by our Controlling Shareholders;
- (3) our Controlling Shareholders undertake to provide all information requested by our Company which is necessary for the biannual review of the INEDs and the enforcement of the respective non-competition undertaking;
- (4) our Company will disclose decisions with basis on matters reviewed by the INEDs relating to compliance and enforcement of the respective non-competition undertaking of our Controlling Shareholders in the annual reports of our Company;

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

- (5) our Controlling Shareholders will make an annual declaration on compliance with their respective non-competition undertaking in the annual report of our Company;
- (6) the INEDs will be responsible for deciding whether or not to allow our Controlling Shareholders and/or their respective close associates to involve or participate in a Restricted Business, and if so, any condition to be imposed;
- (7) the INEDs may appoint independent financial adviser and other professional advisers as they consider appropriate to advise them on any matter relating to the non-competition undertakings or connected transaction(s) at the cost of our Company; and
- (8) our Company has appointed Ample Capital Limited as the compliance adviser which shall provide our Company with professional advice and guidance in respect of compliance with the Listing Rules.

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

None of the members of our Group has experienced any dispute with its shareholders or among its shareholders themselves and our Directors believe that each member of our Group has maintained positive relationship with its shareholders. With the corporate governance measures including the measures set out above, our Directors believe that the interest of the Shareholders, in particular the minority Shareholders, will be protected.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of Over-allotment Option or any options which may be granted under the Share Option Scheme), the following persons/entities will have an interest or a short position in the Shares or underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of our Company or any other member of our Group:

Interests and long position in Shares:

<u>Name of Shareholder</u>	<u>Nature of interests</u>	<u>Number of Shares held after the Share Offer and the Capitalisation Issue</u>	<u>Percentage of shareholding after the Share Offer and the Capitalisation Issue</u>
Wealthy Rise	Beneficial owner	108,000,000	75%
Mr. Lo ⁽¹⁾	Interest in a controlled corporation	108,000,000	75%
Ms. Lin Yihong ⁽²⁾	Interest of a spouse	108,000,000	75%

Notes:

1. Upon completion of the Capitalisation Issue and the Share Offer, Wealthy Rise will directly hold 108,000,000 Shares. As Wealthy Rise is beneficially owned as to 100% by Mr. Lo, Mr. Lo is deemed to be interested in all the Shares held by Wealthy Rise under the SFO.
2. Ms. Lin is the spouse of Mr. Lo. By virtue of the SFO, Ms. Lin is deemed to be interested in the same number of Shares in which Mr. Lo is deemed to be interested.

Save as disclosed above and in the paragraph headed “C. Further Information about Our Directors and Substantial Shareholders” in Appendix IV to this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Capitalization Issue and the Share Offer (assuming that the Over-allotment Option or any options which may be granted under the Share Option Scheme is not exercised), have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, 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 our Company or any other member of our Group. Our Directors are not aware of any arrangements which may at a subsequent date result in a change of control of our Company.

FINANCIAL INFORMATION

You should read the following discussion and analysis with our audited consolidated financial information, including the notes thereto, as at and for the years ended 31 December 2014, 2015 and 2016 included in the Accountants' Report set out in Appendix I to this document. The Accountants' Report has been prepared in accordance with the basis of presentation in Note 2.2 and the accounting policies in Note 4 to the Accountants' Report set out in Appendix I which are in conformity with Hong Kong Financial Reporting Standards ("HKFRSs") and interpretations promulgated by the Hong Kong Institute of Certified Public Accountants. The following discussion and analysis and other parts of this document contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances.

OVERVIEW

Our Group's business is conducted via two operating subsidiaries, namely CWW Leasing and CWW Services, in Shenzhen, Guangdong Province, the PRC. CWW Leasing is primarily engaged in financial leasing services and financial leasing advisory services while CWW Services offers other financial advisory services. According to the Euromonitor Report, CWW Leasing is considered as a large-scale financial leasing company in Shenzhen with a registered capital of RMB200.0 million. Since our establishment, we have been continuously offering finance solutions to our customers in the PRC. As at 31 December 2016, we had 48 corporate customers in various industries including airline company, health care service provider and energy saving equipment provider.

Over the years, we have accumulated knowledge and experience in meeting the financing needs of our customers in various industries and of different sizes in the PRC. Through CWW Leasing, our financial leasing services are provided to our customers who have financing needs as an alternative source of financing to traditional sources of financing. Our Directors expect that not only our customers but also other companies in their industries will continue to have demand for financial leasing services. We also provided advisory services through CWW Leasing and CWW Services including financial leasing advisory services, and other financial advisory services to our customers during the Track Record Period.

For the years ended 31 December 2014, 2015 and 2016, our revenue was approximately RMB35.5 million, RMB53.5 million and RMB71.2 million, respectively, and our profit for the respective year was approximately RMB22.1 million, RMB24.7 million and RMB29.6 million. Our net financial leasing receivables were approximately RMB173.9 million, RMB597.7 million and RMB543.1 million as at 31 December 2014, 2015 and 2016, respectively.

FINANCIAL INFORMATION

BASIS OF PRESENTATION

The consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the Track Record Period include the results, changes in equity and cash flows of companies within our Group as if the current group structure had been in existence throughout the Track Record Period, or since their date of establishment, incorporation or acquisition, where applicable. The consolidated statements of financial position of our Group as at 31 December 2014, 2015 and 2016 have been prepared to present the assets and liabilities of the companies now comprising our Group as if the current group structure had been in existence at those dates taking into account the respective date of establishment, incorporation or acquisition, where applicable.

KEY FACTORS AFFECTING THE RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and financial condition have been, and will continue to be, affected by a number of factors, including those set out below and in the section headed “Risk Factors” in this prospectus. Factors other than those set forth below could also have a significant impact on our results of operations and financial condition in the future.

Quality and Provision Policies of Our Lease Receivables

The quality of our lease receivables is largely affected by the industries and the customers we select. We believe that our risk management system can help us effectively manage our credit risk and ensure our asset quality. However, factors that are beyond our control, such as macroeconomic developments which may affect the business and operating environment of our customers, may also affect us in the future. For details of our credit risk management, please refer to the section headed “Business — Risk Management and Control” in this prospectus.

Interest Rate Environment

Our results of operations depend to a great extent on our interest income from our financial leasing business and our finance costs. Interest income from our financial leasing represented approximately 29.6%, 38.4% and 58.3% of our total revenue for the years ended 31 December 2014, 2015 and 2016 respectively. In June 2016, we signed our first factoring agreement with a financial leasing customer. The interest income from factoring recorded approximately RMB1.4 million, which represented approximately 2.0% of our total revenue for the year ended 31 December 2016. The interest rate we charge our customers is an important factor that influences our interest income. The interest rate charged to a customer is primarily dependent upon the risk profile of the customer, the value of the assets underlying the lease over time and the characteristics of the customer’s industry.

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In addition, our financial costs is primarily determined by market interest rates. It is largely determined by the interest rates that we are charged for our interest-bearing bank borrowings, which are sensitive to many factors over which we have no control, including the regulatory framework of the banking and financial sectors in the PRC and domestic and international economic and political conditions. The interest rates charged for most of our bank borrowings are set on a floating basis based on the PBOC benchmark interest rates, and are generally adjusted at each subsequent payment date as necessary should PBOC benchmark interest rates fluctuate.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies which are significant to the preparation of the financial information as set forth in note 4 in the “Accountants’ Report” in Appendix I to this prospectus. The determination of these accounting policies are fundamental to our financial condition and operating results, and requires us to make significant judgments and estimation, further information on which is set forth in the paragraph headed “Significant Accounting Judgements and Estimates” below.

REVENUE RECOGNITION

Revenue from financial leasing services mainly represented the interest income from financial leasing. Billing on financial leasing services are based on detailed payment schedule listed as appendix to our financial leasing agreement or any revised detailed payment schedule subsequently updated as per the floating rate adjusted. The lease payment is usually by month or quarter. The lease payment bill contains both interest and principal payment, where the interest is calculated based on interest rate either at (i) a floating rate adjusted upon the PBOC benchmark interest rate; or (ii) a fixed rate as stipulated in the financial leasing agreement.

Interest income from financial leasing is recognised in the consolidated statements of comprehensive income using the effective interest rate implicit in the lease over the term of the lease, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount on initial recognition.

Revenue from financial leasing advisory services and other financial advisory services mainly represented the fee income for the advisory services provided. Invoiced amount on the billing of financial leasing advisory services or other financial advisory services are the services fee agreed in the advisory services agreements signed with our customers.

Advisory services income is recognised using the percentage of completion method. Revenue is generally recognised based on the value of services performed to date as a percentage of the total services to be performed. Value of service performed is measured according to the proportion of accumulated cost incurred up to the reporting date bear to the estimated total cost to complete the service. When the outcome of the service cannot be estimated reliably and it is not probable that the costs incurred will be recovered, revenue is not recognised and the costs incurred are recognised

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as an expense. Our work of advisory services are generally performed under three stages: (i) initial planning; (ii) project development; and (iii) report and execution. In the initial planning stage, we will start with our initial works, such as understanding the customer's industry, operational and financial status. This stage normally represents 20% to 30% of the service value that we provided. In the project development stage, we conduct the due diligence investigation, viability study and/or evaluation of leasing asset, structuring a financial leasing or financing plan, and analyse the customer's credit status. Revenue is recognised in this stage based on the percentage of advisory service rendered in the same year. This stage normally represents 20% to 30% of the service value that we provided. In the report and execution stage, we issue advisory report to our customers which normally includes the customer's industry profile, business development and financial status and proposed future financial planning. This stage normally represents 40% to 60% of the service value that we provided.

All advisory service contracts were 100% completed within the same year of signing contracts as at 31 December 2014, 2015 and 2016.

Interest income from bank deposits or factoring loan are accrued on a time apportionment basis using the effective interest method.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the 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, are described below.

Key sources of estimation uncertainty

(i) *Stage of completion of advisory services*

Revenue from advisory service contracts is recognised according to the percentage of completion of individual contract. The percentage of completion is calculation by comparing the service rendered by our Group to total contracted amount. In order to ensure that the percentage of completion of advisory service contracts is accurate and up-to-date, the management frequently reviews and estimates the progress of the services rendered by our Group.

(ii) *Recognition of factoring agreement*

The management made judgement in considering if our Group acts as a principal from the accounting perspective, and hence recognises the gross revenue and the related direct costs, with reference to all relevant facts and circumstances of service arrangements. In some cases, our Group does not have any ownership and rights to the account receivables, and our Group does not bear any credit risks of not collecting the related accounts receivables. After taking into consideration of these factors, the management considers that our Group has not exposed to any significant risk and reward associated with the factoring agreement and it has only fulfilled the features that acting an

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agent in the finance lease and factoring arrangement from the accounting perspective, the net income generated from such arrangement, if any, will be recognised after offsetting the relevant finance costs.

(iii) *Provision for impairment of receivables*

The policy for the provision for impairment of receivables of our Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors of our Group were to deteriorate, resulting in an impairment of their ability to make payments, additional provision for impairment may be required.

(iv) *Impairment of non-financial assets*

Our Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, our Group makes an estimate of the recoverable amount of the asset. This requires an estimation of the value-in-use of the cash-generating unit to which the asset is allocated. Estimating the value in use requires our Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimated future cash flows and/or the discount rate applied will result in an adjustment to the estimated impairment provision previously made.

(v) *Depreciation*

Our Group depreciates property, plant and equipment using straight-line method over the estimated useful lives, starting from the date on which the assets are placed into use. The estimated useful lives reflect our directors' estimate of the periods that our Group intends to derive future economic benefits from the use of our Group's property, plant and equipment.

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The consolidated statements of comprehensive income set forth below should be read in conjunction with our consolidated financial information included in the “Accountants’ Report” in Appendix I to this prospectus, together with the accompanying notes, which have been prepared in accordance with accounting policies which are in conformity with the HKFRSs.

	Year ended 31 December		
	2014	2015	2016
	RMB'000	RMB'000	RMB'000
Continuing operations			
Revenue	35,545	53,457	71,243
Other income	976	142	38
Employee benefit expenses	(1,842)	(2,650)	(5,326)
Depreciation	(691)	(696)	(786)
Operating lease expense	(484)	(484)	(633)
Other operating expenses	(3,921)	(4,139)	(5,200)
Listing expense	—	(2,474)	(4,486)
Share of loss of an associate	—	(1)	(1)
Gain on disposal of an associate	—	—	2
Finance cost	(230)	(8,858)	(12,636)
	29,353	34,297	42,215
Profit before income tax			
Income tax expense	(7,599)	(9,558)	(12,655)
	21,754	24,739	29,560
Profit for the year from continuing operations			
Discontinued operations			
Profit for the year from discontinued operations	336	—	—

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	Year ended 31 December		
	2014	2015	2016
	RMB'000	RMB'000	RMB'000
Profit for the year attributable to the owners of the Company	22,090	24,739	29,560
Other comprehensive income/(expense)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations	34	(164)	(300)
Release of exchange differences upon disposal of subsidiaries	1	—	—
Other comprehensive income/(expense) for the year attributable to the owners of the Company	35	(164)	(300)
Total comprehensive income for the year attributable to the owners of the Company	22,125	24,575	29,260
Total comprehensive income for the year attributable to:			
— Continuing operations	21,788	24,575	29,260
— Discontinued operations	337	—	—
	22,125	24,575	29,260

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DESCRIPTION OF LINE ITEMS IN THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

Our revenue is derived from (i) interest income from financial leasing; (ii) interest income from factoring; (iii) financial leasing advisory services income; and (iv) other financial advisory services income. Our financial leasing services include sale-leaseback as well as direct financial leasing. For the years ended 31 December 2014, 2015 and 2016, our financial leasing services contributed approximately 29.6%, 38.4% and 58.3% of our total revenue, respectively. Since June 2016, we started to provide financial leasing related factoring service to our customers. The interest income from factoring contributed approximately 2.0% of our total revenue for the year ended 31 December 2016. Our advisory services mainly include financial leasing advisory services, and other financial advisory services. For the years ended 31 December 2014, 2015 and 2016, our financial leasing advisory services contributed approximately 39.9%, 45.6% and 30.4% of our total revenue, respectively, and correspondingly, approximately 30.5%, 16.0% and 9.3% of the revenue were derived from the other financial advisory services, respectively. During the Track Record Period, the contribution of financial leasing services and financial leasing advisory services to our total revenue had been growing continuously from approximately 69.5% for the year ended 31 December 2014 to 84.0% for the year ended 31 December 2015, and to 88.7% for the year ended 31 December 2016. Our Directors intend to remain focused on the financial leasing services and financial leasing advisory services in the future to achieve long term growth.

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Financial leasing

The following table sets forth a breakdown of our interest income from financial leasing for the periods indicated:

	Year ended 31 December					
	2014		2015		2016	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Airline company	—	—	6,370	31.0	13,022	31.4
Health care service provider	555	5.3	5,360	26.1	10,710	25.8
Energy saving equipment provider	—	—	635	3.1	3,663	8.8
Public utilities provider	4,661	44.3	4,431	21.6	2,983	7.2
Taxi operator	5,029	47.8	1,173	5.7	1,367	3.3
Others						
Logistic service provider	—	—	285	1.4	3,035	7.3
Non-ferrous metal	270	2.6	2,251	11.0	1,379	3.3
Telecommunication	—	—	—	—	936	2.3
Electronic	—	—	—	—	345	0.8
Manufacturer	—	—	—	—	1,425	3.4
Carpark operator	—	—	—	—	1,631	3.9
Miscellaneous	—	—	19	0.1	1,024	2.5
Total	10,515	100.0	20,524	100.0	41,520	100.0

Revenue generated from the financial leasing services to airline company started to be derived for the year ended 31 December 2015 as they have become one of our major targeted types of customers since 2015. We have managed to sign agreements with two new airline customers which contributed approximately 31.0% and 31.4% of our total revenue from financial leasing for the years ended 31 December 2015 and 2016, respectively. This shows that we are on the track to expand toward this industry and expect to have new financial leasing agreements signed with new customers and renew the financial leasing agreements signed with these existing customers.

Revenue generated from the financial leasing services to health care service provider increased from approximately RMB0.6 million for the year ended 31 December 2014 to approximately RMB5.4 million for the year ended 31 December 2015 and further to approximately RMB10.7 million for the year ended 31 December 2016. Such continuous increase during the Track Record Period was primarily due to the fact that the health care service provider has been one of our major targeted types of customers since 2014.

Revenue generated from the financial leasing services to public utilities provider recorded approximately RMB4.7 million, RMB4.4 million and RMB3.0 million for the years ended 31 December 2014, 2015 and 2016, respectively. This was primarily as we focused on our other major

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targeted types of customers in 2015, the number of new agreements and the financial leasing receivables from the existing customers decreased which contributed a slightly decrease in revenue to approximately RMB4.4 million for the year ended 31 December 2015, and further to RMB3.0 million for the year ended 31 December 2016. Such decrease reflected the impact of switching our focus to other major targeted types of customers.

Revenue generated from the financial leasing services to taxi operator recorded approximately RMB5.0 million for the year ended 31 December 2014. As we have focused on our other major targeted types of customers since 2015, the financial leasing receivables from the existing customers decreased which resulted in a decrease in revenue to approximately RMB1.2 million and RMB1.4 million for the years ended 31 December 2015 and 2016 respectively. Such decrease, as compared to the year ended 31 December 2014, reflected the impact of switching our focus to other major targeted types of customers.

Revenue generated from the financial leasing services to energy saving equipment provider started to contribute to our revenue since the year ended 31 December 2015 after we have extended our financial leasing services into this industry. With the increasing attention of the society on the environmental protection, our Directors consider that there will be market opportunities available to us in this industry. Revenue from energy saving equipment provider increased from approximately RMB0.6 million for the year ended 31 December 2015 to approximately RMB3.7 million for the year ended 31 December 2016, which was in line with our Group's business strategy.

Customers categorised as others included those mainly engaged in the logistic, non-ferrous metal, telecommunication, carpark operator and other manufacturing industry. The increase over the Track Record Period was mainly due to our business expansion and commencement of business in various industries.

During the Track Record Period, we primarily generated our revenue from a few industries, including, airline company, health care service provider, public utilities provider, taxi operator and energy saving equipment provider, as such, facing the risks of concentration of customers in few industries. For the year ended 31 December 2014, we generated approximately 52.5% of our revenue from taxi operators and public utilities providers. For the years ended 31 December 2015 and 2016, airline company, health care service provider and energy saving equipment provider in aggregate contributed approximately 55.5% and 52.7% of our revenue, respectively. If there is any material adverse change in any of these industries, our business, financial condition and result of operations could be adversely affected.

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The following table sets forth: (i) the interest-earning assets; (ii) interest-bearing liabilities; (iii) net interest margin; and (iv) net interest spread of our Group for the periods indicated.

	Year ended 31 December								
	2014			2015			2016		
	Average balance ⁽¹⁾	Average yield/ cost rate ⁽²⁾	Interest income/ expense	Average balance	Average yield/ cost rate	Interest income/ expense	Average balance	Average yield/ cost rate	Interest income/ expense
RMB'000		RMB'000	RMB'000		RMB'000	RMB'000		RMB'000	
Interest-earning assets	123,682	8.5%	10,515	385,837	5.3%	20,524	570,434	7.3%	41,520
Interest-bearing liabilities	25,000	0.9%	230	191,572	4.6%	8,858	346,290	3.6%	12,636
Net interest margin ⁽³⁾	—	8.3%	—	—	3.0%	—	—	5.1%	—
Net interest spread ⁽⁴⁾	—	7.6%	—	—	0.7%	—	—	3.7%	—

(1) Average balance of interest-earning assets is calculated based on the average of the opening and ending balances of net financial leasing receivables. Average balance of interest-bearing liabilities is calculated based on the average of the opening and ending balances of bank borrowings.

(2) Average yield is calculated based on dividing interest income by the average balance of interest-earning assets. Average cost rate is calculated based on dividing interest expense by the average balance of our interest-bearing liabilities.

(3) Net interest margin is calculated by dividing the net balance of interest income and interest expense by the average balance of interest-bearing assets.

(4) Net interest spread is calculated by deducting average cost rate by average yield.

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For the years ended 31 December 2014, 2015 and 2016, (i) our net interest spread was 7.6%, 0.7% and 3.7%, respectively and (ii) our interest yield was 8.5%, 5.3% and 7.3%, respectively. As we began to raise bank borrowings in late 2014 instead of solely relying on our internal capital, we incurred increasing interest expenses which had a negative effect on our net interest spread during the years ended 31 December 2015 and 2016. In addition, our Group began to seize airline customers in 2015 for which thinner interest spread was applied as part of our pricing strategy to enter into this industry segment.

Our interest yield decreased to 5.3% for the year ended 31 December 2015 from 8.5% for the year ended 31 December 2014. This decrease was primarily due to a decrease in the PBOC benchmark lending rates of the range 6.00% to 6.55% in the year ended 31 December 2014 to the range 4.75% to 6.15% in the year ended 31 December 2015. Our interest yield increased to 7.3% for the year ended 31 December 2016 primarily due to generally higher effective interest rate charged in our newly signed financial leasing agreements in late 2015 and 2016 especially for customers in energy saving equipment, taxi operation, carpark operation, manufacturing and telecommunication industries, which reflected our enhanced negotiating power with the customers.

Our net interest spread decreased to 0.7% for the year ended 31 December 2015 from 7.6% for the year ended 31 December 2014. This decrease was primarily due to a decrease in our interest yield of interest-earning assets from 8.5% for the year ended 31 December 2014 to 5.3% for the year ended 31 December 2015; and an increase in our cost rate of interest-bearing liabilities from 0.9% for the year ended 31 December 2014 to 4.6% for the year ended 31 December 2015. Furthermore, three new finance leases with corresponding interest-bearing liabilities were drawn down and fully repaid during the year ended 31 December 2015, which made the corresponding balance of interest-bearing liabilities become zero and resulted in an abnormal calculation. The adjusted net interest spread for the year ended 31 December 2015 would be around 1.7% if we added back the balance of interest-bearing liabilities of these new finance leases when calculating cost rate. No similar adjustment is necessary on calculation of relevant interest yield due to no such situation in interest-earning assets.

For the year ended 31 December 2016, our net interest spread increased to 3.7% mainly as a result of our interest yield of interest-earning assets increasing to 7.3% from 5.3% for the year ended 31 December 2015 as explained above.

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Financial leasing advisory services

The following table sets forth a breakdown of our financial leasing advisory services income for the periods indicated:

	Year ended 31 December					
	2014		2015		2016	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Airline company	—	—	8,246	33.8	4,245	19.6
Health care service provider	1,962	13.8	7,406	30.4	4,368	20.1
Energy saving equipment provider	—	—	1,698	7.0	1,509	7.0
Public utilities provider	2,830	19.9	—	—	—	—
Taxi operator	6,132	43.2	943	3.9	—	—
Others						
Manufacturer	—	—	1,132	4.6	2,170	10.0
Mining company	1,856	13.1	—	—	—	—
Construction	—	—	566	2.3	227	1.0
Non-ferrous metal	1,415	10.0	—	—	660	3.0
Logistic service provider	—	—	2,972	12.2	896	4.1
Trading company	—	—	1,415	5.8	2,115	9.7
Telecommunication	—	—	—	—	2,754	12.7
Investment company	—	—	—	—	1,132	5.2
Property management	—	—	—	—	1,617	7.6
Total	14,195	100.0	24,378	100.0	21,693	100.0

The general increase in financial leasing advisory services income over the Track Record Period is generally in line with the increase of the financial leasing market in the PRC and our business expansion. However, we recorded slightly decrease in financial leasing advisory services income for the year ended 31 December 2016 over 2015 mainly due to the fact that we recorded significantly large revenue from the airline company and the health care service provider for the year ended 31 December 2015.

Revenue from the airline company started to contribute to our revenue for the year ended 31 December 2015. This industry has become one of our major targeted types of customers since 2015 and we have signed agreements with two new airline customers which contributed 33.8% of our total revenue from financial leasing advisory services for the year ended 31 December 2015. For the year ended 31 December 2016, our revenue from airline company was not as large as that of the previous year but still recorded approximately RMB4.2 million which contributed 19.6% of our total revenue from financial leasing advisory services.

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Revenue from the health care service provider increased from approximately RMB2.0 million for the year ended 31 December 2014 to RMB7.4 million for the year ended 31 December 2015. We have treated the health care service provider as one of our major targeted types of customers since 2013 and expected our business with this type of customer would be expanded. This strategy resulted in the significant increase in the number of new agreements signed in 2015. For the year ended 31 December 2016, our revenue from the health care service provider was not as large as that of the previous year but still recorded approximately RMB4.4 million.

Revenue from public utilities provider was approximately RMB2.8 million for the year ended 31 December 2014. We started to provide our financial leasing advisory services to public utilities provider in 2013. As we focused on our other major targeted types of customers in 2015 and 2016, no agreements were signed with public utilities provider customers so that no revenue were noted for the years ended 31 December 2015 and 2016.

Revenue from taxi operator recorded approximately RMB6.1 million for the year ended 31 December 2014 which contributed 43.2% of our total revenue from financial leasing advisory services. This was due to the new agreements signed with taxi operator customers which resulted from the emerging urbanisation and improving living standards. The revenue decreased to approximately RMB0.9 million in the year ended 31 December 2015 as we focused on our other major targeted types of customers in 2015 instead. This also resulted in zero revenue for the year ended 31 December 2016.

Revenue from energy saving equipment provider was approximately RMB1.7 million and RMB1.5 million for the years ended 31 December 2015 and 2016 respectively. Revenue from energy saving equipment provider started to contribute to our revenue for the year ended 31 December 2015 after we have extended our financial leasing advisory services into this industry. With the increasing attention of the society on the environmental protection, our Directors consider that we will have market opportunities in this industry.

Revenue from others included customers mainly in the construction, mining, non-ferrous metal, logistic, investment, trading, manufacturing, telecommunication and property management industries was approximately RMB3.3 million, RMB6.1 million and RMB11.6 million for the years ended 31 December 2014, 2015 and 2016, respectively. The general increase during the Track Record Period was mainly due to our business expansion and commencement of business in various industries.

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Other financial advisory services

The following table sets forth a breakdown of our other financial advisory services income for the periods indicated:

	Year ended 31 December					
	2014		2015		2016	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Investment/Trading company	6,715	62.0	4,811	56.2	3,632	55.0
Others						
Construction	388	3.6	1,793	21.0	1,321	20.0
Logistic service provider	39	0.3	20	0.2	—	—
Trading company	971	9.0	944	11.0	943	14.3
Manufacturer	389	3.6	377	4.4	377	5.7
Individuals	1,623	15.0	213	2.5	—	—
Miscellaneous	710	6.5	397	4.7	332	5.0
Total	10,835	100.0	8,555	100.0	6,605	100.0

Revenue from investment/trading company recorded a decrease from approximately RMB6.7 million for the year ended 31 December 2014 to approximately RMB4.8 million for the year ended 31 December 2015 and further to approximately RMB3.6 million for the year ended 31 December 2016. The continuous decrease during the Track Record Period was primarily due to our Group's intention to continue to focus on the financial leasing services and financial leasing advisory services to achieve long term growth. Others included customers mainly engaged in the construction, logistic, trading, manufacturing industry as well as individuals. The decreasing trend of our total revenue of other financial advisory services was in line with our strategy to focus on the financial leasing services and financial leasing advisory services.

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Other income

Other income includes government subsidies, net exchange gain and bank interest income.

The following table sets forth a breakdown of our other income for the periods indicated:

	Year ended 31 December					
	2014		2015		2016	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Bank interest income	9	0.9	31	21.8	35	92.1
Exchange gains, net	967	99.1	—	—	—	—
Government subsidies	—	—	111	78.2	—	—
Sundry income	—	—	—	—	3	7.9
Total	<u>976</u>	<u>100.0</u>	<u>142</u>	<u>100.0</u>	<u>38</u>	<u>100.0</u>

Net exchange gain incurred only in the year ended 31 December 2014. This was due to the exchange rate difference arising from a Hong Kong dollar bank account held by CWW Leasing. The non-recurring government subsidies were received unconditionally by the CWW Leasing from local government. The main purpose is to refund the additional value-added tax paid by CWW Leasing as a result of the replacement of business tax by value-added tax.

Employee benefit expenses

Employee benefit expenses include primarily employee salaries and costs associated with other benefits. Our employee benefit expenses increased over the Track Record Period as our number of staff increased due to business expansion. We recognised employee benefit expenses of RMB1.8 million, RMB2.7 million and RMB5.3 million for the years ended 31 December 2014, 2015 and 2016, respectively, representing 5.2%, 5.0% and 7.5% of our total revenue for the corresponding periods.

Operating lease expense

Operating lease expense represents the lease expenses of our offices. For each of the years ended 31 December 2014, 2015 and 2016, our operating lease expense was approximately RMB0.5 million, RMB0.5 million and RMB0.6 million, respectively.

Other operating expenses

Other operating expenses include primarily the entertainment, hospitality expense, management service fee, travelling expenses, etc.

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The following table sets forth a breakdown of our other operating expenses by nature for the periods indicated:

	Year ended 31 December					
	2014		2015		2016	
	RMB'000	% of revenue	RMB'000	% of revenue	RMB'000	% of revenue
Bank charge	14	0.1	321	0.6	52	0.1
Entertainment	232	0.7	612	1.1	1,296	1.8
Management service fee	507	1.4	708	1.3	208	0.3
Hospitality expense	1,852	5.2	845	1.6	129	0.2
Motor vehicle running expense	249	0.7	193	0.4	216	0.3
Office supplies	106	0.3	240	0.4	194	0.3
Travelling expense	300	0.8	456	0.9	541	0.8
Others (<i>Note</i>)	661	1.8	764	1.4	2,564	3.6
	<u>3,921</u>	<u>11.0</u>	<u>4,139</u>	<u>7.7</u>	<u>5,200</u>	<u>7.4</u>

Note: Others mainly include IT maintenance, legal and professional fee and stamp duties arising from the Reorganisation in May 2016.

Listing expense

During the Track Record Period, we incurred listing expenses of approximately RMB2.5 million and RMB4.5 million for the years ended 31 December 2015 and 2016 respectively due to the kick-off of our initial public offering project in 2015.

Finance cost

Finance cost represent interest on bank borrowings. For the years ended 31 December 2014, 2015 and 2016, our finance cost was RMB0.2 million, RMB8.9 million and RMB12.6 million, respectively.

Income Tax Expense

Hong Kong Profits Tax

Our Hong Kong incorporated subsidiaries are subject to Hong Kong profits tax. Hong Kong profits tax is calculated at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. There is no Hong Kong profits tax for the years ended 31 December 2014, 2015 and 2016 as our Hong Kong subsidiaries had no assessable profits during the Track Record Period.

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PRC Enterprise Income Tax

The PRC enterprise income tax rate applicable to the PRC incorporated subsidiaries is 25%. During the Track Record Period, our Company was not entitled to any special tax treatment.

Our Group's income tax expense amounted to RMB7.6 million, RMB9.6 million and RMB12.7 million for the years ended 31 December 2014, 2015 and 2016, respectively. The effective tax rates for the corresponding periods were 25.9%, 27.9% and 30.0%, respectively.

Profit from continuing operations

For the years ended 31 December 2014, 2015 and 2016, our profit from continuing operations was RMB21.8 million, RMB24.7 million and RMB29.6 million, respectively.

Profit and total comprehensive income for the year from continuing operations

For the years ended 31 December 2014, 2015 and 2016, our profit and total comprehensive income from continuing operations was RMB21.8 million, RMB24.6 million and RMB29.3 million, respectively.

Profit from discontinued operations

The results attributable to the discontinued operations included in the consolidated financial statements are as follows:

	<u>Year ended</u> <u>31 December</u> <u>2014</u> <u>RMB'000</u>
Revenue	9,893
Other income	2
Employee benefit expenses	(4,979)
Depreciation	(503)
Other operating expenses	<u>(4,304)</u>
Profit before income tax	109
Income tax expense	(230)
Gain on disposal of Disposal Group	<u>457</u>
Profit for the year from discontinued operations	<u><u>336</u></u>

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The discontinued operations are provision of financial agency services between the lenders and individual customers in the PRC, please refer to note 12 in the Accountants' Report in Appendix I to this prospectus for details.

Unless otherwise stated, the items in operating results and other operation information during the Track Record Period used for analysis in this prospectus include the continuing operations only.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year ended 31 December 2016 compared to year ended 31 December 2015

Revenue

Our Group's revenue increased significantly by approximately RMB17.7 million or 33.1% from approximately RMB53.5 million for the year ended 31 December 2015 to approximately RMB71.2 million for the year ended 31 December 2016 due to the increase in revenue of our financial leasing and financial leasing advisory services generated from airline company, health care service provider, energy saving equipment provider and other customers. Please refer to the paragraph headed "Description of Line Items in the Consolidated Statements of Comprehensive Income — Revenue" in this section for details.

Other income

Our other income decreased by approximately RMB0.1 million or 73.2% from approximately RMB0.1 million for the year ended 31 December 2015 to approximately RMB38,000 for the year ended 31 December 2016 due to the decrease in the non-recurring subsidies received unconditionally by the CWW Leasing from local government in 2015.

Employee benefit expenses

Our Group's employee benefit expenses increased by approximately RMB2.6 million or 96.3% from approximately RMB2.7 million for the year ended 31 December 2015 to approximately RMB5.3 million for the year ended 31 December 2016 due to the increase in the manpower for our expanding business.

Other operating expenses

Our other operating expenses increased from approximately RMB4.1 million for the year ended 31 December 2015 to approximately RMB5.2 million for the year ended 31 December 2016 mainly due to the increase in legal and professional fee.

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Listing expense

Our listing expense increased by approximately RMB2.0 million for the year ended 31 December 2016 due to the kick-off of our initial public offering project in 2015.

Finance cost

Our finance cost increased by approximately RMB3.7 million or 41.6% from approximately RMB8.9 million for the year ended 31 December 2015 to approximately RMB12.6 million for the year ended 31 December 2016. Such increase was mainly due to the new bank borrowings raised for our business expansion. We had bank loans of approximately RMB333.1 million and RMB359.4 million as at 31 December 2015 and 2016, respectively.

Income tax expense

Income tax expense for the year ended 31 December 2016 were approximately RMB12.7 million, representing an increase of 32.3% over income tax expense of approximately RMB9.6 million for the year ended 31 December 2015 due to the increase in profit before income tax and effective tax rate.

The effective tax rate increased from 27.9% for the year ended 31 December 2015 to 30.0% for the year ended 31 December 2016. The effective tax rates in 2015 and 2016 being slightly higher than the statutory rate of 25% in the PRC, was due to the non-deductible expenses incurred in Hong Kong subsidiaries, especially the listing expense incurred in 2016 which also brought the slight increase in effective tax rate in 2016.

Total comprehensive income for the year

Our total comprehensive income increased by approximately RMB4.7 million or 19.1% from approximately RMB24.6 million for the year ended 31 December 2015 to approximately RMB29.3 million for the year ended 31 December 2016. Such increase was mainly due to the increase of revenue from existing and new customers in 2016, such as airline company, health care service provider, energy saving equipment provider and other customers.

FINANCIAL INFORMATION

Year ended 31 December 2015 compared to year ended 31 December 2014

Revenue

Our Group's revenue increased significantly by approximately RMB18.0 million or 50.7% from approximately RMB35.5 million for the year ended 31 December 2014 to approximately RMB53.5 million for the year ended 31 December 2015 due to the increase in the number of new financial leasing and financial leasing advisory services customers, such as airline company, health care service provider and energy saving equipment provider. Please refer to the paragraph headed "Description of Line Items in the Consolidated Statements of Comprehensive Income — Revenue" in this section for details.

Other income

Our other income decreased by approximately RMB0.9 million or 90.0% from approximately RMB1.0 million for the year ended 31 December 2014 to approximately RMB0.1 million for the year ended 31 December 2015 due to the decrease in the net exchange gain arising from a Hong Kong dollar bank account held by CWW Leasing.

Employee benefit expenses

Our Group's employee benefit expenses increased by approximately RMB0.9 million or 50.0% from approximately RMB1.8 million for the year ended 31 December 2014 to approximately RMB2.7 million for the year ended 31 December 2015 due to the increase in the manpower for our expanding business.

Other operating expenses

Our other operating expenses remained relatively stable from approximately RMB3.9 million for the year ended 31 December 2014 to approximately RMB4.1 million for the year ended 31 December 2015.

Listing expense

Our listing expense increased by approximately RMB2.5 million for the year ended 31 December 2015 due to the kick-off of our initial public offering project in 2015.

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Finance cost

Our finance cost increased by approximately RMB8.7 million or 4,350% from approximately RMB0.2 million for the year ended 31 December 2014 to approximately RMB8.9 million for the year ended 31 December 2015. Such increase was mainly due to the new bank borrowings raised for our business expansion. We had bank loans of approximately RMB50.0 million and RMB333.1 million as at 31 December 2014 and 2015, respectively.

Income tax expense

Income tax expense for the year ended 31 December 2015 were approximately RMB9.6 million, representing an increase of 26.3% over income tax expense of approximately RMB7.6 million for the year ended 31 December 2014 due to the increase in profit before income tax and effective tax rate.

The effective tax rate increased from 25.9% for the year ended 31 December 2014 to 27.9% for the year ended 31 December 2015. The effective tax rates in 2014 and 2015 being slightly higher than the statutory rate of 25% in the PRC, was due to the non-deductible expenses incurred in Hong Kong subsidiaries, especially the listing expense incurred in 2015 which also brought to the slight increase in effective tax rate in 2015.

Total comprehensive income for the year

Our total comprehensive income increased by approximately RMB2.8 million or 12.8% from approximately RMB21.8 million for the year ended 31 December 2014 to approximately RMB24.6 million for the year ended 31 December 2015. Such increase was mainly due to the increase of revenue brought from new customers, such as airline company and health care service provider in 2015.

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The consolidated statements of financial position set forth below should be read in conjunction with our consolidated financial information included in the “Accountants’ Report” in Appendix I to this prospectus, together with the accompanying notes, which have been prepared in accordance with accounting policies which are in conformity with the HKFRSs.

	As at 31 December		
	2014	2015	2016
	RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	1,861	1,977	1,234
Investment in an associate	—	3,267	—
Prepayments and deposits	540	180	—
Loan and account receivables	85,991	423,994	344,929
	88,392	429,418	346,163
Current assets			
Loan and account receivables	107,566	193,408	239,575
Prepayments, deposits and other receivables	447	1,920	2,931
Due from related parties	54,220	—	—
Cash and cash equivalents	52,478	4,771	107,365
	214,711	200,099	349,871
Current liabilities			
Deposits from financial leasing customers	825	3,620	700
Due to related parties	2,581	4,040	3,900
Due to ultimate holding company	25	6,790	4,653
Accruals and other payables	1,073	2,253	2,657
Deferred income	411	3,154	2,086
Bank borrowings — secured	25,000	73,709	98,710
Tax payable	4,939	11,792	9,293
	34,854	105,358	121,999
Net current assets	179,857	94,741	227,872
Total assets less current liabilities	268,249	524,159	574,035

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	As at 31 December		
	2014	2015	2016
	RMB'000	RMB'000	RMB'000
Non-current liabilities			
Deposits from financial leasing customers	3,620	520	14,445
Bank borrowings — secured	25,000	259,435	260,726
	28,620	259,955	275,171
Net assets	239,629	264,204	298,864
EQUITY			
Share capital	—	—	—
Reserves	239,629	264,204	298,864
Total equity	239,629	264,204	298,864

DESCRIPTION OF CERTAIN LINE ITEMS IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Assets

As at 31 December 2016, our total assets amounted to approximately RMB696.0 million, representing an increase of 10.6% compared to RMB629.5 million as at 31 December 2015. This was mainly due to the increase in cash and cash equivalents resulting from increase in bank borrowings. As at 31 December 2015, our total assets amounted to approximately RMB629.5 million, representing an increase of approximately 107.7% compared to approximately RMB303.1 million as at 31 December 2014. This was mainly due to an increase in our loan and account receivables resulting from our business expansion.

Loan and account receivables

The loan and account receivables are the major component of our total assets, representing 63.9%, 98.1% and 84.0% of our total assets as at 31 December 2014, 2015 and 2016 respectively.

Our loan and account receivables consist of (i) financial leasing receivables including the principle and interest of financial leasing; (ii) factoring loan receivables; and (iii) accounts receivables of advisory services fees. We had loan and account receivables of approximately RMB193.6 million, RMB617.4 million and RMB584.5 million as at 31 December 2014 and 2015 and 2016, respectively.

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The following table sets forth our loan and account receivables by carrying amount as at the dates indicated:

	As at 31 December		
	2014	2015	2016
	RMB'000	RMB'000	RMB'000
Financial leasing receivables	194,911	705,005	610,138
Unearned finance income	(20,964)	(107,278)	(66,997)
Net financial leasing receivables	173,947	597,727	543,141
Factoring loan receivables	—	—	41,363
Account receivables	19,610	19,675	—
Loan and account receivables	193,557	617,402	584,504

Unearned finance income represents the unearned interest income arising from the financial leasing agreements already signed with customers. As at 31 December 2014 and 2015, we recorded unearned interest income of approximately RMB21.0 million and RMB107.3 million, respectively. The increase was due to the business expansion of our Group. As at 31 December 2016, the unearned interest income was approximately RMB67.0 million. The decrease was due to the repayment by customers in our financial leasing business.

Our total loan and account receivables decreased slightly by approximately RMB32.9 million or 5.3% from approximately RMB617.4 million as at 31 December 2015 to approximately RMB584.5 million as at 31 December 2016. Such decrease was attributable to the combined effect of (i) the decrease in net financial leasing receivables of approximately RMB54.6 million mainly due to the relatively larger portion of repayment of finance lease received from existing customers towards the end of 2016 and we only placed new loan to customers in early 2017 for the newly-signed financial leasing agreements in December 2016; (ii) the decrease in account receivables of approximately RMB19.7 million mainly due to new payment terms introduced to our advisory services agreement since January 2016 and our efforts to execute the internal control and credit policy (see the paragraph headed “Account receivables” below in this section); and (iii) the increase in factoring loan receivables of approximately RMB41.4 million due to our expansion to financial leasing related factoring business. Our Directors do not consider that such decrease in loan and account receivables indicated a slowdown in business growth as (i) such decrease of only 5.3% was immaterial to our operation; (ii) such decrease was caused by various factors as mentioned above which do not necessarily relate to slowdown in business; and (iii) our loan and account receivables subsequently increased to approximately RMB1,020.0 million as at 30 April 2017.

As at 30 April 2017, loan and account receivables of approximately RMB77.3 million or approximately 13.2% has been subsequently settled and there was no loan and account receivables which were past due.

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The following table sets forth the percentage of financial leasing receivables by types of customer as at the dates indicated:

	As at 31 December					
	2014		2015		2016	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Airline company	—	—	308,847	51.7	290,071	53.4
Health care service provider	28,220	16.2	112,479	18.8	77,324	14.2
Energy saving equipment provider	—	—	33,786	5.7	50,527	9.3
Public utilities provider	71,535	41.1	59,722	10.0	16,740	3.1
Taxi operator	30,442	17.5	14,858	2.5	—	—
Others						
— Logistic service provider	—	—	39,250	6.6	22,064	4.1
— Manufacturer	—	—	—	—	14,092	2.6
— Miscellaneous	43,750	25.2	28,785	4.7	72,323	13.3
Total	<u>173,947</u>	<u>100.0</u>	<u>597,727</u>	<u>100.0</u>	<u>543,141</u>	<u>100.0</u>

As at 31 December 2016, our financial leasing receivables decreased by approximately RMB54.6 million to approximately RMB543.1 million from RMB597.7 million as at 31 December 2015. The decrease was due to the repayment of the finance lease by the existing customers. As at 31 December 2015, our financial leasing receivables increased by 243.7% to RMB597.7 million from RMB173.9 million as at 31 December 2014. This was generally in line with the increase of our revenue due to our business expansion, such as new customers of airline company, health care service provider and energy saving equipment provider.

FINANCIAL INFORMATION

Financial leasing receivables

The following table sets forth a breakdown of our financial leasing receivables by fixed and variable interest rates as at the dates indicated:

	As at 31 December					
	2014		2015		2016	
	RMB'000	%	RMB'000	%	RMB'000	%
Financial leasing receivables						
with fixed interest rates	44,257	25.4	212,389	35.5	266,336	49.0
with variable interest rates	129,690	74.6	385,338	64.5	276,805	51.0
	173,947	100.0	597,727	100.0	543,141	100.0

The financial leasing receivables with fixed interest rates were approximately RMB44.3 million, RMB212.4 million and RMB266.3 million as at 31 December 2014, 2015 and 2016, respectively. This was mainly due to the increase of new financial leasing contracts signed and our business expansion.

The financial leasing receivables with variable interest rates was approximately RMB129.7 million and RMB385.3 million as at 31 December 2014 and 2015, respectively. This was also due to our expanding business scale which is addressed above.

As at 31 December 2016, the financial leasing receivables with the variable interest rates was RMB276.8 million. The decrease was due to (i) the repayment from the existing customers; and (ii) the fact that the new financial leasing agreement entered with the new customers for the period were carried at fixed interest rate.

Our financial leasing agreements are priced at both fixed rate and floating rate. As at 31 December 2014, the percentage of financial leasing receivables with variable interest rate was 74.6% of total financial leasing receivables. Our Group considered the source of funding as one of the factors to determine the interest rate, such as fixed interest rate is likely to apply when it is funded by internal capital. Since our Group did not raise any bank borrowing until late 2014, the increase in the percentage reflected our funding strategies. There was a decrease in the percentage of financial leasing receivables with variable interest rates to the total financial leasing receivables, from approximately 74.6% as at 31 December 2014 to 64.5% as at 31 December 2015, and further to 51.0% as at 31 December 2016. This was adjusted on the basis of (i) the credit market environment; (ii) customer's credibility; and (iii) the overall industry performance of our customers.

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Ageing of financial leasing receivables

The following table sets forth the aggregate values of our financial leasing receivables, broken down by the time period that has elapsed since the effective date of the relevant financial leasing agreements, minus unearned finance income, as at the dates indicated:

	As at 31 December					
	2014		2015		2016	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Financial leasing receivables, including unearned finance income						
Within one year	159,934	82.1	609,849	86.5	181,781	29.8
One to two years	34,977	17.9	74,019	10.5	407,177	66.7
Two to three years	—	—	21,137	3.0	7,268	1.2
Three years and beyond ⁽¹⁾	—	—	—	—	13,912	2.3
Total	194,911	100.0	705,005	100.0	610,138	100.0
Net financial leasing receivables						
Within one year	142,779	82.1	511,780	85.6	163,844	30.2
One to two years	31,168	17.9	66,795	11.2	359,144	66.1
Two to three years	—	—	19,152	3.2	6,996	1.3
Three years and beyond ⁽¹⁾	—	—	—	—	13,157	2.4
Total	173,947	100.0	597,727	100.0	543,141	100.0

(1) The maximum term of our financial leasing receivables is eight years.

Financial leasing receivables and net financial leasing receivables within a time period represent financial leasing receivables and net financial leasing receivables relating to new financial leasing agreements that became effective during that period, and were still valid at the relevant reporting date to the period end. As at 31 December 2014, 2015 and 2016, the majority of our net financial leasing receivables with respect to financial leasing agreements entered into was within one year and one to two years.

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Maturity profile of financial leasing receivables

The following table sets forth a breakdown of financial leasing receivables we will receive within the number of years as at the dates indicated:

	As at 31 December					
	2014		2015		2016	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Financial leasing receivables, including unearned finance income						
Due within one year	100,326	51.5	219,997	31.2	246,664	40.4
Due in one to two years	48,932	25.1	175,253	24.9	158,090	25.9
Due in two and three years	22,482	11.5	120,703	17.1	69,373	11.4
Due after three years and beyond (<i>note</i>)	<u>23,171</u>	<u>11.9</u>	<u>189,052</u>	<u>26.8</u>	<u>136,011</u>	<u>22.3</u>
Total	<u>194,911</u>	<u>100.0</u>	<u>705,005</u>	<u>100.0</u>	<u>610,138</u>	<u>100.0</u>
Net financial leasing receivables						
Due within one year	87,956	50.6	173,733	29.1	214,426	39.5
Due in one to two years	44,027	25.3	149,926	25.1	141,628	26.1
Due in two and three years	19,900	11.4	106,033	17.7	61,281	11.3
Due after three years and beyond (<i>note</i>)	<u>22,064</u>	<u>12.7</u>	<u>168,035</u>	<u>28.1</u>	<u>125,806</u>	<u>23.1</u>
Total	<u>173,947</u>	<u>100.0</u>	<u>597,727</u>	<u>100.0</u>	<u>543,141</u>	<u>100.0</u>

Note: The ceiling on the maturity of these receivables is eight years.

Financial leasing receivables and net financial leasing receivables due within a time period represent financial leasing receivables and net financial leasing receivables which we will be entitled to receive during that period. The majority of our net financial leasing receivables as at 31 December 2014, 2015 and 2016 was due within one year and due in one to two years.

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Ageing of factoring loan receivables

The following table sets forth the ageing analysis of factoring loan receivables as at the dates indicated:

	As at 31 December		
	2014	2015	2016
	RMB'000	RMB'000	RMB'000
Less than one month	—	—	363
More than one month but less than three months	—	—	1,000
More than three months but less than one year	—	—	24,500
More than one year but less than two years	—	—	15,500
	—	—	41,363

During the year ended 31 December 2016, we had entered into three factoring agreements with three different customers and the carrying amounts of factoring loan receivables were secured by the customers' receivables with fair value of approximately RMB61.9 million. The effective interest rate of the above factoring loan is ranging from 11.2% to 15.0% per annum.

Account receivables

The following table sets forth a breakdown of our account receivables by financial leasing advisory services and other financial advisory services as at the dates indicated:

	As at 31 December					
	2014		2015		2016	
	RMB'000	%	RMB'000	%	RMB'000	%
Account receivables						
— Financial leasing advisory services	10,050	51.2	11,315	57.5	—	—
— Other financial advisory services	9,560	48.8	8,360	42.5	—	—
	19,610	100.0	19,675	100.0	—	—

The turnover days of the account receivables, calculated as average of the opening and ending account receivables balances for the year, divided by advisory services income for the year and multiplied by number of days of the year, were approximately 159, 218 and 127 for the years ended

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31 December 2014, 2015 and 2016, respectively. The significant increase for the year ended 31 December 2015 as compared to the year ended 31 December 2014 were due to (i) the large increase in ending account receivables balance as compared to the opening balance for the year ended 31 December 2014 primarily resulted from our business expansion; and (ii) the timing difference between the revenue recognition and billing to our customers as we normally bill our customers after completion of the advisory services but revenue recognition was based on the portion of completion of the advisory services we provided and account receivables was recorded accordingly. The turnover days of account receivables for the year ended 31 December 2016 decreased to approximately 127 days mainly due to zero balance of account receivables as at 31 December 2016.

The account receivables as at 31 December 2014 and 2015 remained relatively stable. There was no account receivables as at 31 December 2016 primarily due to the fact that (i) new payment terms (usually quarterly installment during the contract period) have been introduced to the advisory services agreement since January 2016; and (ii) our Group has endeavoured to execute the internal control and credit policy in relation to timely billing our customers according to contract terms and the collection of overdue amount from the customers.

Amounts due from related parties

The following table sets forth the amounts due from related parties as at the dates indicated:

Name	As at 31 December		
	2014	2015	2016
	RMB'000	RMB'000	RMB'000
Mr. Lo (<i>Note (i)</i>)	53,630	—	—
Shenzhen Hengfeng Haiyue International Hotel Co. Limited (深圳恒豐海悅國際酒店有限公司) (the “Hotel”) (<i>Note (ii)</i>)	590	—	—
	54,220	—	—

Notes:

- (i) Mr. Lo is the director and also the ultimate beneficial owner of our Company.
- (ii) Mr. Lo and his elder brother, Mr. Lu Nuan Pei, both were the ultimate beneficial owners in the related company as at 31 December 2014. And as at 31 December 2015 and 2016, Mr. Lu Nuan Pei was one of the ultimate beneficial owners in the related company.

The amounts due from Mr. Lo were unsecured, non-interest-bearing and repayable on demand.

The amounts due from the Hotel represent our prepayment to the Hotel.

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Cash and cash equivalent

We had cash and cash equivalent of approximately RMB52.5 million, RMB4.8 million and RMB107.4 million as at 31 December 2014, 2015 and 2016, respectively. We experienced decrease in cash and cash equivalent between the years ended 31 December 2014 and 2015 and increase during the year ended 31 December 2016. Please refer to the paragraph headed “Cash Flows” in this section for details.

Deposits from financial leasing customers

Other components of our liabilities consist primarily of deposits from financial leasing customers. Lease deposits are collected from our financial leasing customers and are calculated based on a certain percentage of the entire value of the financial leasing agreement. When the term of a financial leasing agreement expires, the lessor must return the full lease deposit to the lessee and has no obligation to remit to the lessee any interest earnings. The balance of the lease deposit can also be applied and used to settle any outstanding lease amounts for a financial leasing agreement with a term that is about to expire.

Deposits from financial leasing customers were RMB4.4 million, RMB4.1 million and RMB15.1 million as at 31 December 2014, 2015 and 2016, respectively, representing 7.0%, 1.1% and 3.8% of total liabilities as at the same dates, respectively. The balance slightly decreased as at 31 December 2015 due to the fact that the deposits related contract term with the new customers was different from the existing customers. The balance significantly increased as at 31 December 2016 mainly resulted from our efforts to negotiate with our customers to obtain more deposits to lower our risks.

Accruals and other payables

Our accruals and other payables represented accrued or bank borrowing, other tax payable, salary and social insurance payables and the funds from third parties. We had accruals and other payables of approximately RMB1.1 million, RMB2.3 million and RMB2.7 million as at 31 December 2014, 2015 and 2016 respectively. Such increase was mainly due to the increase in interest bank borrowing, salary and social insurance.

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Bank loans

The following table sets forth a breakdown of the balances of our payable within or/and more than one year bank borrowings as of the dates indicated:

	As at 31 December					
	2014		2015		2016	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Within one year	25,000	50.0	73,709	22.1	98,710	27.5
More than one year	25,000	50.0	259,435	77.9	260,726	72.5
Total	50,000	100.0	333,144	100.0	359,436	100.0

We had bank loans of approximately RMB50.0 million, RMB333.1 million and RMB359.4 million as at 31 December 2014, 2015 and 2016, respectively. The changes from period to period were due to the expansion of our financial leasings business.

For the years ended 31 December 2014, 2015 and 2016, our effective interest rate per annum for the bank loans was 7.2%, ranging from 4.8% to 6.7%, and 4.8% to 5.6% respectively. All the bank borrowings as at 31 December 2014, 2015 and 2016 were variable-rate borrowings.

Amounts due to related parties and ultimate holding company

We had amounts due to related parties and ultimate holding company of approximately RMB2.6 million, RMB10.8 million and RMB8.6 million as at 31 December 2014, 2015 and 2016, respectively. The amounts were non-trade in nature, unsecured, interest-free and repayable on demand. Such amount will be settled upon Listing.

LIQUIDITY AND CAPITAL RESOURCES

We had met our liquidity requirements principally through a combination of cash generated from operating activities, shareholders' contributions and bank borrowings during the Track Record Period. Upon listing, in addition to above, we expect to fund part of our capital needs using the proceeds from the Share Offer. Please see the section headed "Future Plan and Use of Proceeds" in this prospectus for details.

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Cash Flows

Our Group's primary uses of cash are to conduct our financial leasing business. As at 31 December 2016, our Group had cash and cash equivalents of approximately RMB107.4 million.

The following table sets forth the cash flows for the periods indicated:

	Year ended 31 December		
	2014	2015	2016
	RMB'000	RMB'000	RMB'000
Net cash flows (used in)/generated from operating activities	(111,891)	(380,674)	83,343
Net cash flows (used in)/generated from investing activities	(29,419)	50,183	3,280
Net cash flows generated from financing activities	159,437	282,858	16,217
Net increase/(decrease) in cash and cash equivalents	<u>18,127</u>	<u>(47,633)</u>	<u>102,840</u>

Our cash and cash equivalents were approximately RMB52.5million, RMB4.8million and RMB107.4 million as at 31 December 2014, 2015 and 2016 respectively. The significant decrease as at 31 December 2015 as compared to that of 31 December 2014 was mainly due to the fact that advance from ultimate holding company of approximately RMB109.6 million received in 2014 was utilised in our financial leasing business in 2015. The significant increase as at 31 December 2016 as compared to that of 31 December 2015 was mainly due to the fact that proceeds from bank loans of RMB100.0 million received in late December 2016 was utilised in our financial leasing business in January 2017.

Our Directors considered that utilising available internal resources in financial leasing business would be commercially understandable for financial leasing companies at the inception stage as it is more cost effective than raising bank borrowings.

Net cash flows (used in)/generated from operating activities

Our net cash flows from operating activities represents our profit before income tax, being adjusted for depreciation, share of loss of an associate, gain on disposals of subsidiaries and associate, the effects of changes in working capital and tax paid. Cash inflow is mainly from the receipts of payment for the financial leasing and advisory services income. Cash outflow from operating activities is used primarily for employee benefit expenses, and other operating and administration expenses.

For the year ended 31 December 2014, we had net cash used in operating activities of approximately RMB111.9 million, primarily as a result of profit before income tax of approximately RMB29.4 million, adjusted to reflect an increase of approximately RMB118.0 million in loan and account receivables reflecting the growth of our business.

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For the year ended 31 December 2015, we had net cash used in operating activities of approximately RMB380.7 million, primarily as a result of profit before income tax of approximately RMB34.3 million, adjusted to reflect an increase of approximately RMB423.8 million in loan and account receivables reflecting the growth of our business.

For the year ended 31 December 2016, we had net cash generated from operating activities of approximately RMB83.3 million, primarily due to the decrease in loan and account receivables of approximately RMB32.9 million.

Net cash flows (used in)/generated from investing activities

For the year ended 31 December 2014, we had net cash flows used in investing activities of approximately RMB29.4 million, which was mainly attributable to advanced to related parties of approximately RMB25.1 million and net cash outflow from disposal of subsidiaries of approximately RMB3.6 million.

For the year ended 31 December 2015, we had net cash flows from investing activities of approximately RMB50.2 million, which was mainly attributable to repayment from related parties of approximately RMB54.2 million offset by investment in an associate of approximately RMB3.3 million.

For the year ended 31 December 2016, we had net cash flows generated from investing activities of approximately RMB3.3 million, which was mainly attributable to the proceeds from the disposal of an associate of approximately RMB3.3 million.

Net cash flows generated from financing activities

For the year ended 31 December 2014, we had net cash flows generated from financing activities of approximately RMB159.4 million, which was mainly attributable to proceeds from bank loans of approximately RMB50.0 million and capital contribution from ultimate holding company of approximately RMB109.6 million.

For the year ended 31 December 2015, we had net cash flows generated from financing activities of approximately RMB282.9 million, which was mainly attributable to proceeds from bank loans of approximately RMB380.0 million offset by repayment of bank loans of approximately RMB96.9 million.

For the year ended 31 December 2016, we had net cash generated from financing activities of approximately RMB16.2 million, which was mainly attributable to the proceeds from bank loans of approximately RMB100.0 million, the repayment of bank loans of approximately RMB73.7 million and the interest paid on bank loans of approximately RMB12.6 million.

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NET CURRENT ASSETS

The table below sets forth the breakdown of our current assets and liabilities as at the dates indicated:

	As at 31 December			As at
	2014	2015	2016	30 April 2017
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets				
Loan and account receivables	107,566	193,408	239,575	302,021
Prepayment, deposits and other receivables	447	1,920	2,931	8,416
Due from related parties	54,220	—	—	—
Short-term investments (<i>note</i>)	—	—	—	53,823
Cash and cash equivalents	<u>52,478</u>	<u>4,771</u>	<u>107,365</u>	<u>46,853</u>
Total	<u><u>214,711</u></u>	<u><u>200,099</u></u>	<u><u>349,871</u></u>	<u><u>411,113</u></u>
Current liabilities				
Deposits from financial leasing customers	825	3,620	700	1,020
Due to related parties	2,581	4,040	3,900	4,795
Due to ultimate holding company	25	6,790	4,653	4,164
Accruals and other payables	1,073	2,253	2,657	1,115
Deferred income	411	3,154	2,086	3,043
Bank borrowing — secured	25,000	73,709	98,710	128,710
Tax payable	<u>4,939</u>	<u>11,792</u>	<u>9,293</u>	<u>2,732</u>
Total	<u><u>34,854</u></u>	<u><u>105,358</u></u>	<u><u>121,999</u></u>	<u><u>145,579</u></u>
Net current assets	<u><u>179,857</u></u>	<u><u>94,741</u></u>	<u><u>227,872</u></u>	<u><u>265,534</u></u>

Note: The balance represented the short-term investments purchased from major banks in the PRC which were not subject to maturity. Our Group is entitled to require the banks to redeem the investments with the banks at anytime with immediate effect. The estimated return from these short-term investments ranged from 1.8% to 3.6% per annum. The accrued and unpaid interest will be received upon redemption of the investment from the banks upon our request. We plan to redeem all the short-term investments before mid-June 2017.

Net current assets were approximately RMB179.9 million, RMB94.7 million, RMB227.9 million and RMB265.5 million as at 31 December 2014, 2015 and 2016 and 30 April 2017, respectively.

Our Group's net current assets decreased by approximately RMB85.2 million from approximately RMB179.9 million as at 31 December 2014 to approximately RMB94.7 million as at 31 December 2015, which was mainly due to the combined effects of (i) the increase in loan and

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account receivables (i.e. approximately RMB85.8 million); (ii) the decrease in due from related parties (i.e. approximately RMB54.2 million); and (iii) the increase in bank borrowing (i.e. approximately RMB48.7 million).

Net current assets increased to approximately RMB227.9 million as at 31 December 2016 mainly due to (i) the increase in loan and account receivables (i.e. approximately RMB46.2 million); and (ii) the increase in cash and cash equivalents (i.e. approximately RMB102.6 million).

As at 30 April 2017, our Group's net current assets increased to approximately RMB265.5 million, which was mainly due to net effect from (i) the increase in loan and account receivables (i.e. approximately RMB62.4 million) and (ii) increase in bank borrowings-secured (i.e. approximately RMB30.0 million) in relation to new financial leasing agreements and relevant bank borrowings agreements entered into during January to April 2017.

CAPITAL COMMITMENT

	As at 31 December		
	2014	2015	2016
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:			
— Capital contribution payable to an associate	15,468	13,073	—

Note: Subsequent to the Track Record Period, we have disposed of the entire equity interests of Yong Li and have released above capital commitments.

INDEBTEDNESS

Borrowing

At the close of business on 30 April 2017, being the latest practicable date for the purpose of this indebtedness statement (“Indebtedness Date”), we had total bank borrowings of approximately RMB777.3 million and no unutilised bank facilities. Set out below is the breakdown of our total bank borrowings as at 30 April 2017:

	RMB'000
Bank borrowings — secured	
— Due within one year	128,710
— Due more than one year but not exceeding five years	609,838
— Due more than five years	<u>38,710</u>
Total	<u><u>777,258</u></u>

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As at 30 April 2017, bank borrowings of RMB777.3 million were variable rate borrowings which carried annual interest per annum at the range of 4.5% to 5.6%. As at 30 April 2017, our bank borrowings were secured by charges over certain leased assets and financial leasing receivables.

In respect of the outstanding borrowings of CWW Leasing as at 30 April 2017, material covenants which mainly affect our Group's financing ability included: (i) consent of the lender is required if CWW Leasing incurs any external indebtedness for financing purposes or other new financing transaction; (ii) CWW Leasing shall not issue any dividend payment in any form to shareholders under the following circumstances: (a) the profit after tax is zero or negative for the financial year; (b) the profit after tax for the financial year cannot compensate the losses accumulated from the previous financial years; (c) the profit after tax is not used to repay the principal, accrued interest and other borrowing; and (d) the profit after tax is insufficient to repay the next payment of principal, interest and other borrowing; and (iii) the lender has the right to require CWW Leasing to early repay the loan under the following conditions: (a) depending on our collection status of financial leasing receivables; (b) if CWW Leasing fails to fulfil any of its contractual obligation stated in the loan agreements; and (c) under reasonable judgement of the lender, any event which may constitute a material adverse effect on CWW Leasing's repayment ability. Save as above, our Directors confirmed there are no other key financial covenants for our Group's borrowings during the Track Record Period and as at 30 April 2017.

Certain other liabilities

As at 30 April 2017, our Group had outstanding indebtedness of amounts due to related parties and ultimate holding company of approximately RMB4.8 million and RMB4.2 million respectively, which were unsecured, interest free and repayable on demand. Such amount will be settled upon Listing.

Commitment

As at 30 April 2017, our Group has no capital commitment.

Disclaimer

Save as disclosed above, we did not have, at the close of business on 30 April 2017, any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loan or other similar indebtedness, liabilities under acceptances or acceptance credit, debentures, hire purchase commitments, mortgages and charges, material contingent liabilities or guarantees outstanding. Our Directors confirm that (i) there has not been any material change in the indebtedness and contingent liabilities since 30 April 2017 and up to the Latest Practicable Date; (ii) there has not been any default on repayments or other obligations in any material respect under the loan agreements and the payments of trade and non-trade payables during the Track Record Period; (iii) we do not have

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material covenants relating to the outstanding debts affecting our fund raising ability; (iv) we have complied with all of the finance covenants during the Track Record Period; and (v) we do not have any concrete material external debt financing plans as at the Latest Practicable Date.

KEY FINANCIAL RATIOS ANALYSIS

The following table sets forth our key financial ratios as at dates/for the years indicated:

	As at/year ended 31 December		
	2014	2015	2016
Net profit margin	61.2%	46.3%	41.5%
Return on equity ⁽¹⁾	9.1%	9.4%	9.9%
Return on total assets ⁽²⁾	7.2%	3.9%	4.2%
Current ratio ⁽³⁾	6.2 times	1.9 times	2.9 times
Gearing ratio ⁽⁴⁾	20.9%	126.1%	120.3%
Debt to equity ratio ⁽⁵⁾	N/A	124.3%	84.3%
Risky Assets to equity ratio ⁽⁶⁾	1.1 times	2.5 times	2.1 times

Notes:

- (1) Return on equity is calculated by dividing (i) net profit by (ii) end balance of shareholders' equity of a given year and multiplying by 100.0%.
- (2) Return on assets is calculated by dividing (i) net profit by (ii) end balance of total assets of a given year and multiplying by 100.0%.
- (3) Current ratios are calculated by dividing (i) current assets by (ii) current liabilities at the end of a given year.
- (4) Gearing ratio is calculated by dividing (i) total interest-bearing debt by (ii) total equity at the end of a given year and multiplying by 100.0%.
- (5) Debt to equity ratio is calculated based on the net debt (all interest-bearing debt net of cash and cash equivalents) divided by the total equity at the end of a given year and multiplied by 100%.
- (6) Risky Assets to equity ratio is calculated by dividing total Risky Assets by shareholders' equity at the end of a given year. Risky Assets to equity ratio is calculated in respect of CWW Leasing only.

Details of revenue growth and net profit growth of our Group are set out in the paragraphs headed "Revenue" and "Profit for the year" under the subsection headed "Year ended 31 December 2016 compared with year ended 31 December 2015", and "Year ended 31 December 2015 compared with year ended 31 December 2014" above in this section.

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Net profit margin

Our Group's net profit margin decreased from approximately 61.2% for the year ended 31 December 2014 to approximately 46.3% for the year ended 31 December 2015 mainly due to (i) the significant increase in finance cost arising from the new bank borrowings raised since November 2014; and (ii) increase in employee benefit expenses and listing expense during 2015. The further decrease of the net profit margin to 41.5% for the year ended 31 December 2016 was mainly due to (i) significant increase in finance cost arising from the new bank borrowings raised; and (ii) increase in employee benefit expenses and listing expense incurred during the year ended 31 December 2016.

Return on equity

Our Group's return on equity increased from approximately 9.1% for the year ended 31 December 2014 to approximately 9.4% for the year ended 31 December 2015. The slight increase was mainly due to the lesser increase in net profit resulting from significant increase in finance costs and listing expense during the year.

For the year ended 31 December 2016, our Group's return on equity further increased to approximately 9.9% mainly due to increase in net profit.

Return on total assets

Our Group's return on total assets was approximately 7.2%, 3.9% and 4.2% for the year ended 31 December 2014, 2015 and 2016, respectively. The decrease during the year ended 31 December 2015 was mainly due to the significant increase in loan and account receivables as at 31 December 2015 resulting from new financial leasing agreements signed during the year.

For the year ended 31 December 2016, our Group's return on total assets increased to approximately 4.2%, which was mainly due to increase in net profit for the year ended 31 December 2016.

Current ratio

Our Group's current ratio decreased from approximately 6.2 times as at 31 December 2014 to approximately 1.9 times as at 31 December 2015. Such decrease was mainly due to the increase in bank borrowings due within one year.

As at 31 December 2016, our Group's current ratio increased to approximately 2.9 times, which was mainly due to the increase in loan and account receivables.

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Gearing ratio

Our Group's gearing ratio increased from approximately 20.9% as at 31 December 2014 to approximately 126.1% as at 31 December 2015. Until late 2014, our Group's source of fund was mainly internal capital and no bank borrowings were raised. The gearing ratio significantly increased primarily due to new bank borrowings raised since November 2014 and the continuous business expansion.

As at 31 December 2016, our Group's gearing ratio slightly decreased to approximately 120.3%, which was mainly due to the increase in equity outweighing the increase in bank borrowings.

Our Directors target to keep the gearing ratio in a range of around 380.0% to 420.0% for one to two years following Listing, which is considered to be optimal gearing ratio factoring in our Group's future business development and the gearing ratio of the other market players based on the latest publicly available information. Nevertheless, such target on the gearing ratio is set by our Directors based on the current economic environment, prevailing market conditions, and our existing business model and development plan. Should there be significant changes in the economic and market environments and adjustments in our business operation, our Directors may reset the target upon re-evaluating the situation.

Debt-to-equity ratio

Our Group's debt-to-equity ratio was 124.3% and 84.3% as at 31 December 2015 and 2016, respectively. Until late 2014, our Group's source of fund was mainly internal capital and no bank borrowings were raised. As at 31 December 2014, our Group was in a net cash position. The debt-to-equity ratio reached 124.3% as at 31 December 2015 primarily due to new bank borrowings raised during 2015.

As at 31 December 2016, our Group's debt-to-equity ratio decreased to approximately 84.3%, which was mainly due to the increase in cash and cash equivalents.

Risky Assets to equity ratio

Our Group's Risky Assets to equity ratio was 1.1 times and 2.5 times as at 31 December 2014 and 2015 respectively. The increase was mainly due to the increase in loan and account receivables of CWW Leasing as at 31 December 2015 resulting from significant increase in new financial leasing agreements signed during the year.

As at 31 December 2016, our Group's Risky Assets to equity ratio was approximately 2.1 times, which remained steady.

Our Group's default ratio, non-performing assets and provision coverage ratio as at 31 December 2014, 2015 and 2016 was zero.

CAPITAL MANAGEMENT AND FINANCIAL RISK MANAGEMENT

Capital management

We manage our capital to ensure that we will be able to continue as a going concern while maximising the return to owners of our Company through the optimisation of the debt and equity balance. Our overall strategy remains unchanged from the prior years.

The capital structure of our Group consists of bank borrowings and equity attributable to owners of the Company, comprising issued share capital and reserves including retained profits.

Our Directors review the capital structure on a regular basis. As part of this review, our Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of our Directors, we will balance our overall capital structure through new share issues and raise of new borrowings.

Financial risk management objectives and policies

The main risks arising from our Group's financial instruments in the normal course of our Group's business are interest rate risk, credit risk and liquidity risk.

Financial risk management is coordinated at our Group's headquarters, in close co-operation with the board of directors. The overall objectives in managing financial risks focus on securing our Group's short to medium term cash flows by minimising its exposure to financial markets. Long term financial investments are managed to generate lasting returns with acceptable risk levels.

It is not our Group's policy to actively engage in the trading of financial instruments for speculative purposes. Our management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our Group is exposed to cash flow interest rate risk in relation to variable-rate financial leasing receivables, bank balances and bank borrowings. Please refer to note 17(a), 19 and 23 in the Accountants' Report in Appendix I to this prospectus for details. Our Group takes on exposure to the effects of fluctuation in the prevailing levels of market interest rates on the cash flow risks.

Our Group is also exposed to fair value interest rate risk in relation to fixed-rate financial leasing receivables and factoring loan receivables. Please refer to note 17(a) and (b) in the Accountants' Report in Appendix I to this prospectus for details. Our Group does not have a fair value interest rate hedging policy.

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Management monitors the related interest exposure closely to ensure the interest rate risks are maintained at an acceptable level. The level of mismatch of interest rate repricing that may be undertaken is monitored closely.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable rate financial leasing receivables, bank balances and bank borrowings.

The sensitivity analysis was determined assuming that the change in interest rates had occurred at the end of each reporting period and had been applied to variable-rate financial instruments at that date. 50 basis points and 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates of financial leasing receivables, bank balances and bank borrowings respectively over the period until the end of next reporting period.

The following tables indicates the approximate change in the profit after income tax in response to reasonably possible changes in interest rates to which our Group has exposure at the end of each reporting period.

- (a) If interest rates of financial leasing receivables at the end of each reporting period had been 100 basis points higher/lower and all other variable were held constant, the potential effect on our Group's profit after income tax for the years 31 December 2014, 2015 and 2016 are as follows:

		As at 31 December					
		2014		2015		2016	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		+1%	-1%	+1%	-1%	+1%	-1%
Increase/(decrease) in profit for the year and retained profits		973	(973)	2,890	(2,890)	2,076	(2,076)

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- (b) If interest rates of bank balances at the end of each reporting period had been 50 basis points higher/lower and all other variable were held constant, the potential effect on our Group's profit after income tax for the years 31 December 2014, 2015 and 2016 are as follows:

As at 31 December					
2014		2015		2016	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
+0.5%	-0.5%	+0.5%	-0.5%	+0.5%	-0.5%

Increase/(decrease) in
profit for the year and
retained profits

193	(193)	18	(18)	402	(402)
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- (c) If interest rates of bank borrowings at the end of each reporting period had been 100 basis points higher/lower and all other variable were held constant, the potential effect on our Group's profit after income tax for the years 31 December 2014, 2015 and 2016 are as follows:

As at 31 December					
2014		2015		2016	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
+1%	-1%	+1%	-1%	+1%	-1%

(Decrease)/increase in
profit for the year and
retained profits

(375)	375	(2,499)	2,499	(2,696)	2,696
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Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to our Group.

The carrying amounts of loan and account receivables, deposits and other receivables, amounts due from related parties and cash and cash equivalents represent our Group's maximum exposure to credit risk in relation to financial assets. The carrying amounts of these financial assets presented in the consolidated statements of financial position are net of impairment losses, if any. Accordingly, our Group's exposure to bad debt is not significant. The credit risk on cash and cash equivalents is limited because the counterparties are mainly banks with high credit-ratings assigned by international credit-rating agencies.

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As at 31 December 2014, 2015 and 2016, our Group's exposure under outstanding loan and account receivables were secured by the leased assets, collaterals, certain guarantees and customers' deposits. Please refer to note 17 in the Accountants' Report in Appendix I to this prospectus for details.

Our Group's maximum exposure to credit risk is primarily attributable to loan and account receivables. Our Group's concentration of credit risk on financial leasing receivables as at 31 December 2014, 2015 and 2016 included 3, 1 and 1 major counterparties accounting for 53.0%, 46.0% and 47.0%, of the receivables, respectively. Our Group has closely monitored the recoverability of the advances to these counterparties, ensured adequate collateral is received from these counterparties and taken effective measures to ensure timely collection of outstanding balances.

Liquidity risk

In the management of the liquidity risk, our Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance our Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank loans and ensures compliance with loan covenants. Please refer to note 32 in the Accountants' Report in Appendix I to this prospectus for details.

Fair value

The fair value of financial assets and financial liabilities is determined based on discounted cash flow analysis.

Our Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate to their fair values.

RELATED PARTY TRANSACTIONS

Our Directors confirm share that the related parties transactions entered between us and our related parties were conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties. Please refer to note 30 in the Accountants' Report in Appendix I to this prospectus for details.

PROPERTY INTERESTS

As at the Latest Practicable Date, we did not have any owned properties, and we have 3 leased properties on Shenzhen and 1 leased property in Hong Kong, the details of which are set out in the section headed "Business — Properties" in this prospectus for details.

FINANCIAL INFORMATION

DISCLOSURE REQUIRED UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, there were no circumstances that would give rise to the disclosure requirements under Rules 13.13 to 13.19 of the Listing Rules.

DIVIDEND

We have no fixed dividend policy. Following completion of the Listing, subject to certain covenants of our Group's borrowings in relation to dividend payment (please see the paragraph headed "Indebtedness" in this section for further details), we may distribute dividends by ways of cash or by other means that our Board consider appropriate. A decision to distribute any interim dividend or recommend any final dividend would require the approval of our Board and will be at their discretion. There can be no assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of our Board or at all. Our historical dividend distribution is not an indication or may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. In addition, any final dividend for a financial year will be subject to Shareholders' approval. Our Board will review our Company's dividend policy from time to time in light of the following factors in determining whether dividends are to be declared and paid:

- financial results of our Company;
- shareholders' interests;
- general business conditions and strategies;
- our Company's capital requirements;
- the payment by our subsidiaries of cash dividends to us;
- possible effects on liquidity and financial position of our Company; and
- other factors our Board may deem relevant.

We did not declare nor pay any dividend during the Track Record Period.

DISTRIBUTABLE RESERVES

As at 31 December 2016, our Group had distributable reserves of approximately RMB71.7 million available for distribution to our Shareholders.

FINANCIAL INFORMATION

LISTING EXPENSE

The estimated total amount of Listing expense in relation to the Share Offer is approximately RMB23.0 million. Approximately RMB2.5 million and RMB4.5 million was charged to our profit and loss for the years ended 31 December 2015 and 2016. We estimate that approximately RMB8.3 million will be charged to our profit and loss and approximately RMB7.7 million will be capitalised for the year ending 31 December 2017. The non-recurring Listing expense will not have continuing impact on our financial results.

WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into consideration of the financial resources presently available to our Group, including internal resources, bank borrowings and the estimated net proceeds from the Share Offer, our Group has sufficient working capital for our present requirements for at least the next 12 months from the date of this prospectus.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of adjusted net tangible assets of our Group, prepared in accordance with Rule 4.29 of the Listing Rules and on the basis of the notes set out below, for the purpose of illustrating the effect of the Share Offer on the consolidated net tangible assets of our Group as if the Share Offer had taken place on 31 December 2016. This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated financial position of our Group attributable to the owners of the Company had the Share Offer been completed on 31 December 2016 or at any future dates.

	Audited consolidated net tangible assets of our Group as at 31 December 2016 <i>(Note 1)</i>	Estimated net proceeds from the Share Offer <i>(Note 2)</i>	Unaudited pro forma adjusted net tangible assets of our Group	Unaudited pro forma adjusted net tangible assets per Share of our Group <i>(Note 3)</i>
	RMB'000	RMB'000	RMB'000	HK\$
Based on the Offer Price of HK\$4.00 per Share	<u>298,864</u>	<u>110,268</u>	<u>409,132</u>	<u>3.26</u>
Based on the Offer Price of HK\$5.56 per Share	<u>298,864</u>	<u>158,235</u>	<u>457,099</u>	<u>3.64</u>

Notes:

- (1) The audited consolidated net tangible assets of our Group as at 31 December 2016 is extracted from the Accountants' Report set out in Appendix I to this prospectus.

FINANCIAL INFORMATION

- (2) The estimated net proceeds from the Share Offer are based on the estimated Offer Price of HK\$4.00 or HK\$5.56 per Share (being the low end and the high end of the indicative price range of the Offer Shares), after deduction of the underwriting fees and related expenses payable by our Company in connection with the Share Offer, excluding the related expenses of approximately RMB2.5 million and RMB4.5 million that have been recognised in the consolidated statements of comprehensive income for the years ended 31 December 2015 and 2016 respectively.
- (3) The unaudited pro forma adjusted net tangible assets per Share of our Group is calculated based on 144,000,000 Shares in issue immediately following the completion of the Share Offer. It does not take into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in Appendix IV to this prospectus or otherwise.

The unaudited pro forma adjusted net tangible assets per Share is converted into Hong Kong Dollars at an exchange rate of RMB1 to HK\$1.1468, being the same exchange rate used in this prospectus.

- (4) No adjustment has been made to the unaudited pro forma statement of adjusted net tangible assets to reflect any trading results of other transactions of our Group entered into subsequent to 31 December 2016.

UNDERWRITING

PUBLIC OFFER UNDERWRITERS

Ample Orient Capital Limited

ChaoShang Securities Limited

Convoy Investment Services Limited

China-Hong Kong Link Securities Company Limited

Innovax Securities Limited

Pacific Foundation Securities Limited

Wealth Link Securities Limited

PLACING UNDERWRITERS

Ample Orient Capital Limited

ChaoShang Securities Limited

Convoy Investment Services Limited

China-Hong Kong Link Securities Company Limited

Innovax Securities Limited

Pacific Foundation Securities Limited

Wealth Link Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company has agreed to offer the Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms at the Offer Price. Subject to the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein, and to certain other conditions set out in the Public Offer Underwriting Agreement (including but not limited to the Offer Price being agreed upon between the Sole Global Coordinator and our Company), the Public Offer Underwriters have agreed to subscribe or procure

UNDERWRITING

subscribers for the Public Offer Shares which are being offered but are not taken up under the Public Offer on and subject to the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement. If the Sole Global Coordinator (for itself and on behalf of the Underwriters) is unable to reach an agreement with our Company on the Offer Price at or before 5:00 p.m. on Wednesday, 19 July 2017, the Share Offer will lapse and will not proceed.

The Public Offer Underwriting Agreement is conditional upon and subject to the Placing Underwriting Agreement having been signed and becoming unconditional, and have not been terminated in accordance with its terms.

Grounds for termination

The obligations of the Public Offer Underwriters to subscribe or procure subscribers for the Public Offer Shares under the Public Offer Underwriting Agreement are subject to termination, if, at any time prior to 8:00 a.m. on the Listing Date:

- (a) there has been a breach of any of the representations, warranties, undertakings or provisions of either the Public Offer Underwriting Agreement or the Placing Underwriting Agreement by any of our Company, our Controlling Shareholders and the executive Directors (collectively, the “**Warrantors**”); or
- (b) any statement contained in the post-hearing information pack, this prospectus, the Application Forms or the formal notice or any announcements in the agreed form issued by our Company in connection with the Public Offer (including any supplement or amendment thereto) was, has or may become untrue, incorrect or misleading in any material respect, or any forecasts, expressions of opinion, intention or expectation expressed in this prospectus, the Application Forms or the formal notice are not, in all material respects, fair and honest and made on reasonable grounds or, where appropriate, based on reasonable assumptions, when taken as a whole; or
- (c) any event, act or omission which gives or is likely to give rise to any liability of any of the Warrantors pursuant to the indemnities given by them under the Public Offer Underwriting Agreement or the Placing Underwriting Agreement, as applicable; or
- (d) any breach of any of the obligations of any of the Warrantors under the Public Offer Underwriting Agreement or the Placing Underwriting Agreement, as applicable; or
- (e) any of the parties listed in the paragraph headed “E. Other Information — 7. Qualifications of experts” in Appendix IV to this prospectus has withdrawn its/her respective consent to the issue of this prospectus with the inclusion of its/her reports, letters, summaries of valuations and/or legal opinions (as the case may be) and references to its/her name included in the form and context in which it respectively appears; or

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- (f) approval in principle from the Stock Exchange granting the listing of, and permission to deal in, the Offer Shares, including any additional Shares issued pursuant to the exercise of the Over-allotment Option, the Shares in issue and any Shares which may be issued upon the Capitalisation Issue and upon the exercise of any options which may be granted under the Share Option Scheme, is refused or not granted, or if granted, the approval is subsequently withdrawn, qualified or withheld; or
- (g) our Company withdraws any of this prospectus, the Application Forms, or the listing application in respect of the Share Offer; or
- (h) save as disclosed in this prospectus, any material litigation, legal proceeding, legal reaction, claim or dispute being threatened or instigated against any member of our Group or any Director, any of the chairman or chief executive officer of our Company vacating his office, or any Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company or the commencement by any governmental, political, regulatory or judicial body of any action against any member of our Group or any Director or an announcement by any governmental, political or regulatory body that it intends to take any such action; or
- (i) any of the representations, warranties, undertakings given by the Warrantors under the Public Offer Underwriting Agreement or the Placing Underwriting Agreement, as applicable, is (or would when repeated be) untrue, incorrect or misleading in any respect; or
- (j) any person (other than any of the Public Offer Underwriters) has withdrawn or sought to withdraw its consent to being named in any of this prospectus, the Application Forms and the formal notice or to the issue of any of this prospectus, the Application Forms and the formal notice; or
- (k) there will have developed, occurred, happened or come into effect any change or development involving a prospective change or development, or any event or series of events, matters or circumstances likely to result in or representing a change or development, or prospective change or development, concerning or relating to:
 - (i) any local, national, regional or international financial, political, economic, legal, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and interbank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Hong Kong dollars against any foreign currencies) in or affecting Hong Kong, BVI or the Cayman Islands or any other jurisdictions where any member of our Group is incorporated (each a “**Relevant Jurisdiction**”); or

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- (ii) any new law or regulation or any change in any existing law or regulation, or any change in the interpretation or application thereof by any court or other competent authority in or affecting any other Relevant Jurisdiction; or
- (iii) any condition of the financial markets in any Relevant Jurisdiction or generally in the international equity securities or other financial markets; or
- (iv) (A) any event or series of events in the nature of force majeure (including, without limitation, acts of government, economic sanctions, strikes or lockouts (whether or not covered by insurance), riots, fire, explosion, flooding, civil commotion, acts of war, acts of terrorism (whether or not responsibility has been claimed), acts of God, epidemic, outbreak of infectious disease or epidemics, including but not limited to, Severe Acute Respiratory Syndrome and H1N1 or swine or avian influenza or such related/mutated forms of, accident or interruption or delay in transportation); or (B) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other declaration of a national or international state of emergency or calamity or crisis in the case of either (A) or (B), in or affecting any Relevant Jurisdiction; or
- (v) (A) any suspension or limitation on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the Tokyo Stock Exchange, the London Stock Exchange or any PRC stock markets; or (B) a general moratorium on commercial banking activities in any Relevant Jurisdiction, declared by the relevant authorities, or a material disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services, in the case of either (A) or (B), in or affecting any Relevant Jurisdiction; or
- (vi) any taxation or exchange controls, currency exchange rates or foreign investment regulations in any Relevant Jurisdiction adversely affecting an investment in the Shares; or
- (vii) any contravention by any member of our Group of the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Law, any of the Listing Rules or any applicable law or regulation; or
- (viii) a prohibition on our Company for whatever reason from allotting or issuing the Offer Shares (including the additional Shares that may be allotted and issued by our Company upon the exercise of the Over-allotment Option) pursuant to the terms of the Share Offer; or
- (ix) non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription and issue of the Offer Shares) or any aspect of the Share Offer with the Listing Rules or any other applicable law or regulation; or

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- (x) the issue or requirement to issue by our Company of a supplementary prospectus or Application Forms, pursuant to the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules in circumstances where the matter to be disclosed is, in the opinion of the Sole Global Coordinator, materially adverse to the marketing for or implementation of the Share Offer; or
- (xi) any change or prospective change, or a materialisation of, any of the risks set out in the section headed “Risk Factors” in this prospectus; or
- (xii) any demand by creditors for repayment of indebtedness or a petition is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or
- (xiii) any of the business, assets, liabilities, conditions, business affairs, prospects, profits, losses or the financial or trading position or performance or management of our Company or any members of our Group; or
- (xiv) any matter that has arisen or has been discovered which would, had it arisen immediately before the date of this prospectus, not having been disclosed in this prospectus, constitute an omission therefrom;

and which, with respect to any of sub-paragraphs (i) through (xiv) above, in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the Public Offer Underwriters):

- (A) is, will be or may have any material adverse effect or any development involving a prospective material adverse effect, in or affecting the business, general affairs, management, prospects, assets and liabilities, financial position (including, but not limited to, revenue and net profits), shareholders’ equity or results of operations of members of our Group, taken as a whole or be materially adverse to any present or prospective shareholder of our Company in its capacity as such; or
- (B) has, will have or may have a material adverse effect on the success of the Share Offer or the level of Offer Shares being applied for or accepted or subscribed for or purchased or the distribution of Offer Shares and/or make it impracticable, inadvisable or inexpedient for any material part of the Public Offer Underwriting Agreement, the Placing Underwriting Agreement, the Public Offer or the Share Offer to be performed or implemented as envisaged; or

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- (c) makes or may make it impracticable, inadvisable or inexpedient to proceed with or to market the Public Offer and/or the Share Offer or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus, the Application Forms or the formal notice; or
- (d) would have the effect of making any part of the Public Offer Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof.

Undertakings given to the Stock Exchange pursuant to the Listing Rules

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that our Company will not issue any further Shares or securities convertible into the equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the Listing Date (whether or not such issue of Shares or the securities will be completed within six months from the Listing Date), except under the Share Offer (including the exercise of the Over-allotment Option) or the Capitalisation Issue or for the circumstances provided under Rule 10.08(1) to Rule 10.08(4) of the Listing Rules.

Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange that save as pursuant to the note (2) to Rule 10.07(2) of the Listing Rules, without the prior written consent of the Stock Exchange or unless otherwise in compliance with applicable requirements of the Listing Rules:

- (a) he/it will not, at any time in the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Shares in respect of which he/it is shown by this prospectus to be the beneficial owner;
- (b) he/it will not, at any time during the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it will then cease to be the Controlling Shareholder.

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Each of the Controlling Shareholders has further undertaken to each of the Stock Exchange, our Company, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Public Offer Underwriters and the Sponsor that he/it will, at any time within the period commencing on the date of the Public Offer Underwriting Agreement and ending on the date which is 12 months after the Listing Date:

- (a) upon any pledge or charge in favor of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) of any share capital or other securities of our Company or any interests therein beneficially owned by him/it for a bona fide commercial loan pursuant to note (2) to Rule 10.07(2) of the Listing Rules, immediately inform our Company and the Sole Global Coordinator in writing of such pledge or charge together with the number of Shares or other securities so pledged or charged; and
- (b) upon any indication received by him/it, either verbal or written, from any pledge or chargee that any of the pledged or charged Shares or securities or interests in the Shares or other securities of our Company will be disposed of, immediately inform our Company and the Sole Global Coordinator in writing of such indications.

Our Company has further agreed and undertaken to the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Public Offer Underwriters and the Sponsor, that, upon receiving such information in writing from the Controlling Shareholders, our Company shall, for so long as required by law and the Listing Rules, as soon as practicable, notify the Stock Exchange and make a public disclosure of such information by way of an announcement which is published in accordance with Rule 2.07C of Listing Rules.

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Undertaking pursuant to the Public Offer Underwriting Agreement

Undertakings by our Company

We have undertaken to each of the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers the Sponsor and the Public Offer Underwriters pursuant to the Public Offer Underwriting Agreement that, except pursuant to the Share Offer (including pursuant to the Over-allotment Option) and the Capitalisation Issue, we will not, without the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Public Offer Underwriters) and the Sponsor and unless in compliance with the requirements of the Listing Rules, at any time from the date of the Public Offer Underwriting Agreement until the expiry of six months from the Listing Date:

- (a) offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale, lend, mortgage, assign or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any of our share capital or other securities of our Company or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive any such share capital or securities or any interest therein); or
- (b) enter into any swap, derivative, lending, repurchase, mortgage or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or securities; or
- (c) enter into any transaction with the same economic effect as any transaction described in sub-paragraph (a) or (b) above; or
- (d) offer or agree or contract to, or publicly announce any intention to enter into, any transaction described in sub-paragraph (a), (b) or (c) above,

whether any of the foregoing transactions described in sub-paragraphs (a) to (d) is to be settled by delivery of share capital or such other securities, in cash or otherwise and our Company further agrees that, in the event our Company enters into any of the transactions specified above, or offers to or agrees to or announces any intention to effect any such transaction after the date falling six months from the date on which dealings in our Shares commence on the Stock Exchange, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

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Undertakings by the Controlling Shareholders

Each of the Controlling Shareholders, pursuant to the Public Offer Underwriting Agreement, has agreed and undertaken to our Company, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Sponsor and the Public Offer Underwriters that, except pursuant to the Share Offer (including pursuant to the Over-allotment Option) and the Stock Borrowing Agreement and unless in compliance with the requirements of the Listing Rules, he/it will not, and will procure that the relevant registered holder(s) and his/its associates and companies controlled by him/it and any nominee or trustee holding in trust for him/it will not, without the prior written consent of the Sole Global Coordinator and the Sponsor:

- (a) at any time from the date of the Public Offer Underwriting Agreement up to and including the date falling six months from the date on which dealings in the Shares commence on the Stock Exchange (the “**First Six-month Period**”):
 - (i) offer, accept subscription for, pledge, mortgage, charge, allot, issue, sell, lend, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend, mortgage, assign, make any short sale or otherwise transfer or dispose of (or enter into any agreement to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of), either directly or indirectly, conditionally or unconditionally, any of the share or debt capital or other securities of our Company or any interest therein (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such capital or securities or any interest therein whether now owned or hereinafter acquired, owned directly by each of the Controlling Shareholders (including holding as a custodian) or with respect to which such Controlling Shareholder has beneficial ownership (collectively the “**Lock-up Shares**”)). The foregoing restriction is expressly agreed to preclude such Controlling Shareholder from engaging in any hedging or other transaction which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of the Lock-up Shares even if such Shares would be disposed of by someone other than such Controlling Shareholder, respectively. Such prohibited hedging or other transactions would include without limitation any short sale or any purchase, sale or grant of any right (including without limitation any put or call option) with respect to any of the Lock-up Shares or with respect to any security that includes, relates to or derives any significant part of its value from such Shares; or
 - (ii) enter into any swap, derivative, repurchase or mortgage or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of any such capital or securities or any interest therein; or

UNDERWRITING

- (iii) enter into any transaction with the same economic effect as any transaction described in sub-paragraph (i) or (ii) above; or
 - (iv) offer or agree or contract to, or publicly announce any intention to enter into, any transaction described in sub-paragraph (i) or (ii) or (iii) above, whether any such transaction described in sub-paragraph (i) or (ii) or (iii) above is to be settled by delivery of share capital or such other securities, in cash or otherwise;
- (b) at any time during the period of six months commencing on the date on which the First Six-month Period expires (the “**Second Six-month Period**”), enter into any of the foregoing transactions in paragraph (a)(i) or (a)(ii) or (a)(iii) above or offer or agree or contract to or publicly announce any intention to enter into any such transactions if, immediately following such transfer or disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, any of the Controlling Shareholders will cease to be a controlling shareholder (as defined in the Listing Rules) of our Company; and
- (c) until the expiry of the Second Six-Month Period, in the event that any of the Controlling Shareholders enters into any such transactions or offers or agrees or contracts to, or publicly announces an intention to enter into any such transactions, he or it will not create a disorderly or false market in the securities of our Company.

Each of the Controlling Shareholders, pursuant to the Public Offer Underwriting Agreement, has agreed and undertaken to each of our Company, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Sponsor and the Public Offer Underwriters that, at any time during the First Six Month Period or the Second Six-Month Period (where applicable), he/it will and will procure that the relevant registered holder(s) and his or its associates and companies controlled by him/it and any nominee or trustee holding in trust for him/it will: (i) if he/it or the relevant registered holder(s) and his/its associates and companies controlled by him/it and his or its nominee or trustee holding in trust for him/it pledges or charges any Shares or other securities of our Company in respect of which he or it is the beneficial owner, immediately inform our Company, the Sponsor and the Sole Global Coordinator and, if required, the Stock Exchange of any such pledges or charges and the number of Shares or other securities of our Company so pledged or charged, and (ii) if he/it or the relevant registered holder(s) and his/its associates and companies controlled by him/it and his/its nominee or trustee holding in trust for him or it receives any indication, either verbal or written, from any such pledgee or chargee of Shares or other securities of our Company that such Shares or other securities of our Company will be disposed of, immediately inform us, the Sponsor and the Sole Global Coordinator in writing and, if required, the Stock Exchange of any such indication.

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Indemnity

Our Company and each of the Controlling Shareholders have agreed to jointly and severally indemnify the Public Offer Underwriters against certain losses which they may suffer, including losses arising from the performance of their obligations under the Public Offer Underwriting Agreement and any breach by us, the Controlling Shareholders or the executive Directors of the Public Offer Underwriting Agreement, as the case may be.

Placing

In connection with the Placing, it is expected that our Company will enter into the Placing Underwriting Agreement with, among others, the Sole Global Coordinator and the Placing Underwriters on the Price Determination Date on the terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above. Under the Placing Underwriting Agreement, the Placing Underwriters would, subject to certain conditions, agree to procure subscribers for, or failing which to subscribe for itself, the Placing Shares being offered pursuant to the Placing which are not taken up under the Placing.

Our Company is expected to grant the Over-allotment Option to the Placing Underwriters, exercisable by the Sole Global Coordinator on behalf of the Placing Underwriters at any time from the Listing Date until the 30th day after the last date for the lodging of applications under the Public Offer, to require our Company to issue and allot up to an aggregate of 5,400,000 additional Offer Shares, representing 15% of the total number of Offer Shares initially available under the Share Offer, at the same price per Offer Share under the Placing to cover over-allocations in the Placing, if any, on the same terms and conditions as the Offer Shares that are subject to the Share Offer. Please refer to the paragraphs headed “Structure and Conditions of the Share Offer — Over-allotment Option” for more information.

Commissions and expenses

The Public Offer Underwriters will receive an underwriting commission of 2.5% of the aggregate Offer Price payable for the Public Offer Shares initially offered under the Public Offer in accordance with the terms of the Public Offer Underwriting Agreement, out of which the Public Offer Underwriters may pay any sub-underwriting commission in connection with the Share Offer. The Placing Underwriters are expected to receive an underwriting commission on the aggregate Offer Price payable for the Placing Shares initially offered under the Placing. The aggregate commissions and fees, together with the listing fees, SFC transaction levy, the Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the Share Offer are currently estimated to amount to approximately HK\$26.4 million in aggregate (based on the mid-point of our indicative price range for the Share Offer and the assumption that the Over-allotment Option is not exercised) and are payable by us.

UNDERWRITING

UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for their obligations under the Underwriting Agreements, none of the Underwriters is interested legally or beneficially in any shares of any member of our Group nor has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group nor any interest in the Share Offer.

SPONSOR'S INDEPENDENCE

The Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Listing Rules.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

DETERMINING THE OFFER PRICE

The Offer Price is expected to be fixed by the Price Determination Agreement to be entered into between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company on or before the Price Determination Date, when the market demand for the Offer Shares will be ascertained. The Price Determination Date is currently expected to be on or before 5:00 p.m. on Monday, 10 July 2017.

Prospective investors should be aware that the Offer Price to be determined on or before the Price Determination Date may be, but not expected to be, lower than the indicative Offer Price range as stated in this prospectus. The Offer Price will not be more than HK\$5.56 per Offer Share and is expected to be not less than HK\$4.0 per Offer Share. The Offer Price will fall within the Offer Price range as stated in this prospectus unless otherwise announced, not later than the morning of the last day for lodging applications under the Public Offer.

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may, where they consider appropriate, based on the level of interest expressed by prospective professional, institutional and private investors during a book-building process, and with the consent of our Company, reduce the number of the Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day lodging applications under the Public Offer, cause there to be published in The South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.cwl.com notices of reduction in the number of the Offer Shares and/or the indicative Offer Price range. Upon issue of such a notice, the revised number of the Offer Shares and/or Offer Price range will be final and conclusive and the Offer Price, if agreed upon with our Company, will be fixed within such revised number of the Offer Shares and/or Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the Share Offer statistics as currently set out in the section headed "Summary" in this prospectus, and any other financial information which may change as a result of such reduction. If the number of Offer Shares and/or the indicative Offer Price range is so reduced, applicant(s) who have already submitted an application will be notified that they are required to confirm their applications. All applicant(s) who have already submitted an application need to confirm their applications in accordance with the procedures set out in the supplemental prospectus and all unconfirmed applications will not be valid. In the absence of any notice being published on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.cwl.com of a reduction in the number of the Offer Shares and/or the indicative Offer Price range as stated in this prospectus on or before the morning of the last day for lodging applications under the Public Offer, the Offer Price, if agreed upon by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

If, for any reason, the Offer Price is not agreed between us and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on or before 5:00 p.m. on Wednesday, 19 July 2017, the Share Offer will not proceed and will lapse.

Announcement of the final Offer Price, together with the level of indication of interests in the Placing and the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares is expected to be published on Thursday, 20 July 2017.

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK\$5.56 per Offer Share and is expected to be not less than HK\$4.0 per Offer Share. Applicants under the Public Offer should pay, on application, the maximum Offer Price of HK\$5.56 (plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy) for each Offer Share.

If the Offer Price, as finally determined in the manner described above, is lower than the maximum Offer Price of HK\$5.56 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the excess application monies) will be made to applicants, without interest.

Further details are set out in the section headed “How to Apply for Public Offer Shares” in this prospectus.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for the Offer Shares is conditional upon, among others, the satisfaction of all of the following conditions:

1. Listing

The Listing Committee granting the approval of the listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to the Share Offer and Shares which fall to be allotted and issued upon the exercise of the Over-allotment Option and upon the exercise of any options which may be granted under the Share Option Scheme (and such listing and permission not subsequently being revoked prior to the commencement of dealings in the Shares on the Stock Exchange).

2. Underwriting Agreements

The obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of a waiver of any condition(s)) and such obligations not being terminated in accordance with the terms of the Underwriting Agreements.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

3. Price Determination

The Offer Price having been determined and the execution of the Price Determination Agreement on or before the Price Determination Date.

If any of the conditions is not fulfilled or waived on or before the times specified above, the Share Offer will lapse and the application money will be returned to the applicants, without interest. The terms on which the application money will be returned to the applicants are set out in the subsection headed “How to Apply for Public Offer Shares — 13. Despatch/Collection of Share Certificates and Refund Monies” in this prospectus.

THE SHARE OFFER

The Share Offer comprises the Placing and the Public Offer. A total of initially 36,000,000 Offer Shares (subject to the Over-allotment Option) will be made available under the Share Offer, of which 32,400,000 Placing Shares (subject to reallocation and the Over-allotment Option), representing 90% of the initial Offer Shares, will initially be conditionally placed with selected professional, institutional and private investors under the Placing. The remaining 3,600,000 Public Offer Shares (subject to reallocation), representing 10% of the initial Offer Shares, will initially be offered to members of the public in Hong Kong under the Public Offer. The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. The Public Offer Underwriters have agreed to underwrite the Public Offer Shares under the terms of the Public Offer Underwriting Agreement. The Placing Underwriters will underwrite the Placing Shares pursuant to the terms of the Placing Underwriting Agreement. Further details of the underwriting are set out in the section headed “Underwriting” in this prospectus.

Investors may apply for Offers Shares under the Public Offer or indicate an interest for Offer Shares under the Placing, but may not do both.

The Placing

Our Company is expected to offer initially 32,400,000 Placing Shares (subject to reallocation and the Over-allotment Option) at the Offer Price under the Placing. The number of Placing Shares expected to be initially available for application under the Placing represents 90% of the total number of Offer Shares being initially offered under the Share Offer. The Placing is expected to be fully underwritten by the Placing Underwriters subject to the Offer Price being agreed on or before the Price Determination Date.

It is expected that the Placing Underwriters or selling agents nominated by it, on behalf of our Company, will conditionally place the Placing Shares at the Offer Price with selected professional, institutional and private investors. Professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

and other securities and corporate entities which regularly invest in shares and other securities. Private investors applying through banks or other institutions who sought the Placing Shares in the Placing may also be allocated the Placing Shares.

Allocation of the Placing Shares will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to acquire further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and its shareholders as a whole. Investors to whom Placing Shares are offered will be required to undertake not to apply for Shares under the Public Offer.

Our Company, our Directors, the Sponsor and the Sole Global Coordinator (for itself and on behalf of the Underwriters) are required to take reasonable steps to identify and reject applications under the Public Offer from investors who receive Shares under the Placing, and to identify and reject indications of interest in the Placing from investors who receive Shares under the Public Offer.

The Placing is expected to be subject to the conditions as stated in the sub-section headed “Structure and Conditions of the Share Offer — Conditions of the Share Offer” in this section.

The Public Offer

Our Company is initially offering 3,600,000 Public Offer Shares for subscription (subject to reallocation) by members of the public in Hong Kong as well as to institutional and professional investors under the Public Offer, representing 10% of the total number of Offer Shares offered under the Share Offer. The Public Offer is fully underwritten by the Public Offer Underwriters subject to the Offer Price being agreed on or before the Price Determination Date. Applicants for the Public Offer Shares are required on application to pay the maximum Offer Price of HK\$5.56 per Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy.

The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. An applicant for Shares under the Public Offer will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it has not applied for nor taken up any Shares under the Placing nor otherwise participated in the Placing. Applicants should note that if such undertaking and/or confirmation given by an applicant is breached and/or is untrue (as the case may be), such applicant’s application under the Public Offer is liable to be rejected.

Multiple or suspected multiple applications and any application for more than 1,800,000 Public Offer Shares are liable to be rejected.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. When there is over-subscription under the Public Offer, allocation of the Public Offer Shares may involve balloting, which would mean that some applicants may be allotted more Public Offer Shares than others who have applied for the same number of the Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

BASIS OF ALLOCATION OF THE OFFER SHARES

Allocation

For allocation purposes only, the Public Offer Shares initially being offered for subscription under the Public Offer (after taking into account any adjustment in the number of Offer Shares allocated between the Public Offer and the Placing) will be divided equally into two pools (subject to adjustment of odd lot size). Pool A will comprise 1,800,000 Public Offer Shares and Pool B will comprise 1,800,000 Public Offer Shares, both of which are available on a fair basis to successful applicants. All valid applications that have been received for Public Offer Shares with a total amount (excluding brokerage fee, the SFC transaction levy and the Stock Exchange trading fee) of HK\$5 million or below will fall into Pool A and all valid applications that have been received for Public Offer Shares with a total amount (excluding brokerage fee, the SFC transaction levy and the Stock Exchange trading fee) of over HK\$5 million and up to the total value of Pool B will fall into Pool B.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Public Offer Shares in one pool (but not both pools) are undersubscribed, the surplus Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Public Offer Shares from either Pool A or Pool B but not from both pools and may only apply for Public Offer Shares in either Pool A or Pool B. In addition, multiple or suspected multiple applications within either pool or between pools will be rejected. No application will be accepted from applicants for more than 1,800,000 Public Offer Shares (being 50% of the initial number of Hong Kong Offer Shares).

Re-allocation

The allocation of the Offer Shares between the Placing and the Public Offer is subject to reallocation on the following basis:

- (a) if the number of Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the total number of Shares available for subscription under the Public Offer will be increased to 10,800,000 Shares, representing 30% of the number of the Offer Shares initially available for subscription under the Share Offer;

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

- (b) if the number of Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the number of Shares available for subscription under the Public Offer will be increased to 14,400,000 Shares, representing 40% of the number of the Offer Shares initially available for subscription under the Share Offer; and
- (c) if the number of Shares validly applied for under the Public Offer represents 100 times or more the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the number of Shares available for subscription under the Public Offer will be increased to 18,000,000 Shares, representing 50% of the number of the Offer Shares initially available for subscription under the Share Offer.

In all cases, the number of Offer Shares allocated to the Placing will be correspondingly reduced. The Offer Shares to be offered in the Public Offer and the Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator.

OVER-ALLOTMENT OPTION

In connection with the Share Offer, our Company is expected to grant an Over-allotment Option to the Placing Underwriters, exercisable by the Sole Global Coordinator for itself and on behalf of the Placing Underwriters.

Pursuant to the Over-allotment Option, the Sole Global Coordinator has the right, exercisable at any time from the Listing Date until the 30th day after the last date for the lodging of applications under the Public Offer, to require our Company to issue and allot up to an aggregate of 5,400,000 additional Offer Shares, representing 15% of the total number of Offer Shares initially available under the Share Offer, at the same price per Offer Share under the Placing to cover over-allocations in the Placing, if any, on the same terms and conditions as the Offer Shares that are subject to the Share Offer. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.6% of our Company's enlarged share capital immediately following the completion of the Share Offer and the exercise of the Over-allotment Option but without taking into account any Shares which may be issued and allotted upon the exercise of any options which may be granted under the Share Option Scheme. In the event that the Over-allotment Option is exercised, an announcement will be made in accordance with the Listing Rules.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the new securities in the secondary market during a specified period of time to minimise and, if possible, prevent any decline in the market price of the securities below the offer price. Such transactions may be

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

effected in all jurisdictions where it is permitted to do so, in each case in compliance with all applicable laws, rules and regulations, including those of Hong Kong. In Hong Kong, activity aimed at reducing the market price is prohibited and the price at which stabilisation is effected is not permitted to exceed the offer price.

The Sole Global Coordinator has been appointed by us as the stabilising manager for the purposes of the Share Offer in accordance with the Securities and Futures (Price Stabilizing) Rules made under the SFO. In connection with the Share Offer, the Stabilising Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect any other transactions with a view of stabilising or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period beginning on the Listing Date and expected to end on the 30th day after the last day for lodging of applications under the Public Offer. However, there is no obligation on the Stabilising Manager, its affiliates or any person acting for it to conduct any such stabilising action. Such stabilising action, if taken, (i) will be conducted at the sole and absolute discretion of the Stabilising Manager, its affiliates or any person acting for it and in what the Stabilising Manager reasonably regards as the best interest of our Company, (ii) may be discontinued at any time and (iii) is required to be brought to an end within 30 days of the last day for lodging applications under the Public Offer. The number of Shares that may be over-allocated will not exceed the number of Shares that may be allotted and issued by our Company under the Over-allotment Option, namely 5,400,000 Shares in aggregate, which is 15% of our Shares initially available under the Share Offer.

Stabilising action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules under the SFO includes (i) over-allocation for the purpose of preventing or minimising any reduction in the market price of the Shares; (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares; (iii) subscribing, or agreeing to subscribe, for the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares; (v) selling, or agreeing to sell, the Shares in order to liquidate any position established as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- (i) the Stabilising Manager, its affiliates or any person acting for it, may, in connection with the stabilising action, maintain a long position in our Shares;
- (ii) there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, its affiliates or any person acting for it, will maintain such a position. Investors should be warned of the possible impact of any liquidation of such long position by the Stabilising Manager, its affiliates or any other person acting for them, may have an adverse impact on the market price of our Shares;

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

- (iii) no stabilising action can be used to support the price of our Shares for longer than the stabilising period which will begin on the Listing Date, and is expected to expire on the 30th day after the last date for lodging applications under the Public Offer. After this date, when no further stabilising action may be taken, demand for our Shares, and therefore the price of our Shares, could fall;
- (iv) the price of our Shares cannot be assured to stay at or above the Offer Price either during or after the stabilising period by taking of any stabilising action; and
- (v) stabilising bids or transactions effected in the course of the stabilising action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, our Shares.

Our Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

Following any over-allocation of Shares in connection with the Share Offer, the Stabilising Manager, its affiliates or any person acting for it may cover such over-allocations by, among others, exercising the Over-allotment Option in full or in part or by using the Shares purchased by the Stabilising Manager, its affiliates or any person acting for it in the secondary market at prices that do not exceed the Offer Price or through the stock borrowing arrangement as detailed below or a combination of these means. Any such purchases will be made in accordance with the laws, rules, and regulations in place in Hong Kong, including in relation to stabilisation, the Securities and Futures (Price Stabilizing) Rules, as amended and supplemented to from time to time made under the SFO. The number of Shares which can be over-allocated will not exceed 5,400,000 Shares, representing 15% of the Offer Shares initially available under the Share Offer.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Share Offer, the Stabilising Manager or any person acting for it may choose to borrow Shares from Wealthy Rise under stock borrowing arrangements, or acquire Shares from other sources, including the exercise of the Over-allotment Option.

The Stabilising Manager will enter into the Stock Borrowing Agreement with Wealthy Rise, being one of the Controlling Shareholders, whereby the Stabilising Manager may borrow Shares from Wealthy Rise on the following conditions:

- (i) the stock borrowing will only be effected by the Stabilising Manager for the settlement of over-allocations in connection with the Placing;

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

- (ii) the maximum number of Shares which may be borrowed from Wealthy Rise will be limited to 5,400,000 Shares, being the maximum number of Shares which may be allotted and issued by our Company upon the exercise of the Over-allotment Option in full;
- (iii) the same number of Shares borrowed from Wealthy Rise must be returned to it or its nominees (as the case may be) no later than the third business day following the earlier of (i) the last day on which the Over-allotment Option may be exercised; (ii) the date on which the Over-allotment Option is exercised in full and our Shares to be allotted and issued upon exercise of the Over-allotment Option have been allotted and issued; or (iii) such earlier time as may be agreed in writing between Wealthy Rise and the Stabilising Manager;
- (iv) the stock borrowing arrangement will be effected in compliance with all applicable laws, rules and other regulatory requirements; and
- (v) no payments will be made to Wealthy Rise by the Stabilising Manager or any person acting for it in relation to such stock borrowing arrangement.

The Stock Borrowing Arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that it complies with the requirements set out in Rule 10.07(3) of the Listing Rules, being that the Stock Borrowing Agreement will be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the Placing.

DEALINGS

Assuming that the Share offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 21 July 2017, it is expected that dealings in the Offer Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, 21 July 2017, and will be traded in board lots of 1,000 under the stock code 3848.

HOW TO APPLY FOR PUBLIC OFFER SHARES

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Sole Global Coordinator and their respective agents and nominees may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorised officer, who must state his or her representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Company, the Sponsor and the Sole Global Coordinator or their respective agents and nominees may accept or reject it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four.

Unless permitted by the Listing Rules, you cannot apply for any Public Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any its subsidiaries;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- a Director or chief executive officer of the Company and/or any of its subsidiaries;
- a associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Share Offer; and
- have been allocated or have applied for any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which Application Channel to Use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, 28 June 2017 to 12:00 noon on Tuesday, 4 July 2017 from:

- (i) any of the following offices of the Public Offer Underwriters:

Ample Orient Capital Limited	Room A, 17/F Fortune House 61 Connaught Road Central Central Hong Kong
ChaoShang Securities Limited	Rooms 4001–4002, 40/F China Resources Building 26 Harbour Road Wanchai Hong Kong

HOW TO APPLY FOR PUBLIC OFFER SHARES

Convoy Investment Services Limited	21/F, Tesbury Centre 28 Queen's Road East Admiralty Hong Kong
China-Hong Kong Link Securities Company Limited	19/F, 80 Gloucester Road Wan Chai Hong Kong
Innovax Securities Limited	Unit A-C, 20/F, Neich Tower 128 Gloucester Road Wan Chai Hong Kong
Pacific Foundation Securities Limited	11/F, New World Tower II 16-18 Queen's Road Central Hong Kong
Wealth Link Securities Limited	Unit B1, 5/F, Guangdong Investment Tower 148 Connaught Road Central Hong Kong

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (ii) any of the following branches of Bank of China (Hong Kong) Limited, the receiving bank for the Public Offer:

<u>District</u>	<u>Branch name</u>	<u>Address</u>
Hong Kong Island	Shek Tong Tsui Branch	534 Queen's Road West, Shek Tong Tsui
	King's Road Branch	131-133 King's Road, North Point
	Chai Wan Branch	Block B, Walton Estate, 341-343 Chai Wan Road, Chai Wan
Kowloon	Jordan Road Branch	1/F, Sino Cheer Plaza, 23-29 Jordan Road
New Territories	Shatin Branch	Shop 20, Level 1, Lucky Plaza, 1-15 Wang Pok Street, Sha Tin

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, 28 June 2017 until 12:00 noon on Tuesday, 4 July 2017 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "BANK OF CHINA (HONG KONG) NOMINEES LIMITED – WEALTHY WAY GROUP LIMITED PUBLIC OFFER" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Wednesday, 28 June 2017 — 9:00 a.m. to 5:00 p.m.

Thursday, 29 June 2017 — 9:00 a.m. to 5:00 p.m.

Friday, 30 June 2017 — 9:00 a.m. to 5:00 p.m.

Monday, 3 July 2017 — 9:00 a.m. to 5:00 p.m.

Tuesday, 4 July 2017 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, 4 July 2017, the last application day or such later time as described in the paragraph headed "9. Effect of Bad Weather on the Opening of the Applications Lists" in this section.

HOW TO APPLY FOR PUBLIC OFFER SHARES

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

- (i) undertake to execute all relevant documents and instruct and authorise the Company and/or the Sole Global Coordinator (or its agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;
- (vi) agree that none of the Company, the Sponsor and the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;
- (viii) agree to disclose to the Company, the Hong Kong Branch Share Registrar, receiving bank, the Sponsor and the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Sponsor and the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that the Company, the Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC by you or by any one as your agent or by any other person; and

HOW TO APPLY FOR PUBLIC OFFER SHARES

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details

5. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the monies due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling (852) 2979 7888 or through the CCASS Internet System at <https://ip.ccass.com> (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer Service Center

1/F, One & Two Exchange Square

8 Connaught Place

Central

Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are **not a CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

HOW TO APPLY FOR PUBLIC OFFER SHARES

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Sole Global Coordinator and the Hong Kong Branch Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Public Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;
 - (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
 - confirm that you understand that the Company, the Directors, the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
 - authorise the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of the Company, the Sponsor and the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose to the Company, the Hong Kong Branch Share Registrar, receiving bank, the Sponsor, the Sole Global Coordinator, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Public Offer results;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;
- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 1,000 Public Offer Shares. Instructions for more than 1,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Wednesday, 28 June 2017	—	9:00 a.m. to 8:30 p.m. ⁽¹⁾
Thursday, 29 June 2017	—	8:00 a.m. to 8:30 p.m. ⁽¹⁾
Friday, 30 June 2017	—	8:00 a.m. to 8:30 p.m. ⁽¹⁾
Monday, 3 July 2017	—	8:00 a.m. to 8:30 p.m. ⁽¹⁾
Tuesday, 4 July 2017	—	8:00 a.m. ⁽¹⁾ to 12:00 noon

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Wednesday, 28 June 2017 until 12:00 noon on Tuesday, 4 July 2017 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, 4 July 2017, the last application day or such later time as described in “9. Effect of Bad Weather on the Opening of the Application Lists” in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance)).

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by the Company, the Hong Kong Branch Share Registrar, the receiving banker, the Sole Global Coordinator, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

6. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Sponsor, the Sole Global Coordinator and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, 4 July 2017.

HOW TO APPLY FOR PUBLIC OFFER SHARES

7. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

8. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

HOW TO APPLY FOR PUBLIC OFFER SHARES

You may submit an application using a **WHITE** or **YELLOW** Application Form in respect of a minimum of 1,000 Public Offer Shares. Each application or **electronic application instruction** in respect of more than 1,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure and Conditions of the Share Offer — Determining the Offer Price” in this prospectus.

9. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 4 July 2017. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Tuesday, 4 July 2017 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made in such event.

10. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Thursday, 20 July 2017 (i) in The South China Morning Post (in English); (ii) in the Hong Kong Economic Times (in Chinese); (iii) on the Company’s website at www.cwl.com; and (iv) on the website of the Stock Exchange at www.hkexnews.hk.

HOW TO APPLY FOR PUBLIC OFFER SHARES

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company’s website at www.cwl.com and the Stock Exchange’s website at www.hkexnews.hk by no later than 9:00 a.m. on Thursday, 20 July 2017;
- from the designated results of allocations website at www.tricor.com.hk/ipo/result with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Thursday, 20 July 2017 to 12:00 mid-night on Wednesday, 26 July 2017;
- by telephone enquiry line by calling (852) 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 20 July 2017 to Tuesday, 25 July 2017 (excluding Saturday, Sunday and public holiday in Hong Kong); and
- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 20 July 2017 to Monday, 24 July 2017 at all the receiving bank’s designated branches.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed “Structure and Conditions of the Share Offer” in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

11. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Public Offer shares will not be allotted to you:

(i) **If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Sole Global Coordinator and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- your Application Form is not completed in accordance with the stated instructions;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Sole Global Coordinator believes that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Public Offer Shares initially offered under the Public Offer.

12. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$5.56 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with the section headed "Structure and Conditions of the Share Offer — Conditions of the Share Offer" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Thursday, 20 July 2017.

13. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

HOW TO APPLY FOR PUBLIC OFFER SHARES

- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Thursday, 20 July 2017. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, 21 July 2017 provided that the Share Offer has become unconditional and the right of termination described in the section headed “Underwriting” in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

- (i) If you apply using a **WHITE** Application Form

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Branch Share Registrar at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 20 July 2017 or such other date as announced by the Company.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation’s chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

HOW TO APPLY FOR PUBLIC OFFER SHARES

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Thursday, 20 July 2017, by ordinary post and at your own risk.

(ii) If you apply using a **YELLOW** Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above for collection of refund cheque(s). If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Thursday, 20 July 2017, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, 20 July 2017, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

— *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

— *If you are applying as a CCASS investor participant*

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "10. Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 20 July 2017 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply via **Electronic Application Instructions** to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, 20 July 2017, or, on any other date determined by HKSCC or HKSCC Nominees.
- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in "10. Publication of Results" above on Thursday, 20 July 2017. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 20 July 2017 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, 20 July 2017. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 20 July 2017.

HOW TO APPLY FOR PUBLIC OFFER SHARES

14. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or, under contingent situation, any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, from the independent reporting accountants, Moore Stephens CPA Limited, Certified Public Accountants, Hong Kong:

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大華馬施雲
會計師事務所有限公司

28 June 2017

The Directors
Wealthy Way Group Limited
Ample Capital Limited

Dear Sirs,

We set out below our report on the financial information (the “Financial Information”) regarding Wealthy Way Group Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), for each of the three years ended 31 December 2014, 2015 and 2016 (the “Track Record Period”) for inclusion in the prospectus of the Company dated 28 June 2017 (the “Prospectus”), in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 10 December 2015. Pursuant to a group reorganisation (the “Reorganisation”), as disclosed in the section headed “History, Reorganisation and Development” to the Prospectus, the Company became the ultimate holding company of the entities now comprising the Group on 24 May 2016.

As of the date of this report, the Company has direct or indirect interests in the subsidiaries comprising the Group as set out in Note 1 of Section II below. All of the subsidiaries are private companies with limited liability. All companies now comprising the Group have adopted 31 December as their financial year end date.

As of the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation as it has not involved in any significant business transactions except for the Reorganisation described above. No audited financial statements have

been prepared for Wealthy Way Holdings Limited (“WW Holdings”) since its date of incorporation as it has not involved in any significant business transactions and is not subject to statutory audit requirements under its place of incorporation.

The statutory financial statements of China Wealthy Way Group Limited (“CWW HK”) and Wealthy Way International Finance Limited (“CWW Finance”) for the years ended 31 December 2014, 2015 and 2016 were audited by Moore Stephens CPA Limited. All these statutory financial statements were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The statutory financial statements of Wealthy Way (China) Leasing Company Limited* (“CWW Leasing”) (富道(中國)融資租賃有限公司) and Shenzhen Wealthy Way Financial Services Company Limited* (“CWW Services”) (深圳市富道金融服務有限公司) for the years ended 31 December 2014, 2015 and 2016 were audited by Shenzhen Baolong Certified Public Accounts Co., Ltd. (深圳市寶龍會計師事務所有限公司), a firm of certified public accountants registered in the People’s Republic of China (the “PRC”). All these statutory financial statements were prepared in accordance with relevant accounting principles and accounting rules applicable to enterprises established in the PRC.

For the purpose of this report, the directors of the Company have prepared the consolidated financial statements of the Group (the “Underlying Financial Statements”) for the Track Record Period in accordance with the basis set out in Note 2.2 of Section II and accounting policies set out in Note 4 of Section II of this report which conform with HKFRSs, which collective terms include all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

RESPECTIVE RESPONSIBILITY OF DIRECTORS AND REPORTING ACCOUNTANTS

The directors of the Company are responsible for the preparation of the Financial Information that gives true and fair view in accordance with the basis of presentation set out in Note 2.2 of Section II and the accounting policies set out in Note 4 of Section II and the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), and the contents of this Prospectus in which this report is included. The directors of the Company are also responsible for such internal control as they determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

* *The English name of the subsidiaries established in the PRC represent management’s best effort at translating the Chinese name of such subsidiaries as no English name has been registered.*

Our responsibility is to form an independent opinion, on the Financial Information and to report our opinion to you. For the purpose of this report, we have carried out appropriate audit procedures on the Underlying Financial Statements for the Track Record Period in accordance with Hong Kong Standards on Auditing (the “HKSAs”) issued by the HKICPA. We have examined the Financial Information in accordance with Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” issued by the HKICPA and have carried out such additional procedures on the Financial Information as we considered necessary.

OPINION IN RESPECT OF THE FINANCIAL INFORMATION

In our opinion, for the purpose of this report and on the basis as set out in Note 2.2 of Section II below, the Financial Information gives a true and fair view of the financial positions of the Company as at 31 December 2015 and 2016 and the Group as at 31 December 2014, 2015 and 2016, and of the financial performance and cash flows of the Group for the Track Record Period.

I. FINANCIAL INFORMATION

Consolidated Statements of Comprehensive Income

	Notes	Year ended 31 December		
		2014	2015	2016
		RMB'000	RMB'000	RMB'000
Continuing operations				
Revenue	7	35,545	53,457	71,243
Other income	7	976	142	38
Employee benefit expenses		(1,842)	(2,650)	(5,326)
Depreciation		(691)	(696)	(786)
Operating lease expense		(484)	(484)	(633)
Other operating expenses		(3,921)	(4,139)	(5,200)
Listing expense		—	(2,474)	(4,486)
Share of loss of an associate	15	—	(1)	(1)
Gain on disposal of an associate		—	—	2
Finance cost	8	(230)	(8,858)	(12,636)
Profit before income tax	9	29,353	34,297	42,215
Income tax expense	11	(7,599)	(9,558)	(12,655)
Profit for the year from continuing operations		21,754	24,739	29,560
Discontinued operations				
Profit for the year from discontinued operations	12	336	—	—
Profit for the year attributable to the owners of the Company		<u>22,090</u>	<u>24,739</u>	<u>29,560</u>
Other comprehensive income/(expense) Items that will be reclassified subsequently to profit or loss:				
Exchange differences arising on translating foreign operations		34	(164)	(300)
Release of exchange differences upon disposal of subsidiaries		1	—	—
Other comprehensive income/(expense) for the year attributable to the owners of the Company		<u>35</u>	<u>(164)</u>	<u>(300)</u>
Total comprehensive income for the year attributable to the owners of the Company		<u>22,125</u>	<u>24,575</u>	<u>29,260</u>
Total comprehensive income for the year attributable to:				
— Continuing operations		21,788	24,575	29,260
— Discontinued operations		337	—	—
		<u>22,125</u>	<u>24,575</u>	<u>29,260</u>

Consolidated Statements of Financial Position

		As at 31 December		
		2014	2015	2016
		RMB'000	RMB'000	RMB'000
	<i>Notes</i>			
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	14	1,861	1,977	1,234
Investment in an associate	15	—	3,267	—
Prepayments and deposits	16	540	180	—
Loan and account receivables	17	85,991	423,994	344,929
		<u>88,392</u>	<u>429,418</u>	<u>346,163</u>
Current assets				
Loan and account receivables	17	107,566	193,408	239,575
Prepayments, deposits and other receivables	16	447	1,920	2,931
Due from related parties	18(a)	54,220	—	—
Cash and cash equivalents	19	52,478	4,771	107,365
		<u>214,711</u>	<u>200,099</u>	<u>349,871</u>
Current liabilities				
Deposits from financial leasing customers	20	825	3,620	700
Due to related parties	18(b)	2,581	4,040	3,900
Due to ultimate holding company	18(c)	25	6,790	4,653
Accruals and other payables	21	1,073	2,253	2,657
Deferred income	22	411	3,154	2,086
Bank borrowings — secured	23	25,000	73,709	98,710
Tax payable		4,939	11,792	9,293
		<u>34,854</u>	<u>105,358</u>	<u>121,999</u>
Net current assets		<u>179,857</u>	<u>94,741</u>	<u>227,872</u>
Total assets less current liabilities		<u>268,249</u>	<u>524,159</u>	<u>574,035</u>
Non-current liabilities				
Deposits from financial leasing customers	20	3,620	520	14,445
Bank borrowings — secured	23	25,000	259,435	260,726
		<u>28,620</u>	<u>259,955</u>	<u>275,171</u>
Net assets		<u>239,629</u>	<u>264,204</u>	<u>298,864</u>
EQUITY				
Share capital	25	—	—	—
Reserves	26	239,629	264,204	298,864
Total equity		<u>239,629</u>	<u>264,204</u>	<u>298,864</u>

Statements of Financial Position

		<u>As at 31 December</u>	
		<u>2015</u>	<u>2016</u>
<i>Notes</i>		<u>RMB'000</u>	<u>RMB'000</u>
ASSETS AND LIABILITIES			
Non-current assets			
Investments in subsidiaries	27(a)	—	269,153
Current liabilities			
Due to ultimate holding company	27(b)	(76)	(68)
Due to a subsidiary	27(b)	—	(847)
		<u>(76)</u>	<u>(915)</u>
Net current liabilities		<u>(76)</u>	<u>(915)</u>
Net (liabilities)/assets		<u>(76)</u>	<u>268,238</u>
EQUITY			
Share capital	25	—	—
Reserves	27(c)	(76)	268,238
Capital deficiency/Total equity		<u>(76)</u>	<u>268,238</u>

Consolidated Statements of Changes in Equity

	Share capital	Exchange reserve	Other reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000 (Note 26)	RMB'000 (Note 26)	RMB'000	RMB'000
At 1 January 2014	—	(65)	103,427	489	4,080	107,931
Comprehensive income:						
Profit for the year	—	—	—	—	22,090	22,090
Other comprehensive income:						
Exchange differences arising on translating foreign operations	—	34	—	—	—	34
Release of exchange differences upon disposal of subsidiaries	—	1	—	—	—	1
Total comprehensive income for the year	<u>—</u>	<u>35</u>	<u>—</u>	<u>—</u>	<u>22,090</u>	<u>22,125</u>
Transaction with the owners of the Company:						
Capitalisation of advances from ultimate holding company	—	—	109,573	—	—	109,573
	<u>—</u>	<u>—</u>	<u>109,573</u>	<u>—</u>	<u>—</u>	<u>109,573</u>
Transferred to statutory surplus reserve	—	—	—	2,260	(2,260)	—
At 31 December 2014	<u>—</u>	<u>(30)</u>	<u>213,000</u>	<u>2,749</u>	<u>23,910</u>	<u>239,629</u>
At 1 January 2015	—	(30)	213,000	2,749	23,910	239,629
Comprehensive income:						
Profit for the year	—	—	—	—	24,739	24,739
Other comprehensive expense:						
Exchange differences arising on translating foreign operations	—	(164)	—	—	—	(164)
Total comprehensive (expense)/ income for the year	<u>—</u>	<u>(164)</u>	<u>—</u>	<u>—</u>	<u>24,739</u>	<u>24,575</u>
Transferred to statutory surplus reserve	—	—	—	2,818	(2,818)	—
At 31 December 2015	<u>—</u>	<u>(194)</u>	<u>213,000</u>	<u>5,567</u>	<u>45,831</u>	<u>264,204</u>
At 1 January 2016	—	(194)	213,000	5,567	45,831	264,204
Comprehensive income:						
Profit for the year	—	—	—	—	29,560	29,560
Other comprehensive expense:						
Exchange differences arising on translating foreign operations	—	(300)	—	—	—	(300)
Total comprehensive (expense)/ income for the year	<u>—</u>	<u>(300)</u>	<u>—</u>	<u>—</u>	<u>29,560</u>	<u>29,260</u>
Transaction with the owners of the Company:						
Capitalisation of advances from ultimate holding company	—	—	5,400	—	—	5,400
	<u>—</u>	<u>—</u>	<u>5,400</u>	<u>—</u>	<u>—</u>	<u>5,400</u>
Transferred to statutory surplus reserve	—	—	—	3,642	(3,642)	—
At 31 December 2016	<u>—</u>	<u>(494)</u>	<u>218,400</u>	<u>9,209</u>	<u>71,749</u>	<u>298,864</u>

Consolidated Statements of Cash Flows

		Year ended 31 December		
		2014	2015	2016
		RMB'000	RMB'000	RMB'000
	<i>Notes</i>			
Cash flows from operating activities				
Profit before income tax				
		29,353	34,297	42,215
		566	—	—
		29,919	34,297	42,215
Adjustments for:				
	7	(9)	(31)	(35)
	8	230	8,858	12,636
		1,194	696	786
	15	—	1	1
	12	(457)	—	—
		—	—	(2)
Operating profit before working capital changes				
		30,877	43,821	55,601
(Increase)/decrease in loan and account receivables				
		(117,950)	(423,845)	32,898
Increase in prepayments, deposits and other receivables				
		(2,764)	(1,113)	(324)
(Decrease)/increase in accruals and other payables				
		(20,789)	730	385
Increase/(decrease) in deferred income				
		411	2,743	(1,068)
Increase/(decrease) in deposits from financial leasing customers				
		3,620	(305)	11,005
Cash (used in)/generated from operations				
		(106,595)	(377,969)	98,497
Income tax paid				
		(5,296)	(2,705)	(15,154)
Net cash (used in)/generated from operating activities				
		(111,891)	(380,674)	83,343
Cash flows from investing activities				
Interest received from bank deposits				
		9	31	35
Purchase of property, plant and equipment				
	(a)	(743)	(800)	(37)
(Advance to)/repayment from related parties				
		(25,065)	54,220	—
Investment in an associate				
		—	(3,268)	—
Net cash outflow from disposal of subsidiaries				
	12	(3,620)	—	—
Proceeds on disposal of an associate				
	15	—	—	3,282
Net cash (used in)/generated from investing activities				
		(29,419)	50,183	3,280

	Year ended 31 December		
	2014	2015	2016
	RMB'000	RMB'000	RMB'000
<i>Notes</i>			
Cash flows from financing activities			
Interest paid on bank loans	(230)	(8,403)	(12,636)
Proceeds from bank loans	50,000	380,000	100,000
Repayments of bank loans	—	(96,856)	(73,708)
Increase/(decrease) in amounts due to related parties	50	1,620	(352)
Increase/(decrease) in amount due to ultimate holding company	44	6,497	(2,487)
Advance from ultimate holding company	<u>109,573</u>	<u>—</u>	<u>5,400</u>
Net cash generated from financing activities	<u>159,437</u>	<u>282,858</u>	<u>16,217</u>
Net increase/(decrease) in cash and cash equivalents	18,127	(47,633)	102,840
Cash and cash equivalents at beginning of the year	34,341	52,478	4,771
Effect of foreign exchange rate changes	<u>10</u>	<u>(74)</u>	<u>(246)</u>
Cash and cash equivalents at end of the year	<u><u>52,478</u></u>	<u><u>4,771</u></u>	<u><u>107,365</u></u>

Major non-cash transaction

- (a) During the year ended 31 December 2014, the deposits paid of approximately RMB1,772,000 was transferred to property, plant and equipment.

II. NOTES TO FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited company incorporated in the Cayman Islands on 10 December 2015. The registered office of the Company is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The Company's principal place of business is located at Room 02, 8/F, Kam Chung Building, 52-58 Jaffe Road, Wanchai, Hong Kong.

The Company is an investment holding company. The principal activities of the Group are provision of financial leasing, factoring and advisory services in the PRC. The ultimate holding company of the Group is Wealthy Rise Investment Limited ("Wealthy Rise"), a company incorporated in the British Virgin Islands ("BVI") and the ultimate controlling party during the Track Record Period is Mr. Lo Wai Ho ("Mr. Lo").

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

Name of the company	Place and date of incorporation/ establishment	Particulars of issued and fully paid-up share capital/ registered capital	Attributable equity interest		Principal activities
			direct	indirect	
WW Holdings	BVI 20 January 2016	100 ordinary shares of US\$1 each	100%	—	Investment holding
CWW HK	Hong Kong 9 November 2011	Ordinary shares of HK\$274,579,569	—	100%	Investment holding
CWW Finance	Hong Kong 7 November 2011	Ordinary shares of HK\$2	—	100%	Investment holding
CWW Leasing	The PRC 5 April 2012	RMB200,000,000	—	100%	Provision of financial leasing, factoring and advisory services
CWW Services	The PRC 20 February 2012	RMB13,000,000	—	100%	Provision of advisory services
深圳前海富道融資租賃有限公司 ("SZ Leasing")	The PRC 11 September 2014	(Note)	—	100%	Not yet commenced business during the Track Record Period

Note: SZ Leasing is a wholly-owned enterprise with an operating period of 30 years commencing from 11 September 2014. SZ Leasing's registered capital amounted to RMB1,000,000. As at 31 December 2014, 2015 and 2016, no registered capital of SZ Leasing has been paid-up and the Group therefore had an outstanding investment commitment of RMB1,000,000 in the subsidiary. No statutory financial statements were issued for the years.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION

2.1 Group reorganisation

The companies comprising the Group underwent a reorganisation to rationalise the Group's structure in preparation for the listing of the shares of the Company on the Stock Exchange. The Reorganisation involved the followings:

(i) Incorporation of the Company

The Company was incorporated in the Cayman Islands on 10 December 2015, and become the holding company of the Group as at 24 May 2016. The authorised share capital of the Company upon incorporation is HK\$390,000 divided into 39,000,000 ordinary shares of HK\$0.01 each ("Share"). Upon its incorporation, 1 Share was allotted and issued as fully paid to the first subscriber, Reid Services Limited, which was subsequently transferred to Mr. Lo at par. Mr. Lo then transferred such 1 Share to Wealthy Rise at par.

(ii) Incorporation of WW Holdings

WW Holdings was incorporated in the BVI with limited liability on 20 January 2016. The authorised share capital of WW Holdings is US\$50,000 divided into 50,000 shares of US\$1.00 each, of which 100 shares were allotted and issued fully paid to the Company upon its incorporation. WW Holdings is principally engaged in investment holding and has become the intermediate holding company of the Group upon completion of the Reorganisation.

(iii) Capitalisation on shareholder's contribution of CWW HK

- (a) On 26 April 2016, CWW HK and Wealthy Rise, the former intermediate holding company, entered into a capitalisation agreement pursuant to which CWW HK allotted 1 new share to Wealthy Rise to capitalise its contribution in the sum of HK\$268,040,000 (equivalent to approximately RMB213,000,000) as shareholder's contribution made to CWW HK and its subsidiaries.
- (b) On 23 May 2016, CWW HK and Wealthy Rise, entered into a capitalisation agreement pursuant to which CWW HK allotted 1 new share to Wealthy Rise to capitalise the amounts due to Wealthy Rise and Mr. Lo, the director of CWW HK, in the aggregate sum of approximately HK\$6,540,000 (equivalent to approximately RMB5,400,000) as shareholder's contribution made to CWW HK and its subsidiaries.

(iv) Acquisition of CWW HK and its subsidiaries by the Company

The Company (through WW Holdings as nominee purchaser) acquired CWW HK and its subsidiaries from its then owner, Wealthy Rise on 24 May 2016. The consideration for the acquisition was satisfied by the allotment and issue of 999 Shares to Wealthy Rise on the same date, all credited as fully paid.

(v) Increase in authorised share capital of the Company

On 19 June 2017, the authorised share capital of the Company was increased from HK\$390,000 divided into 39,000,000 Shares to HK\$200,000,000 divided into 20,000,000,000 Shares by the creation of an additional 19,961,000,000 new Shares.

2.2 Basis of presentation

Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 24 May 2016, the Group is regarded as a continuing entity resulting from the Reorganisation since the insertions of certain new holding companies at the top of CWW HK have no commercial substance and do not form a business combination. Accordingly, the Financial Information have been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” (“AG5”) issued by the HKICPA as if the Reorganisation had occurred as of the beginning of the earliest date presented and the current group structure had always been in existence.

The consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the Track Record Period include the results, changes in equity and cash flows of companies within the Group as if the current group structure had been in existence throughout the Track Record Period, or since their respective date of establishment, incorporation or acquisition, where applicable. The consolidated statements of financial position of the Group as at 31 December 2014, 2015 and 2016 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates taking into account their respective date of establishment, incorporation or acquisition, where applicable.

The assets and liabilities of the companies comprising the Group are consolidated using the existing book values. No amount is recognised as consideration for goodwill or excess of acquirer’s interest in the fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost at the time of combination.

All significant intra-group transactions, balances and unrealised gains on transactions have been eliminated on consolidation. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

3. BASIS OF PREPARATION

The Financial Information have been prepared in accordance with the basis of presentation set out in Note 2.2 and in accordance with the accounting policies set out in Note 4 below which are in conformity with HKFRSs, which collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA. The Financial Information also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

The HKICPA has issued a number of new and revised HKFRSs which were relevant to the Group and became effective during the Track Record Period. In preparing the Financial Information, the Group has applied all these new and revised HKFRSs which are effective for the Group’s accounting period beginning on 1 January 2016, consistently throughout the Track Record Period to the extent required or allowed by transitional provisions in the HKFRSs.

At the date of this report, certain new and revised HKFRSs have been published but are not yet effective, and have not been applied early by the Group (note 34).

The Financial Information have been prepared on historical cost basis. All values are rounded to the nearest thousand except when otherwise indicated.

It should be noted that accounting estimates and assumptions have been used in the preparation of the Financial Information. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information are set out in Note 5 “Significant accounting judgements and estimates”.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Financial Information are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

4.1 Basis of consolidation

The Financial Information incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company has power over the investee, that expose or give rights to variable returns from its involvement with the investee, and the Company is able to use its power to affect the amount of returns from the investee. Generally control is achieved with a shareholding of more than one half of the voting rights over the relevant activities of the investee. The existence and effect of potential voting rights that are exercisable or convertible are considered when assessing whether the Company controls another entity.

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

The results of subsidiaries are attributed to the owners of the Company.

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

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

4.2 Investments in subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's statement of comprehensive income to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

4.3 Associates

An associate is an entity in which the Group has significant influence, which is the power to participate in the financial and operating policy decision of the investee, but is not control or joint control over those policies.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, less any impairment losses, unless it is classified as held for sale. Adjustments are made to bring into line any dissimilar accounting policies that may exist. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post-acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of comprehensive income, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its investment in the associate, the Group's interest is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interest that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss. Goodwill arising from the acquisition of associate is included as part of the Group's investment in an associate.

4.4 Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the recoverable amount of the asset is estimated. An asset's recoverable amount is the higher of the value in use of the asset or cash-generating unit to which it belongs and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to profit or loss in the period in which it arises.

4.5 Property, plant and equipment

Property, plant and equipment are stated at cost, less provision for depreciation and impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the item has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to profit or loss in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in future economic benefits expected to be obtained from the use of the item, the expenditure is capitalised as an additional cost of the item. When an item of property, plant and equipment is sold, its cost and accumulated depreciation are derecognised and any gain or loss resulting from the disposal, being the difference between the net disposal proceeds and the carrying amount of the asset, is included in profit or loss.

Depreciation is calculated using the straight-line method to allocate their costs to their residual value over the estimated economic useful life of the individual assets, as follows:

Leasehold improvement	The shorter of the lease terms and 5 years
Furniture and office equipment	5 to 10 years
Motor vehicles	5 to 10 years

The assets' residual values and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

4.6 Leasing

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

The Group as lessor

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

The Group as lessee

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

4.7 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4.8 Employee benefits

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

The Group participates in defined contribution retirement benefit schemes for those employees who are eligible to participate. Contributions are charged to profit or loss as they are paid/become payable in accordance with the rules of the scheme.

The employees of the subsidiaries within the Group which operate in the PRC are required to participate in the central pension scheme operated by the local municipal government. These PRC subsidiaries are required to contribute a percentage of their payroll costs to the central pension scheme as specified by the local municipal government. The Group has no legal or construction obligations to pay further contributions after payment of the fixed contributions.

(ii) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of each reporting period.

(iii) *Termination benefits*

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

4.9 Financial assets

The Group's financial assets, other than financial leasing receivables, are mainly loans and receivables. Management determines the classification of these financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at the end of reporting period.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. When financial assets are recognised initially, they are measured at fair value, plus, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the instruments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest. The effective interest amortisation is included in other income and gains in profit or loss. The loss arising from impairment of loan and account receivables are recognised under finance cost and other expenses in profit or loss respectively.

Impairment loss on financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified 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 yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

4.10 Financial liabilities

Management determines the classification of its financial liabilities at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include deposits from financial leasing customers, amounts due to related parties and ultimate holding company, accruals and other payables and bank borrowings.

After initial recognition, the financial liabilities are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest. The effective interest amortisation is included in finance costs in profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest amortisation process.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.11 Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents represent short-term, highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired.

4.12 Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

4.13 Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries and associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carried forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carried forward unused tax credits and unused tax losses can be utilised, except in respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.14 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for services provided in the normal course of business, net of sales related taxes.

Interest income from financial leasing is recognised in the consolidated statement of comprehensive income using the effective interest rate implicit in the lease over the term of the lease, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Handling fee income and management fee income from financial agency services are recognised when the services are rendered.

Advisory services income is recognised using the percentage of completion method. Revenue is generally recognised based on the services performed to date as a percentage of the total services to be performed.

Interest income from bank deposits or factoring loan are accrued on a time apportionment basis using the effective interest method.

4.15 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.16 Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is Hong Kong dollars ("HK\$"), while the functional currency of the Group's subsidiaries are in HK\$ and Renminbi ("RMB"). The Financial Information is presented in RMB since most of the companies comprising the Group are operating in RMB environment and the functional currency of most of the companies comprising the Group is RMB.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rate at the reporting date. Income and expenses have been converted into RMB at the exchange rates ruling at the transaction dates or at the average rate over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the exchange reserve in equity.

4.17 Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the parent of the Company.
- (b) An entity is related to the Group if any of the following conditions apply:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) 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 the employees of the Group or an entity related to the Group;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity); or
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the 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 and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

4.18 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

When an operation is classified as discontinued, a single amount is presented on the face of the consolidated statement of comprehensive income, which comprises:

- the post-tax profit or loss of the discontinued operation; and
- the post-tax gain or loss recognised on the measurement to fair value less costs of disposal, or on the disposal, of the assets or disposal groups constituting the discontinued operation.

4.19 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the 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, are described below.

Key sources of estimation uncertainty

(i) *Stage of completion of advisory services*

Revenue from advisory service contracts is recognised according to the percentage of completion of individual contract. The percentage of completion is calculated by comparing the service rendered by the Group to total contracted amount. In order to ensure that the percentage of completion of advisory service contracts is accurate and up-to-date, the management frequently reviews and estimates the progress of the services rendered by the Group.

(ii) *Recognition of factoring agreement*

The management made judgement in considering if the Group acts as a principal from the accounting perspective, and hence recognises the gross revenue and the related direct costs, with reference to all relevant facts and circumstances of service arrangements. In some cases, the Group does not have any ownership and rights to the account receivables, and the Group does not bear any credit risks of not collecting the related accounts receivables. After taking into consideration of these factors, the management considers that the Group has not exposed to any significant risk and reward associated with the factoring agreement and it has only fulfilled the features that acting an agent in the finance lease and factoring arrangement from the accounting perspective, the net income generated from such arrangement, if any, will be recognised after offsetting the relevant finance cost.

(iii) *Provision for impairment of receivables*

The policy for the provision for impairment of receivables of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional provision for impairment may be required.

(iv) *Impairment of non-financial assets*

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the recoverable amount of the asset. This requires an estimation of the value-in-use of the cash-generating unit to which the asset is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimated future cash flows and/or the discount rate applied will result in an adjustment to the estimated impairment provision previously made.

(v) *Depreciation*

The Group depreciates property, plant and equipment using straight-line method over the estimated useful lives, starting from the date on which the assets are placed into use. The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The carrying amount of property, plant and equipment is disclosed in Note 14.

6. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

For the Track Record Period, the Group has identified the following business components/reportable segments:

- | | |
|---|---|
| (i) Financial leasing, factoring and advisory services: | Comprising (a) financial leasing, (b) factoring and (c) advisory services to corporate and individual customers |
| (ii) Financial agency services: | Provision of financial agency services between the lenders and individual customers |

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that corporate expenses are excluded from this measurement.

Segment revenue, results, assets and liabilities mainly include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	<u>Continuing operations</u>	<u>Discontinued operations</u>	
	<u>Financial leasing, factoring and advisory services</u>	<u>Financial agency services</u>	<u>Total</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Year ended 31 December 2014			
Segment results			
Revenue from external customers	35,545	9,893	45,438
Segment results	29,686	566	30,252
Reconciliation:			
Unallocated corporate expenses			(333)
Profit before tax			<u>29,919</u>
As at 31 December 2014			
Segment assets	303,103	—	303,103
Segment liabilities	63,474	—	63,474
Year ended 31 December 2015			
Segment results			
Revenue from external customers	53,457	—	53,457
Segment results	37,113	—	37,113
Reconciliation:			
Unallocated corporate expenses			(2,815)
Share of loss of an associate			(1)
Profit before tax			<u>34,297</u>
As at 31 December 2015			
Segment assets	629,517	—	629,517
Segment liabilities	365,313	—	365,313
Year ended 31 December 2016			
Segment results			
Revenue from external customers	71,243	—	71,243
Segment results	46,734	—	46,734
Reconciliation:			
Unallocated corporate expenses			(4,520)
Share of loss of an associate			(1)
Gain on disposal of an associate			2
Profit before tax			<u>42,215</u>
As at 31 December 2016			
Segment assets	696,034	—	696,034
Segment liabilities	397,170	—	397,170

Geographical information

The Company is an investment holding company and the principal place of the Group's operation is in the PRC. For the purpose of segment information disclosures under HKFRS 8, the Group regarded the PRC as its country of domicile. All the Group's revenue and non-current assets are principally attributable to the PRC, being the single geographical region.

The geographical location of customers is based on the location at which the services were provided. The total revenue from external customers is mainly sourced from the PRC. The total revenue is disclosed in Note 7.

Information about major customers

The Group had transactions with 4, 2 and 1 customer(s), who individually contributed more than 10% of the Group's revenue for the years ended 31 December 2014, 2015 and 2016 respectively. Revenue derived from these customers, attributable to financial leasing and advisory services, is as follows:

	Year ended 31 December		
	2014	2015	2016
	RMB'000	RMB'000	RMB'000
Customer 1	—	13,331	16,082
Customer 2	6,572	N/A	N/A
Customer 3	5,501	N/A	N/A
Customer 4	6,132	N/A	N/A
Customer 5	4,589	—	—
Customer 6	—	5,909	N/A

N/A: The corresponding revenue did not contribute over 10% of total revenue of the Group.

7. REVENUE AND OTHER INCOME

Revenue represents income received and receivables from the provision of financial leasing, factoring and advisory services in the PRC during the Track Record Period.

An analysis of the Group's revenue and other income is as follows:

	Year ended 31 December		
	2014	2015	2016
	RMB'000	RMB'000	RMB'000
Revenue			
Continuing operations			
Interest income from financial leasing	10,515	20,524	41,520
Interest income from factoring	—	—	1,425
Advisory services income			
— Financial leasing advisory services income	14,195	24,378	21,693
— Other financial advisory services income	10,835	8,555	6,605
	<u>25,030</u>	<u>32,933</u>	<u>28,298</u>
	<u>35,545</u>	<u>53,457</u>	<u>71,243</u>
Other income			
Continuing operations			
Bank interest income	9	31	35
Exchange gains, net	967	—	—
Government subsidies (<i>Note</i>)	—	111	—
Sundry income	—	—	3
	<u>976</u>	<u>142</u>	<u>38</u>

Note: The non-recurring government subsidies were received unconditionally by the Company's subsidiary in the PRC from local government. The main purpose is to refund the additional tax paid by the Group as a result of the replacement of business tax of 5% by value added tax of 17%.

8. FINANCE COST

	Year ended 31 December		
	2014	2015	2016
	RMB'000	RMB'000	RMB'000
Continuing operations			
Interest on bank borrowings	230	8,858	12,636

9. PROFIT BEFORE INCOME TAX

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

	Year ended 31 December		
	2014	2015	2016
	RMB'000	RMB'000	RMB'000
Continuing operations			
Auditor's remuneration (<i>Note</i>)	29	31	43
Employee benefit expenses (including directors' remuneration (<i>Note 10</i>))			
— Salaries and welfare	1,501	2,165	4,466
— Retirement benefit scheme contributions	341	485	860
	1,842	2,650	5,326
Foreign exchange difference, net	(967)	—	—

Note: The remuneration represents the auditor's remuneration for issuing statutory financial statements of the group entities during the Track Record Period.

10. EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors

Details of emoluments paid and payable by the entities comprising the Group to the directors of the Company during the Track Record Period are as follows:

	<u>Directors' fees</u>	<u>Salaries, allowances and benefits in kind</u>	<u>Retirement benefit scheme contributions</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2014				
Executive directors				
Mr. Lo	285	—	—	285
Ms. Chan Shuk Kwan, Winnie ("Ms. Chan")	—	—	—	—
Non-executive director				
Mr. Xie Weiquan ("Mr. Xie")	—	91	12	103
	<u>285</u>	<u>91</u>	<u>12</u>	<u>388</u>
Year ended 31 December 2015				
Executive directors				
Mr. Lo	194	—	—	194
Ms. Chan	—	—	—	—
Non-executive director				
Mr. Xie	—	91	12	103
	<u>194</u>	<u>91</u>	<u>12</u>	<u>297</u>
Year ended 31 December 2016				
Executive directors				
Mr. Lo	393	10	—	403
Ms. Chan	327	10	—	337
Non-executive director				
Mr. Xie	69	94	19	182
	<u>789</u>	<u>114</u>	<u>19</u>	<u>922</u>

Mr. Lo and Ms. Chan were appointed as executive directors of the Company on 10 December 2015 and 12 May 2016 respectively. Mr. Xie was appointed as a non-executive director of the Company on 12 May 2016.

Mr. Ha Tak Kong, Mr. Ip Chi Wai and Ms. Hung Siu Woon Pauline were appointed as the independent non-executive director on 19 June 2017, they have not received any remuneration during the Track Record Period.

No chief executive was appointed by the Group during the Track Record Period.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group and the non-executive director's emolument shown above was for his services as director of the Company or its subsidiaries.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

(b) Five highest paid individuals

The five individuals with the highest emoluments in the Group included 1, 1 and 2 director(s) of the Company for each of the years ended 31 December 2014, 2015 and 2016 respectively whose emoluments are disclosed in Note (a) above. The emoluments of the remaining 4, 4 and 3 individuals, whose emoluments fell within the salary band of Nil to HK\$1,000,000 (approximately RMB800,000) for each of the years ended 31 December 2014, 2015 and 2016 respectively are analysed below:

	<u>Year ended 31 December</u>		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Salaries, allowances and other benefits	530	756	761
Retirement benefit scheme contributions	<u>38</u>	<u>62</u>	<u>108</u>
	<u>568</u>	<u>818</u>	<u>869</u>

(c) During the Track Record Period, no emoluments were paid by the Group to the directors or any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

11. INCOME TAX EXPENSE

	<u>Year ended 31 December</u>		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Continuing operations			
The charge comprises:			
Current tax — PRC	<u>7,599</u>	<u>9,558</u>	<u>12,655</u>

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax under these jurisdictions during the Track Record Period.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the Track Record Period.

Under the Enterprise Income Tax Law of PRC (the "EIT Law") and the Implementation Regulation of the EIT Law, the subsidiaries in the PRC are subject to the tax rate of 25% on the estimated assessable profits during the Track Record Period.

The income tax expense for the years can be reconciled to the profit before income tax per the consolidated statements of comprehensive income as follows:

	<u>Year ended 31 December</u>		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Continuing operations			
Profit before income tax	<u>29,353</u>	<u>34,297</u>	<u>42,215</u>
Tax calculated at the rates applicable to profits in the tax jurisdiction concerned	7,561	8,867	11,195
Tax effect of non-taxable income	(151)	—	—
Tax effect of non-deductible expenses	<u>189</u>	<u>691</u>	<u>1,460</u>
Income tax expense	<u><u>7,599</u></u>	<u><u>9,558</u></u>	<u><u>12,655</u></u>

12. DISCONTINUED OPERATIONS

On 30 December 2014, the Company entered into a sale and purchase agreement with Profit Charm Industrial Investment Limited (the “Purchaser”), pursuant to which, the Group agreed to dispose its 100% equity interests in Wealthy Way Investment Management Limited and its subsidiary 深圳市富道投資諮詢有限公司 (subsequently known as “深圳市浩森時貸金融服務有限公司”) (collectively referred to the “Disposal Group”) at a consideration of RMB1,275,000 (equivalent to approximately HK\$1,609,000) (the “Consideration”). The Disposal Group was principally engaged in provision of financial agency services to both the lenders and individual customers in the PRC. As the Disposal Group represented separate component of the Group’s businesses, the operations and cash flows of which could be clearly distinguished from the rest of the Group and which represented separate major line of businesses, the Group presented, in its consolidated financial statements, the operations of the Disposal Group as discontinued operations in accordance with HKFRS 5.

The results and cash flows attributable to the Disposal Group included in the consolidated financial statements prior to the disposal are as follows:

	Year ended 31 December 2014
	RMB'000
Revenue	9,893
Other income	2
Employee benefit expenses	(4,979)
Depreciation	(503)
Other operating expenses	<u>(4,304)</u>
Profit before income tax	109
Income tax expense	(230)
Gain on disposal of Disposal Group	<u>457</u>
Profit for the year from discontinued operations	<u><u>336</u></u>
Net cash generated from operating activities	3,200
Net cash used in investing activities	(2,470)
Net cash generated from financing activities	<u>468</u>
Net cash inflow from discontinued operations	<u><u>1,198</u></u>

The carrying amounts of the assets and liabilities of the Disposal Group at the date of disposal are as follows:

	RMB'000
Property, plant and equipment	2,252
Prepayments and other receivables	3,950
Tax recoverable	107
Cash and cash equivalents	3,620
Accruals and other payables	(5,175)
Due to the former ultimate holding company	(3,133)
Due to the former related party	<u>(803)</u>
Net assets disposed of	<u><u>818</u></u>
Consideration	1,275
Net assets of Disposal Group at disposal date	<u>(818)</u>
Gain on disposal of Disposal Group included in profit for the year from discontinued operations	<u><u>457</u></u>

The analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	RMB'000
Consideration received in cash (<i>Note</i>)	—
Less: Cash and bank balances disposed of	<u>(3,620)</u>
	<u><u>(3,620)</u></u>

Note: The Consideration was settled by setting off the Group's debts due to the Purchaser as at the date of disposal.

13. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Group Reorganisation and the presentation of the results for each of the years ended 31 December 2014, 2015 and 2016 on the basis as disclosed in Note 2 above.

14. PROPERTY, PLANT AND EQUIPMENT

	<u>Leasehold improvement</u>	<u>Furniture and office equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014				
Cost	2,700	306	853	3,859
Accumulated depreciation	<u>(810)</u>	<u>(2)</u>	<u>(257)</u>	<u>(1,069)</u>
Net carrying amount	<u><u>1,890</u></u>	<u><u>304</u></u>	<u><u>596</u></u>	<u><u>2,790</u></u>
Year ended 31 December 2014				
Opening net carrying amount	1,890	304	596	2,790
Additions	1,084	1,431	—	2,515
Depreciation	(721)	(327)	(146)	(1,194)
Disposal of subsidiaries (<i>Note 12</i>)	(903)	(1,349)	—	(2,252)
Exchange realignment	<u>—</u>	<u>—</u>	<u>2</u>	<u>2</u>
Closing net carrying amount	<u><u>1,350</u></u>	<u><u>59</u></u>	<u><u>452</u></u>	<u><u>1,861</u></u>
At 31 December 2014 and 1 January 2015				
Cost	2,700	349	853	3,902
Accumulated depreciation	<u>(1,350)</u>	<u>(290)</u>	<u>(401)</u>	<u>(2,041)</u>
Net carrying amount	<u><u>1,350</u></u>	<u><u>59</u></u>	<u><u>452</u></u>	<u><u>1,861</u></u>

	<u>Leasehold improvement</u>	<u>Furniture and office equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2015				
Opening net carrying amount	1,350	59	452	1,861
Additions	—	20	780	800
Depreciation	(540)	(7)	(149)	(696)
Exchange realignment	—	—	12	12
Closing net carrying amount	<u>810</u>	<u>72</u>	<u>1,095</u>	<u>1,977</u>
At 31 December 2015 and 1 January 2016				
Cost	2,700	369	1,633	4,702
Accumulated depreciation	<u>(1,890)</u>	<u>(297)</u>	<u>(538)</u>	<u>(2,725)</u>
Net carrying amount	<u><u>810</u></u>	<u><u>72</u></u>	<u><u>1,095</u></u>	<u><u>1,977</u></u>
Year ended 31 December 2016				
Opening net carrying amount	810	72	1,095	1,977
Additions	—	37	—	37
Depreciation	(540)	(16)	(230)	(786)
Exchange realignment	—	—	6	6
Closing net carrying amount	<u>270</u>	<u>93</u>	<u>871</u>	<u>1,234</u>
At 31 December 2016				
Cost	2,700	406	1,633	4,739
Accumulated depreciation	<u>(2,430)</u>	<u>(313)</u>	<u>(762)</u>	<u>(3,505)</u>
Net carrying amount	<u><u>270</u></u>	<u><u>93</u></u>	<u><u>871</u></u>	<u><u>1,234</u></u>

15. INVESTMENT IN AN ASSOCIATE

	<u>As at 31 December</u>	
	<u>2015</u>	<u>2016</u>
	RMB'000	RMB'000
Unlisted shares, at cost	3,268	3,268
Share of net liabilities	—	(1)
Share of results of an associate	(1)	(1)
Exchange realignment	—	14
Disposal of an associate	—	<u>(3,280)</u>
	<u><u>3,267</u></u>	<u><u>—</u></u>

The Group's associate, 深圳前海永利融資租賃有限公司 (“Yong Li”) was incorporated in the PRC as a limited liability company on 25 December 2014. The Group's subsidiary, CWW Finance legally and beneficially owned 25% equity interest in Yong Li. As at 31 December 2015, Yong Li has paid-up capital of US\$2,000,000, of which CWW Finance has contributed US\$500,000 (equivalent to approximately RMB3,268,000).

Yong Li is a private company and there is no quoted market price available for its shares. Yong Li has not yet commenced business during the Track Record Period.

Set out below are the summarised financial information of Yong Li which is accounted for using the equity method.

	As at 31 December 2015
	RMB'000
Current assets	12,452
Current liabilities	(70)
Net assets	<u>12,382</u>
	Year ended 31 December 2015
Revenue	—
Operating expenses	(3)
Net loss	<u>(3)</u>

On 12 April 2016, CWW Finance entered into an agreement with Global Finance Consultancy Limited, an independent third party, pursuant to which CWW Finance has agreed to dispose all of its 25% equity interest in Yong Li at a consideration of HK\$3,900,000 (equivalent to approximately RMB3,282,000) (the “Disposal”). The Disposal was completed on 30 May 2016 and the gain on disposal, net of transaction costs, was approximately RMB2,000. The receivable was settled on 26 July 2016.

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December		
	2014	2015	2016
	RMB'000	RMB'000	RMB'000
Non-current assets			
Prepayments (<i>Note</i>)	<u>540</u>	<u>180</u>	<u>—</u>
Current assets			
Prepayments	360	1,832	2,612
Deposits	81	81	139
Other receivables	<u>6</u>	<u>7</u>	<u>180</u>
	<u>447</u>	<u>1,920</u>	<u>2,931</u>

Note: Balance mainly represented prepayments for the IT system maintenance, onsite technical support and IT system advisory services which would be amortised over five years from commencement in 2012.

17. LOAN AND ACCOUNT RECEIVABLES

	Notes	As at 31 December		
		2014	2015	2016
		RMB'000	RMB'000	RMB'000
Non-current assets				
Financial leasing receivables	(a)	85,991	423,994	329,429
Factoring loan receivables	(b)	—	—	15,500
		<u>85,991</u>	<u>423,994</u>	<u>344,929</u>
Current assets				
Financial leasing receivables	(a)	87,956	173,733	213,712
Factoring loan receivables	(b)	—	—	25,863
Account receivables	(c)	<u>19,610</u>	<u>19,675</u>	<u>—</u>
		<u>107,566</u>	<u>193,408</u>	<u>239,575</u>
Total		<u><u>193,557</u></u>	<u><u>617,402</u></u>	<u><u>584,504</u></u>

Notes:

- (a) For financial leasing receivables, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts, and must acquire the leased assets at the end of the lease period. The maturity date for each financial leasing contract is normally not more than 8 years.

The Group's financial leasing receivables are denominated in RMB which is the functional currency of the relevant group entity. The effective interest rates of the above financial leasing ranging from 6.9% to 12.0%, 5.7% to 12.0% and 5.1% to 14.9% per annum as at 31 December 2014, 2015 and 2016, respectively.

As at 31 December 2014, 2015 and 2016, the Group's financial leasing receivables of approximately RMB44,257,000, RMB212,389,000 and RMB266,336,000 were carried at fixed-rate and the remaining balances of approximately RMB129,690,000, RMB385,338,000 and RMB276,805,000 were carried at variable-rate, respectively.

	Minimum lease payments			Present value of minimum lease payments		
	As at 31 December			As at 31 December		
	2014	2015	2016	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial leasing receivables comprise:						
Within one year	100,326	219,997	246,664	87,956	173,733	213,712
More than one year						
but not exceeding five years	94,585	397,028	271,381	85,991	336,897	242,332
More than five years	—	87,980	92,093	—	87,097	87,097
	194,911	705,005	610,138	173,947	597,727	543,141
Less: Unearned finance income	(20,964)	(107,278)	(66,997)	—	—	—
Present value of minimum lease payment	<u>173,947</u>	<u>597,727</u>	<u>543,141</u>	<u>173,947</u>	<u>597,727</u>	<u>543,141</u>
Analysed for reporting purposes as:						
Current assets				87,956	173,733	213,712
Non-current assets				<u>85,991</u>	<u>423,994</u>	<u>329,429</u>
				<u>173,947</u>	<u>597,727</u>	<u>543,141</u>

Financial leasing receivables are mainly secured by the leased assets which are used in airline, medical, manufacturing, green energy, public utilities and other transportation industries, certain guarantees and customers' deposits as disclosed in Note 20. Additional collateral may be obtained from customers to secure their repayment obligations under financial leasing and such collateral include vehicle licence. At the end of each reporting date, the carrying amounts of each of the categories of financial leasing receivables were secured by the leased assets and collateral:

	As at 31 December		
	2014	2015	2016
	RMB'000	RMB'000	RMB'000
Airline company	—	308,847	290,071
Health care service provider	28,220	112,479	77,324
Energy saving equipment provider	—	33,786	50,527
Public utilities provider	71,535	59,722	16,740
Taxi operator	30,442	14,858	—
Others			
— Logistic service provider	—	39,250	22,064
— Manufacturer	—	—	14,092
— Miscellaneous (<i>Note</i>)	<u>43,750</u>	<u>28,785</u>	<u>72,323</u>
	<u>173,947</u>	<u>597,727</u>	<u>543,141</u>

Note: Miscellaneous included corporate customers mainly engaged in telecommunication, electronic and carpark operation industries.

- (b) For the factoring loan receivables, the credit period granted to each of the customers is generally for a period of 1 year to 2 years. The effective interest rate of the above factoring loan receivables is ranging from 11.2% to 15.0% per annum as at 31 December 2016.

As at 31 December 2016, the factoring loan receivables was collateralised by the customers' accounts receivables with carrying amount of approximately RMB61,887,000.

- (c) For account receivables, it comprises receivables in respect of advisory services. The customers are obliged to settle the amounts according to the terms set out in the relevant contracts and, normally, no credit period is granted to customers.

The directors of the Company consider that the fair values of loan and account receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

Based on the loan repayment date set out in the relevant contracts, ageing analysis of the Group's loan and account receivables as of each reporting date is as follows:

	As at 31 December		
	2014	2015	2016
	RMB'000	RMB'000	RMB'000
0 to 30 days	22,916	23,601	16,721
31 to 90 days	20,110	42,324	65,886
91 to 365 days	64,540	127,483	157,681
Over 365 days	85,991	423,994	344,216
	<u>193,557</u>	<u>617,402</u>	<u>584,504</u>

Ageing analysis of the Group's loan and account receivables, prepared based on due date, that was not impaired is as follows:

	As at 31 December		
	2014	2015	2016
	RMB'000	RMB'000	RMB'000
Neither past due nor impaired	170,641	593,801	567,783
1 to 90 days past due	22,916	23,601	16,721
	<u>193,557</u>	<u>617,402</u>	<u>584,504</u>

Loan and account receivables which were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Management reviews and assesses for impairment individually based on customers' payment history and the values of the assets pledged. Loan and account receivables that were past due but not impaired relate to customers that have good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality for these customers and the balances are still considered fully recoverable.

18. DUE FROM/(TO) RELATED PARTIES/ULTIMATE HOLDING COMPANY**(a) Due from related parties**

Name	As at	Maximum	As at	Maximum	As at	Maximum
	31 December	balance	31 December	balance	31 December	balance
	2014	outstanding	2015	outstanding	2016	outstanding
	RMB'000	during the	RMB'000	during the	RMB'000	during the
		year ended		year ended		year ended
		2014		2015		2016
		RMB'000		RMB'000		RMB'000
Mr. Lo (<i>Note (i)</i>)	53,630	53,630	—	53,630	—	—
深圳恒豐海悅國際酒店有限公司						
(<i>Note (ii)</i>)	<u>590</u>	2,335	<u>—</u>	590	<u>—</u>	<u>—</u>
	<u>54,220</u>		<u>—</u>		<u>—</u>	

Notes:

- (i) Mr. Lo is the director and also the ultimate beneficial owner of the Company. The balance was arising from non-trading transaction.
- (ii) Mr. Lo and his elder brother, Mr. Lu Nuan Pei, were the ultimate beneficial owners of the related company as at 31 December 2014. And as at 31 December 2015 and 2016, Mr. Lu Nuan Pei was one of the ultimate beneficial owners of the related company. The balance was arising from trading transaction as disclosed in note 30(a).

The amounts due were unsecured, non-interest-bearing and repayable on demand. The amounts due from related parties were fully settled in 2015.

(b) Due to related parties

The amounts due were unsecured, interest free and repayable on demand. Such amount will be settled upon Listing.

(c) Due to ultimate holding company

The amount due was unsecured, interest free and repayable on demand. Such amount will be settled upon Listing.

19. CASH AND CASH EQUIVALENTS

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

As at 31 December 2014, 2015 and 2016, the Group has cash and cash equivalents denominated in RMB amounting to approximately RMB52,453,000, RMB4,460,000 and RMB106,812,000 respectively and were kept in the PRC. RMB is not freely convertible into other currencies and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

20. DEPOSITS FROM FINANCIAL LEASING CUSTOMERS

	As at 31 December		
	2014	2015	2016
	RMB'000	RMB'000	RMB'000
Non-current liabilities			
Deposits from financial leasing customers	3,620	520	14,445
Current liabilities			
Deposits from financial leasing customers	825	3,620	700

Customers' deposits are collected and calculated based on a certain percentage of the entire value of lease contract. The deposits are returned to the customers in portion over the lease period or in full by end of lease period according to the terms of lease contracts. When the lease contract expires, the lessor must return the full lease deposits to the lessee. The balance of the customers' deposits can also be applied and used to settle any outstanding lease payments for the corresponding lease contract. As at 31 December 2014, 2015 and 2016, the customers' deposits of approximately RMB4,445,000, RMB4,140,000 and RMB15,145,000 were received in advance respectively. There was no unguaranteed residual value of leased assets and no contingent rent arrangement that need to be recognised in all years.

21. ACCRUALS AND OTHER PAYABLES

	As at 31 December		
	2014	2015	2016
	RMB'000	RMB'000	RMB'000
Accruals	313	1,366	1,975
Other payables	760	887	682
	1,073	2,253	2,657

The directors of the Company considered that the carrying amounts of accruals and other payables approximate their fair values.

22. DEFERRED INCOME

Deferred income from the financial leasing business is amortised and recognised as revenue using effective interest method over the lease period.

23. BANK BORROWINGS

	As at 31 December		
	2014	2015	2016
	RMB'000	RMB'000	RMB'000
Bank loans — secured	50,000	333,144	359,436
Carrying amount repayable*:			
Within one year	25,000	73,709	98,710
More than one year, but not exceeding two years	25,000	48,709	96,210
More than two years, but not exceeding five years	—	123,629	116,129
More than five years	—	87,097	48,387
	50,000	333,144	359,436
Less: Amount shown under current liabilities	(25,000)	(73,709)	(98,710)
	25,000	259,435	260,726

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

As at 31 December 2014, 2015 and 2016, the Group's bank borrowings were variable-rate borrowings which carried annual interest rate at 120%, ranging from 100% to 120% and 105% to 110% of the benchmark rate offered by the People's Bank of China ("PBOC") respectively. As at 31 December 2014, 2015 and 2016, the effective interest rates of the Group's secured bank loans were at 7.2%, ranging from 4.8% to 6.7% and 4.8% to 5.6% per annum respectively.

As at 31 December 2014 and 2015, the Group's bank borrowings of RMB50,000,000 and RMB25,000,000 respectively, were secured by (i) charges over certain leased assets and (ii) the corporate guarantee from the related party of the Group's customer. These bank borrowings has been settled during year 2016 and relevant charges and corporate guarantee have been released.

As at 31 December 2015 and 2016, the Group's bank borrowings of approximately RMB280,644,000 and RMB241,936,000 respectively, were secured by charges over certain leased assets.

As at 31 December 2015 and 2016, the Group's bank borrowings of approximately RMB27,500,000 and RMB117,500,000 were secured by charges over the financial leasing receivables of the Group with aggregated carrying values of approximately RMB38,494,000 and RMB450,322,000, respectively.

The Group's bank borrowings are denominated in RMB which is the functional currency of the relevant group entity.

24. DEFERRED TAXATION

Under the EIT Law, withholding tax of 10% is imposed on dividends declared in respect of profits earned by the subsidiaries in the PRC from 1 January 2008 onwards. Deferred tax liabilities have not been provided for in the consolidated financial statements in respect of temporary differences attributable to the retained profits of the subsidiaries in the PRC amounting to approximately RMB24,742,000, RMB50,104,000 and RMB83,518,000 as at 31 December 2014, 2015 and 2016, respectively as the Group is able to control the timing of the reversal of the temporary differences and the directors of the Company considered that the subsidiaries in the PRC will not distribute any dividend in the foreseeable future.

25. SHARE CAPITAL

On 10 December 2015, the Company was incorporated in the Cayman Islands with authorised share capital of HK\$390,000 divided into 39,000,000 shares of a par value of HK\$0.01 each. On the date of incorporation, 1 share representing 100% of the then issued share capital of the Company was allotted and issued at HK\$0.01 to the initial subscriber. On the same day, the initial subscriber share was transferred to Mr. Lo. Other than the share allotment and transfer aforementioned, no other share transaction or operation was undertaken by the Company from its incorporation to 31 December 2016. There was no authorised and issued capital as at 31 December 2014 as the Company has not yet been incorporated.

On 24 May 2016, the Company was allotted and issued of 999 Shares to Wealthy Rise, credited as fully paid, as the consideration satisfied for acquisition of CWW HK and its subsidiaries.

On 19 June 2017, the authorized share capital of the Company was increased from HK\$390,000 divided into 39,000,000 Shares to HK\$200,000,000 divided into 20,000,000,000 Shares by the creation of an additional 19,961,000,000 new Shares.

26. RESERVES**Group**

Details of the movements on the Group's reserves are as set out in the consolidated statements of changes in equity in Section I.

Other reserve

Other reserve represents the capital contributions from ultimate holding company to the Group's subsidiaries now comprising the Group before the completion of the Reorganisation.

Statutory surplus reserve

In accordance with the Company Law of the PRC, the Company's subsidiaries registered in the PRC are required to appropriate 10% of the annual statutory profit after tax (after offsetting any prior years' losses) determined in accordance with generally accepted accounting principles in the PRC to the statutory surplus reserve until the balance of the reserve fund reaches 50% of the entity's registered capital. The statutory surplus reserve can be utilised to offset prior years' losses or to increase capital, provided the remaining balance of the statutory surplus reserve is not less than 25% of registered capital.

27. FINANCIAL INFORMATION OF THE COMPANY**(a) Investments in subsidiaries of the Company**

	<u>As at 31 December</u>	
	<u>2015</u>	<u>2016</u>
	RMB'000	RMB'000
Unlisted equity investments	<u>—</u>	<u>269,153</u>

(b) Amounts due to ultimate holding company and a subsidiary were unsecured, interest free and repayable on demand.

(c) Reserves of the Company

	<u>Exchange reserve</u>	<u>Other reserve (note)</u>	<u>Accumulated loss</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	
At the date of incorporation	—	—	—	—
Comprehensive expense:				
Loss for the year	—	—	(76)	(76)
At 31 December 2015	<u>—</u>	<u>—</u>	<u>(76)</u>	<u>(76)</u>
Comprehensive expense:				
Loss for the year	—	—	(809)	(809)
Other comprehensive expense:				
Exchange differences arising on translation of functional currency	(30)	—	—	(30)
	<u>(30)</u>	<u>—</u>	<u>(809)</u>	<u>(839)</u>
Arising from Reorganisation	—	269,153	—	269,153
At 31 December 2016	<u>(30)</u>	<u>269,153</u>	<u>(885)</u>	<u>268,238</u>

Note: Others reserve represented the difference between the nominal value of shares issued by the Company and the net asset value of the subsidiaries at the date of Reorganisation.

28. CAPITAL COMMITMENTS

	<u>As at 31 December</u>		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:			
— Capital contribution payable to an associate	15,468	13,073	—

Note: During the Track Record Period, the Group completed the Disposal of its entire equity interests in the associate, Yong Li (Note 15). Following completion of the Disposal, the Group released the above capital commitments.

29. OPERATING LEASE ARRANGEMENTS

The Group leases certain office properties under operating lease arrangements. Leases for properties are negotiated ranging from one to two years.

As at the end of each reporting period, the Group had minimum outstanding commitments under non-cancellable operating leases which fall due as follows:

	<u>As at 31 December</u>		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Within one year	<u>—</u>	<u>—</u>	<u>101</u>

30. RELATED PARTY TRANSACTIONS

Save as disclosed in the consolidated financial statements, the Group had the following transactions with related parties during the Track Record Period:

(a) Transactions with related parties

	<i>Notes</i>	<u>Year ended 31 December</u>		
		<u>2014</u>	<u>2015</u>	<u>2016</u>
		<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Rental expense paid to a related company	(i)	484	484	514
Management service fee paid to a related company	(ii)	713	486	—
Building management fee paid to a related company	(i)	32	222	208
Hospitality expense for functions in the hotel paid to a related company	(i)	1,745	804	784
Advisory service fee income received from a related company	(i)	<u>286</u>	<u>—</u>	<u>—</u>

Notes:

- (i) Mr. Lo's elder brother, Mr. Lu Nuan Pei, is one of the ultimate beneficial owners of the related companies.
- (ii) Mr. Lo, the director of the Company, is the ultimate beneficial owner of the related company.

In the opinion of the directors of the Company, the transactions listed in (a) as above between the Group and the aforementioned related parties were conducted in the ordinary and usual course of business.

(b) Compensation of key management personnel

The details of the remuneration paid to the key management personnel during the Track Record Period are set out in Note 10.

31. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each reporting period are as follows:

	As at 31 December		
	2014	2015	2016
	RMB'000	RMB'000	RMB'000
Financial assets			
Financial leasing receivables	173,947	597,727	543,141
Loans and receivables			
Factoring loan receivables	—	—	41,363
Account receivables	19,610	19,675	—
Deposits and other receivables	87	88	319
Due from related parties	54,220	—	—
Cash and cash equivalents	<u>52,478</u>	<u>4,771</u>	<u>107,365</u>
	<u>300,342</u>	<u>622,261</u>	<u>692,188</u>
Financial liabilities			
At amortised costs			
Deposits from financial leasing customers	4,445	4,140	15,145
Due to related parties	2,581	4,040	3,900
Due to ultimate holding company	25	6,790	4,653
Accruals and other payables	1,073	2,253	2,657
Bank borrowings	<u>50,000</u>	<u>333,144</u>	<u>359,436</u>
	<u>58,124</u>	<u>350,367</u>	<u>385,791</u>

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments in the normal course of the Group's business are interest rate risk, credit risk and liquidity risk.

Financial risk management is coordinated at the Group's headquarters, in close co-operation with the board of directors. The overall objectives in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets. Long term financial investments are managed to generate lasting returns with acceptable risk levels.

It is not the Group's policy to actively engage in the trading of financial instruments for speculative purposes. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk in relation to variable-rate financial leasing receivables, bank balances and bank borrowings (see Notes 17(a), 19 and 23 for details of these financial instruments respectively). The Group takes on exposure to the effects of fluctuation in the prevailing levels of market interest rates on the cash flow risks.

The Group is also exposed to fair value interest rate risk in relation to fixed-rate financial leasing receivables and factoring loan receivables, (see Note 17(a) and (b) for details of these financial instruments). The Group does not have a fair value interest rate hedging policy.

Management monitors the related interest exposure closely to ensure the interest rate risks are maintained at an acceptable level. The level of mismatch of interest rate repricing that may be undertaken is monitored closely.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable rate financial leasing receivables, bank balances and bank borrowings.

The sensitivity analysis was determined assuming that the change in interest rates had occurred at the end of each reporting period and had been applied to variable-rate financial instruments at that date. 50 basis points and 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates of financial leasing receivables, bank balances and bank borrowings respectively over the period until the end of next reporting period.

The following tables indicates the approximate change in the profit after income tax in response to reasonably possible changes in interest rates to which the Group has exposure at the end of each reporting period.

- (a) If interest rates of financial leasing receivables at the end of each reporting period had been 100 basis points higher/lower and all other variable were held constant, the potential effect on the Group's profit after income tax for the years 31 December 2014, 2015 and 2016 are as follows:

	As at 31 December					
	2014		2015		2016	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	+1%	-1%	+1%	-1%	+1%	-1%
Increase/(decrease) in profit for the year and retained profits	973	(973)	2,890	(2,890)	2,076	(2,076)

- (b) If interest rates of bank balances at the end of each reporting period had been 50 basis points higher/lower and all other variable were held constant, the potential effect on the Group's profit after income tax for the years 31 December 2014, 2015 and 2016 are as follows:

	As at 31 December					
	2014		2015		2016	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	+0.5%	-0.5%	+0.5%	-0.5%	+0.5%	-0.5%
Increase/(decrease) in profit for the year and retained profits	193	(193)	18	(18)	402	(402)

- (c) If interest rates of bank borrowings at the end of each reporting period had been 100 basis points higher/lower and all other variable were held constant, the potential effect on the Group's profit after income tax for the years 31 December 2014, 2015 and 2016 are as follows:

	As at 31 December					
	2014		2015		2016	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	+1%	-1%	+1%	-1%	+1%	-1%
(Decrease)/increase in profit for the year and retained profits	<u>(375)</u>	<u>375</u>	<u>(2,499)</u>	<u>2,499</u>	<u>(2,696)</u>	<u>2,696</u>

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

The carrying amounts of loan and account receivables, deposits and other receivables, amounts due from related parties and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets. The carrying amounts of these financial assets presented in the consolidated statements of financial position are net of impairment losses, if any. Accordingly, the Group's exposure to bad debt is not significant. The credit risk on cash and cash equivalents is limited because the counterparties are mainly banks with high credit-ratings assigned by international credit-rating agencies.

As at 31 December 2014, 2015 and 2016, the Group's exposure under outstanding loan and account receivables were secured by the leased assets, collaterals, certain guarantees and customers' deposits as disclosed in Note 17.

The Group's maximum exposure to credit risk is primarily attributable to loan and account receivables. The Group's concentration of credit risk on financial leasing receivables as at 31 December 2014, 2015 and 2016 included 3, 1 and 1 major counterparties accounting for 53.0%, 46.0% and 47.0%, of the receivables respectively. The Group has closely monitored the recoverability of the advances to these counterparties, ensured adequate collateral is received from these counterparties and taken effective measures to ensure timely collection of outstanding balances.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank loans and ensures compliance with loan covenants.

The following tables details the Group's remaining contractual maturity for its financial assets and financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial assets and financial liabilities and the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2014							
Financial assets							
Loan and account receivables	22,916	23,381	73,639	94,585	—	214,521	193,557
Deposits and other receivables	87	—	—	—	—	87	87
Due from related parties	54,220	—	—	—	—	54,220	54,220
Cash and cash equivalents	52,478	—	—	—	—	52,478	52,478
	<u>129,701</u>	<u>23,381</u>	<u>73,639</u>	<u>94,585</u>	<u>—</u>	<u>321,306</u>	<u>300,342</u>
Financial liabilities							
Deposits from financial leasing customers	—	—	825	3,620	—	4,445	4,445
Due to related parties	2,581	—	—	—	—	2,581	2,581
Due to ultimate holding company	25	—	—	—	—	25	25
Accruals and other payables	1,073	—	—	—	—	1,073	1,073
Bank borrowings	—	7,110	20,696	25,993	—	53,799	50,000
	<u>3,679</u>	<u>7,110</u>	<u>21,521</u>	<u>29,613</u>	<u>—</u>	<u>61,923</u>	<u>58,124</u>
Financial assets over financial liabilities	<u>126,022</u>	<u>16,271</u>	<u>52,118</u>	<u>64,972</u>	<u>—</u>	<u>259,383</u>	<u>242,218</u>

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2015							
Financial assets							
Loan and account receivables	23,601	54,720	161,351	397,028	87,980	724,680	617,402
Deposits and other receivables	88	—	—	—	—	88	88
Cash and cash equivalents	4,771	—	—	—	—	4,771	4,771
Total financial assets	<u>28,460</u>	<u>54,720</u>	<u>161,351</u>	<u>397,028</u>	<u>87,980</u>	<u>729,539</u>	<u>622,261</u>
Financial liabilities							
Deposits from financial leasing customers	—	—	3,620	520	—	4,140	4,140
Due to related parties	4,040	—	—	—	—	4,040	4,040
Due to ultimate holding company	6,790	—	—	—	—	6,790	6,790
Accruals and other payables	2,253	—	—	—	—	2,253	2,253
Bank borrowings	—	22,395	66,077	208,309	92,500	389,281	333,144
Total financial liabilities	<u>13,083</u>	<u>22,395</u>	<u>69,697</u>	<u>208,829</u>	<u>92,500</u>	<u>406,504</u>	<u>350,367</u>
Financial assets over/(below) financial liabilities	<u>15,377</u>	<u>32,325</u>	<u>91,654</u>	<u>188,199</u>	<u>(4,520)</u>	<u>323,035</u>	<u>271,894</u>
At 31 December 2016							
Financial assets							
Loan and account receivables	—	93,329	182,749	287,796	92,093	655,967	584,504
Deposits and other receivables	319	—	—	—	—	319	319
Cash and cash equivalents	107,365	—	—	—	—	107,365	107,365
Total financial assets	<u>107,684</u>	<u>93,329</u>	<u>182,749</u>	<u>287,796</u>	<u>92,093</u>	<u>763,651</u>	<u>692,188</u>
Financial liabilities							
Deposits from financial leasing customers	—	—	700	1,945	12,500	15,145	15,145
Due to related parties	3,900	—	—	—	—	3,900	3,900
Due to ultimate holding company	4,653	—	—	—	—	4,653	4,653
Accruals and other payables	2,657	—	—	—	—	2,657	2,657
Bank borrowings	—	30,508	91,854	248,729	50,186	421,277	359,436
Total financial liabilities	<u>11,210</u>	<u>30,508</u>	<u>92,554</u>	<u>250,674</u>	<u>62,686</u>	<u>447,632</u>	<u>385,791</u>
Financial assets over financial liabilities	<u>96,474</u>	<u>62,821</u>	<u>90,195</u>	<u>37,122</u>	<u>29,407</u>	<u>316,019</u>	<u>306,397</u>

Foreign currency risk

The Group mainly operated in the PRC with most of the transactions settled in RMB and did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

Fair value

The fair value of financial assets and financial liabilities is determined based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values.

33. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners of the Company through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior years.

The capital structure of the Group consists of bank borrowings as set out in Note 23, and equity attributable to owners of the Company, comprising issued share capital and reserves including retained profits.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through new share issues and raise of new borrowings.

34. NEW AND REVISED HKFRSs NOT YET ADOPTED

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

HKAS 7 Amendments	Disclosure Initiative ¹
HKAS 12 Amendments	Recognition of Deferred Tax Assets for Unrealised Losses ¹
HKAS 40 Amendments	Transfer of Investment Property ²
HKFRS 2 Amendments	Classification and Measurement of Share-based Payment Transactions ²
HKFRS 4 Amendments	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance Contracts ²
HKFRS 9	Financial Instruments ²
HKFRS 10 and HKAS 28 (2011) Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 16	Leases ⁴
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle ⁵

¹ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted

² Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted

³ Effective for annual periods beginning on or after a date to be determined, with earlier application permitted

⁴ Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted

⁵ Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

The Group has already commenced an assessment of the related impact of adopting the above new and revised HKFRSs. So far, it has concluded that the above new and revised HKFRSs will be adopted at the respective dates and the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group except for the following:

HKFRS 9 Financial Instruments

HKFRS 9 has introduced new requirements for a) classification and measurement of financial assets, b) impairment of financial assets and c) general hedge accounting.

Specifically, with regard to the classification and measurement of financial assets, HKFRS 9 requires all recognised financial assets that are within the scope of HKFRS 9 to be subsequently measured at amortised cost or fair value. Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of each of the subsequent accounting periods. Debt investments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. Further, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies) in other comprehensive income, with only dividend income generally recognised in profit or loss and that cumulative fair value changes will not be reclassified to profit or loss upon derecognition of the investment.

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

With regard to impairment of financial assets, HKFRS 9 has adopted an expected credit loss model, as opposed to an incurred credit loss model required under HKAS 39. In general, the expected credit loss model requires an entity to assess the change in credit risk of the financial asset since initial recognition at each reporting date and to recognise the expected credit loss depending on the degree of the change in credit risk.

With regard to the general hedge accounting requirements, HKFRS 9 retains the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Group anticipates that the application of HKFRS 9 in the future may have impact on amounts reported in respect of the Group's financial assets (e.g. the impairment on receivables) based on expected loss model and financial liabilities designated as fair value through profit or loss. Currently the Group is in the midst of assessing the financial impact of the application of HKFRS 9 and a reasonable estimate of that effect will be available once a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers and the clarifications to HKFRS 15

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

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

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

Under HKFRS 15, an entity recognises revenue when a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Group does not expect the adoption of HKFRS 15 would result in significant impact on the amounts reported on the Group's consolidated financial statements in future. However, there will be additional qualitative and quantitative disclosures upon the adoption of HKFRS 15.

HKFRS 16 Leases

HKFRS 16 will supersede the current lease guidance including HKAS 17 *Leases* and the related interpretations when it becomes effective.

With regard to lessee accounting, the distinction of operating leases and finance leases, as required by HKAS 17, has been replaced by a model which requires a right-of-use asset and a corresponding liability to be recognised for all leases by lessees except for short-term leases and leases of low value assets. Specifically, the right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments. Furthermore, the classification of cash flows will also be affected as operating lease payments under HKAS 17 are presented as operating cash flows; whereas, under the HKFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

With regard to lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, HKFRS 16 requires extensive disclosures in the financial statements.

As set out in note 29, the total operating lease commitments of the Group in respect of leased premises as at 31 December 2016 amounted to approximately RMB101,000. The Group expects that the adoption of HKFRS 16 is unlikely to result in significant impact on the Group's result but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statements of financial position as right-of-use assets and lease liabilities.

35. EVENT AFTER THE REPORTING PERIOD

Save for disclosed in note 2.1(v), there are no other material subsequent events undertaken by the Company or by the Group after 31 December 2016.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 December 2016 and up to the date of this report.

Yours faithfully,
Moore Stephens CPA Limited
Certified Public Accountants
Hung, Wan Fong Joanne
Practising Certificate Number: P05419
Hong Kong

The information set forth in this appendix does not form part of the Accountants' Report from Moore Stephens CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the "Accountants' Report" set forth in Appendix I to this prospectus.

(A) UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of adjusted net tangible assets of the Group, prepared in accordance with Rule 4.29 of the Listing Rules and on the basis of the notes set out below, for the purpose of illustrating the effect of the Placing and Public Offer on the consolidated net tangible assets of the Group as if the Placing and Public Offer had taken place on 31 December 2016. This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated financial position of the Group attributable to the owners of the Company had the Placing and Public Offer been completed on 31 December 2016 or at any future dates.

	Audited consolidated net tangible assets of the Group as at 31 December 2016 <i>(Note 1)</i>	Estimated net proceeds from the Placing and Public Offer <i>(Note 2)</i>	Unaudited pro forma adjusted net tangible assets of the Group	Unaudited pro forma adjusted net tangible assets per Share of the Group <i>(Note 3)</i>
	RMB'000	RMB'000	RMB'000	HK\$
Based on the Offer Price of HK\$4.00 per Share	<u>298,864</u>	<u>110,268</u>	<u>409,132</u>	<u>3.26</u>
Based on the Offer Price of HK\$5.56 per Share	<u>298,864</u>	<u>158,235</u>	<u>457,099</u>	<u>3.64</u>

Notes:

- (1) The audited consolidated net tangible assets of the Group as at 31 December 2016 is extracted from the Accountants' Report set out in Appendix I to this document.
- (2) The estimated net proceeds from the Placing and Public Offer are based on the estimated Offer Price of HK\$4.00 or HK\$5.56 per Share (being the low end and the high end of the indicative price range of the Offer Shares), after deduction of the underwriting fees and related expenses payable by the Company in connection with the Placing and Public Offer, excluding the related expenses of approximately RMB2.5 million and RMB4.5 million that have been recognised in the consolidated statements of comprehensive income for the years ended 31 December 2015 and 2016 respectively.

- (3) The unaudited pro forma adjusted net tangible assets per Share of the Group is calculated based on 144,000,000 Shares in issue immediately following the completion of the Placing and Public Offer. It does not take into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in Appendix IV to this document or otherwise.

The unaudited pro forma adjusted net tangible assets per Share is converted into Hong Kong Dollars at an exchange rate of RMB1 to HK\$1.1468, being the same exchange rate used in this prospectus.

- (4) No adjustment has been made to the unaudited pro forma statement of adjusted net tangible assets to reflect any trading results of other transactions of the Group entered into subsequent to 31 December 2016.

**(B) INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The following is the text of a report, prepared for the purpose of incorporation in this document, received from the Company's reporting accountants, Moore Stephens CPA Limited, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information of the Group.

MOORE STEPHENS

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28 June 2017

TO THE DIRECTORS OF WEALTHY WAY GROUP LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Wealthy Way Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma of adjusted net tangible assets of the Group as at 31 December 2016 and the related notes as set out in Part A of Appendix II on pages II-1 to II-2 of the prospectus dated 28 June 2017 (the "Prospectus") issued by the Company (the "Unaudited Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Notes 1 to 4 of Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed placing and public offer of shares of the Company on the Group's financial position as at 31 December 2016 as if the transaction had taken place at 31 December 2016. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information as at 31 December 2016, on which an accountants' report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited 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 (the "HKICPA").

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited 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 Unaudited 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 comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited 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 purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited 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 Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of a significant event or transaction of the Company on 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 event or transaction at 31 December 2016 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited 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 Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited 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 Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Moore Stephens CPA Limited
Certified Public Accountants
Hung, Wan Fong Joanne
Practising Certificate Number: P05419
Hong Kong

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 10 December 2015 under the Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (**Memorandum**) and the Amended and Restated Articles of Association (**Articles**).

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and since the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 19 June 2017. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Share certificates

Every person whose name is entered as a member in the register of members shall be entitled to receive a certificate for his shares. No shares shall be issued to bearer.

Every certificate for shares, warrants or debentures or representing any other form of securities of the Company shall be issued under the seal of the Company, and shall be signed autographically by one Director and the Secretary, or by 2 Directors, or by some other person(s) appointed by the Board for the purpose. As regards any certificates for shares or debentures or other securities of the Company, the Board may by resolution

determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature other than autographic or may be printed thereon as specified in such resolution or that such certificates need not be signed by any person. Every share certificate issued shall specify the number and class of shares in respect of which it is issued and the amount paid thereon and may otherwise be in such form as the Board may from time to time prescribe. A share certificate shall relate to only one class of shares, and where the capital of the Company includes shares with different voting rights, the designation of each class of shares, other than those which carry the general right to vote at general meetings, must include the words “restricted voting” or “limited voting” or “non-voting” or some other appropriate designation which is commensurate with the rights attaching to the relevant class of shares. The Company shall not be bound to register more than 4 persons as joint holders of any share.

(b) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that upon the happening of a specified event or upon a given date and either at the option of the Company or the holder thereof, they are liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate thereof shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate thereof has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal

of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) *Power to dispose of the assets of the Company or any subsidiary*

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iii) *Compensation or payments for loss of office*

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(iv) *Loans and provision of security for loans to Directors*

There are provisions in the Articles prohibiting the making of loans to Directors and their close associates which are equivalent to provisions of Hong Kong law prevailing at the time of adoption of the Articles.

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(v) *Disclosure of interest in contracts with the Company or with any of its subsidiaries*

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and, upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any Share by reason that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or other proposal in which he or his close associate(s) is/are materially interested, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters namely:

- (aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

- (bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
 - (cc) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
 - (dd) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including (i) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; or
 - (ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.
- (vi) *Remuneration*

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree or failing agreement, equally, except that in such event any Director holding office for only a portion of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he has held office. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in

addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with other companies (being subsidiaries of the Company or with which the Company is associated in business), or may make contributions out of the Company's monies to, such schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

In addition, the Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any

Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of such notices will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting and the minimum length of the period during which such notices to the Company may be given must be at least 7 days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to the Board or retirement therefrom.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to retirement by rotation provisions in the articles of association. The number of Directors shall not be less than two.

In addition to the foregoing, the office of a Director shall be vacated:

- (aa) if he resigns his office by notice in writing delivered to the Company at the registered office or head office of the Company for the time being or tendered at a meeting of the Board;

- (bb) if he dies or becomes of unsound mind as determined pursuant to an order made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;
- (cc) if, without special leave, he is absent from meetings of the Board for six (6) consecutive months, and the Board resolves that his office is vacated;
- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (ee) if he is prohibited from being a director by law;
- (ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles;
- (gg) if he has been validly required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director and the relevant time period for application for review of or appeal against such requirement has lapsed and no application for review or appeal has been filed or is underway against such requirement; or
- (hh) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director or Directors and other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(viii) *Borrowing powers*

Pursuant to the Articles, the Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Companies Law, to issue

debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The provisions summarised above, in common with the Articles of Association in general, may be varied with the sanction of a special resolution of the Company.

(ix) *Register of Directors and officers*

Pursuant to the Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 60 days of any change in such directors or officers, including a change of the name of such directors or officers.

(x) *Proceedings of the Board*

Subject to the Articles, the Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) Alterations to the constitutional documents

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed by the Company by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or in the case of a shareholder being a corporation, by its duly authorised representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Alteration of capital

The Company may, by an ordinary resolution of its members, (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; and (e) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

Reduction of share capital — subject to the Companies Law and to confirmation by the court, a company limited by shares may, if so authorised by its Articles of Association, by special resolution, reduce its share capital in any way.

(f) Special resolution — majority required

In accordance with the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An “ordinary resolution”, by contrast, is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 14 clear days’ notice has been given and held in accordance with the

Articles. A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(g) Voting rights (generally and on a poll) and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purpose as paid up on the share, on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Notwithstanding anything contained in the Articles, where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) (or its nominee(s)), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by:

- (i) at least two members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (ii) any member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iii) a member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s), be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more

than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s), as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(h) Annual general meetings

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(i) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the assets and liabilities of the Company and of all other matters required by the Companies Law necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account or book or document of the Company except as conferred by the Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarised financial statements to shareholders who has, in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles), consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles), and must be sent to the shareholders not less than 21 days before the general meeting to those shareholders that have consented and elected to receive the summarised financial statements.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(j) Notices of meetings and business to be conducted thereat

An annual general meeting of the Company must be called by at least 21 days' notice in writing, and a general meeting of the Company, other than an annual general meeting, shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting, and particulars of the resolution(s) to be considered at that meeting, and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such member at his registered address as appearing in the Company's register of members or by leaving it at such registered address as aforesaid or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address. Where the registered address of the member is outside Hong Kong, notice, if given through the post, shall be sent by prepaid airmail letter where available. Subject to the Companies Law and the Listing Rules, a notice or document may be served or delivered by the Company to any member by electronic means to such address as may from time to time be authorised by the member concerned or by publishing it on a website and notifying the member concerned that it has been so published.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% of the total voting rights at the meeting of all the members of the Company.

All business transacted at an extraordinary general meeting shall be deemed special business and all business shall also be deemed special business where it is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of Directors in place of those retiring;
- (dd) the appointment of auditors;
- (ee) the fixing of the remuneration of the Directors and of the auditors;
- (ff) the granting of any mandate or authority to the Board to offer, allot, grant options over, or otherwise dispose of the unissued shares of the Company representing not more than 20% in nominal value of its existing issued share capital (or such other percentage as may from time to time be specified in the rules of the Stock Exchange) and the number of any securities repurchased by the Company since the granting of such mandate; and
- (gg) the granting of any mandate or authority to the Board to repurchase securities in the Company.

(k) Transfer of shares

Subject to the Companies Law, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve provided always that it shall be in such form prescribed by the Stock Exchange and may be

under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers in any case in which it in its discretion thinks fit to do so, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share option scheme upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The Board may decline to recognise any instrument of transfer unless a fee of such maximum sum as the Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules (as defined in the Articles), be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction with respect to the right of the holder thereof to transfer such shares (except when permitted by the Stock Exchange) and shall also be free from all liens.

(l) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price, and if purchases are by tender, tenders shall be available to all members alike.

(m) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(n) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

- (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share; and
- (ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared on the share capital of the Company, the Board may resolve:

- (aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, but in the case of joint holders, shall be addressed to the holder whose name stands first in the register of members of the Company in respect of the shares at his address as appearing in the register, or addressed to such person and at such address as the holder or joint holders may in writing so direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20 % per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(o) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for use by him for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(p) Calls on shares and forfeiture of shares

The Board may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice will name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and it shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(q) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. However, the members of the Company will have such rights as may be set forth in the Articles. The Articles provide that for so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of member is closed) without charge and require the provision to him of copies or extracts thereof in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or outside the Cayman Islands, as its directors may, from time to time, think fit.

(r) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(s) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(t) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, on the shares held by them respectively.

In the event that the Company is wound up (whether the liquidation is voluntary or compelled by the court) the liquidator may, with the sanction of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(u) Untraceable members

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

In accordance with the Articles, the Company is entitled to sell any of the shares of a member who is untraceable if:

- (i) all cheques or warrants, being not less than three in total number, for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years;

- (ii) upon the expiry of the 12 years and 3 months period (being the 3 months' notice period referred to in sub-paragraph (iii)), the Company has not during that time received any indication of the existence of the member; and
- (iii) the Company has caused an advertisement to be published in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles) giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the stock exchange of the Relevant Territory (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(v) Subscription rights reserve

Pursuant to the Articles, provided that it is not prohibited by and is otherwise in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 10 December 2015 subject to the Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

As an exempted company, the Company must conduct its operations mainly outside the Cayman Islands. Moreover, the Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

In accordance with the Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (i) paying distributions or dividends to members;
- (ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (iii) any manner provided in section 37 of the Companies Law;
- (iv) writing-off the preliminary expenses of the company; and
- (v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, the Companies Law provides that no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

It is further provided by the Companies Law that, subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

The Articles include certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company when proposing to grant such financial assistance discharge their duties of care and acting in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. Nonetheless, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares without the manner and terms of purchase first being authorised by an ordinary resolution of the company. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Under Section 37A(1) the Companies Law, shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if (a) the memorandum and articles of association of the company do not prohibit it from holding treasury shares; (b) the relevant provisions of the memorandum and articles of association (if any) are complied with; and (c) the company is authorised in accordance with the company's articles of association or by a resolution of the directors to hold such shares in the name of the company as treasury shares prior to the purchase, redemption or surrender of such shares. Shares held by a company pursuant to section 37A(1) of the Companies Law shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or

articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of sections 34 and 37A(7) of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see sub-paragraph 2(n) of this Appendix for further details). Section 37A(7)(c) of the Companies Law provides that for so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions thereto) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge:

- (i) an act which is ultra vires the company or illegal;
- (ii) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company; and
- (iii) an irregularity in the passing of a resolution the passage of which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members thereof holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report thereon.

Moreover, any member of a company may petition the court which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions in the Companies Law on the power of directors to dispose of assets of a company, however the directors have certain duties of care, diligence and skill and also fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) Accounting and auditing requirements

Section 59 of the Companies Law provides that a company shall cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters with respect to which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company.

Section 59 of the Companies Law further states that proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If the Company keeps its books of account at any place other than at its registered office or at any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (i) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and
- (ii) in addition, that no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
 - (aa) on or in respect of the shares, debentures or other obligations of the Company;
or
 - (bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of twenty years from 12 January 2016.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) Stamp duty on transfers

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

The Companies Law contains no express provision prohibiting the making of loans by a company to any of its directors. However, the Articles provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of the company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. The Companies Law contains no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

(o) Winding up

A Cayman Islands company may be wound up either by (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company occurs where the Company so resolves by special resolution that it be wound up voluntarily, or, where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due; or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or where the event occurs on the occurrence of which the memorandum or articles provides that the company is to be wound up. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators shall be appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order shall take effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, there may be appointed one or more persons to be called an official liquidator or official liquidators; and the court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one persons are appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(p) Reconstructions

Reconstructions and amalgamations are governed by specific statutory provisions under the Companies Law whereby such arrangements may be approved by a majority in number representing 75% in value of members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member would have the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, nonetheless the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(q) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(r) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the legal adviser to the Company as to Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents Available for Inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES**1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 10 December 2015. Our Company has established our principal place of business in Hong Kong at Flat/Room 02, 8/F, Kam Chung Building, 52-58 Jaffe Road, Wanchai, Hong Kong and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 21 March 2016. Our Company has appointed Mr. Lo and Mr. Xie as its authorised representatives for the acceptance of service of process and notices in Hong Kong.

As our Company was incorporated in the Cayman Islands, we operate subject to the Companies Law and to our constitution comprising the Memorandum and the Articles. A summary of various provisions of our Company's constitution and certain relevant aspects of the Companies Law is set out in Appendix III to this prospectus.

2. Changes in Share capital of our Company

As at the date of incorporation of our Company, our authorised share capital was HK\$390,000 divided into 39,000,000 Shares of HK\$0.01 each. Following its incorporation, 1 Share was allotted and issued as fully paid to the first subscriber, Reid Services Limited, which was subsequently transferred to Mr. Lo at par on 10 December 2015. Mr. Lo then transferred the 1 Share to Wealthy Rise at par on 25 January 2016.

On 24 May 2016, pursuant to a sale and purchase agreement of the same date, our Company (through WW Holdings as nominee purchaser) acquired the entire issued share capital of CWW HK from Wealthy Rise, and in consideration thereof, our Company allotted and issued as fully paid 999 Shares to Wealthy Rise.

Pursuant to the written resolutions of the sole Shareholder passed on 19 June 2017, the authorised share capital of our Company was increased from HK\$390,000 to HK\$200,000,000 by the creation of 19,961,000,000 Shares.

Immediately following the Share Offer, the authorised share capital of our Company will be HK\$200,000,000 divided into 20,000,000,000 Shares and the issued share capital of our Company will be HK\$1,440,000 divided into 144,000,000 Shares fully paid or credited as fully paid. Save as disclosed the section headed "Share Capital" in this prospectus, our Directors do not have any present intention to issue any part of the authorised but unissued share capital of our Company and, without prior approval of the Shareholders at general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in this paragraph, there has been no other alteration in the share capital of our Company since the date of its incorporation.

3. Written resolutions of the sole Shareholder passed on 19 June 2017

On 19 June 2017, resolutions in writing were passed by the sole Shareholder, pursuant to which, among other matters:

- (a) our Company approved and adopted the Memorandum and the Articles, the terms of which are summarised in Appendix III to this prospectus;
- (b) the authorised share capital of our Company was increased from HK\$390,000 (divided into 39,000,000 Shares each) by the creation of an additional 19,961,000,000 Shares, each ranking *pari passu* with the existing Shares in all respect;
- (c) conditional on (i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus; and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and the Underwriting Agreements not being terminated in accordance with their terms or otherwise:
 - (i) the Share Offer and the Over-allotment Option were approved and our Directors were authorised to allot and issue the Offer Shares pursuant to the Share Offer and such number of Shares as may be allotted are issued pursuant to the exercise of the Over-allotment Option;
 - (ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “Share Option Scheme” of this appendix, were approved and adopted and our Directors were authorised to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options which may be granted under the Share Option Scheme;
 - (iii) conditional on the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise an amount of HK\$1,079,990 standing to the credit of the share premium account of our Company and to appropriate such amount as capital to pay up in full 107,999,000 Shares for allotment and issue to the Shareholders whose names appear on the register of members of our Company at close of business of 19 June 2017 in proportion to its then existing shareholdings in our Company, in all respects with the Shares then in issue, and our Directors were authorised to give effect to such capitalisation and distribution and the Capitalisation Issue was approved;

- (d) a general unconditional mandate was given to our Directors to allot, issue and deal with (otherwise than by way of rights issue or pursuant to the exercise of any options which may be granted under the Share Option Scheme or any other share option scheme of the Company or any Shares allotted and issued in terms of the whole or part of a dividend on Shares or similar arrangement in accordance with the Memorandum and Articles or pursuant to a specific authority granted by the Shareholders in general meeting or pursuant to the Share Offer or the Capitalisation Issue) Shares or securities convertible into shares or options, warrants, or similar rights to subscribe for Shares or such convertible securities, and to make or grant offers, agreements or options which might require the exercise of such power, with such number of Shares not exceeding the sum of (a) 20% of the total number of issued Shares immediately following completion of the Share Offer and the Capitalisation Issue; and (b) the number of Shares repurchased by our Company pursuant to the authority granted to our Directors as referred in paragraph 7 below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable Cayman Islands laws to be held, or the passing of an ordinary resolution by the Shareholders of our Company revoking or varying the authority given to our Directors, whichever occurs first;
- (e) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase Shares as will represent up to 10% of the total number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares to be issued upon exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Memorandum and Articles or the Companies Law, any applicable Cayman Islands laws to be held, or the passing of an ordinary resolution by the Shareholders of our Company revoking or varying the authority given to our Directors, whichever occurs first; and
- (f) the Underwriting Agreements were approved.

4. Corporate reorganisation

In preparation for the Listing, the companies comprising our Group underwent the Reorganisation to rationalise the corporate structure of our Group. For further details, please refer to the section headed “History, Reorganisation and Development” in this prospectus.

5. Changes in Share capital of our subsidiaries

Our Company’s subsidiaries are listed in the Accountants’ report, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in the section “History, Reorganisation and Development” of this prospectus, there has been no other change to the share capital of any of the subsidiaries of our Company within the three years immediately prior to the date of this prospectus.

6. Particulars of our subsidiaries

Particulars of our subsidiaries are set forth in the Accountants’ Report, the text of which is set forth in Appendix I to this prospectus.

7. Repurchase of our own securities

This paragraph includes the information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of our own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders’ Approval

All proposed repurchases of securities on the Stock Exchange (which must be fully paid up in the case of shares) by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval in relation to specific transactions.

Note: Pursuant to the written resolution of the sole Shareholder passed on 19 June 2017, a general unconditional mandate (the “Repurchase Mandate”) was given to our Directors authorising any repurchase by our Company of Shares as described above in the paragraph headed “Further Information about our Company and our Subsidiaries — Written resolutions of the sole Shareholder passed on 19 June 2017” of this appendix.

(ii) Source of Funds

Any repurchases must be financed out of funds legally available for the purpose in accordance with the Memorandum and the Articles and the applicable laws and regulations from time to time in force of the Cayman Islands.

(iii) Trading Restrictions

A listed company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a

listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities on the Stock Exchange if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A listed company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(b) *Funding of Purchases*

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Memorandum, the Articles and the applicable laws and regulations of the Cayman Islands. Pursuant to the Repurchase Mandate, repurchases will be made out of funds of our Company legally permitted to be utilised in this connection, including profits and share premium of our Company or out of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles and subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorised by the Articles and subject to the Companies Law, out of capital of our Company.

Our Company may not repurchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(c) *Reasons for Repurchases*

Repurchases of Shares will only be made when our Directors believe that such a repurchase will benefit our Company and the Shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at that time, lead to an enhancement of the net asset value of our Company and/or its earnings per Share.

(d) *Exercise of the Repurchase Mandate*

Exercise in full of the Repurchase Mandate, on the basis of 144,000,000 Shares in issue immediately after completion of the Share Offer and the Capitalization Issue (but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme), could accordingly result in up to 14,400,000 Shares being repurchased by our Company during the course of the period (the “Relevant Period”) prior to the earliest of:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
- (iii) the revocation or variation of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Group, our Directors consider that, if the Repurchase Mandate were to be exercised in full, there might be a material adverse impact on the working capital or gearing position of our Company (as compared with the position disclosed in this prospectus). However, our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or on its gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(e) *General*

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), has any present intention, if the Repurchase Mandate is approved by the Shareholders, to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Memorandum, the Articles and all the applicable laws and regulations of the Cayman Islands.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the interest of the Shareholder(s), could obtain or consolidate control of our Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of a repurchase of Shares made after the Listing. Save as aforesaid, our Directors are not aware of any other consequence under the Takeovers Code as a result of a repurchase of Shares made immediately after the Listing.

No core connected person (as defined in the Listing Rules) of our Company has notified our Company that he has a present intention to sell any Shares to our Company or has undertaken not to do so, if the Repurchase Mandate is exercised.

No repurchase of Shares has been made since the incorporation of our Company.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts in the ordinary course of business of our Group) have been entered into by our Company or its subsidiaries within the two years preceding the date of this prospectus and are or may be material:


- (a) the instrument of transfer dated 30 December 2014 entered into between CWW HK (as transferor) and Profit Charm Industrial Investment Limited (盈燦實業投資有限公司) (as transferee) for the transfer of 2 shares in Wealthy Way Management in consideration of HK\$2.00;
- (b) the transfer agreement dated 12 April 2016 entered into between CWW Finance (as transferor) and Global Finance Consultancy Limited (環球金融諮詢有限公司) (as transferee), pursuant to which Global Finance Consultancy Limited agreed to acquire 25% of the equity interests in Yong Li at the consideration of HK\$3,900,000;
- (c) the capitalisation agreement dated 26 April 2016 entered into between CWW HK and Wealthy Rise, pursuant to which CWW HK agreed to allot and issue 1 share to Wealth Rise to capitalise the contribution in the sum of RMB212,612,040.00 (equivalent to approximately HK\$268,040,000.00) advanced by Wealth Rise to CWW HK;
- (d) the capitalisation agreement dated 23 May 2016 entered into between CWW HK, Wealthy Rise and Mr. Lo, pursuant to which CWW HK agreed to allot and issue 1 share to Wealthy Rise to capitalise the sum of HK\$6,539,567 due from CWW HK to Wealthy Rise;
- (e) the sale and purchase agreement dated 24 May 2016 entered into among our Company (as purchaser), WW Holdings (as purchaser's nominee), Wealthy Rise (as vendor) and Mr. Lo (as warrantor), pursuant to which our Company agreed to acquire the entire issued share capital of CWW HK (through WW Holdings) at the consideration of the allotment and issue of 999 Shares to Wealthy Rise credited as fully paid;
- (f) the Deed of Non-competition;

- (g) the Deed of Indemnity; and
- (h) the Public Offer Underwriting Agreement.

2. Intellectual Property of our Group

(a) Trademarks

- (i) As at the Latest Practicable Date, our Group was the registered owner of the following trademark registered in Hong Kong:

<u>Trademark</u>	<u>Registration number</u>	<u>Trademark owner</u>	<u>Class(es)</u>	<u>Expiry date</u>
	303650102	CWW HK	35, 36	5 January 2026

- (ii) As at the Latest Practicable Date, our Group had applied for registration of the following trademark in the PRC:

<u>Trademark</u>	<u>Application number</u>	<u>Name of applicant</u>	<u>Territory of application</u>	<u>Class(es)</u>	<u>Application date</u>
Wealthy Way	22265056	CWW HK	PRC	35, 36	15 December 2016

(b) Domain name

As of the Latest Practicable Date, our Group was the registered proprietor of the following domain name:

<u>Registrant</u>	<u>Domain Name</u>	<u>Date of Registration</u>	<u>Expiry Date</u>
CWW Leasing	cwl.com	16 May 1995	17 May 2019

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) *Interests and short positions of Directors and chief executive of our Company in the share capital, underlying shares or debentures of our Company and its associated corporations*

Immediately following completion of the Share Offer and the Capitalization Issue (taking no account of Shares which may be issued pursuant to the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme), the interests or short positions of each of our Directors and the chief executive of our Company in the share capital, underlying shares and debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein or which, once the Shares are listed, will be required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, to be notified to our Company and the Stock Exchange are set out as follows:

Long position in our Shares

<u>Name</u>	<u>Capacity/Nature of interest</u>	<u>Number of Shares</u>	<u>Percentage of shareholding</u>
Mr. Lo	Interest is a controlled corporation (<i>Note</i>)	108,000,000 Shares	75%

Note: Upon completion of the Capitalisation Issue and the Share Offer, Wealthy Rise will directly hold 108,000,000 Shares. As Wealthy Rise is beneficially owned as to 100% by Mr. Lo, Mr. Lo is deemed to be interested in all the Shares held by Wealthy Rise under the SFO.

Long position in associated corporation of our Company

<u>Name</u>	<u>Name of associated corporation</u>	<u>Nature of interest</u>	<u>Number of shares</u>	<u>Percentage of shareholding</u>
Mr. Lo	Wealthy Rise	Beneficial owner	1 share	100%

(b) *Interests and short positions of substantial shareholders in the share capital of our Company*

So far as our Directors are aware, immediately following completion of the Share Offer and the Capitalization Issue (but taking no account of Shares which may be issued pursuant to the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme), the following person (not being a director or chief executive of our Company) will have interests or short positions in the Shares and underlying Shares which are required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who will be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of our Group:

Long position in our Shares

<u>Name</u>	<u>Nature of interest</u>	<u>Number of Shares</u>	<u>Percentage of shareholding</u>
Wealthy Rise ^(Note)	Beneficial owner	108,000,000 Shares	75%

Note: Wealthy Rise is a company incorporated in the BVI with limited liability and is wholly owned by Mr. Lo.

2. Directors' Service Contracts and Remuneration

(a) *Directors' Service Contracts*

Each of our executive Directors has entered into a service contract with our Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of our non-executive Directors (including INEDs) has entered into a letter of appointment with our Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party on the other.

(b) *Directors' remuneration*

For each of the three years ended 31 December 2014, 31 December 2015 and 31 December 2016, the aggregate amount paid to our Directors as remuneration (including fees, salaries, contribution to retirement benefit scheme and discretionary performance

related bonus) were approximately RMB388,000, RMB297,000 and RMB922,000 respectively. Further details in respect of our Directors' remuneration are set out in note 10 to the Accountants' report in Appendix I to this prospectus.

For the year ending 31 December 2017, the estimated total remuneration payable to our Directors amounts to approximately RMB1.5 million (excluding any discretionary bonus).

There was no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three financial years immediately preceding the issue of this prospectus.

Under the arrangements currently proposed, conditional upon Listing, the basic annual remuneration (excluding any discretionary bonus) payable by our Group to each of our Directors is as follows:

<u>Name of Director</u>	<u>Annual remuneration</u> (HK\$)
<i>Executive Directors</i>	
Mr. Lo	600,000
Ms. Chan Shuk Kwan, Winnie	600,000
<i>Non-executive Director</i>	
Mr. Xie	120,000
<i>Independent non-executive Directors</i>	
Mr. Ha Tak Kong	120,000
Mr. Ip Chi Wai	120,000
Ms. Hung Siu Woon Pauline	120,000

3. Related party transaction

Save as the transactions mentioned in note 30 of the Accountants' Report set out in Appendix I to this prospectus, our Company has not entered into any related party transactions from its incorporation to the date of this prospectus.

4. Disclaimers

Save as disclosed in this prospectus:

- (a) none of our Directors nor any of the persons whose names are listed in the paragraph headed “Qualifications of Experts” in this appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (b) none of our Directors nor any of the persons whose names are listed in the paragraph headed “Qualifications of Experts” in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group;
- (c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (d) none of our Directors or their associates (as defined in the Listing Rules) or existing shareholders of our Company (who, to the knowledge of our Directors, owns more than 5% of our issued share capital) has any interest in any of the five largest customers of our Company; and
- (e) none of our Directors or their associates (as defined in the Listing Rules) or our existing shareholders of our Company (who, to the knowledge of our Directors, owns more than 5% of our issued share capital) has any interest in any or the five largest suppliers of our Company.

D. SHARE OPTION SCHEME

(i) Summary of terms of the Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

(a) *Purpose of the Share Option Scheme*

The purpose of the Share Option Scheme is to enable our Company to grant options to the employee, advisor, consultant, service provider, agent, customer, partner or joint-venture partner of our Company or any subsidiary (including any director of our Company or any subsidiary) who is in full-time or part-time employment with or

otherwise engaged by our Company or any subsidiary at the time when an option is granted to such employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner or any person who, in the absolute discretion of the Board, has contributed or may contribute to our Group (“**the Eligible Participants**”) as incentive or reward for their contribution to our Group to subscribe for the Shares thereby linking their interest with that of our Group.

(b) *Grant and acceptance of options*

Subject to the terms of the Share Option Scheme, our Directors may, in its absolute discretion make offer to any Eligible Participant. An offer shall be made to an Eligible Participant in writing in such form as our Directors may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of 21 days from the date upon which it is made provided that no such offer shall be open for acceptance after the 10th anniversary of the adoption date of the Share Option Scheme or the termination of the same.

An offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the offer duly signed by the Eligible Participant, together with a non-refundable remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof is received by our Company within 21 days from the date of offer or within such other period of time as may be determined by the Board pursuant to the Listing Rules.

Any offer may be accepted or deemed to have been accepted by an Eligible Participant in respect of less than the total number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof.

(c) *Subscription price of Shares*

The subscription price for Shares under the Share Option Scheme shall be determined at the discretion of our Directors but in any event will not be less than the highest of (a) the closing price of the Shares on the Stock Exchange as stated in the daily quotations sheet issued by the Stock Exchange on the offer date of the particular option, which must be a business day; (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five consecutive business days immediately preceding the offer date of that particular option; and (c) the nominal value of a Share on the offer date of the particular option.

(d) *Maximum number of Shares*

- (i) Subject to (iii) below, the maximum number of Shares in respect of which options may be granted at any time under the Share Option Scheme together with options which may be granted under any other share option schemes for the time being of our Group shall not in aggregate exceed 10 per cent of the issued share capital of our Company at the Listing Date. On the basis of a total of 144,000,000 Shares in issue as at the Listing Date, the relevant limit will be 14,400,000 Shares which represent 10 per cent of the issued Shares at the Listing Date. Our Company may seek approval of our Shareholders in general meeting to renew the 10 per cent limit provided that the total number of Shares available for issue upon exercise of all options which may be granted under the Share Option Scheme and any other schemes of our Group in these circumstances must not exceed 10 per cent of the issued share capital of our Company at the date of approval of renewing such limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Group (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or any other share option schemes or exercised options) will not be counted for the purpose of calculating the limit as renewed. Our Company will send a circular to our Shareholders containing the information required under the Listing Rules and the disclaimer required under the Listing Rules for the purpose of seeking the approval of our shareholders for renewing the limit.
- (ii) Our Company may seek separate approval by its Shareholders in general meeting for granting options beyond the 10 per cent limit provided the options in excess of the limit are granted only to Eligible Participant(s) specifically identified by our Company before such approval is sought. Our Company will send a circular to our Shareholders containing a generic description of the specified Eligible Participant(s) who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participant(s) with an explanation as to how the terms of the options serve such purpose, the information and the disclaimer required under the Listing Rules, and such further information as may be required by the Stock Exchange from time to time.
- (iii) The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other options granted and yet to be exercised under any other share option schemes of our Group must not exceed 30 per cent of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option scheme of our Group if this will result in the limit being exceeded.

- (iv) Unless approved by the Shareholders in the manner set out below, the total number of Shares issued and to be issued upon exercise of the options granted or to be granted pursuant to the Share Option Scheme and any other share option schemes of the Group to each grantee (including both exercised and outstanding options) in any 12-month period up to and including the date of grant of the options must not exceed 1 per cent of the Shares in issue. Where any further grant of options to an Eligible Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1 per cent of the Shares in issue, such further grant must be separately approved by our Shareholders in general meeting with such Eligible Participant and his close associates (or his associates if the Eligible Participant is a connected person) abstaining from voting. Our Company must send a circular to our Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the options to be granted (and options previously granted to such Eligible Participant), and such information as may be required under the Listing Rules from time to time. The number and terms (including the subscription price) of options to be granted to such Eligible Participant must be fixed before Shareholders' approval and the date of meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.
- (v) The exercise of any option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company. Subject thereto, our Directors shall make available sufficient of the then authorised but unissued share capital of our Company to meet subsisting requirements on the exercise of option.

(e) *Exercise of options*

An option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than ten years from the date of grant.

Subject to terms of the Share Option Scheme, an option shall be exercisable in whole or in part in the circumstances by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is so exercised. Each such notice must be accompanied by a non-refundable remittance for the full amount of the subscription price for Shares in respect of which the notice is given. Within 30 days after receipt of the notice and the remittance and, where appropriate,

receipt of the auditors' or the independent financial adviser's certificate, our Company shall accordingly allot the relevant number of Shares to the grantee (or his legal personal representatives) credited as fully paid.

Though there is no specified minimum period under the Share Option Scheme for which an option must be held or the performance target which must be achieved before an option can be exercised under the terms and conditions of the Share Option Scheme, our Directors may make such grant of options, subject to such terms and conditions in relation to the minimum period of such options to be held and/or the performance targets to be achieved as our Directors may determine in their absolute discretion.

(f) *Restrictions on the time of grant of options*

Grant of Options may not be made after inside information has come to the knowledge of our Company until such inside information has been announced in accordance with the relevant requirements of the Listing Rules. In particular, no option may be granted during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting for the approval of our Company's interim or annual results and (ii) the deadline for our Company to publish its interim or annual results announcement, and ending on the date of such results announcement.

(g) *Rights are personal to grantees*

An option shall be personal to the grantee and shall not be assignable or transferrable and no grantee shall in any way sell, transfer, charge, mortgage, encumber, assign or create any interest (whether legal or beneficial) in favour of any third party over or in relation to any option or enter into any agreement to do so.

(h) *Rights on ceasing employment*

The option period in respect of any option shall automatically terminate and that option (to the extent not already exercised) shall automatically lapse on the date on which the grantee ceases to be an Eligible Participant by reason of a termination of his employment or engagement on any one or more of the grounds that he has been guilty of persistent or serious misconduct, or has been in breach of a material terms of the relevant employment contract or engagement contract, or has become bankrupt, or has been served a petition for bankruptcy, or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or any member of our Group into disrepute).

(i) *Rights on death*

In the event of the grantee ceasing to be an Eligible Participant by reason of his death before exercising the option in full and where the grantee is an employee of our Group none of the events which would be a ground for termination of his employment or engagement under paragraph (h) above arises, his personal representative(s) may exercise the option (to the extent which has become exercisable and not already exercised) in whole or in part within a period of 12 months following the date of death, or such longer period as our Directors may determine at their absolute discretion.

(j) *Cancellation of options*

Our Board may, with the consent of the relevant grantee, at any time at its absolute discretion cancel any option granted by not exercised.

Where our Company cancels options and offers new options to the same option holder, the offer of such new options may only be made under the Share Option Scheme with available options (to the extent not yet granted and excluding the cancelled options) within the limit approved by our Shareholders as mentioned in paragraph (d) above.

(k) *Effect of alterations to share capital*

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue or other offer of securities to holders of Shares (including any securities convertible into share capital or warrants or options to subscribe for any share capital of our Company, but excluding options under the Share Option Scheme and options under any other similar employee share option scheme of our Company), consolidation, sub-division or reduction of the share capital of our Company or otherwise howsoever, then, in any such case (other than in the case of capitalisation of profits or reserves) our Company shall instruct the auditors or an independent financial adviser appointed by our Company to certify in writing:

- (A) the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular grantee, to:
 - (a) the number or nominal amount of Shares to which the Share Option Scheme or any option(s) relates (insofar as it is/they are unexercised);
 - (b) the subscription price;
 - (c) the maximum number of Shares referred to in paragraph d(i); and/or
 - (d) the method of the exercise of the option(s).

and an adjustment as so certified by the independent financial adviser or the auditors shall be made, provided that:

- (a) any such adjustment must give a grantee the same proportion of the issued share capital of our Company as that to which that person was previously entitled;
 - (b) any such adjustment shall be made on the basis that the aggregate subscription price payable by a grantee on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event;
 - (c) no such adjustment shall be made the effect of which would be to enable any Share to be issued at less than its nominal value;
 - (d) the issue of securities of our Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
 - (e) to the advantage in any respect of the grantee without specific prior approval of our Shareholders.
- (B) in respect of any such adjustment, other than any made on a capitalisation issue, the independent financial adviser appointed by our Company or the auditors must confirm to our Directors in writing that the adjustment so made satisfies the requirements of the relevant provisions of the Listing Rules and any guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.

(I) *Rights on a general offer*

If a general or partial offer is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all its reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, *mutatis mutandis*, and assuming that they will become, by the exercise in full of the options granted to them, Shareholders. If such offer becomes or is declared unconditional, the grantee shall, notwithstanding any other term on which his options were granted, be entitled to exercise the option (to the extent which has become exercisable not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company at any time thereafter and up to the close of such offer (or any revised offer).

(m) *Rights on winding up*

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Company give notice thereof to all grantees (containing an extract of the provisions of this paragraph) and thereupon, each grantee or his respective personal representative(s) shall be entitled to exercise all or any of his options (to the extent which has become exercisable and not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the grantee credited as fully paid.

(n) *Rights on a compromise or arrangement*

Other than a general or partial offer or a scheme of arrangement contemplated in paragraph (o) below, in the event of a compromise or arrangement between our Company and its members or creditors being proposed for the purposes of or in connection with a scheme for the reconstruction or amalgamation of our Company with other company or companies, our Company shall give notice thereof to all grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a compromise or arrangement and any grantee or his personal representative(s) may by notice in writing to our Company accompanied by a remittance of the full amount of the subscription price in respect of which the relevant option (such notice to be received by our Company not later than two business days prior to the proposed meeting) exercise any of the options (to the extent which has become exercisable and not already exercised) either to its full extent or to the extent specified in such notice.

(o) *Rights on a scheme of arrangement*

If a general or partial offer by way of scheme of arrangement is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all its reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, *mutatis mutandis*, and assuming that they will become, by the exercise in full of the options granted to them, Shareholders. If such scheme of arrangement is formally proposed to the Shareholders, the grantee shall, notwithstanding any other term on which his options were granted, be entitled to exercise the option (to the extent which has become exercisable and not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company at any time thereafter and the record date for entitlements under the scheme of arrangement.

(p) *Ranking of Shares*

Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles of Association for the time being in force and will rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of our Company is closed, the first day of the reopening of the register of members (the “Exercise Date”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered onto the register of members of our Company as the holder thereof.

(q) *Duration and administration of the Share Option Scheme*

The Share Option Scheme shall be valid and effective commencing from the adoption date of the Share Option Scheme until the termination date as provided therein (which being the close of business of our Company on the date which falls ten years from the date of the adoption of the Share Option Scheme), after which period no further options will be granted but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. The Share Option Scheme shall be subject to the administration of our Board whose decision on all matters arising in relation to the Share Option Scheme or its interpretation or effect shall (save as otherwise provided therein and in the absence of manifest error) be final and binding on all persons who may be affected thereby.

(r) *Alterations to the terms of the Share Option Scheme*

- (i) alterations of the provisions relating to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Eligible Participant without the prior approval of our Shareholders in general meeting;
- (ii) any alteration to the terms and conditions of the provisions of the Share Option Scheme which are of a material nature must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme;
- (iii) any change to the authority of our Directors or administrator of the Share Option Scheme in relation to any alteration to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting; and

- (iv) the amended terms of the Share Option Scheme or the options must still comply with the relevant requirements of the Listing Rules and any guidance/ interpretation of the Listing Rules issued by the Stock Exchange from time to time.

(s) *Conditions of the Share Option Scheme*

The Share Option Scheme is conditional upon:

- (i) the Listing Committee granting the listing of, and permission to deal in, any Shares to be issued by our Company pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme;
- (ii) commencement of dealings of Shares on the Stock Exchange; and
- (iii) the passing of the necessary resolution to approve and adopt the Share Option Scheme by our Shareholders in general meeting or by way of written resolution and to authorise our Directors to grant options at their absolute discretion thereunder and to allot, issue and deal with Shares pursuant to the exercise of any options granted under the Share Option Scheme.

(t) *Grant of options to connected persons or any of their associates*

Each grant of options to a Director, chief executive or substantial Shareholder or an INED (as defined in the Listing Rules) of our Company, or any of their respective associates must be approved by the Independent Non-Executive Directors (excluding the INED who is the proposed grantee of the option (if any)). Where any grant of options to a substantial Shareholder or an INED, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the Shares in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such further grant of options must be approved by the Shareholders. Our Company must send a circular to our Shareholders. The grantee, his associates and all core connected persons of our Company must abstain from voting at such general meeting. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. The circular must contain:

- (i) details of the number and terms (including the subscription price) of the options to be granted to each Eligible Participant, which must be fixed before the Shareholders' meeting and the date of the meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price;
- (ii) a recommendation from the INEDs (excluding any INED who is the proposed grantee of the options) to the independent Shareholders as to voting; and
- (iii) the information and disclaimer as may be required under the Listing Rules from time to time.

Shareholders' approval is also required for any change in the terms of options granted to an Eligible Participant who is a substantial Shareholder (as defined in the Listing Rules) or an INED, or any of their respective associates.

(u) *Lapse of option*

An option shall lapse automatically and not be exercisable on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of any of the periods referred to in paragraphs (h), (i) or (n), where applicable;
- (iii) subject to the court of competent jurisdiction not making an order prohibiting the offeror from acquiring the remaining shares in the offer, the expiry of the period referred to in paragraph (l);
- (iv) subject to the scheme of arrangement becoming effective, the expiry date of the period referred to in paragraph (o);
- (v) the date on which the grantee ceases to be an Eligible Participant for any reason other than his death or the termination of his employment or engagement on one or more grounds specified in (vi) below;

- (vi) the date on which the grantee of an option ceases to be an Eligible Participant by reason of the termination of his employment or engagement on grounds including, but not limited to, persistent or serious misconduct, bankruptcy, insolvency and conviction of any criminal offence;
- (vii) the date of the commencement of the winding-up of our Company;
- (viii) the date on which the grantee commits a breach of paragraph (g); or
- (ix) the date on which the option is cancelled by the Board as set out in paragraph (j).

(v) *Termination*

Our Company by an ordinary resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but in all other respects the provisions of the Share Option Scheme shall remain in force. Options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme and the Listing Rules.

(w) *Miscellaneous*

Any dispute arising in connection with the Share Option Scheme (whether as to the number of Shares, the amount of the subscription price or otherwise) shall be referred to the decision of the auditors or the independent financial adviser who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

(x) *Present status of the Share Option Scheme*

Application has been made to the Listing Committee of the Stock Exchange for the approval of the Share Option Scheme, the subsequent grant of options under the Share Option Scheme and the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme which shall represent 10% of the Share in issue upon completion of the Share Offer.

As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

(y) *Value of options*

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of the options. Our Directors believe that any calculation of the value of the options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

Our Board confirms that it will not approve the exercise of any option if as a result which our Company will not be able to comply with the public float requirements under the Listing Rules.

E. OTHER INFORMATION

1. Tax and other indemnities

Indemnity on estate duty and taxation

Our Controlling Shareholders (the “**Indemnifiers**”) have pursuant to the Deed of Indemnity, given indemnities on a joint and several basis in favour of our Company (for ourselves and as trustee of our subsidiaries) in connection with, among others, any taxation which might be payable by any member of our Group in respect of any income, profits or gains earned, accrued or received or alleged to have been earned, accrued or received on or before the date on which the Share Offer becomes unconditional (the “**Effective Date**”) and any liabilities arising from the non-compliance with applicable laws and regulations on or before the Effective Date.

The Indemnifiers will however, not be liable under the Deed of Indemnity for taxation where:

- (a) to the extent (if any) to which provision, reserve or allowance has been made for such taxation liabilities and claims in the audited consolidated financial statements of our Company for the Track Record Period as set out in Appendix I to this prospectus (the “**Accounts**”);
- (b) to the extent such taxation liabilities and claims falling on any of the members of our Group in respect of their current accounting periods or any accounting period commencing on or after the Effective Date would not have arisen but for some act or omission of, or transaction voluntarily effected by, any of the members of our Group (whether alone or in conjunction with some other act,

omission or transaction, whenever occurring) with the prior written consent or agreement or acquiescence of the Indemnifiers other than any such act, omission or transaction:

- (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after the Effective Date, or
 - (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before the Effective Date or pursuant to any statement of intention made in this prospectus; or
- (c) to the extent of any provision, reserve or allowance made for such taxation liabilities in the Accounts which is finally established to be an over-provision or an excessive reserve or allowance, in which case the Indemnifiers' liability (if any) in respect of such taxation liabilities shall be reduced by an amount not exceeding such provision, reserve or allowance, provided that the amount of any such provision, reserve or allowance applied pursuant to this paragraph to reduce the Indemnifiers' liability in respect of such taxation liabilities shall not be available in respect of any such liability arising thereafter and for the avoidance of doubt, such over-provision or excess provision, reserve or allowance shall only be applied to reduce the liability of the Indemnifiers under the Deed of Indemnity and none of the members of our Group shall in any circumstances be liable to pay the Indemnifiers any such excess; or
- (d) to the extent that any taxation liabilities and claims arises or is incurred as a result of the imposition of such taxation liabilities as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or the taxation authority of the PRC or any other relevant authority (whether in Hong Kong, the BVI, the PRC or any other part of the world) coming into force after the Effective Date or to the extent that such taxation liabilities and claims arise or is increased by an increase in rates of such taxation liabilities after the Effective Date with retrospective effect.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the laws of the Cayman Islands, the BVI, Hong Kong or the PRC, being jurisdictions in which one or more of the companies comprising our Group are incorporated.

2. Litigation

As at the Latest Practicable Date, no member of our Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against any member of our Group.

3. Sponsor

The Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Shares in issue and Shares to be issued as mentioned herein (including any Shares falling to be issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme).

The Sponsor is independent from our Company pursuant to Rule 3A.07 of the Listing Rules. The total amount of fees payable to the Sponsor by our Company for sponsoring the listing of the Shares on the Stock Exchange is approximately HK\$5.5 million.

4. Preliminary expenses

Our preliminary expenses are estimated to be approximately HK\$46,800 and are payable by our Company.

5. Compliance adviser

Ample Capital Limited

6. Promoter

Our Company has no promoter for the purpose of the Listing Rules. Save as disclosed above, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefits have been paid, allotted or given to any promoters in connection with the Share Offer or the related transactions described in this prospectus.

7. Qualifications of Experts

The following are the qualifications of the experts who have given reports, letters of opinion or advice (as the case may be) which are contained in this prospectus:

Name	Qualification
Ample Capital Limited	A licensed corporation under the SFO to engage in type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) of the regulated activities as defined under the SFO
Appleby	Cayman Islands attorneys-at-law
Deheng Law Offices (Shenzhen)	PRC legal adviser
Moore Stephens CPA Limited	Certified public accountants
Euromonitor International Limited	Market research agency

8. Consents of Experts

Each of the experts named in paragraph 7 above has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or data (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named in paragraph 7 above has any shareholding interests in our Group or any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, securities in any member of our Group.

9. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

10. Agency fees or commission received

The Underwriters will receive an underwriting commission. Please refer to the section headed “Underwriting — Underwriting Arrangements and Expenses — Commissions and expenses” in this prospectus for details.

11. Registration procedures

The register of members of our Company will be maintained in the Cayman Islands by Eстера Trust (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Save where the Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, our Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.

12. Miscellaneous

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
 - (iv) no founders, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued; and
 - (v) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries.
- (b) Since 31 December 2016, being the date of our latest audited consolidated financial results were prepared, save as disclosed in the section headed "Summary — Recent development and no material adverse change" in this prospectus, there has been no material adverse change in the financial or trading position or prospects of our Group.
- (c) There has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.

- (d) No company within our Group is presently listed on any stock exchange or traded on any trading system.
- (e) There are no arrangements in existence under which future dividends are to be or agreed to be waived.
- (f) Our Company has no outstanding convertible debt securities.
- (g) Our Directors have been advised that, under the Companies Law, the use of a Chinese name by our Company does not contravene the Companies Law.

13. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). The English text of this prospectus shall prevail over the Chinese text.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) the Application Forms;
- (b) the written consents referred to in the paragraph headed “E. Other information — 8. Consents of experts” in Appendix IV to this prospectus; and
- (c) copies of material contracts referred to in the paragraph headed “B. Further information about our business — 1. Summary of material contracts” in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Fairbairn Catley Low & Kong at 23rd Floor, Shui On Centre, 6 — 8 Harbour Road, Hong Kong during normal business hours from 9:30 a.m. to 5:30 p.m. Monday to Friday, other than Hong Kong public holidays, up to and including the date which is the 14th day from the date of this prospectus:

- (a) the Memorandum and the Articles;
- (b) the Accountants’ Report on our Group from Moore Stephens CPA Limited, the text of which is set out in Appendix I to this prospectus;
- (c) the report from Moore Stephens CPA Limited on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;
- (d) the letter prepared by Appleby summarising certain aspects of Cayman Islands company law as referred to in Appendix III to this prospectus;
- (e) the legal opinions issued by Deheng Law Offices (Shenzhen) in respect of certain aspects of our Group;
- (f) the rules of the Share Option Scheme;
- (g) the Companies Law;
- (h) the material contracts referred to in the section headed “B. Further Information about our business — 1. Summary of material contracts” in Appendix IV to this prospectus;

- (i) the service agreements and appointment letters referred to in the section headed “C. Further Information about our Directors and Substantial Shareholders — 2. Directors’ service contracts and remuneration” in Appendix IV to this prospectus; and
- (j) the written consents referred to in the section headed “E. Other Information — 8. Consents of experts” in Appendix IV to this prospectus.

Wealthy Way Group Limited
富道集團有限公司