



環球信貸集團有限公司  
Global International Credit Group Limited  
*(Incorporated in the Cayman Islands with limited liability)*

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# Share Offer

Stock Code : 1669

Sole Sponsor:



## IMPORTANT

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



## GLOBAL INTERNATIONAL CREDIT GROUP LIMITED

### 環球信貸集團有限公司

(Incorporated in the Cayman Islands with limited liability)

### SHARE OFFER

**Number of Offer Shares** : 100,000,000 Shares  
**Number of Placing Shares** : 90,000,000 Shares (subject to adjustment)  
**Number of Public Offer Shares** : 10,000,000 Shares (subject to adjustment)  
**Offer Price** : Not more than HK\$1.60 per Offer Share and expected to be not less than HK\$1.30 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application and subject to refund)  
**Nominal value** : HK\$0.01 per Share  
**Stock code** : 1669

### Sole Sponsor



### Joint Bookrunners and Joint Lead Managers



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 in the section headed "Documents delivered to the Registrar of Companies and available for inspection in Hong Kong" in Appendix VI to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required under Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in 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 determined by agreement between the Joint Bookrunners (on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, 5 December 2014 and, in any event, not later than Thursday, 11 December 2014. If, for any reason, the Joint Bookrunners (on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on or before Thursday, 11 December 2014, the Share Offer will not become unconditional and will lapse immediately. The Offer Price will not be more than HK\$1.60 and is currently expected to be not less than HK\$1.30 unless otherwise announced. Investors applying for the Public Offer Shares must pay, on application, the maximum indicative Offer Price of HK\$1.60 for each Offer Share together with brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%.

The Joint Bookrunners (on behalf of the Underwriters) may, with the consent of our Company, reduce the number of Offer Shares and/or 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, announcement of the reduction in the number of Offer Shares and/or the indicative Offer Price range will be published in the The Standard (in English) and the Hong Kong Economic Times (in Chinese) and on our Company's website at [www.gic.com.hk](http://www.gic.com.hk) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) not later than the morning of the day which is the last day for lodging applications under the Public Offer.

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

Prospective investors of the Offer Shares should note that the Underwriters are entitled to terminate their obligations under the Underwriting Agreements by notice in writing to be given by the Joint Bookrunners (on behalf of the Underwriters) upon the occurrence of any of the events set forth under the paragraph headed "Grounds for termination" in the section headed "Underwriting" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. It is important that you carefully read that section before making any investment.

28 November 2014

## IMPORTANT

The Company will be relying on Section 9A of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong) and will be issuing the **WHITE** and **YELLOW** Application Forms without them being accompanied by a printed prospectus. The contents of the printed prospectus are identical to the electronic form of the prospectus which can be accessed and downloaded from the websites of the Company at [www.gic.com.hk](http://www.gic.com.hk) under the “Investor Relations > Prospectus” section and the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) under the “HKExnews > Listed Company Information > Latest Listed Company Information” section.

Members of the public who wish to obtain a copy of the printed form of the Prospectus may obtain a copy, free of charge, upon request during normal business hours from 9:00 a.m. on Friday, 28 November 2014 until 12:00 noon on Thursday, 4 December 2014 at every location where the **WHITE** or **YELLOW** Application Forms are distributed.

1. any of the following addresses of the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and/or the Public Offer Underwriters:

**Investec Capital Asia Limited** at 3609, 36/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong

**Emperor Securities Limited** at 23-24/F, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong

**Kim Eng Securities (Hong Kong) Limited** at Level 30, Three Pacific Place, 1 Queen’s Road East, Hong Kong

**Astrum Capital Management Limited** at 11/F, 122 QRC, 122-126 Queen’s Road Central, Central, Hong Kong

**Sun Securities Limited** at Room 1504, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong

2. any of the following branches of **DBS Bank (Hong Kong) Limited**:

|                          | <u>Branch name</u>   | <u>Branch address</u>  |
|--------------------------|----------------------|--|
| <b>Hong Kong Island:</b> | Head Office          | G/F, The Center, 99 Queen’s Road Central                         |
|                          | North Point Branch   | G/F, 391 King’s Road, North Point                                |
| <b>Kowloon:</b>          | Nathan Road Branch   | G/F, Wofoo Commercial Building,<br>574-576 Nathan Road, Mong Kok |
|                          | Hoi Yuen Road Branch | Unit 2, G/F, Hewlett Centre,<br>54 Hoi Yuen Road, Kwun Tong      |
| <b>New Territories:</b>  | Tsuen Wan Branch     | G/F, 23 Chung On Street, Tsuen Wan                               |

3. the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

## **IMPORTANT**

**Details of where printed form of the prospectus may be obtained will be displayed prominently at every location where Application Forms are distributed.**

During normal business hours from 9:00 a.m. on Friday, 28 November 2014 until 12:00 noon on Thursday, 4 December 2014, at least three copies of the printed prospectus will be available for inspection at every location where the **WHITE** or **YELLOW** Application Forms are distributed as set out in the section headed "*How to Apply for Public Offer Shares*" in this prospectus.

## EXPECTED TIMETABLE

*Our Company will issue an announcement in Hong Kong to be published in The Standard (in English) and Hong Kong Economic Times (in Chinese) if there is any change in the following expected timetable of the Share Offer.*

2014 <sup>(1)</sup>

Latest time to complete electronic applications under the **HK eIPO White Form** service through the designated website at [www.hkeipo.hk](http://www.hkeipo.hk) <sup>(4)</sup> . . . . . 11:30 a.m. on Thursday, 4 December

Application lists open <sup>(2)</sup> . . . . . 11:45 a.m. on Thursday, 4 December

Latest time to lodge **WHITE** or **YELLOW** application forms and giving **electronic application instructions** to HKSCC via CCASS <sup>(3)</sup> . . . . . 12:00 noon on Thursday, 4 December

Latest time to complete payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s) . . . . . 12:00 noon on Thursday, 4 December

Application lists close <sup>(2)</sup> . . . . . 12:00 noon on Thursday, 4 December

Expected Price Determination Date <sup>(5)</sup> . . . . . Friday, 5 December

Announcement of:

- (i) the Offer Price;
- (ii) the indication of the levels of interest in the Placing;
- (iii) the level of applications of the Public Offer; and
- (iv) the basis of allotment of the Public Offer Shares and the number of Offer Shares, if any, reallocated between the Placing and the Public Offer to be published in The Standard (in English), the Hong Kong Economic Times (in Chinese), the website of our Company at [www.gic.com.hk](http://www.gic.com.hk) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) . . . . . on or before Thursday, 11 December

Results of allocation in the Public Offer (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to apply for Public Offer Shares — 11. Publication of results" in this prospectus). . . . . Thursday, 11 December

Despatch of refund cheques and **HK eIPO White Form** e-Auto refund payment instructions in respect of wholly successful (if applicable) and wholly or partially unsuccessful applications under the Public Offer <sup>(6)</sup> & <sup>(8)</sup> . . . . . on or before Thursday, 11 December

## EXPECTED TIMETABLE

Despatch/collection of the Share certificates  
in respect of wholly or partially successfully  
applications pursuant to the Public Offer<sup>(6), (7) & (8)</sup> . . . . . on or before Thursday, 11 December

Listing Date . . . . . Friday, 12 December

*Notes:*

- (1) All times and dates refer to Hong Kong local times and dates, except as otherwise stated. Details of the structure of the Share Offer, including its conditions, are set out in the section headed “Structure of the Share Offer” in this prospectus.
- (2) If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 4 December 2014, the application lists will not open and close on that day. Further information is set out in the paragraph headed “How to apply for Public Offer Shares — 10. Effect of bad weather on the opening of the application lists” in this prospectus. If the application lists do not open and close on Thursday, 4 December 2014, the dates mentioned in this section headed “Expected timetable” may be affected. A press announcement will be made by our Company in such event.
- (3) Applicants who apply for Public Offer Shares by giving electronic application instructions to HKSCC via CCASS should refer to the section headed “How to apply for Public Offer Shares — 6. Applying by giving electronic application instructions to HKSCC via CCASS” in this prospectus.
- (4) You will not be permitted to submit your application through the designated website at [www.hkeipo.hk](http://www.hkeipo.hk) after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (5) The Price Determination Date is expected to be on or about Friday, 5 December 2014, and in any event no later than Thursday, 11 December 2014. If, for any reason, the Offer Price is not agreed on or before Thursday, 11 December 2014, the Share Offer (including the Public Offer) will not proceed and will lapse.
- (6) e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Public Offer and also in respect of wholly or partially successful applications if the final Offer Price is less than the price payable on application. All refunds will be paid by e-Auto Refund payment instruction or a cheque crossed “Account Payee Only” made out to you, or if you are joint applicants, to the first named applicant on your Application Form. 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.
- (7) Share certificates for the Public Offer Shares will only become valid certificates of title provided that (i) the Share Offer has become unconditional in all respects; and (ii) the Underwriting Agreements have not been terminated in accordance with their terms before 8:00 a.m. on the Listing Date, which is expected to be Friday, 12 December 2014. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk. If the Share Offer does not become unconditional or the Underwriting Agreements are terminated in accordance with their terms, our Company will make an announcement as soon as possible.

## EXPECTED TIMETABLE

- (8) Applicants who have applied on **WHITE** application forms or through **HK eIPO White Form** service for 1,000,000 or more Public Offer Shares under the Public Offer and have provided all information required by their Application Form may collect any refund cheques and Share certificates in person from the Hong Kong 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, 11 December 2014. 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 letters of authorisation from their corporation stamped with the corporation's chop. Both individuals and representatives of corporations must produce, at the time of collection, identification and (where applicable) documents acceptable to the Hong Kong Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong at the time of collection.

Applicants who have applied on **YELLOW** application forms for 1,000,000 or more Public Offer Shares under the Public Offer may collect their refund cheques, if any, in person but may not elect to collect their Share certificates which will be deposited into CCASS for the credit of 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 applications are the same as those for **WHITE** application form applicants. Applicants who apply for Public Offer Shares by giving electronic application instructions to HKSCC should refer to the section headed "How to apply for Public Offer Shares — 6. Applying by giving electronic application instructions to HKSCC via CCASS" in this prospectus for details.

Uncollected share certificates (if applicable) and refund cheques (if applicable) will be despatched by ordinary post at the applicants' own risk to the addresses specified in the relevant applications. Further information is set out in the paragraphs headed "How to apply for Public Offer Shares — 11. Publication of results; 13. Refund of application monies; and 14. Despatch/Collection of share certificates and refund monies" in this prospectus.

**You should read carefully the sections headed "Structure of the Share Offer" and "How to Apply for Public Offer Shares" in this prospectus for details relating to the structure of the Share Offer and how to apply for the Public Offer Shares.**

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### IMPORTANT NOTICE TO INVESTOR

*You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. Our Company, the Sole Sponsor, the Joint Bookrunners and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus and the Application Forms.*

*Any information or representation not contained nor made in this prospectus and the Application Forms must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the Joint Bookrunners, any of the Underwriters, any of their respective directors, officers, employees, agents or representatives of any of them or any other parties involved in the Share Offer.*

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## SUMMARY

*This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document 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 such section carefully before you decide to invest in the Offer Shares.*

### OVERVIEW

We are a licensed money lender in Hong Kong providing mainly mortgage loan financings to corporations and private individuals which are secured against real estate assets in Hong Kong. We also provide some unsecured personal loans. We have operated as a licensed money lender since 2009 and according to Ipsos, our Group was one of the top ten licensed money lenders in Hong Kong by revenue and value of loans outstanding with a market share of approximately 1.7% of the total industry revenue and approximately 2.5% of the total value of loans outstanding in 2013.

#### Our business model

We generate revenue from interest received from the provision of loans to our corporate and private individual customers. Our principal loan products are (i) first mortgage loans, which are secured by the first mortgage on the borrowers' real estates; and (ii) subordinated mortgage loans, which are secured by mortgages subordinated to the first or higher ranking mortgages charged on the borrowers' pledged properties. We only offer mortgage loan financings which are secured against real estate assets located in Hong Kong. We accept residential, commercial and industrial real estate assets as security including apartments, tenement houses, village houses, retail and office units, car parking lots, industrial units and land.

In addition to mortgage loan financings, we also offer unsecured personal loans, mainly to private individuals who own real estate assets under the Home Ownership Scheme in Hong Kong.

Approval for loan applications, together with the loan amount and corresponding interest rate, are determined by our credit committee based on a number of factors including, amongst others:

- The credit history and profile of the applicant;
- The property type, profile and valuation of the proposed property to be mortgaged; and
- Prevailing market conditions.

## SUMMARY

### Customers

Our money lending business primarily targets customers with mortgageable assets in Hong Kong. We generally categorise our customers into two main groups: (i) private individuals, who borrow money in their own personal capacity; and (ii) corporations, who borrow money under a corporate legal entity. As at 31 December 2011, 2012 and 2013 and 31 May 2014, our entire loan portfolio (comprising property mortgage loans and unsecured personal loans) comprised 170, 304, 444 and 457 active and outstanding loan accounts, respectively. As at 31 May 2014, among our 457 active and outstanding loan accounts, 415 loan accounts were held by individual customers and 42 loan accounts were held by corporate customers.

During the Track Record Period, revenue from our top five customers by aggregate interest payments received amounted to approximately HK\$10.1 million, HK\$21.1 million, HK\$32.6 million and HK\$10.6 million, representing approximately 32.5%, 36.7%, 26.9% and 25.5% of our total revenue from lending activities, respectively. During the same period, our single largest customer accounted for approximately 21.9%, 17.7%, 12.7% and 9.7% of our total revenue from lending activities, respectively. During the Track Record Period and as at the Latest Practicable Date, all of our top five customers were Independent Third Parties.

### Overview of our loan products

The following table sets out the breakdown of our Group's active and outstanding loan portfolio by loan product as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively:

|                       | 2011  |                 | As at 31 December 2012                                  |                 | 2013  |                 | As at 31 May 2014                                       |                 |
|-----------------------|---|-----------------|---|-----------------|---|-----------------|---|-----------------|
|                       | <i>Number of active &amp; outstanding loan accounts</i> | <i>HK\$'000</i> | <i>Number of active &amp; outstanding loan accounts</i> | <i>HK\$'000</i> | <i>Number of active &amp; outstanding loan accounts</i> | <i>HK\$'000</i> | <i>Number of active &amp; outstanding loan accounts</i> | <i>HK\$'000</i> |
| <b>Loan product</b>   |   |                 |   |                 |   |                 |   |                 |
| First mortgage        | 90  | 133,889         | 163   | 523,239         | 259   | 582,430         | 278   | 481,439         |
| Subordinated mortgage | 70  | 62,190          | 129   | 146,738         | 174   | 192,166         | 166   | 142,027         |
| Unsecured personal    | 10  | 1,574           | 12  | 3,363           | 11  | 3,452           | 13  | 4,514           |
| <b>Total</b>          | <u>170</u>  | <u>197,653</u>  | <u>304</u>  | <u>673,340</u>  | <u>444</u>  | <u>778,048</u>  | <u>457</u>  | <u>627,980</u>  |

#### Notes:

- Customers may have more than one account opened with our Group and as such, the number of active and outstanding loan accounts as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively, may be greater than the number of actual customers as at the same date.
- The number of unique corporate/private individual customers (i.e. ultimate beneficial owners of loan accounts) as at 31 December 2011, 2012 and 2013 and 31 May 2014 was 152, 273, 339 and 339, respectively.

## SUMMARY

The following table provides a summary of the loan products and the range of key terms which have been offered to customers by our Group during the Track Record Period:

| Loan product          | Customer profile                 | Security type  | Size of loan |            | Term of loan |          | Interest rate per annum |      | Loan-to-value ratio <sup>(Note 1)</sup> |                        |
|-----------------------|----------------------------------|--|--------------|------------|--------------|----------|-------------------------|------|---|------------------------|
|                       |                                  |  | (HK\$'000)   | (HK\$'000) | (months)     | (months) | (%)                     | (%)  | (%)                                     | (%)                    |
|                       |                                  |  | Min          | Max        | Min          | Max      | Min                     | Max  | Min                                     | Max                    |
| First mortgage        | Corporation / private individual | Apartments, tenement houses, village houses, retail and office premises, industrial units, car parking lots & land | 18           | 90,000     | 1            | 240      | 7.0                     | 40.8 | 1                                       | 78                     |
| Subordinated mortgage | Corporation / private individual | premises, industrial units, car parking lots & land  | 20           | 35,000     | 1            | 192      | 9.0                     | 36.0 | 3                                       | 80<br><i>(Note 2)</i>  |
| Unsecured personal    | Private individual               | None   | 10           | 765        | 9            | 120      | 20.0                    | 51.2 | N/A<br><i>(Note 3)</i>                  | N/A<br><i>(Note 3)</i> |

*Notes:*

- As at the date of grant of loans to customers.
- Calculated as the amount of our mortgage loan granted by our Group aggregated with the amount of any prior or pre-existing mortgage loan as a percentage of the appraised value of the property collateral.
- Our Group offers unsecured personal loans mainly to individuals who own real estate assets under the Home Ownership Scheme in Hong Kong. Although such loans are not secured against any underlying property as collateral, our credit committee will consider, amongst other factors, the applicant's occupation, income level and credit history in order to assess the amount of loan which may be offered.

### COMPETITIVE LANDSCAPE

The licensed money lending industry in Hong Kong is highly competitive, with 1,120 licensed money lenders in December 2013. According to Ipsos, aggregate revenue of the top ten licensed money lenders in Hong Kong accounted for approximately 53.8% of total revenue of approximately HK\$7,324 million from the licensed money lending market in 2013.

### COMPETITIVE STRENGTHS

Our Directors believe that the following are the key components to the success of our Group:

- We have a strong position in the licensed money lending market in Hong Kong;
- We are able to provide a flexible range of loans to customers with different needs;
- We are able to provide loans on an expedited basis as compared to banks or other financial institutions;
- We monitor market conditions to offer attractive pricing; and
- We have implemented a robust risk management system.

## SUMMARY

### BUSINESS STRATEGIES

Management of our Company intends to implement the following principal strategies to expand the business and create value for our Shareholders:

- expansion of the size of our loan portfolio; and
- strengthening our brand, recognition and presence in the market.

### SUMMARY OF FINANCIAL INFORMATION

The following table is a summary of the combined financial information of our Group for the three years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2013 and 2014, which should be read in conjunction with the Accountant's Report set forth in Appendix I to this prospectus, which has been prepared in accordance with HKFRSs.

#### Highlights of combined statements of comprehensive income

|   | Year ended 31 December |                 |                 | Five months ended 31 May |                 |
|---|------------------------|-----------------|-----------------|--------------------------|-----------------|
|   | 2011                   | 2012            | 2013            | 2013                     | 2014            |
|   | <i>HK\$'000</i>        | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i>          | <i>HK\$'000</i> |
|   | <i>(unaudited)</i>     |                 |                 |                          |                 |
| <b>Revenue</b>  | 31,189                 | 57,548          | 121,240         | 49,934                   | 41,348          |
| <b>Other income/(loss)</b>  | 2,299                  | (199)           | 2,137           | 7                        | 4               |
| <b>Administrative expenses</b>  | (12,214)               | (28,548)        | (59,290)        | (26,818)                 | (17,583)        |
| <b>Finance costs - net</b>  | <u>—</u>               | <u>(713)</u>    | <u>(10,156)</u> | <u>(597)</u>             | <u>(9,041)</u>  |
| <b>Profit before income tax</b>   | 21,274                 | 28,088          | 53,931          | 22,526                   | 14,728          |
| <b>Income tax expense</b>   | <u>(3,171)</u>         | <u>(4,689)</u>  | <u>(9,413)</u>  | <u>(2,837)</u>           | <u>(2,819)</u>  |
| <b>Profit and total comprehensive income for the year/period attributable to equity holder of our Company</b> | <u>18,103</u>          | <u>23,399</u>   | <u>44,518</u>   | <u>19,689</u>            | <u>11,909</u>   |

## SUMMARY

### Highlights of combined statements of financial position

|                                | As at 31 December |                 |                 | As at 31 May    |
|--------------------------------|-------------------|-----------------|-----------------|-----------------|
|                                | 2011              | 2012            | 2013            | 2014            |
|                                | <i>HK\$'000</i>   | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| <b>Current assets</b>          | 342,067           | 856,049         | 681,387         | 490,753         |
| <b>Current liabilities</b>     | (360,912)         | (959,747)       | (749,988)       | (628,982)       |
| <b>Net current liabilities</b> | (18,845)          | (103,698)       | (68,601)        | (138,229)       |
| <b>Non-current assets</b>      | 54,766            | 163,018         | 172,439         | 173,976         |
| <b>Net assets</b>              | 35,921            | 59,320          | 103,838         | 35,747          |
| <b>Total assets</b>            | 396,833           | 1,019,067       | 853,826         | 664,729         |

### Highlights of combined statements of cash flows

|   | Year ended 31 December |                      |                      | Five months<br>ended 31 May |                      |
|---|------------------------|----------------------|----------------------|-----------------------------|----------------------|
|   | 2011                   | 2012                 | 2013                 | 2013                        | 2014                 |
|   | <i>HK\$'000</i>        | <i>HK\$'000</i>      | <i>HK\$'000</i>      | <i>HK\$'000</i>             | <i>HK\$'000</i>      |
|   |                        |                      |                      | <i>(unaudited)</i>          |                      |
| Net cash (used in)/generated from operating activities    | (35,761)               | (463,626)            | (53,283)             | (81,857)                    | 180,329              |
| Net cash generated from/(used in) investing activities    | 101                    | (63)                 | (2,866)              | (38)                        | (114)                |
| Net cash generated from/(used in) financing activities    | <u>209,680</u>         | <u>313,602</u>       | <u>70,722</u>        | <u>74,835</u>               | <u>(202,119)</u>     |
| Net increase/(decrease) in cash and cash equivalents      | 174,020                | (150,087)            | 14,573               | (7,060)                     | (21,904)             |
| Cash and cash equivalents at beginning of the year/period | <u>18,385</u>          | <u>192,405</u>       | <u>42,318</u>        | <u>42,318</u>               | <u>56,891</u>        |
| Cash and cash equivalents at end of the year/period       | <u><u>192,405</u></u>  | <u><u>42,318</u></u> | <u><u>56,891</u></u> | <u><u>35,258</u></u>        | <u><u>34,987</u></u> |

## SUMMARY

### Revenue

#### Interest income from our money lending activities by loan product

|                       | Year ended 31 December |              |               |              |                |              | Five months ended 31 May |              |               |              |
|-----------------------|------------------------|--------------|---------------|--------------|----------------|--------------|--------------------------|--------------|---------------|--------------|
|                       | 2011                   |              | 2012          |              | 2013           |              | 2013                     |              | 2014          |              |
|                       | HK\$'000               | %            | HK\$'000      | %            | HK\$'000       | %            | HK\$'000                 | %            | HK\$'000      | %            |
| <b>Loan product</b>   |                        |              |               |              |                |              |                          |              |               |              |
| First mortgage        | 17,739                 | 56.9         | 31,080        | 54.0         | 77,373         | 63.8         | 32,689                   | 65.5         | 26,833        | 64.9         |
| Subordinated mortgage | 12,925                 | 41.4         | 25,827        | 44.9         | 43,082         | 35.6         | 16,895                   | 33.8         | 14,182        | 34.3         |
| Unsecured personal    | 525                    | 1.7          | 641           | 1.1          | 785            | 0.6          | 350                      | 0.7          | 333           | 0.8          |
| <b>Total</b>          | <u>31,189</u>          | <u>100.0</u> | <u>57,548</u> | <u>100.0</u> | <u>121,240</u> | <u>100.0</u> | <u>49,934</u>            | <u>100.0</u> | <u>41,348</u> | <u>100.0</u> |

Interest income from property mortgage loans is our principal source of revenue. During the Track Record Period, interest income amounted to approximately HK\$31.2 million, HK\$57.5 million, HK\$121.2 million and HK\$41.3 million, respectively, of which interest income from property mortgage loans accounted for approximately 98.3%, 98.9%, 99.4% and 99.2%, respectively, of our total interest income. The increase in interest income from property mortgage loans for the year ended 31 December 2011 to 2013 was mainly due to the increase in the volume of our lending as well as an increase in the value of the loans which contributed to an increase in the average month-end balance of mortgage loans receivable.

#### Net interest margin of our loan products

|                       | Year ended 31 December |              |              | Five months ended 31 May |
|-----------------------|------------------------|--------------|--------------|--------------------------|
|                       | 2011                   | 2012         | 2013         | 2014                     |
| <b>Loan product</b>   |                        |              |              |                          |
| First mortgage        | 18.0%                  | 14.6%        | 11.3%        | 9.7%                     |
| Subordinated mortgage | 19.5%                  | 24.3%        | 21.5%        | 18.7%                    |
| Unsecured personal    | 33.4%                  | 30.4%        | 24.4%        | 19.0%                    |
| <b>Overall</b>        | <b>18.7%</b>           | <b>18.0%</b> | <b>13.7%</b> | <b>11.9%</b>             |

*Note:* Net interest margin refers to the ratio of interest income net of finance costs to the average balance of corresponding loan receivables at month end.

Net interest margin is calculated as interest income received, net of finance costs, divided by the average month-end gross loans receivable balances of the corresponding loans during the year/period. Finance costs (being mainly interest on bank and other borrowings but excluding any advances from our Controlling Shareholders) are apportioned to each product based on the proportion of loans receivable at the end of each year/period.

## SUMMARY

For each of the three years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our net interest margin was approximately 18.7%, 18.0%, 13.7% and 11.9%, respectively. The decrease in net interest margin during the Track Record Period was mainly due to (i) our Group offering loans at lower interest rates in order to expand our customer base and increase our market share in the licensed money lending industry in Hong Kong; and (ii) the increase in our finance costs.

### Loan default rates and provisions for non-performing loans

|                                    | As at 31 December |      |      | As at 31 May |      |
|------------------------------------|-------------------|------|------|--------------|------|
|                                    | 2011              | 2012 | 2013 | 2013         | 2014 |
| Default on loans receivable        | 0.2%              | 0.1% | 1.3% |              | 1.6% |
| Default on interest receivables    | 1.6%              | 0.5% | 0.6% |              | 0.6% |
| Provision for non-performing loans | 0.2%              | 0.1% | 1.6% |              | 2.0% |

### Key financial ratios

The following table sets forth the key financial ratios of our Group during the Track Record Period:

|                                   | As at 31 December |       |      | As at 31 May |       |
|-----------------------------------|-------------------|-------|------|--------------|-------|
|                                   | 2011              | 2012  | 2013 | 2013         | 2014  |
| Current ratio ( <i>Note 1</i> )   | 0.95              | 0.89  | 0.91 |              | 0.78  |
| Gearing ratio 1 ( <i>Note 2</i> ) | 4.63              | 10.57 | 6.52 |              | 16.12 |
| Gearing ratio 2 ( <i>Note 3</i> ) | N/A               | 0.23  | 0.50 |              | 0.73  |

|   | Year ended 31 December |       |       | Five months ended 31 May |      |
|---|------------------------|-------|-------|--------------------------|------|
|   | 2011                   | 2012  | 2013  | 2013                     | 2014 |
| Return on assets ratio ( <i>Note 4</i> )  | 4.6%                   | 2.3%  | 5.2%  |                          | N/A  |
| Return on equity ratio ( <i>Note 5</i> )  | 50.4%                  | 39.4% | 42.9% |                          | N/A  |
| Interest coverage ratio ( <i>Note 6</i> ) | N/A                    | 19.5  | 4.3   |                          | 2.6  |

#### Notes:

- Current ratio is calculated by dividing current assets by current liabilities as at the respective year/period.
- Gearing ratio 1 is calculated by dividing net debt plus advances from our Controlling Shareholders by total equity as at the respective year/period. Net debt is calculated as total borrowings (including "bank and other borrowings") less pledged bank deposits and cash and cash equivalents.
- Gearing ratio 2 is calculated by dividing net debt by total equity plus total advances from our Controlling Shareholders.
- Return on assets ratio is calculated by dividing profit for the year by the total assets as at the respective year-end dates.
- Return on equity ratio is calculated by dividing profit for the year by the total equity as at the respective year-end dates.
- Interest coverage ratio is calculated by dividing profit before interest and tax by the net finance cost (being interest on bank and other borrowing less interest income from pledged bank deposits) for the corresponding year/period.



## SUMMARY

### **Source of funds and finance costs**

During the Track Record Period, our Group's operations were mainly financed through retained earnings, advances from our Controlling Shareholders and loans from a bank, a financial institution and a licensed money lender, all of whom are Independent Third Parties.

For each of the three years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our finance costs were approximately HK\$nil, HK\$0.7 million, HK\$10.2 million and HK\$9.0 million, respectively. For the two years ended 31 December 2012 and 2013, loans from the bank and the financial institution were obtained at a weighted average interest rate of approximately 3.7% and 4.4% per annum, respectively, whilst the interest rate charged by the Independent Third Party licensed money lender was 7% per annum for the five months ended 31 May 2014.

However, all such financings from the bank and the financial institution were terminated and fully settled in January 2014 and all advances provided by our Controlling Shareholders will be settled by capitalisation prior to the Listing. As further noted in the section headed "Risk Factors" in this prospectus, we experienced difficulties in obtaining financing from banks and financial institutions, which resulted in an increase in our finance costs and had, in part, affected our financial position adversely. As we do not anticipate being able to obtain financing from banks and financial institutions in the near future, we may be required to seek more expensive financing alternatives, including from other licensed money lenders, which may result in an increase in our finance costs and adversely affect our financial position. In addition, any expansion plans will be limited by our capacity to obtain external financing from sources other than banks or financial institutions and we may be required to scale back our planned expansion, which may adversely affect our ability to execute our planned growth strategy.

Based on our current and anticipated levels of operations, barring any unforeseen market conditions, our future operations and capital requirements following the Listing will be financed through our retained earnings and share capital, the net proceeds from the Share Offer and loans from Independent Third Party licensed money lenders.

### **Pledged bank deposits**

During the two years ended 31 December 2012 and 2013, we held pledged bank deposits as security for certain banking facilities. Such deposits were denominated in RMB with a view to speculate on the appreciation of the exchange rate of RMB. Our pledged bank deposits commenced in March 2012 and were terminated in October 2013. As at 31 December 2012 and 2013, our pledged bank deposits amounted to approximately HK\$285.7 million and HK\$nil, respectively. Our Directors do not anticipate that our Group will place deposits of a similar nature, in RMB or other foreign currency, to speculate on the appreciation of such currency after the Listing.

### **Administrative expenses**

During the three years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, we incurred administrative expenses of approximately HK\$12.2 million, HK\$28.5 million, HK\$59.3 million and HK\$17.6 million, respectively. Our administrative expenses were mainly

## SUMMARY

comprised of employee benefit expenses, advertising and marketing expenses, legal and professional fees, referral fees, operating lease charges in relation to land and building, listing expenses and other expenses. The increase in our administrative expenses for the three years ended 31 December 2011, 2012 and 2013 was mainly due to the expansion of our money lending business and listing expenses recognised for the year ended 31 December 2013.

### **Estimated listing expenses**

The listing expenditure primarily represents fees paid to professional parties in respect of our Share Offer. Total listing expenditures are estimated to be approximately HK\$24.0 million, of which HK\$8.7 million will be charged against the share premium account upon completion of the Listing. Listing expenditures of approximately HK\$7.0 million and HK\$2.0 million were recognised as expense in the combined statements of comprehensive income for the year ended 31 December 2013 and the five months ended 31 May 2014, respectively, whilst the remaining estimated listing expenditure of HK\$6.3 million will be recognised as expense in the combined statements of comprehensive income for the period from 1 June 2014 to 31 December 2014.

### **RECENT DEVELOPMENTS OF OUR GROUP SUBSEQUENT TO THE TRACK RECORD PERIOD**

#### **Legal proceedings after the Track Record Period**

In July 2014, an Independent Third Party filed a claim against GIC alleging that our Group had not acted in good faith in entering into a mortgage financing arrangement in 2013 with one of our customers (Mr. X). It is claimed that our Group had actual or constructive notice of an intention by Mr. X (but not GIC) to defraud his creditor and/or lack of good faith. We have sought the opinion of our external legal counsel, Mr. Lester Lee, barrister-at-law, in respect of the merits of the case and have been advised that our Group has a good prospect of successfully defending the claim that we had not acted in good faith. As such, our Directors have confirmed that they intend to vigorously contest the claim. However, as at the Latest Practicable Date, no hearing date in respect of the legal proceeding had been fixed. Our Directors do not consider such legal action to have any material impact on our business, results of operations or financial condition since 31 May 2014 up to the date of this prospectus. For details of the legal proceedings, please refer to the section headed “Business — Legal proceedings and compliance” in this prospectus.

#### **Decrease in profit for the year ending 31 December 2014 as compared to the year ended 31 December 2013**

As further noted in the section headed “Financial information — Profit forecast for the year ending 31 December 2014” and Appendix III to this prospectus, our Directors believe that our Group will achieve a profit of not less than HK\$30 million for the year ending 31 December 2014. Such forecast represents a decrease of approximately HK\$14.5 million as compared to the profit of approximately HK\$44.5 million for the year ended 31 December 2013 and is mainly due to (i) the

## SUMMARY

reduction in the size of our loan portfolio, which in turn is due to the fall in demand for our mortgage loan products; and (ii) the fact that the profit for the year ended 31 December 2013 included exchange gains and interest income from our pledged bank deposits in the aggregate amount of approximately HK\$12.7 million.

In addition, a 12-month loan in the amount of approximately HK\$62 million was redeemed through early repayment in June 2014. Although the loan amount was significant in size, our Directors believe that our Group has the capability to generate new business and issue new loans which yield interest rates in line with our usual lending rates to mitigate the loss of such loan. As such, our Directors do not consider such loan redemption to have any material adverse effect on our financial position.

Save as disclosed above, our Directors confirm that since 31 May 2014 and up to the date of this prospectus, there has been no material adverse change in the financial trading position, indebtedness or trading prospects of our Group. To the best knowledge, information and belief of our Directors, there has been no material change in the general, regulatory, economic and market conditions in Hong Kong or the industry in which we operate that materially and adversely affected our business, results of operations or financial position since 31 May 2014 up to the date of this prospectus. Furthermore, there has been no event which would materially affect the information shown in our combined financial statements included in the Accountant's Report set forth in Appendix I to this prospectus.

### CONTROLLING SHAREHOLDERS

Immediately following completion of the Reorganisation, the Capitalisation Issue and the Share Offer, Blossom Spring will be entitled to control the exercise of voting rights of 75% of the Shares eligible to vote in a general meeting of our Company (assuming the options which may be granted under the Share Option Scheme are not exercised). The entire issued share capital of Blossom Spring is held by Ms. Jin, therefore Blossom Spring and Ms. Jin are considered to be our Controlling Shareholders.

### PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2014

|  |                                |
|--|--------------------------------|
| Forecast consolidated profit attributable to equity holders of<br>our Company for the year ending 31 December 2014 . . . . . | Not less than HK\$30.0 million |
| Unaudited pro forma forecast earnings per Share . . . . .  | Not less than HK\$0.075        |
| Prospective price/earning multiple <sup>(Note)</sup> . . . . .   | 19.3 times                     |

*Note:* The prospective price/earning multiple on a pro-forma is calculated on the forecast earning per share on a pro-forma basis for financial year ending 31 December 2014 at the mid-point of the estimated offer price range.

Please refer to the section headed "Financial information — Profit forecast for the year ending 31 December 2014" in this prospectus and Appendix III to this prospectus for further details on the bases and assumptions.

## SUMMARY

### SHARE OFFER STATISTICS

|   | Based on an Offer Price of |                   |
|---|----------------------------|-------------------|
|   | HK\$1.30                   | HK\$1.60          |
|   | per Offer Share            | per Offer Share   |
| Market capitalisation <i>(Note 1)</i>                                     | HK\$520.0 million          | HK\$640.0 million |
| Unaudited pro forma adjusted net tangible asset per Share <i>(Note 2)</i> | HK\$1.35                   | HK\$1.43          |

*Notes:*

1. The calculation of market capitalisation of the Shares is based on the indicative Offer Price range of HK\$1.30 to HK\$1.60 per Offer Share and a total of 400,000,000 Shares in issue immediately after completion of the Reorganisation, the Capitalisation Issue and the Share Offer but without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.
2. The unaudited pro forma adjusted net tangible asset per Share has been arrived at after having made the adjustments set out in Appendix II to this prospectus and on the basis of a total of 400,000,000 Shares in issue immediately after completion of the Reorganisation, the Capitalisation Issue and the Share Offer but without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options to be granted under the Share Option Scheme or 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 V to this prospectus.

### USE OF PROCEEDS

The aggregate net proceeds from the Share Offer (after deducting underwriting fees and estimated expenses in connection with the Share Offer and assuming an Offer Price of HK\$1.45 per Share, being the mid-point of the indicative Offer Price range of HK\$1.30 to HK\$1.60 per Share) will be approximately HK\$121.0 million. Our Directors intend to apply the net proceeds from the Share Offer as follows:

- approximately HK\$96.8 million (being approximately 80% of net proceeds) for expanding our mortgage loan portfolio by providing more and/or higher value loans to existing and/or new customers;
- approximately HK\$12.1 million (being approximately 10% of net proceeds) for marketing activities in order to improve our brand awareness and image in Hong Kong, including the placement of advertisements across various media platforms; and
- the remaining amount of approximately HK\$12.1 million (being approximately 10% of net proceeds) will be used for funding working capital and general corporate purposes.

### DIVIDEND AND DIVIDEND POLICY

For the two years ended 31 December 2011 and 2012, and the five months ended 31 May 2014, no dividends were declared or paid by the companies now comprising our Group. A dividend in respect of the year ended 31 December 2013 of HK\$8,000 per share (totalling HK\$80.0 million) was proposed and declared on 21 March 2014 and paid on 2 May 2014 to Spring Asset by GIC.

## SUMMARY

Following completion of the Share Offer, our Shareholders will be entitled to receive dividends only when declared by our Board. The payment and amount of dividend declared by our Board will depend upon our Group's (a) overall results of operation; (b) financial position; (c) capital requirements; (d) shareholders' interests; (e) future prospects; and (f) other factors which our Board deems relevant.

Subject to the factors described in the above, we currently intend to pay dividends in aggregate of not less than 30% of our net profit in each of the two years after the Listing (that is, for the avoidance of doubt, commencing from the year ended 31 December 2014). However, we cannot assure our Shareholders that we will be able to declare or distribute dividends in any amount each year or in any year. Any declaration and payment as well as the amount of dividends will be subject to our Company's constitutional documents and Companies Law, including, amongst others, the approval of the Shareholders. The dividend distribution record in the past 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. For details of our dividend policy, please refer to the section headed "Financial information — Dividends and distributable reserves" in this prospectus.

### RISK FACTORS - HIGHLIGHTS

- We are exposed to credit risks of our customers who may default on their loans.
- We may fail to renew our money lenders licence.
- Our business is sensitive to downturns in the economy, economic uncertainty and particularly the performance of the real estate market in Hong Kong.
- The value or residual value of the pledged properties may not be sufficient to cover the exposure of the loans.
- Our subordinated mortgage loans are subject to higher-ranked mortgages and therefore have higher credit risk than our first mortgage loans.
- Our business is affected by fluctuations in interest rates and our credit position.
- We may need to obtain financing from external parties, including other licensed money lenders which may increase our Group's finance costs.
- We may not be able to obtain sufficient funding to finance our money lending operation, especially as banks and financial institutions have tightened lending standards and may continue to do so or if the market value of our Group's mortgaged properties decreases.
- We have a limited operating history.

For further discussions on the risk factors, please refer to the section headed "Risk factors" in this prospectus.

## DEFINITIONS

*In this prospectus, unless the context otherwise requires, the following expressions have the following meanings:*

|   |  |
|---|--|
| “Application Form(s)”                   | <b>WHITE, YELLOW</b> and <b>GREEN</b> application form(s), or, where the context so requires, any of them  |
| “Articles of Association” or “Articles” | the articles of association of our Company conditionally adopted on 22 November 2014 and as amended from time to time, a summary of which is set out in Appendix IV to this prospectus   |
| “associate(s)”                          | has the meaning ascribed to it under the Listing Rules   |
| “Blossom Spring”                        | Blossom Spring Global Limited, a company incorporated in the BVI on 30 January 2014 with limited liability and owned as to 100% by Ms. Jin   |
| “Board”                                 | the board of Directors   |
| “Business Day(s)”                       | any day(s) (excluding Saturdays, Sundays and public holidays) on which licensed banks in Hong Kong are generally open for normal banking business to the public  |
| “BVI”                                   | the British Virgin Islands   |
| “Capitalisation Issue”                  | the issue of Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the section headed “A. Further information about our Company — 3. Written resolutions of our sole Shareholder passed on 22 November 2014” in Appendix V to this prospectus |
| “Cayman Islands Share Registrar”        | Maples Fund Services (Cayman) Limited  |
| “CCASS”                                 | the Central Clearing and Settlement System established and operated by HKSCC   |
| “CCASS Clearing Participant(s)”         | person(s) admitted to participate in CCASS as direct clearing participant(s) or general clearing participant(s)  |
| “CCASS Custodian Participant(s)”        | person(s) admitted to participate in CCASS as custodian participant(s)   |
| “CCASS Internet System”                 | the website operated by HKSCC to enable CCASS Investor Participants and, upon authorisation by a CCASS Clearing Participant or a CCASS Custodian Participant, stock segregated account statement recipients of that CCASS Clearing Participant or CCASS Custodian Participant to access CCASS                                      |

## DEFINITIONS

|  |  |
|--|--|
| “CCASS Investor Participant(s)”                              | person(s) admitted to participate in CCASS as investor participant(s) who may be individual(s) or joint individual or a corporation  |
| “CCASS Participant(s)”                                       | CCASS Clearing Participant(s), CCASS Custodian Participant(s), or CCASS Investor Participant(s)  |
| “CCASS Phone System”   | the interactive voice response system operated by HKSCC for enabling CCASS Investor Participants and, upon authorisation by a CCASS Clearing Participant or a CCASS Custodian Participant, stock segregated account statement recipients of that CCASS Clearing Participant or CCASS Custodian Participant to access CCASS |
| “close associate(s)”   | has the meaning ascribed to it under the Listing Rules   |
| “Companies Law”  | the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time  |
| “Companies Ordinance”  | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time   |
| “Companies (WUMP) Ordinance”                                 | the 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” or “our Company”                                   | Global International Credit Group Limited (環球信貸集團有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on 20 January 2014  |
| “connected person(s)”  | has the meaning ascribed to it under the Listing Rules   |
| “Controlling Shareholder(s)” or “controlling shareholder(s)” | has the meaning ascribed to it under the Listing Rules, and unless the context requires otherwise, refers to Blossom Spring and Ms. Jin  |
| “core connected person(s)”                                   | has the meaning ascribed to it under the Listing Rules   |
| “Deed of Indemnity”  | the deed of indemnity dated 22 November 2014 entered into between the Controlling Shareholders and our Company, particulars of which are set out in the section headed “E. Other information — 1. Estate duty, Tax and other indemnities” in Appendix V to this prospectus   |

## DEFINITIONS

|   |  |
|---|--|
| “Deed of Non-competition Undertakings”    | the deed of non-competition undertakings dated 22 November 2014 entered into by our Controlling Shareholders in favour of our Company (for itself and as trustee for each of its subsidiaries)   |
| “Director(s)”                             | the director(s) of our Company   |
| “GIC”                                     | Global International Credit Limited (環球信貸有限公司), a company incorporated in Hong Kong on 25 September 2008 with limited liability, and an indirect wholly-owned subsidiary of our Company  |
| “GIC Overseas”                            | GIC (Overseas) Holdings Limited, a company incorporated in the BVI on 20 January 2014 with limited liability, and a wholly-owned subsidiary of our Company   |
| “GITI”                                    | Global International Technology Investment Limited (環球科技投資有限公司), a company incorporated in Hong Kong on 13 April 2011 with limited liability, and an indirect wholly-owned subsidiary of our Company   |
| “GITI Overseas”                           | GITI (Overseas) Limited, a company incorporated in the BVI on 20 January 2014 with limited liability, and a wholly-owned subsidiary of our Company   |
| “GREEN Application Form(s)”               | the application form(s) to be completed by the <b>HK eIPO White Form</b> Service Provider designated by our Company  |
| “Group”, “our Group”, “we”, “our” or “us” | our Company and our subsidiaries or, where the context so requires, in respect of the period prior to our Company becoming the holding company of our present subsidiaries, such subsidiaries and the business carried on by them or their predecessors (as the case may be) |
| “HK eIPO White Form(s)”                   | the application(s) for Public Offer Shares to be issued in the name(s) of the applicant(s) by submitting application(s) online through the designated website of the <b>HK eIPO White Form</b> Service Provider at <a href="http://www.hkeipo.hk">www.hkeipo.hk</a>          |
| “HK eIPO White Form Service Provider”     | the <b>HK eIPO White Form</b> service provider designated by our Company, as specified on the designated website at <a href="http://www.hkeipo.hk">www.hkeipo.hk</a>   |
| “HKASs”                                   | Hong Kong Accounting Standards   |
| “HKFRSs”                                  | Hong Kong Financial Reporting Standards issued by HKICPA   |
| “HKICPA”                                  | Hong Kong Institute of Certified Public Accountants  |
| “HKMA”                                    | the Hong Kong Monetary Authority   |



## DEFINITIONS

|   |  |
|---|--|
| “HKSCC”                                       | Hong Kong Securities Clearing Company Limited  |
| “HKSCC Nominees”                              | HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC   |
| “Hong Kong” or “HK”                           | the Hong Kong Special Administrative Region of the PRC   |
| “Hong Kong Share Registrar”                   | Tricor Investor Services Limited, the branch share registrar and transfer office of our Company in Hong Kong   |
| “Independent Third Party(ies)”                | person(s) or company(ies) which is(are) not connected person(s) (as defined in the Listing Rules) of our Company   |
| “Investec” or “Sole Sponsor”                  | Investec Capital Asia Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, being the sole sponsor in connection with the Share Offer and an Independent Third Party |
| “Ipsos”                                       | Ipsos Hong Kong Limited  |
| “Ipsos Report”                                | the industry report prepared by Ipsos  |
| “Joint Bookrunners” and “Joint Lead Managers” | Emperor Securities Limited, Investec, Kim Eng Securities (Hong Kong) Limited, Astrum Capital Management Limited and Sun Securities Limited   |
| “Land Registry”                               | the Land Registry of Hong Kong   |
| “Latest Practicable Date”                     | 24 November 2014, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus  |
| “Licensing Court”                             | a magistrate sitting alone in a Magistrates’ Court in Hong Kong  |
| “Listing”                                     | the listing of the Shares on the Main Board  |
| “Listing Committee”                           | the listing sub-committee of the Stock Exchange  |
| “Listing Date”                                | the date, expected to be on or about Friday, 12 December 2014, on which dealings in the Shares on the Main Board first commence  |

## DEFINITIONS

|   |  |
|---|--|
| “Listing Rules”                             | The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)  |
| “Main Board”                                | the stock market (excluding the option market) 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 our Company conditionally adopted on 22 November 2014 and as amended from time to time, a summary of which is contained in Appendix IV to this prospectus   |
| “Money Lenders Licence”                     | the money lenders licence issued by the Licensing Court pursuant to the Money Lenders Ordinance and Money Lenders Regulations for carrying on money lending business in Hong Kong  |
| “Money Lenders Ordinance”                   | the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time  |
| “Money Lenders Regulations”                 | the Money Lenders Regulations (Chapter 163A of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time   |
| “Ms. Jin”                                   | Ms. Jin Xiaoqin, an executive Director, one of our Controlling Shareholders and the mother of Ms. Wang   |
| “Ms. Wang”                                  | Ms. Wang Yao, an executive Director, chairman, chief executive of our Company and the daughter of Ms. Jin  |
| “Offer Price”                               | the final price per Offer Share in Hong Kong dollars (exclusive of 1% brokerage, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee) at which the Offer Shares are to be subscribed for and issued, or purchased and sold, pursuant to the Share Offer, to be determined as further described in the section headed “Structure of the Share Offer — Price determination of the Share Offer” in this prospectus |
| “Offer Shares”                              | the Public Offer Shares and the Placing Shares   |
| “Placing”                                   | the conditional placing of the Placing Shares by the Underwriters for and on behalf of our Company with selected professional, institutional and/or other investors, details of which are described in the section headed “Structure of the Share Offer” in this prospectus  |

## DEFINITIONS

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| “Placing Shares”                 | the 90,000,000 new Shares (subject to adjustment) initially being offered by our Company for subscription under the Placing as described in the section headed “Structure of the Share Offer” in this prospectus   |
| “Placing Underwriter(s)”         | the underwriter(s) of the Placing Shares   |
| “Placing Underwriting Agreement” | the underwriting agreement relating to the Placing expected to be entered into by our Company, our Controlling Shareholders, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Placing Underwriters, as further described in the section headed “Underwriting — Placing” in this prospectus                       |
| “PRC” or “China”                 | the People’s Republic of China which, for the purposes of this prospectus, excludes Hong Kong, Macau Special Administrative Region and Taiwan  |
| “Price Determination Agreement”  | the agreement to be reached between our Company and the Joint Bookrunners (on behalf of the Underwriters) at or before the Price Determination Date to fix the Offer Price   |
| “Price Determination Date”       | the date, expected to be on or around Friday, 5 December 2014 (or such other time and date as may be agreed between our Company and the Joint Bookrunners (on behalf of the Underwriters)), on which the Offer Price will be determined for the purposes of the Share Offer and, in any event, not later than Thursday, 11 December 2014 |
| “Public Offer”                   | the issue and offer of the Public Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage, Stock Exchange trading fee and SFC transaction levy) on and subject to the terms and conditions stated in this prospectus and in the related Application Forms  |
| “Public Offer Shares”            | the 10,000,000 new Shares (subject to adjustment) being initially offered by our Company for subscription at the Offer Price under the Public Offer as described in the section headed “Structure of the Share Offer” in this prospectus   |
| “Public Offer Underwriter(s)”    | the underwriter(s) of the Public Offer Shares whose names are set out in the section headed “Underwriting — Public Offer Underwriters” in this prospectus  |

## DEFINITIONS

|                                       |  |
|---------------------------------------|--|
| “Public Offer Underwriting Agreement” | the underwriting agreement dated 27 November 2014 relating to the Public Offer and entered into by, among others, our Company, our Controlling Shareholders, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters, as further described in the section headed “Underwriting — Public Offer” in this prospectus |
| “Registrar of Money Lenders”          | the person appointed under the Money Lenders Ordinance for the purpose of establishing and maintaining the register of money lenders, who currently is the Registrar of Companies in Hong Kong   |
| “Reorganisation”                      | the corporate reorganisation which our Group underwent prior to the issue of this prospectus, details of which are described in the sub-paragraph headed “4. Reorganisation of our Group” under the paragraph headed “A. Further information about our Company” in Appendix V to this prospectus   |
| “Reporting Accountant”                | PricewaterhouseCoopers, the auditor and reporting accountant to our Company in respect of the Listing  |
| “SFC”                                 | Securities and Futures Commission of Hong Kong   |
| “SFO”                                 | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time  |
| “Share(s)”                            | ordinary share(s) of HK\$0.01 each in the share 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 22 November 2014, the principal terms of which are summarised under the section headed “D. Share Option Scheme” in Appendix V to the prospectus   |
| “Shareholder(s)”                      | holder(s) of our Share(s)  |
| “Spring Asset”                        | Spring Asset Investments Limited, a company incorporated in the BVI on 5 January 2011 with limited liability and owned as to 100% by Ms. Jin   |
| “Stock Exchange”                      | The Stock Exchange of Hong Kong Limited  |
| “subsidiary(ies)”                     | has the meanings ascribed to it under the Listing Rules  |
| “substantial shareholder(s)”          | has the meanings ascribed to it under the Listing Rules  |

## DEFINITIONS

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|--------------------------------------|--|
| “Takeovers Code”                     | the Hong Kong Code on Takeovers and Mergers issued by the SFC as amended, supplemented or otherwise modified from time to time                   |
| “Track Record Period”                | the three financial years ended 31 December 2013 and the five months ended 31 May 2014   |
| “U.S.” or “United States”            | the United States of America   |
| “U.S. Securities Act”                | the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder                                       |
| “Underwriters”                       | collectively, the Placing Underwriters and the Public Offer Underwriters   |
| “Underwriting Agreement(s)”          | the Public Offer Underwriting Agreement and the Placing Underwriting Agreement   |
| “ <b>WHITE</b> 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) |
| “ <b>YELLOW</b> 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                        |
| “%”                                  | per cent.  |
| “HK\$” and “cent(s)”                 | Hong Kong dollar(s) and cent(s) respectively, the lawful currency of Hong Kong   |
| “sq.ft.”                             | square feet  |

*Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments and, accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.*

## GLOSSARY OF TECHNICAL TERMS

*This glossary contains certain definitions and other terms used in this prospectus in connection with our Group and our business. The terminology and their meanings may not correspond to standard industry meanings or usage of those terms.*

|                                 |  |
|---------------------------------|--|
| “Authorised institution(s)”     | licensed banks and financial institutions regulated by the HKMA, which are engaged in, amongst other things, commercial money lending activities   |
| “CAGR”                          | the compound annual growth rate  |
| “Debt-to-income ratio”          | the ratio of an applicant’s aggregate monthly debt obligations as a percentage of their aggregate monthly income   |
| “Financial institution(s)”      | institutions, other than licensed banks regulated by the HKMA, which are engaged in, amongst other things, commercial money lending activities (i.e. restricted license banks and deposit-taking companies)  |
| “First mortgage loan(s)”        | mortgage loan secured by a real estate property as collateral without any prior lien over such property  |
| “Home Ownership Scheme”         | a subsidised sale programme of public housing in Hong Kong managed by the Hong Kong Housing Authority  |
| “Loan-to-value ratio”           | the ratio of mortgage (or other loan) as a percentage of the total appraisal value of the property which is subject of the collateral at the time the mortgage (or other loan) is granted  |
| “Money lender(s)”               | has the same meaning ascribed thereto under the Money Lenders Ordinance  |
| “Mortgage loan(s)”              | loans secured by real estate property as collateral  |
| “Net interest margin”           | net interest income received during the year/period, being our interest income in respect of our mortgage and personal unsecured loans less our finance costs, divided by the average of month-end gross loans receivable balances of the corresponding loans during the year/period |
| “SMEs”                          | small and medium enterprises   |
| “Subordinated mortgage loan(s)” | mortgage loan secured by real estate as collateral which are subordinated to the first or higher ranking mortgage charged over such property   |
| “TransUnion”                    | TransUnion provides credit information management services and enables companies which utilise their systems to conduct searches on the credit rating and status of individuals and in order to assess their credit worthiness   |
| “TU consent”                    | approval from our customers to conduct a credit search on them via the TransUnion credit information system  |

## RISK FACTORS

*You should carefully consider all of the information set out in this prospectus and, in particular, should consider the following risks before making an investment in our Company. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The trading price of the Offer Shares could decline due to any of these risks or other factors, and you may lose all or part of your investment.*

### RISKS RELATING TO THE BUSINESS OF OUR GROUP

#### **We are exposed to credit risks of our customers who may default on their loans**

Our business is principally a money lending business which provides financing to customers and is premised on the fact that such loans will be repaid together with interest. Our business is therefore subject to risks that our customers may fail to perform their contractual obligations and default on payment of interest and/or the principal. As at 31 December 2011, 2012 and 2013 and 31 May 2014, loans receivable due from our customers amounted to approximately HK\$197.7 million, HK\$673.3 million, HK\$778.0 million and HK\$628.0 million, respectively, of which individual impairment assessment of approximately HK\$0.3 million, HK\$0.4 million, HK\$9.8 million and HK\$9.8 million, respectively, as well as collective impairment assessment of approximately HK\$nil, HK\$0.4 million, HK\$3.0 million and HK\$3.0 million, respectively, were made. As at the same dates, our interest receivables amounted to approximately HK\$3.0 million, HK\$8.5 million, HK\$9.6 million and HK\$9.7 million, respectively, of which individual impairment assessment of approximately HK\$46,000, HK\$46,000, HK\$57,000 and HK\$57,000, respectively, were made.

In the event that our customers are late with their payments, our sales team will contact such customers to remind them of their late repayment. Where, after multiple reminders, the customer does not repay such outstanding amounts, or where we are unable to locate such customer, we may consider commencing legal proceedings in order to enforce our secured interest against any such assets. If our customers delay or default on their payments, we may have to incur additional legal costs and expenses in order to enforce our security and/or make provision for impairment or write-off the relevant loans and interest receivables, which in turn may adversely affect our financial position and profitability.

#### **We may fail to renew our money lenders licence**

Our money lending business is subject to licensing requirements under the provisions of the Money Lenders Ordinance. Money lenders licences are granted by the Licensing Court and are renewable annually subject to satisfaction of all licensing conditions. The Licensing Court has the discretion to suspend or revoke a licence if a licensee is in breach of any licensing conditions. For details of the qualification criteria of money lenders, please refer to the section headed “Regulations” of this prospectus. Our Directors cannot guarantee that the conditions or requirements which our Group may be required to satisfy or meet will not change from time to time. In the event that we are unable to renew our money lenders licence in a timely manner or if the Licensing Court or other relevant authorities do not approve the application for a renewal of our money lenders licence, we may not be able to operate our business until such time as we receive a new licence, which may have a material adverse effect on our financial condition and results of operation.

## RISK FACTORS

### **Our business is sensitive to downturns in the economy, economic uncertainty and particularly the performance of the real estate market in Hong Kong**

Demand for property is sensitive to downturns and uncertainty in the global and regional economy and corresponding changes in the appetite for real estate investments and purchases. Changes in the appetite for real estate investments and purchases are driven by various factors including, amongst others, perceived or actual general economic conditions, employment and job market conditions, actual or perceived levels of disposable consumer income and wealth and consumer confidence in the economy. These and other factors have, in the past, affected consumer demand for real estate and any negative sentiment or downturn in the economy could materially and adversely affect our business, financial condition and results of operations and also our liquidity position.

All of the underlying properties of our mortgage loans are located in Hong Kong. The value of the pledged properties mortgaged to us may fluctuate and decline due to various factors, including those affecting the overall real estate market conditions in Hong Kong. For example, a slowdown in the Hong Kong economy or any changes in the laws, regulations and policies in relation to the real estate market may result not only in a decline in the number of real estate transactions but also a decline in the value of the underlying properties in respect of our mortgage loans to levels below the outstanding principal amounts of such loans.

In the event that we take possession of a property mortgaged to us due to a default by a borrower on their loan, the value of that property may not be sufficient to cover our mortgage loan in full due to the value fluctuation mentioned above, and in turn our financial performance may be adversely affected. Furthermore, in the event of reduced liquidity in the real estate market, any repossessed properties may not be as readily sold in the market when we exercise our enforcement rights in the mortgaged properties in the case of any loan default. Any delay in the timetable for the sale of repossessed properties upon the exercise of our enforcement rights to recover the outstanding loan amount and interest accrued may adversely affect our liquidity.

### **The value or the residual value of the pledged property may not be sufficient to cover the exposure of the loans**

We have granted property mortgage loans, including first mortgage loans and subordinated mortgage loans to our customers, the outstanding balance of which amounted to approximately HK\$196.1 million, HK\$670.0 million, HK\$774.6 million and HK\$623.5 million as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively. All of these outstanding balances were secured by properties pledged to us. During the Track Record Period, for loans mortgaged against residential properties, we offered first mortgage loans with loan-to-value ratio in the majority of cases, of not more than 70%. In respect of subordinated mortgage loans, we offered mortgage loans, when aggregated with all prior mortgage loans, with loan-to-value ratio, in the majority of cases, of not more than 70%. However, if the value or the residual value of the mortgaged property declines and the borrower is unable to repay the full value of the loan, the safety margin of our loans will be reduced and the risk of recovering our exposure to such loan will be increased. Failure to recover our exposure to any loan would adversely affect the profitability of our business.



## RISK FACTORS

### **Our subordinated mortgage loans are subject to higher-ranked mortgage(s) and therefore have higher credit risk than our first mortgage loans**

As at 31 December 2011, 2012 and 2013 and 31 May 2014, our active and outstanding loan balances from subordinated mortgage loans were approximately HK\$62.2 million, HK\$146.7 million, HK\$192.2 million and HK\$142.0 million, respectively, being approximately 31.5%, 21.8%, 24.7% and 22.6%, respectively, of our entire active and outstanding loan balances as at those dates. As these subordinated mortgage loans carry rights which are subordinated to those of first or prior mortgages, in the event of foreclosures, there is no assurance that the residual values (being the value of the properties less the outstanding balance of the first and other higher ranking subordinated mortgage loans at the time of initial loan drawdown by our customers) of the mortgaged real estates are sufficient to cover the outstanding balance of the subordinated mortgage loans after settling the first and other higher ranking mortgage loans in full. Subordinated mortgage loans may therefore expose us to certain risks. In the event that the first or prior mortgagee(s) enforce their first or earlier mortgagee rights by demanding the borrower make repayment and sell the property below market price, our security as subordinated mortgagee may be compromised and/or any sale out of our control may not generate sufficient proceeds to repay our subordinated mortgage loan after the outstanding loan of the first or prior mortgagee(s) have been repaid.

Our Directors confirm that it is the prevailing market practice in respect of mortgage loans that the first mortgagee will generally not provide any consent in respect of subordinated mortgage loans. Even if consents are given, first mortgagees generally will not provide specific consents that fully cover the aforesaid commercial risks.

Apart from other factors such as the borrower's credit history and profile and the property type, profile and valuation of the pledged property provided, we generally charge a higher interest rate on our subordinated mortgage loans to reflect the higher risk that we may not be able to recover the full amount of the loans receivable in the event that the value of the pledged property falls below the aggregate outstanding balance of the first and other higher-ranking mortgage loans. Accordingly, our asset quality, financial condition or results of operations may be materially and adversely affected.

### **Our business is affected by fluctuations in interest rates and our credit position**

Our Group's interest rate risks arise from both the interest-bearing lending and borrowings of our money lending business. In particular, our profitability is highly correlated to the net interest margin, being the difference between the interest rate charged to our customers and the costs of our funding. The interest rate chargeable by us to our customers is determined by, amongst other factors, the market demand for loans and the prevailing competition in the industry, and is ultimately capped by the relevant provisions of the Money Lenders Ordinance. Our borrowing cost is determined with reference to the overall local money lending market conditions and our credit positions. An increase in general interest rates or a deterioration of our credit positions will lead to increases in our funding costs.

## RISK FACTORS

**We may need to continue to obtain financing from external parties, including other licensed money lenders which may increase our Group's finance costs**

For the three years ended 31 December 2011, 2012 and 2013, our business and lending activities were financed by loans from a bank and a financial institution, both of which were Independent Third Parties and also through interest-free advances from our Controlling Shareholders. However, all such financings from the bank and the financial institution were terminated and fully settled in January 2014 and all advances provided by our Controlling Shareholders will be settled by capitalisation prior to the Listing. As a result of the termination of financings from the bank and financial institution, since December 2013 we have sought financing from a licensed money lender which is an Independent Third Party and offered loans at a higher interest rate as compared to the bank and financial institution. For the two years ended 31 December 2012 and 2013 loans from the bank and financial institution were obtained at a weighted average interest rate of approximately 3.7% and 4.4% per annum, respectively, whilst the interest rate charged by that licensed money lender has been 7% per annum. The increase in finance costs for the five months ended 31 May 2014 has had an adverse impact on the net interest margin achieved by our Group. In order to fund the growth and development of our business, we may need to continue to obtain financing from external parties, other than banks and financial institutions, such as licensed money lenders. Such financing may incur costs that are higher than the costs provided by banks and financial institutions and higher than the costs we previously incurred during the Track Record Period. The increase in finance costs may have an adverse impact on the net interest margin achieved by our Group, a key measure of our Group's profitability.

Our Group's ability to compete effectively may be reliant on our ability to secure financing from external parties, including licensed money lenders, at competitive interest rates. In the event that we are unable to acquire the required financing at interest rates which are competitive within the licensed money lending industry, our business operations, financial results, liquidity, profitability and future prospects may be materially and adversely affected.

**We may not be able to obtain sufficient funding to finance our money lending operation, especially as banks and financial institutions have tightened lending standards and may continue to do so or if the market value of our Group's pledged properties decreases**

During the Track Record Period, our Group's money lending business was primarily financed by (i) cash flow from our operating activities; (ii) funding through advances from our Controlling Shareholders; and (iii) funding from loans and/or facilities from a bank, a financial institution and a licensed money lender, all of whom are Independent Third Parties.

We may need additional capital to fund our expansion and growth and to increase our loan portfolio. There is no assurance that we will generate sufficient cash flow from our operating activities for our intended expansion plans. In the event that we do not have such operating cash flow, we may need to obtain alternative financing. However, as a result of actions taken by the Hong Kong government, as well as banks and financial institutions to prevent overheating in the property market since the end of 2013, we have experienced difficulties in obtaining financing from banks and financial institutions, which has resulted in our Group seeking more expensive financing alternatives and an increase in our finance costs.

## RISK FACTORS

There is no assurance that we will be able to obtain adequate financing from other sources on acceptable terms or at all. As we do not anticipate being able to obtain financing from banks and financial institutions in the near future, we may be required to seek more expensive financing alternatives which may result in an increase in our finance costs and adversely affect our financial position. In addition, any expansion plans will be limited by our capacity to obtain financing from sources other than banks or financial institutions and we may be required to scale back our planned expansion, which may adversely affect our ability to execute our planned growth strategy.

As at the Latest Practicable Date, we do not have any outstanding loans or loan financing arrangements with any banks or financial institutions and all advances from our Controlling Shareholders will be settled by capitalisation prior to the Listing. Loans from an Independent Third Party licensed money lender as at the Latest Practicable Date amounted to approximately HK\$220.7 million.

Borrowings from the Independent Third Party licensed money lender were secured against sub-charge(s)/sub-mortgage(s) on properties charged or mortgaged to our Company for securing loans receivable from our customers. Any decrease in the value of such pledged properties may also reduce the amount of facility granted to us and therefore the amount of funds that are available for the provision of loans. In such case, our finance costs may then increase and our business operations, financial results, liquidity, profitability and prospects may be materially and adversely affected.

### **We have a limited operating history**

Our operating subsidiary, GIC, was incorporated on 25 September 2008 and we have only been operating as a money lender since February 2009 shortly after obtaining the money lenders licence on 15 January 2009. Our experience and operations in the Hong Kong money lending industry are relatively limited. As a result, there is limited historical information available upon which you can base your evaluation of our business prospects and future financial performance. There is no assurance that we can maintain our profitability and growth in the future. Our results during the Track Record Period should not be used as an indication of our business prospects and our performance in the future.

Furthermore, we may encounter significant risks and difficulties frequently experienced by companies with early stage operations, and such risks and difficulties may be heightened in a rapidly developing market such as the money lending market in Hong Kong. Our future operating results depend upon a number of factors, including our ability to manage our growth, retain our customers as well as identify and attract new ones and to provide loan products at competitive rates which suit our customers' needs. If we are unable to successfully address the above issues, we may be unable to operate our business in the manner which we contemplate and generate revenues from such activities in the amounts and within the timeframes which we anticipate. If any of these events were to occur, it would have a material adverse effect on our business, prospects, financial condition, results of operation and cash flow.

## **RISK FACTORS**

### **We are dependent upon key management personnel**

Our success depends, to a significant extent on our ability to attract, retain and train key management and personnel including our Directors and senior management identified in the section headed “Directors and senior management” in this prospectus. In particular we depend on the vision, experience, expertise and managerial skills of our chairman and chief executive, Ms. Wang. Ms. Wang is responsible for our business strategy and overall development and has five years of experience in the money lending business. All of our key management are important to our success. The future success of our Group is dependent on the continued efforts, performance and abilities of such key management. Loss of the services of any of our key management personnel could materially and adversely affect our business, financial conditions and results of operations. Additionally, our ability to recruit and train skilled sales and administrative personnel is a vital factor to the success of our business activities. If we are not successful in recruiting and training such personnel, our business, financial conditions and results of operations could be materially and adversely affected.

### **There is no assurance that our future plans will be successfully implemented**

To capture growth opportunities, increase our market share and expand our brand, we plan to expand our loan portfolio which will mainly involve the increase in the number and/or value of our loans and developing our business. Please refer to the section headed “Future plans and use of proceeds” in this prospectus for further details of our future plans. There is no assurance that such future plans will be successfully implemented or result in profitability as expected or that our revenue will continue to grow in the future at the same rate as it did during the Track Record Period, or at all. Nor is there any assurance that increased expenditure on marketing and advertising campaigns will attract new customers and increase our market share. For our planned growth and expansion, we may require additional capital and need to incur substantial costs to develop our business and to hire, train and retain employees who share our business philosophy and culture. There is no assurance that our business partners, including referral agents, if any, will continue to cooperate with us or to help provide business under the relevant cooperation agreements or arrangements.

### **Failure of or deficiency in our internal control system to detect procedural errors, fraud and misconduct will affect our operations**

We may be exposed to fraud or other misconduct committed by our employees, representatives, agents, customers or other third parties that could subject us to financial losses as well as adversely affect our reputation.

Our internal control procedures are designed to monitor our operations and ensure overall compliance. Save as mentioned in the section headed “Business — Legal proceedings and compliance” in this prospectus, during the Track Record Period, we did not experience any serious errors committed by our employees or other misconduct committed by our representatives, agents or customers that had a material adverse effect on our business, financial condition and results of operations. However, our internal control procedures may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner, or if at all. Furthermore, it is not always possible to detect and prevent procedural errors, fraud and other misconduct, and the precautions we take to prevent and detect such activities may not be effective. We cannot assure that fraud or other

## **RISK FACTORS**

misconduct will not occur in the future. If such fraud or other misconduct does occur, it may cause negative publicity as a result. Our failure to detect and prevent procedural errors, fraud and other misconduct may have a material adverse effect on our business reputation, financial conditions and results of operations.

### **Our Group’s business and reputation could be adversely affected by negative publicity in relation to our Group and/or our Directors**

As further mentioned in the section headed “Industry overview — Maintaining a professional corporate image” in this prospectus, the professional image of a licensed money lender is an important factor for potential borrowers in their decision to borrow from one lender over another. The reputation of our Group and our Directors is therefore highly correlated to the success of our Group, and vice versa. The business prospects and reputation of our Group could be adversely affected by negative media publicity, including the publication of derogatory or defamatory articles, relating to our Group and/or our Directors such as the various press articles published in early 2014 in respect of charges against Ms. Wang, regarding her suspected involvement in a traffic incident in December 2013. Although Ms. Wang was released by the police from all suspected offences without charge, such incident may attract some negative press. Any adverse publicity which might deter potential borrowers from borrowing from us or may cause existing borrowers to redeem their loans may not only adversely affect our reputation but also our financial position and profitability. Furthermore, any negative publicity may also affect our Group’s ability to raise additional funds from external parties.

### **RISKS RELATING TO THE MONEY LENDING INDUSTRY**

#### **There is intense competition in the money lending industry**

According to the Ipsos Report, in December 2013 there were 1,120 licensed money lenders in Hong Kong. These licensed money lenders operate under various scales and conditions, some of which may or may not be our direct competitors. Some of our competitors may have certain competitive advantages over us, including greater financial resources, more established reputations, stronger brand recognition, broader product and service offerings, lower costs of funding and a branch network with a wider geographic coverage. As a result, we may have to compete by lowering the interest rates charged on loans in order to gain market share. Failure to maintain or enhance our competitiveness within the money lending industry or maintain our customer base with good credit standing may result in a decrease in profit as well as loss of market share. Consequently, our financial performance and profitability may be adversely affected.

#### **Our business is affected by changes in the economic, political and social conditions in Hong Kong**

As we generate income from our business and operation exclusively in Hong Kong, the economic, political and social conditions in Hong Kong, together with the business environment and its development, will have a direct impact on the property market and our financial performance and operational results. In addition, Hong Kong’s economy and business environment is open to influences from conditions and developments of the world economy as well as the economic and business environment of other territories relevant to Hong Kong such as the PRC.

## RISK FACTORS

Moreover, a slowdown in the Hong Kong economy or any change in laws, regulations and government policies relating to the property market may reduce economic activities in the real estate market and/or lower the value of mortgaged properties and their liquidity. There is no assurance that any changes in the world economy or the economic, political, social and business environment in Hong Kong will continue to have a positive effect on our business and operation in the future. There is no assurance that the market trend of property prices will continue to increase in future, and therefore the value of the pledged property may not be sufficient to cover the mortgage loans granted by us to our customers.

### **Our business may be affected by changes in the Money Lenders Ordinance**

Our business operation is regulated under the Money Lenders Ordinance and full compliance with such regulation is essential for us to carry on our business. Notwithstanding this, the relevant regulatory authorities may from time to time amend the Money Lenders Ordinance or adopt new laws and regulations applicable to licensed money lenders in Hong Kong. Our operation, financial performance and business prospects may be materially and adversely affected if we are not able to comply with any changes and/or new requirements in applicable laws and regulations related to the money lending industry in Hong Kong.

Notably, for the mortgage loans granted by us to our customers, the interest rate for such loans shall not exceed the maximum effective interest rate of 60% per annum as stipulated under the Money Lenders Ordinance. In the event that such maximum limit for interest rate is lowered as a result of any change to the Money Lenders Ordinance and/or any relevant laws and regulations, thus limiting and lowering the interest rate we can offer to our customers, our financial performance, operational results and profitability may be materially and adversely affected. Please refer to the section headed “Regulations — Relevant statutes, other relevant laws and regulations” in this prospectus for details.

### **Recent measures of the Hong Kong Government to curb speculation in the property market may reduce the demand for property mortgage loans**

The Hong Kong Government has recently introduced measures to curb speculation in the real estate market. Such measures, particularly the imposition of special stamp duty and buyer’s stamp duty, have increased the transaction cost of purchases of residential properties and may deter potential property buyers and investors from acquiring residential properties. This may result in a decrease in the demand for mortgage loans for financing the purchase of residential properties. As such, the expansion of the mortgage loan industry may be materially and adversely affected. For details of the measures recently introduced by the Hong Kong Government, please refer to the section headed “Regulations — Recent governmental policies on Hong Kong property market” in this prospectus.

## RISK FACTORS

### **RISKS RELATING TO THE SHARE OFFER**

#### **There has been no prior public market for Shares in our Company**

Prior to the Share Offer, there has been no public market for any of the Shares. The Offer Price may not be indicative of the price at which the Shares will be traded on the Stock Exchange following completion of the Share Offer. In addition, there can be no guarantee that an active trading market for the Shares will develop or, if it does develop, that it will be sustained following completion of the Share Offer or that the market price of the Shares will not fall below the Offer Price.

#### **The trading volume and market price of Shares in our Company may be volatile**

The trading price of the Shares can also be subject to significant volatility in response to, among other things, the following factors:

- investors' perception of our Group and our future business plan;
- variation in the operating results of our Group;
- changes to our Group's senior management;
- the depth and liquidity of the market for the Shares; and
- general economic and other factors in our Group's principal market.

#### **Our Company's share price may be affected if additional Shares are issued and/or sold by our Controlling Shareholders**

The disposals of a substantial number of the Shares in the public market after the Share Offer, or the possibility for such disposals, could adversely affect the market price of the Shares. Except as otherwise described in the section headed "Underwriting — Undertakings of the Controlling Shareholders" in this prospectus, there are no restrictions imposed on our Controlling Shareholders to dispose of their shareholdings. Any major disposal of Shares by our Controlling Shareholders, may cause downward pressures on the market price of the Shares. In addition, these disposals may make it more difficult for our Group to issue new Shares in the future at a time and price our Directors deem appropriate, thereby limiting our Group's ability to raise capital.

#### **Our Group's historical dividend policy is not indicative of our Company's future dividend policy**

Dividends may be paid only out of our Group's distributable profits as permitted under the relevant laws. Our Company's ability to pay dividends will therefore depend on its ability to generate sufficient distributable profits.

For the two years ended 31 December 2011 and 2012 and the five months ended 31 May 2014, no dividends were declared or paid by companies now comprising our Group. A dividend in respect of the year ended 31 December 2013 of HK\$8,000 per share (totalling HK\$80.0 million) was proposed

## RISK FACTORS

and declared on 21 March 2014 and paid on 2 May 2014 to Spring Asset by GIC. For further details of our Company's dividend policy, please refer to the section headed "Financial information — Dividends and distributable reserves — Dividend and dividend policy" in this prospectus. There can be no assurance that in the future our Company will pay dividends at a similar level to the past or at all, and potential investors should be aware that the amount of dividends paid in the past should not be used as a reference or basis upon which future dividends are determined. The payment and the amount of any dividends in the future will depend on various factors, including but not limited to, the results of operations, cash flows, financial position, statutory and regulatory restrictions on the payment of dividends by our Company and future prospects.

In addition, to the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our Group's operations and may therefore limit its further development. Therefore, there can be no assurance that our Company will declare dividends at all in the future. Future dividends, if any, will be at the discretion of the Board and will depend upon our Group's future results of operations, capital requirements, general financial position, legal and contractual restrictions and other factors the Board may deem relevant.

### **Purchasers of Shares will experience immediate dilution and may experience further dilution if we issue additional Shares in the future**

Our Directors will constantly seek opportunities to pursue further growth and development of the business. As such growth and costs in relation thereto cannot be predicted at this juncture, the proceeds raised from the Share Offer may not be sufficient to cover them. As a result, secondary issue(s) of securities after the Share Offer may be necessary in the future as a means to obtain the required capital for capturing such growth opportunities.

New Shares issued to existing and/or new Shareholders after the Share Offer may be priced at a discount to the then prevailing market price of the Shares traded on the Stock Exchange. Under such circumstances, existing Shareholders' equity interests may be diluted. In the event of any failure to utilise the new equity to generate a commensurate increase in the earnings, the earnings per Share of our Company will be diluted, which may result in a decline in the Share price.

Apart from equity funding conceived above, our Group may also need to raise additional capital through debt financing, which may, however, increase interest expense and gearing, and contain restrictive covenants regarding dividends, future fund-raising exercises and other financial and operational matters.

If any of the events stated above occurs, our Group's growth and profitability of its business may be adversely affected.

### **Certain facts and other statistics contained in this prospectus are derived from various official government and third party sources and may not be reliable**

Certain facts and others statistics contained in this prospectus relating to Hong Kong, the Hong Kong property market and the money lending business have been derived from various official government publications and third party sources. We believe that the sources of this information are



## **RISK FACTORS**

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 Sole Sponsor, the Underwriters or any other party involved in the Share Offer and no representation is given as to its accuracy.

### **Reliance on any information contained in press articles or other media regarding our Group and the Share Offer**

Our Directors wish to emphasise to prospective investors that they do not accept any responsibility for the accuracy or completeness of the information contained in any press articles or other media and such information was not sourced from and/or authorised by our Group. Our Group makes no representation as to the appropriateness, accuracy, completeness or reliability of any information contained in any press articles or other media. To the extent that any information contained in any press article or other media are inconsistent with, or conflicts with, the information contained in this prospectus or any announcement published by our Company, our Group disclaims all responsibility of all such information contained in any press articles or other media and all liability associated therein. Accordingly, prospective investors should not rely on any of the information in any press articles or other media.

### **There is a possibility that forward-looking statements contained in this prospectus may not materialise**

Included in this prospectus are various forward-looking statements which can be identified by the use of forward-looking terminology such as “aims”, “believes”, “expects”, “will”, “should”, “could”, “seeks”, “anticipates”, “plans” or “intends” or by the negative of any of these terms or comparable terminology, or by discussions of strategy or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our Group’s actual results, performance or achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on assumptions regarding our Group’s present and expected future business strategies and the environment in which our Group will operate in the future. Important factors that could cause our Group’s actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the loss of our Group’s key personnel and changes relating to Hong Kong and global economic and business conditions.

## FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include but not limited to, statements relating to:

- Future development, trends and conditions in our industry;
- Our business prospects;
- The competitive markets for our business and the actions and development of our competitors;
- Our overall financial condition and performance;
- General political and economic conditions;
- Expansion, consolidation or other trends in our industry;
- Our dividend policy;
- The regulatory environment and restrictions as well as the general industry outlook for the industry in which we operate;
- Changes to our expansion plans and use of capital expenditures;
- Macroeconomic measures taken by the Hong Kong government to manage economic growth as well as the property market; and
- Our business and operating plans and strategies and the measures to implement such strategies.

All statements other than statements of historical facts contained in this prospectus, including, without limitation, those regarding our Group's future financial position, our Group's strategy, plans, objectives, goals and targets, future developments in the markets where our Group participates or is seeking to participate, and any statements preceded by, followed by or that include the words "aim", "anticipate", "believe", "consider", "expect", "intend", "may", "plan", "seek", "should", "will", "would" or similar expressions or the negative thereof, as they relate to our business are intended to identify a number of these forward-looking statements. Although these forward-looking statements are made by our Directors after due and careful consideration, these statements reflect the current views of our management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove to be incorrect, our financial condition may be adversely affected and may vary materially from those described herein as anticipated, believed, estimated or expected. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on such forward-looking information.

## **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 (WUMP) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

### **UNDERWRITING**

This prospectus is published solely in connection with the Public Offer which forms part of the Share Offer. For applicants under the Public Offer, this prospectus and the Application Forms set out the terms and conditions of the Public Offer.

The Listing is sponsored by the Sole Sponsor. The Public Offer will be fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement and is subject to the agreement to the Offer Price between our Company and the Joint Bookrunners (on behalf of the Underwriters). The Share Offer is managed by the Joint Bookrunners. The Placing will be fully underwritten by the Placing Underwriters under the terms of the Placing Agreement. For further information about the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

### **DETERMINATION OF THE OFFER PRICE**

The Offer Shares are being offered at the Offer Price which will be determined by the Joint Bookrunners (on behalf of the Underwriters) and our Company on or around Friday, 5 December 2014, and, in any event, not later than Thursday, 11 December 2014.

If, for any reason, our Company and the Joint Bookrunners (on behalf of the Underwriters) are unable to reach an agreement on the Offer Price on or before Thursday, 11 December 2014, or such other time as may be agreed between our Company and the Joint Bookrunners (on behalf of the Underwriters), the Share Offer will not proceed.

### **RESTRICTIONS ON OFFERS AND SALES OF SHARES**

No action has been taken to permit the offering of the Offer Shares or the distribution of this prospectus and/or the related Application Forms 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, nor is it calculated to invite or solicit offers in any 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.

## **INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER**

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 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 herein must not be relied upon as having been authorised by us, the Sole Sponsor, the Joint Bookrunners, the Underwriters, and 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, and is deemed by his acquisition of the Offer Shares, to confirm that he is aware of the restrictions 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**

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus.

No part of our Company's share or loan capital is listed or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought on any other stock exchange in the near future.

Under Section 44B(1) of the Companies (WUMP) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Offer Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may within the said three weeks, be notified to our Company by the Stock Exchange.

## **INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER**

### **HONG KONG BRANCH REGISTER AND STAMP DUTY**

Our Company's principal register of members will be maintained in the Cayman Islands by the Cayman Islands Share Registrar and a branch register of members will be maintained by the Hong Kong Share Registrar, in Hong Kong. Only Shares registered on our Company's branch register of members maintained in Hong Kong may be traded on the Stock Exchange. Dealings in the Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty.

### **PROFESSIONAL TAX ADVICE RECOMMENDED**

You should consult your professional advisers if you are in any doubt as to the taxation implications of subscribing, purchasing, holding, disposing or dealing in the Shares. We emphasise that none of our Company, the Sole Sponsor, the Joint Bookrunners, the Underwriters, any of their respective directors, agents or advisers or any other party involved in the Share Offer accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposal, or dealing of Shares.

### **SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS**

Subject to the granting of listing of, and permission to deal in, the Shares on the Stock Exchange and compliance 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 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 the Shares to be admitted into CCASS.

If you are unsure about the details of CCASS settlement arrangements and how such arrangements will affect their rights, interests and liabilities, investors should seek the advice of their stockbroker or other professional advisers for details of those settlement arrangement and how such arrangements will affect their rights and interests.

### **PROCEDURE FOR APPLICATION FOR THE PUBLIC OFFER SHARES**

The procedure for applying for the Public Offer Shares is set out under the section headed "How to apply for Public Offer Shares" in this prospectus and on the relevant Application Forms.

## **INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER**

### **STRUCTURE OF THE SHARE OFFER**

Details of the structure of the Share Offer, including its conditions, are set out under the section headed “Structure of the Share Offer” in this prospectus.

### **LANGUAGE**

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Translated English names of Chinese laws and regulations, government authorities, institutions, natural persons or other entities included in this prospectus and for which no official English translation exists are unofficial translations for your reference only.

### **ROUNDING**

Any discrepancies in any table in this prospectus and the Application Forms between totals and sums of individual amounts listed therein are due to rounding.

### **COMMENCEMENT OF DEALINGS IN THE SHARES**

Dealings in the Shares on the Stock Exchange are expected to commence on or about Friday, 12 December 2014. Shares will be traded in board lots of 2,000 Shares each.

The stock code for the Shares is 1669.

Our Company will not issue any temporary documents of title.

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| <b>DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER</b> |
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| <b>Name</b>                                | <b>Residential Address</b>   | <b>Nationality</b> |
|--|--|--------------------|
| <i>Executive Directors</i>                 |  |                    |
| Ms. Wang Yao                               | G/F, House B<br>37 Island Road<br>Repulse Bay<br>Hong Kong                             | Australian         |
| Ms. Jin Xiaoqin                            | G/F, House B<br>37 Island Road<br>Repulse Bay<br>Hong Kong                             | Australian         |
| <i>Independent non-executive Directors</i> |  |                    |
| Mr. Chan Chi On<br>(alias Derek Chan)      | Flat G, 21/F, Block 15<br>South Horizons<br>Ap Lei Chau<br>Hong Kong                   | Chinese            |
| Dr. Ng Lai Man, Carmen                     | Flat G, 28/F, Block 16<br>Yee Tsui Court<br>South Horizons<br>Ap Lei Chau<br>Hong Kong | Chinese            |
| Mr. Tang, Warren Louis                     | 30/F, Block 46<br>Baguio Villa<br>500 Victoria Road<br>Pokfulam<br>Hong Kong           | Chinese            |

Further information of the above Directors is disclosed in the section headed “Directors and senior management” in this prospectus.

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| <b>DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER</b> |
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**Sole Sponsor**

Investec Capital Asia Limited  
3609, 36/F  
Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

**Joint Bookrunners and Joint Lead  
Managers**

Emperor Securities Limited  
23-24/F Emperor Group Centre  
288 Hennessy Road  
Wanchai  
Hong Kong

Investec Capital Asia Limited  
3609, 36/F  
Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

Kim Eng Securities (Hong Kong) Limited  
Level 30, Three Pacific Place  
1 Queen's Road East  
Hong Kong

Astrum Capital Management Limited  
11th Floor, 122 QRC  
Nos. 122-126 Queen's Road Central  
Central  
Hong Kong

Sun Securities Limited  
Room 1504, Far East Consortium Building  
121 Des Voeux Road Central  
Hong Kong



## DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

### Legal advisers to our Company

*As to Hong Kong law:*

P.C. Woo & Co.  
12/F  
Prince's Building  
10 Chater Road  
Central  
Hong Kong

*As to Hong Kong law in respect of the Group's  
sub-mortgage arrangements:*

Anson Wong SC  
Barrister-at-law  
Des Voeux Chambers  
38/F Gloucester Tower  
The Landmark  
Central  
Hong Kong

*As to Hong Kong law in respect of compliance of the  
Money Lenders Ordinance:*

Bernard Mak  
Barrister-at-law  
New Chambers  
Room 1002, Dina House  
No. 11, Duddell Street  
Central  
Hong Kong

*As to Hong Kong law in respect of legal proceedings  
against the Group:*

Lester Lee  
Barrister-at-law  
2808, 28/F  
Wing On House  
71 Des Voeux Road  
Central  
Hong Kong

*As to Cayman Islands law:*

Maples and Calder  
53/F  
The Center  
99 Queen's Road Central  
Hong Kong

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| <b>DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER</b> |
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|   |   |
|---|---|
| <b>Legal adviser to the Sole Sponsor and the Underwriters</b> | <i>As to Hong Kong law:</i><br>Cheung & Lee in association with Locke Lord (HK) LLP<br>21/F, Bank of China Tower<br>1 Garden Road<br>Central<br>Hong Kong |
| <b>Auditor and Reporting Accountant</b>                       | PricewaterhouseCoopers<br><i>Certified Public Accountants</i><br>22/F, Prince's Building<br>Central<br>Hong Kong  |
| <b>Compliance adviser</b>                                     | Investec Capital Asia Limited<br>3609, 36/F<br>Two International Finance Centre<br>8 Finance Street<br>Central<br>Hong Kong                               |
| <b>Receiving banker</b>                                       | DBS Bank (Hong Kong) Limited<br>16/F, The Center<br>99 Queen's Road Central<br>Central<br>Hong Kong   |

## CORPORATE INFORMATION

|   |   |
|---|---|
| <b>Registered office</b>  | PO Box 309<br>Ugland House<br>Grand Cayman<br>KY1-1104<br>Cayman Islands  |
| <b>Head office and principal place of business in Hong Kong registered under Part 16 of the Companies Ordinance</b> | Unit 01, 23/F<br>World-Wide House<br>19 Des Voeux Road<br>Central<br>Hong Kong  |
| <b>Website address</b>  | <a href="http://www.gic.com.hk">www.gic.com.hk</a> (information on this website does not form part of this prospectus)  |
| <b>Company secretary</b>  | Ms. Wong Wai Ling (ACIS, ACS)<br>18/F, Tesbury Centre<br>28 Queen's Road East<br>Wanchai<br>Hong Kong   |
| <b>Authorised representatives</b>   | Ms. Wang Yao<br>G/F, House B<br>37 Island Road<br>Repulse Bay<br>Hong Kong<br><br>Ms. Wong Wai Ling<br>18/F, Tesbury Centre<br>28 Queen's Road East<br>Wanchai<br>Hong Kong |
| <b>Audit committee</b>  | Mr. Chan Chi On<br>Dr. Ng Lai Man, Carmen ( <i>Chairman</i> )<br>Mr. Tang, Warren Louis   |
| <b>Remuneration committee</b>   | Mr. Chan Chi On ( <i>Chairman</i> )<br>Dr. Ng Lai Man, Carmen<br>Mr. Tang, Warren Louis<br>Ms. Wang Yao   |
| <b>Nomination committee</b>   | Mr. Chan Chi On<br>Dr. Ng Lai Man, Carmen<br>Mr. Tang, Warren Louis<br>Ms. Wang Yao ( <i>Chairman</i> )   |

## CORPORATE INFORMATION

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| <b>Principal share registrar and transfer office in the Cayman Islands</b> | Maples Fund Services (Cayman) Limited<br>PO Box 1093<br>Boundary Hall<br>Cricket Square<br>Grand Cayman<br>KY1-1102<br>Cayman Islands    |
| <b>Hong Kong branch share registrar and transfer office</b>                | Tricor Investor Services Limited<br>Level 22, Hopewell Centre<br>183 Queen's Road East<br>Hong Kong                                      |
| <b>Principal banker</b>  | Standard Chartered Bank (Hong Kong) Limited<br>15/F, Standard Chartered Tower<br>388 Kwun Tong Road<br>Kwun Tong<br>Kowloon<br>Hong Kong |

## INDUSTRY OVERVIEW

*Certain facts, statistics and data presented in this section and elsewhere in this prospectus have been derived, in part, from government official publications that we believe to be reliable and appropriate for such information. In addition, this section and elsewhere in the prospectus contains certain information and statistics which have been extracted from the Ipsos Report. We believe that the sources of this information in this “Industry Overview” section 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 materially false or misleading, and no fact has been omitted that would render such information materially false or misleading. While reasonable care has been taken in the extraction, compilation and reproduction of such information and statistics by us, neither we, the Sole Sponsor, the Joint Bookrunners, the Underwriters, their respective affiliates, directors or advisers, nor any party involved in the Share Offer have independently verified such information and statistics directly or indirectly derived from official government publications, and such parties do not make any representation as to their accuracy. The information and statistics may not be consistent with other information and statistics compiled by other parties.*

### REPORT CONDUCTED BY IPSOS

We commissioned Ipsos to conduct an analysis of, and to report on the licensed money lending service industry in Hong Kong for the period from 2009 to 2018. The information and analysis contained in the Ipsos Report was assessed independently by Ipsos, which is not connected to our Group in any way. Ipsos charged us a total fee of HK\$308,000 for the preparation and the use of the Ipsos Report, which our Directors consider to reflect market rates.

Ipsos specialises in conducting research across multiple sectors including manufacturing, education, IT and financial lending. The following assumptions are used in the Ipsos Report:

- The global, PRC and Hong Kong economies are assumed to maintain a steady growth over the forecast period; and
- It is assumed that there is no external shock such as any natural disaster or the wide spread outbreak of diseases to affect the demand for and supply of money lending services in Hong Kong.

The following parameters are considered in the marketing sizing and forecast model of the Ipsos Report:

- GDP and inflation growth rate in Hong Kong from 2009 to 2018;
- Average household disposable income and consumption expenditure in Hong Kong from 2009 to 2013;

## INDUSTRY OVERVIEW

- Annual lending rate in Hong Kong from 2009 to 2013;
- Number of SMEs in Hong Kong from 2009 to 2013; and
- Number of completion of residential properties in Hong Kong from 2009 to 2013.

Based on the review and analysis of the above basis and assumptions, nothing has come to the attention of our Directors and the Sole Sponsor to indicate that such information is misleading. As at the Latest Practicable Date, our Directors confirm that to the best of their knowledge and information and taking reasonable care, there is no adverse change in the market information since the date of the Ipsos Report, which may qualify, contradict or have an impact on the information in this section.

### OVERVIEW OF THE MACRO ECONOMIC ENVIRONMENT IN HONG KONG

#### GDP value and GDP growth rate in Hong Kong

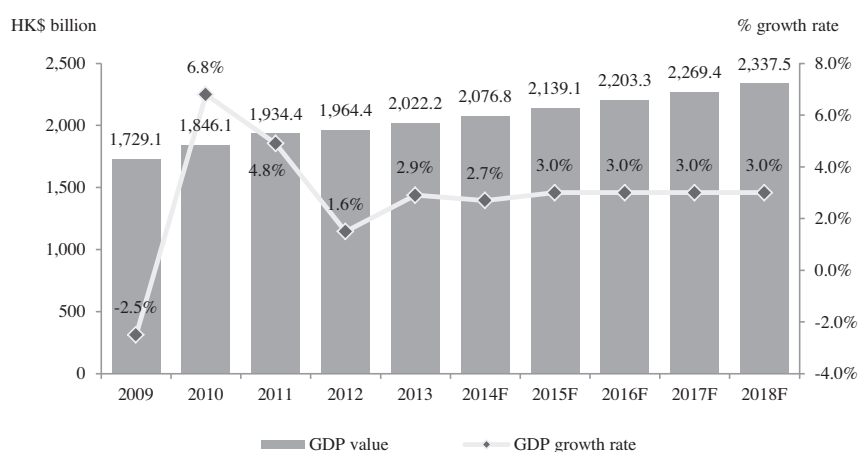


Figure 1. GDP value and GDP annual growth rate of Hong Kong from 2009 to 2018

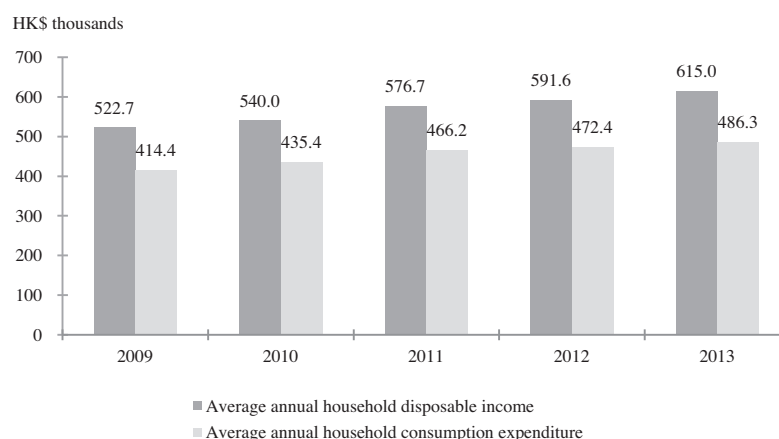
Note: Definition of GDP: Gross domestic product in real terms

Sources: Census and Statistics Department, HKSAR; Ipsos Report

Following the adverse impact of the global financial crisis in 2008, the GDP value in Hong Kong grew from approximately HK\$1,729 billion in 2009 to approximately HK\$2,022 billion in 2013, representing a CAGR of approximately 4.0%. The economy of Hong Kong recovered in 2010 recording a GDP growth rate of approximately 6.8%. The following year, GDP annual growth rate continued positively albeit at a slower rate of approximately 4.8% and then to 1.6% in 2012. The moderate growth was primarily due to the impact of the European debt crisis which broke out in 2011 and the cooling of the PRC economy in 2011 and 2012. In 2013, however, GDP grew at about 2.9% as a result of improved financial conditions in Europe, sustained revival in the domestic housing market and partial aversion of the fiscal cliff in the U.S. It is projected that the GDP growth rate is likely to stabilise from about 2.7% to about 3% from 2014 to 2018 backed by economic growth in the PRC and the continuing recovery of the global economy.

## INDUSTRY OVERVIEW

### Annual average household disposable income and average household expenditure in Hong Kong



*Figure 2. Annual average household disposable income and annual average household consumption expenditure in Hong Kong from 2009 to 2013*

*Notes:*

- (1) Consumption expenditure refers to the purchase of goods and services for individual or household consumption, as opposed to the purchase of materials or services used in production.
- (2) Annual average household disposable income refers to average nominal disposable income earned by households per annum.

*Sources:* Census and Statistics Department, HKSAR; Ipsos Report

The demand for mortgage loans is correlated to consumer sentiment on expenditure and/or purchase of real estate assets for residential or investment purposes which can be reflected in the household disposable income and consumption expenditure.

From 2009 to 2013, annual average household disposable income grew at a CAGR of approximately 4.1% from approximately HK\$522,700 in 2009 to approximately HK\$615,000 by 2013. This rise was mainly due to the introduction of the statutory minimum wage in 2011 that contributed to the increase in the average annual household disposable income and the falling unemployment rate. During the same period, average annual consumption expenditure increased from approximately HK\$414,400 in 2009 to approximately HK\$486,300 in 2013. The increase in average annual consumption expenditure is a result of the rising average annual household disposable income and the upward trend in the inflation rate from approximately 0.5% in 2009 to approximately 4.3% in 2013. The growth in both annual average household disposable income and consumption expenditure denoted an optimistic market sentiment, spurring investment activities, including property trading and business establishment, serving as a growth driver for the money lending service industry.

## INDUSTRY OVERVIEW

### Annual lending rate in Hong Kong

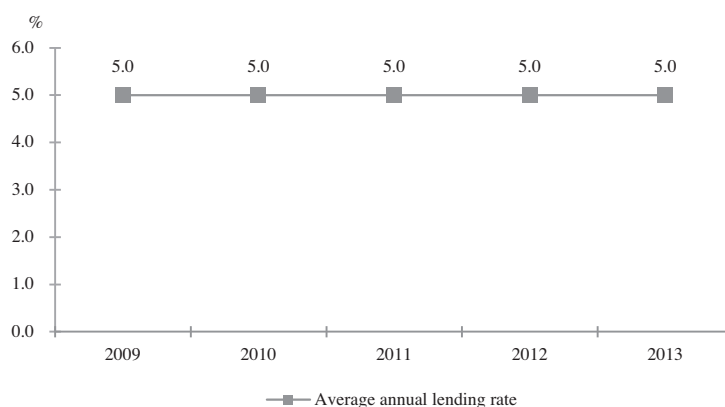


Figure 3. Annual lending rate in Hong Kong from 2009 to 2013

*Notes:*

- (1) Best lending rate refers to the rate quoted by the Hong Kong and Shanghai Banking Corporation Limited. Figures are the average rates in the year.
- (2) Authorised institutions include licensed banks, restricted licensed banks and deposit-taking companies.

*Sources:* Census and Statistics Department, HKSAR; Ipsos Report

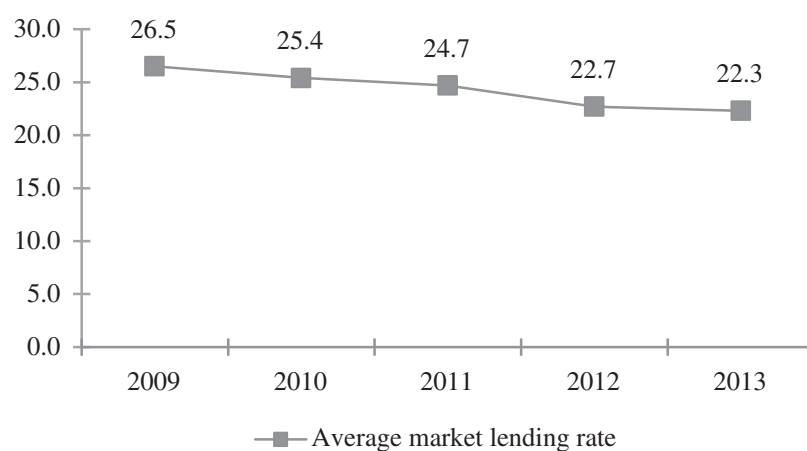
The Hong Kong best lending rate, being the rate quoted by the Hong Kong and Shanghai Banking Corporation Limited, and a benchmark interest rate that banks use to price loans in Hong Kong and which is computed based on the U.S. Federal Funds rate and the average of the interbank interest rate, remained constant at 5.0% from 2009 to 2013. As the U.S. maintained an accommodative monetary policy, the low interest rate environment in Hong Kong continued through 2011 and 2013.

Due to the positive economic conditions in Hong Kong, investors were active in the market. Loans granted by authorised institutions in Hong Kong (including licensed banks, restricted licensed banks and deposit taking companies) increased by a CAGR of approximately 12.6% from 2009 to 2013. The strong demand for loans in Hong Kong created upward pressure on banks' lending rate. As banks work to adjust their lending rate in response to the rising funding cost in order to raise interest margin, higher lending rate offered by banks raised the barriers of borrowing and led consumers to turn to licensed money lenders, benefiting the money lending service industry.



## INDUSTRY OVERVIEW

### Average market lending rate of licensed money lenders in Hong Kong



*Figure 4. Average market lending rate of mortgage loans (first and subordinated) offered by licensed money lenders in Hong Kong from 2009 to 2013*

*Note:* The average market lending rate refers to the average lending rate of licensed money lenders in Hong Kong issuing mortgage loans (first and subordinated). Figures are the average rates in the year.

*Sources:* Ipsos Report

The average market lending rate of mortgage loans (first and subordinated) offered by licensed money lenders in Hong Kong decreased moderately from about 26.5% in 2009 to about 22.3% in 2013.

As the average market lending rate decreased, the conditions for potential borrowers applying for subordinated mortgage loans from licensed money lenders appeared to be more attractive. These potential borrowers may be from mature households who needed funding for retirement activities, investment in new properties and children's education.

The first mortgage lending rate offered by licensed money lenders ranged from about 10.0% to about 31.2% in 2013. The subordinated mortgage lending rate offered by licensed money lenders ranged from about 9.6% to about 30.0% in 2013.

## INDUSTRY OVERVIEW

### Property price indices in the private sector in Hong Kong

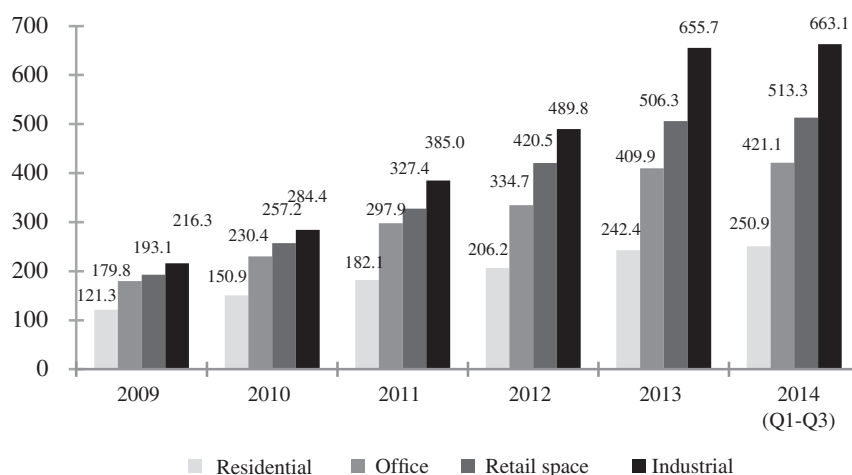


Figure 4. Property price indices in the private sector in Hong Kong from 2009 to Q3 2014

Note: Base year is from 1999 with an index of 100. The indices for industrial buildings are flattened factories in Hong Kong.

Sources: Census and Statistics Department, HKSAR; Ipsos Report

The overall property price indices, including the indices for residential buildings, offices, retail spaces and industrial factories, in the private sector in Hong Kong increased from 2009 to Q3 2014.

The property price index for residential buildings in Hong Kong grew from approximately 121.3 in 2009 to approximately 242.4 in 2013, representing a CAGR of approximately 18.9%, whereas the property price index for offices in Hong Kong grew from approximately 179.8 in 2009 to approximately 409.9 in 2013, representing a CAGR of approximately 22.9%. Retail spaces and industrial buildings saw similar increases with the property price index for retail spaces in Hong Kong growing from approximately 193.1 in 2009 to approximately 506.3 in 2013, representing a CAGR of approximately 27.2% and in respect of industrial buildings from approximately 216.3 in 2009 to approximately 655.7 in 2013, or a CAGR of about 32.0%. The principal cause of soaring property prices in Hong Kong from 2009 to Q3 2014 was the low interest rate in the mortgage market, which in turn was influenced by the U.S. monetary policy thereby attracting more property buyers into the market.

The growing property price indices from 2009 to Q3 2014 in Hong Kong indicated a buoyant property market, which supported the demand for mortgages and different types of business loans, serving as a growth driver for the money lending service industry.

## INDUSTRY OVERVIEW

### Number of sales and purchase agreements in Hong Kong

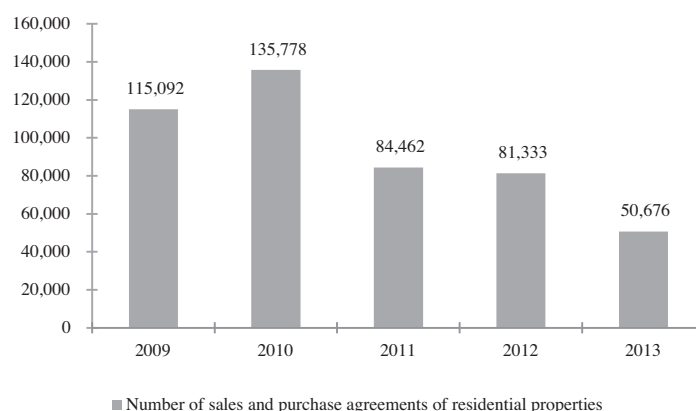


Figure 5. Total number of sales and purchase agreements of residential properties in Hong Kong from 2009 to 2013

Sources: Rating and Valuation Department, HKSAR; Ipsos Report

The total number of sales and purchase agreements of residential properties in Hong Kong decreased from approximately 115,092 in 2009 to approximately 50,676 in 2013, representing a negative CAGR of approximately 18.5%.

In view of the over-heating property market, the Hong Kong government sought to cool demand by launching the Special Stamp Duty (“SSD”) with effect from 20 November 2010, which imposed additional stamp duty for reselling any residential property within 24 months of purchase, and by increasing land supply for residential development in 2011. With these government policies and slowdown in economic growth, the total number of sales and purchase agreements of residential properties in Hong Kong fell from approximately 135,778 in 2010 to approximately 84,462 in 2011, representing a negative CAGR of approximately 37.8%.

In October 2012, the Hong Kong government adjusted the rate of SSD and extended the holding period of residential property to 36 months. It also introduced a Buyer’s Stamp Duty (“BSD”) to charge non-Hong Kong residents an additional 15%, on top of the existing stamp duty and SSD. The total number of sales and purchase agreements of residential properties in Hong Kong dropped further from approximately 81,333 in 2012 to approximately 50,676 in 2013, representing a negative CAGR of approximately 37.7%.

In spite of rising GDP, average household disposal income and average household consumption expenditure and property prices indices from 2009-2013, the SSD and BSD severely dampened demand for residential properties in Hong Kong after 2010. The decrease in the total number of sales and purchase agreements of residential properties in Hong Kong from 2009 to 2013 reflected the effectiveness of the government’s measures to curb the hyper property market in Hong Kong.

## INDUSTRY OVERVIEW

### Number of new residential properties completed in Hong Kong

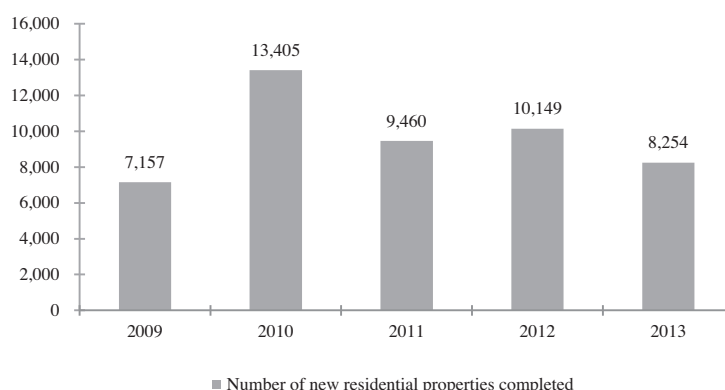


Figure 6. Total number of new residential properties completed in Hong Kong from 2009 to 2013

Sources: Rating and Valuation Department, HKSAR; Ipsos Report

The total number of new residential properties completed in Hong Kong grew from approximately 7,157 units in 2009 to approximately 8,254 units in 2013, representing a CAGR of approximately 3.6%.

It is expected that the housing supply will continue to increase as a result of the active land sales from the government side and the policy direction stated in the policy address in 2013. For example, in 2014, approximately 17,610 new residential properties are expected to be completed, an increase of approximately 13% from the number of new residential properties completed in 2013. The increase in the total number new residential properties completed in Hong Kong is expected to benefit the money lending service industry due to the higher demand for mortgage loans for the purchase of residential properties.

## MARKET OVERVIEW OF THE LICENSED MONEY LENDING SERVICE INDUSTRY IN HONG KONG

### Overview

The provision of money lending services in Hong Kong is a well developed and diversified industry. The money lending service industry has a long history in Hong Kong with various money lending businesses being established before the enactment of the Money Lenders Ordinance in 1980. The scope of money lending services includes personal loans such as credit card loans, business loans such as SME loans and mortgage loans including first and subordinated mortgage loans.

Loans provided by licensed money lenders may be secured or unsecured. Secured loans are more common in the industry, with collaterals comprised of property, monetary deposits or other assets. As secured loans are backed by collateral, borrowers typically enjoy a lower interest rate than unsecured loans.

## INDUSTRY OVERVIEW

Unsecured loans are offered to borrowers without the need for borrowers to provide collaterals. Interest rates for unsecured loans are typically higher than secured loans. Examples of unsecured loans include credit card loans. With most loans, borrowers have a set loan tenor to repay the money and of a certain limit of the repayment period based on their salary, for example, from six to 48 months with a maximum lending amount equivalent to three to four months of salary. For a longer loan tenor, the amount of the monthly repayment is relatively smaller for the sum of money borrowed, but the total amount of interests paid would be higher.

There are four broad types of service providers offering loans and advances in Hong Kong. They include:

*Banks or licensed banks:* provide a variety of personal and commercial money lending services. They have limited flexibility in interest rates but can operate current and savings accounts, and accept deposits of any size and maturity from the public and pay or collect cheques drawn by or paid in by customers. Licensed banks are regulated by the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

*Restricted licensed banks:* principally engaged in merchant banking and capital market activities. They may take deposits of any maturity of HK\$500,000 and above and are regulated by the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

*Deposit-taking companies:* operate as subsidiaries of banks or associated companies. These companies engage in a range of specialised activities, including consumer finance and securities business. They accept deposits of HK\$100,000 or above with maturity terms of at least three months and do not operate current and savings accounts. Deposit-taking companies are regulated under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

*Licensed money lenders:* provide a higher degree of flexibility in interest rates of all lending services and operate in accordance with the Money Lenders Ordinance. They are not regulated under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) but their business is monitored by the Hong Kong Police Force (Licensing Office). For further details on the regulations relating to the money lending business please refer to the section headed “Regulations” in this prospectus.

Our external legal counsel, Mr. Bernard Mak, barrister-at-law, has advised that as we are not an authorised institution, we are not required to follow the guidelines and restrictive requirements issued by the HKMA.

Most mortgage loans in Hong Kong are offered by banks. Under the supervision of the HKMA, banks generally adopt prudent and stable policies in approving mortgage loans. Other providers of mortgage loans include licensed money lenders.

A major difference between banks and licensed money lenders is the interest rates offered to borrowers. The interest rates charged by licensed money lenders tend to be higher than banks. In addition, the loan approval process for a mortgage loan tends to be shorter because banks generally need one to six weeks to approve mortgage loans.

## INDUSTRY OVERVIEW

### Number of authorised institutions and licensed money lenders in Hong Kong

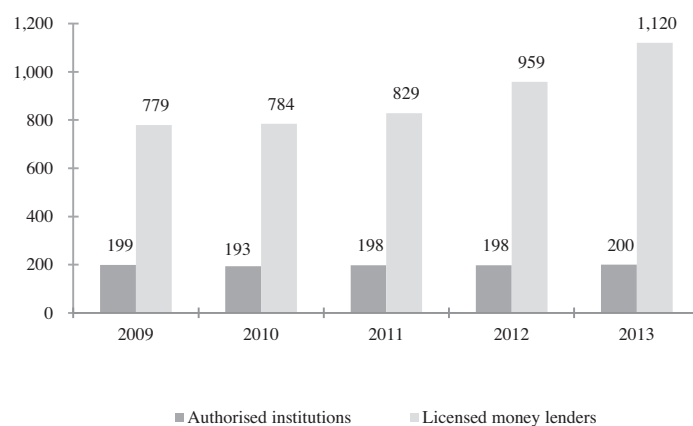


Figure 7. Total number of authorised institutions and licensed money lenders in Hong Kong from 2009 to 2013

Note: Authorised institutions refer to licensed banks, restricted licensed banks and deposit-taking companies.

Sources: HKMA; Ipsos research and analysis; Ipsos Report

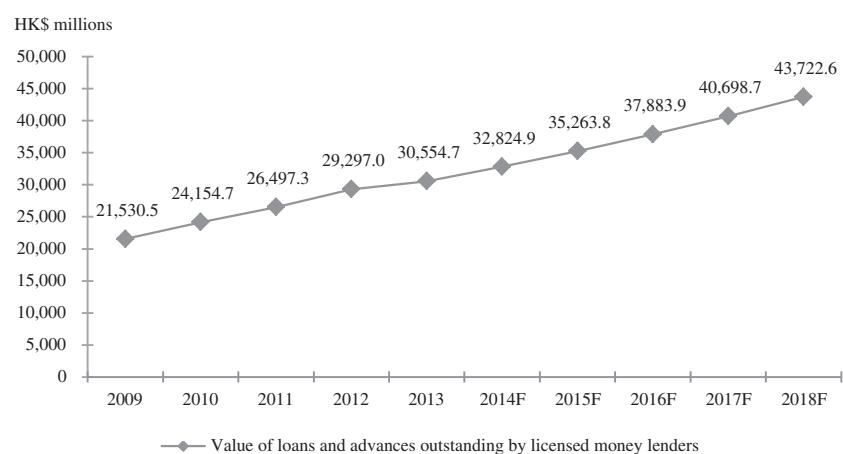
The number of authorised institutions in Hong Kong remained stable from approximately 199 in 2009 to approximately 200 in 2013, representing a CAGR of about 0.1%. The number of licensed money lenders in Hong Kong, however, grew significantly from approximately 779 in 2009 to about 1,120 in 2013, representing a CAGR of approximately 9.5%.

The significant growth in the number of licensed money lenders is a result of the ease with which a money lenders license can be obtained. A one-year money lending license can be issued to applicants that submit an application and relevant official statements to the Money Lenders Licensing Section of the Company Registrar and the Hong Kong Police Force under Part II of the Money Lenders Ordinance. The convenient procedures in establishing as a licensed money lender can drive the supply of licensed money lenders in Hong Kong.

The number of authorised institutions in Hong Kong is expected to grow moderately in the future with the opening of local offices by banks from mainland China and elsewhere. Additionally, the number of licensed money lenders in Hong Kong is projected to grow due to the increase in demand for money lending services in Hong Kong in the future.

## INDUSTRY OVERVIEW

### Total value of loans and advances granted by licensed money lenders in Hong Kong



*Figure 8. Total value of loans and advances outstanding by licensed money lenders in Hong Kong from 2009 to 2018*

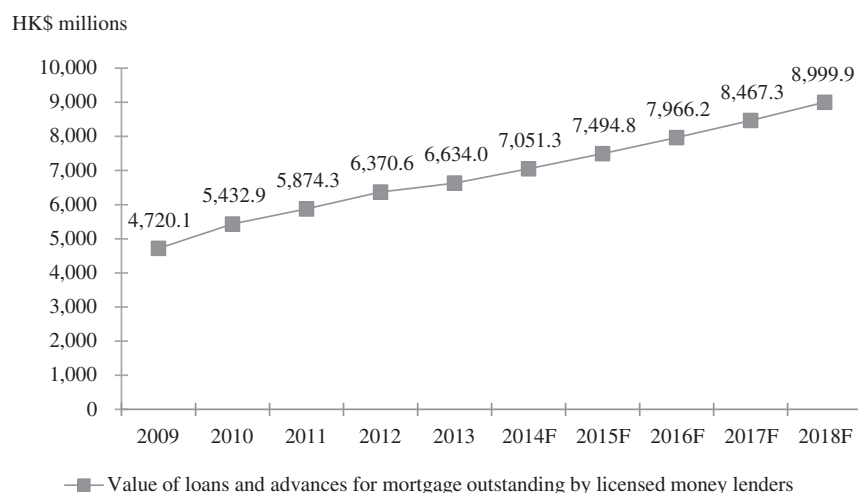
*Note:* Relevant figures of the total value of loans and advances outstanding are based on estimations of yearly records obtained from market research information. The exact total value of loans and advances may be higher or lower than this estimation in real terms.

*Source:* Ipsos Report

The total value of loans and advances outstanding by licensed money lenders in Hong Kong is expected to increase from approximately HK\$32.8 billion in 2014 to HK\$43.7 billion in 2018, representing a CAGR of approximately 7.4%. Authorised institutions are likely to be the major provider of loans and advances products and services as potential borrowers prefer authorised institutions for their professional image and service quality. Meanwhile, licensed money lenders have also sought to increase their exposure and develop more professional images through enhanced marketing efforts in order to attract borrowers. The emphasis on easy and flexible loan application and high service quality all drove demand for both personal and commercial loans from licensed money lenders. Therefore, the growth of total loans and advances outstanding by licensed money lenders is expected to increase steadily.

## INDUSTRY OVERVIEW

### Total value of mortgage loans and advances outstanding by licensed money lenders in Hong Kong



*Figure 9. Total value of loans and advances outstanding for mortgage loans offered by licensed money lenders in Hong Kong from 2009 to 2018*

*Note:* Relevant figures of the total value of loans and advances outstanding are based on estimations of yearly records obtained from market research information. The exact total value of loans and advances may be higher or lower than this estimation in real terms.

*Source:* Ipsos Report

The total value of loans and advances outstanding for mortgage loans offered by licensed money lenders in Hong Kong rose from approximately HK\$4.7 billion in 2009 to approximately HK\$6.6 billion in 2013, representing a CAGR of approximately 8.9%.

The total value of loans and advances outstanding for mortgage loans offered by licensed money lenders in Hong Kong is expected to increase from approximately HK\$7.1 billion in 2014 to approximately HK\$9.0 billion in 2018. The CAGR of total value of loans and advances outstanding for mortgage loans offered by licensed money lenders is expected to be approximately 6.3% from 2014 to 2018. As a result of the HKMA's tightening of the regulations on the loan-to-value ratio of authorised institutions, it is expected that licensed money lenders will attract more demand from property owners for first mortgage and subordinated mortgage loans as they are not regulated in the same manner as authorised institutions.



## INDUSTRY OVERVIEW

### **Future trends and developments of the licensed money lending industry in Hong Kong**

#### *Regulatory*

The demand for first and subordinated mortgage loans from licensed money lenders is expected to increase due to the HKMA's tightening of policies on mortgage loans in Hong Kong. Starting in 2011, the Hong Kong government introduced a series of measures to discourage speculative purchases of residential properties and decrease the risk of mortgage loan defaults within the banking industry. The tightening of such policies by the Hong Kong government, affected authorised institutions such as licensed banks, restricted licensed banks and deposit-taking companies. The measures imposed on banks and authorised institutions include setting a maximum limit on the loan-to-value ratio. Such measures may decrease the willingness of potential borrowers from obtaining mortgage loans through authorised institutions. On the other hand, this can increase the chances for these borrowers seeking other options such as licensed money lenders, as such, more potential borrowers are expected to obtain mortgage loans from licensed money lenders.

#### *Technology*

More money lending service providers are seeking to expand market share by operating and promoting their businesses online. In order to expand business portfolios and market share, there is an ongoing trend of money lending service providers to provide online applications for loans. For potential borrowers, online applications for loans using cross-platform instant messaging subscription service or through the Internet can provide a sense of ease, efficiency and privacy when compared to traditional face-to-face money lending practices. For the money lending service provider, operating elements of its business online can reduce costs.

### **COMPETITIVE LANDSCAPE OF THE LICENSED MONEY LENDING SERVICE INDUSTRY IN HONG KONG**

#### **Competitive environment of licensed money lending service industry**

According to Ipsos, there were about 1,120 licensed money lenders in Hong Kong in December 2013. The scale and nature of licensed money lenders are diverse with some offering a specific type of money lending service and others offering a mix of offers including personal loans, business loans (SME loans) or mortgage loans, depending on their lending capacity and liquidity.

Revenue generation is key in the money lending service industry. Licensed money lenders focusing on personal loans are more dependent on increasing the number of branches and employees to expand market share and drive revenue. Whereas, licensed money lenders with more leverage on capital are likely to expand into the mortgage loans and business loans market while also providing personal loans.

Licensed money lenders also compete with authorised institutions in providing personal, business and mortgage loans although licensed money lenders offer the advantage of providing loans with greater flexibility and simpler approval procedures.

## INDUSTRY OVERVIEW

Within a loan category, the interest rates, the length of loan tenor and choice of instalments vary with each licensed money lender. Therefore, brand exposure is important to reach potential borrowers who might compare lending services and products across a few licensed money lenders' offers. Television advertisements and short programmes on mortgage loans sponsored by licensed money lenders may be used to draw borrowers' attention.

Marketing tactics might involve incentives such as cash rebates, no early repayment penalty and simplified application so as to further attract potential borrowers. Brand spokespersons may also be employed by some of the major licensed money lenders to distinguish their company, highlight corporate image and enhance brand exposure.

### **Competitive factors**

*A diverse customer base is crucial to ongoing revenue generation*

Licensed money lenders have a relatively large market opportunity through the offering of first and subordinated mortgage loans. However, with the growth in the number of licensed money lenders, the business coverage of licensed money lenders appears to be limited. A wide customer base is therefore crucial for licensed money lenders to sustain their business.

*Maintaining a professional corporate image*

In addition to the interest rate offered by licensed money lenders for loans, the professional image of the money lender is an important factor for potential borrowers in their decision to borrow from one lender over another. As a result, licensed money lenders have sought to create a professional corporate image in order to offer borrowers greater confidence in their operations. Placing of television commercials in particular has been a common channel of marketing. Television commercials not only serve to raise brand awareness, credibility and the professional nature of certain licensed money lenders, but also to educate and introduce customers to alternatives to address their personal financial needs.

*Close monitoring of liquidity levels*

Licensed money lenders need to remain competitive and reduce exposure to financial risks caused by the long-run macroeconomic environment such as increases in market interest rates by leveraging on sufficient capital and levels of liquidity. Therefore, close monitoring of liquidity levels and loan-to-value ratios is vital to ensuring long term stability and success within the money lending market.

## INDUSTRY OVERVIEW

### Ranking of licensed money lenders and licensed money lenders (mortgage loan providers) in Hong Kong

#### *Ranking of licensed money lenders in Hong Kong in 2013*

The top ten licensed money lenders accounted for approximately 53.9% of total revenue from the licensed money lending market in Hong Kong.

| Rank | Name of Company | Key lending products                               | Number of branches and service outlets (2013) | Revenue in 2013 (HK\$ million) | Share of total industry revenue (%) | Value of loans outstanding (HK\$ million) | Number of employees |
|------|-----------------|--|---|--------------------------------|-------------------------------------|---|---------------------|
| 1    | Company A       | Mortgage loans<br>Personal loans<br>Business loans | 46  | 2,172                          | 29.7                                | 7,030                                     | 600                 |
| 2    | Company B       | Personal loans                                     | 37  | 510                            | 7.0                                 | 1,874                                     | 400                 |
| 3    | Company C       | Mortgage loans<br>Personal loans<br>Business loans | 21  | 349                            | 4.8                                 | 1,320                                     | 479                 |
| 4    | Company D       | Mortgage loans<br>Personal loans<br>Business loans | 20  | 276                            | 3.8                                 | 700                                       | 92                  |
| 5    | Company E       | Mortgage loans                                     | 1   | 219                            | 3.0                                 | 1,045                                     | 100                 |
| 6    | Our Company     | Mortgage loans<br>Personal loans                   | 1   | 121                            | 1.7                                 | 776                                       | 24                  |
| 7    | Company F       | Personal loans                                     | 1   | 110                            | 1.5                                 | 549                                       | 50                  |
| 8    | Company G       | Mortgage loans<br>Personal loans<br>Business loans | 1   | 74                             | 1.0                                 | 349                                       | 25                  |
| 9    | Company H       | Mortgage loans<br>Personal loans<br>Business loans | 2   | 59                             | 0.8                                 | 278                                       | 170                 |
| 10   | Company I       | Mortgage loans<br>Personal loans<br>Business loans | 1   | 47                             | 0.6                                 | 209                                       | 15                  |
|      | Others          |  |   | 3,387                          | 46.1                                | 16,425                                    |                     |
|      | Total           |  |   | 7,324                          | 100.0                               | 30,555                                    |                     |

*Source: Ipsos research and analysis*

## INDUSTRY OVERVIEW

### *Ranking of licensed money lenders (mortgage loan providers) in Hong Kong in 2013*

The following table sets out the top five licensed money lenders in respect of mortgage loans business only by value of mortgage loans outstanding.

| Rank | Name of Company | Number of branches and service outlets | Revenue in 2013 (HK\$ million) | Share of total industry revenue (%) | Value of mortgage loans outstanding (HK\$ million) | Number of employees |
|------|-----------------|--|--------------------------------|-------------------------------------|--|---------------------|
| 1    | Company A       | 46                                     | 408                            | 24.6                                | 1,853  | 600                 |
| 2    | Company B       | 1                                      | 219                            | 13.2                                | 1,045  | 100                 |
| 3    | Our Company     | 1                                      | 121                            | 7.3                                 | 772  | 24                  |
| 4    | Company C       | 20                                     | 90                             | 5.4                                 | 616  | 92                  |
| 5    | Company D       | 1                                      | 80                             | 4.8                                 | 434  | 25                  |

*Source: Ipsos research and analysis*

### **Market drivers and entry barriers of money lending service industry in Hong Kong**

Government policies regarding the tightening of mortgage loans and the increase in credit card usage are drivers for growth in the money lending services industry.

#### *Market drivers*

- Applications for first mortgage loans through licensed money lenders are expected to increase due to the tightening regulatory policy on bank-issued mortgage loans. Banks are the major first mortgage loan providers in Hong Kong, however, as mortgage loan policies have been tightened by the HKMA, potential borrowers may seek first mortgage loans from licensed money lenders rather than authorised institutions.
- Emphasis on improving the image of the money lending service industry will increase potential borrowers' confidence in licensed money lenders and lead to an increase in the amount of business. Eight out of the top ten licensed money lenders in 2013 focused on building a professional and positive industry image with significant use of marketing and advertising strategies. Branding and market positioning is crucial to expanding market share among licensed money lenders as well as authorised institutions, as potential borrowers value high quality and secured service provision.
- According to Ipsos, Hong Kong's population is also utilising credit cards for payments more frequently, which is expected to lead to an increase in delinquency of credit card bills. In 2013, credit card borrowing rose by about 1.8% to about HK\$18.6 billion in the fourth quarter of 2013 from about HK\$18.3 billion in the third quarter. Therefore the demand from borrowers seeking loans from licensed money lenders is projected to increase.

## INDUSTRY OVERVIEW

- Licensed money lenders are accepting collaterals such as permanent car-park, stores (retail units) and industrial units for mortgage loan applications. Such increase in acceptance of various types of collaterals will lead to the growth in market size and amount of business opportunities in the industry. It will also help in diversifying risks from residential mortgage loans.

### *Entry barriers*

- Although there are no minimum capital requirements for licensed money lenders in Hong Kong, strong cash flow and financial capability are still fundamental for licensed money lenders to operate successfully. Quick turnover and immediacy in the availability of funding in the money lending business requires the availability of a significant amount of cash and liquidity at the beginning phase of business setup. This presents a distinct barrier for new entrants to compete effectively.
- Increasing competition in attracting skilled workers to join the licensed money lending service industry is placing increasing pressure on the ability of companies to successfully enter the money lending market. Officers are required to have a thorough understanding of the credit market and be financially literate in order to carry out, amongst other things, financial analysis and due diligence. Licensed money lenders might have to compete for officers equipped with such market knowledge and operational experiences. Establishing a team of skilled workers can create a bottleneck at the beginning, as established money lenders would most likely have employed capable and experienced management. This would place increased pressure on costs to recruit skilled workers to join the new lender.

### *Market threats*

- The HKSAR government may impose regulations over licensed money lenders to curb overheating in the mortgage loan market. Household debt-to-GDP ratio was approximately 62.0% in 2013 and is expected to increase further if GDP grows at a constant rate of approximately 3.0% as predicted by Ipsos. The rise in household debt is mainly attributed to mortgage loan growth and the HKSAR government has introduced a series of measures to cool lending by authorised institutions. It is uncertain if the HKSAR government would implement controlling measures on licensed money lenders to enhance the control over the mortgage loan market but if it did, it could cause a negative impact on the industry.
- Volatility in the global economy rises with the increasing political and military tension in Ukraine in 2014, that will affect the economical partnership of countries such as Russia, USA and Europe. When macroeconomic environment and market signals affect the local unemployment rate, it has a negative relationship with mortgage loan recovery rate. The seasonal unemployment rate in Hong Kong is about 3.1% by end of 2013. From 2008 to 2013, it reached approximately 5.5% in 2009 after the global financial crisis in 2008.

## REGULATIONS

### **THE REGULATORY AUTHORITIES AND THE RELEVANT LAWS AND REGULATIONS IN HONG KONG REGARDING THE MONEY LENDING BUSINESS**

The Money Lenders Ordinance and the Money Lenders Regulations (the “**Relevant Statutes**”) provide that a person must obtain a Money Lenders Licence in order to operate business as a money lender in Hong Kong. The Relevant Statutes contain provisions for:

- (i) the licensing requirements for Money Lenders Licences;
- (ii) the control and regulation of money lenders and their money lending transactions;
- (iii) the permissible level of interest rates chargeable by money lenders regarding loans made to their customers; and
- (iv) the appointment of the Registrar of Money Lenders.

#### **Governing authorities**

There are three authorities governing money lending businesses in Hong Kong, namely, the Registrar of Money Lenders, the Commissioner of Police (the “**Commissioner**”) and the Licensing Court.

The Registrar of Money Lenders, whose role is presently performed by the Registrar of Companies, is responsible for, amongst others things, processing new and renewal applications for Money Lenders Licences, endorsement on licences and maintaining a register of money lenders which is open for inspection by members of the public.

The Licensing Court is responsible for the determination of applications for and granting of Money Lenders Licences.

The Commissioner is responsible for enforcing the Money Lenders Ordinance, including carrying out of investigations in relation to the applications for and endorsements on Money Lenders Licences and complaints against money lenders.

#### **Money Lenders Licence**

Section 7 of the Money Lenders Ordinance states that no person shall carry on business as a money lender (i) without a Money Lenders Licence; (ii) at any place other than the premises specified in the Money Lenders Licence; or (iii) otherwise than in accordance with the conditions of the Money Lenders Licence. Generally, except under the circumstances specified in the Money Lenders Ordinance, a Money Lenders Licence issued to a corporate is not transferrable, and it only entitles the person or any entity named in the licence to conduct money lending business.

Every Money Lenders Licence shall authorise the person and/or entity named therein to carry on business as a money lender for a period of 12 months from the date on which it is granted, and the licensee may apply for renewal of the licence for another 12 months annually. The licence will be

## REGULATIONS

renewed from, irrespective of whether the renewal of the licence was made prior to, upon or after its expiration, the day immediately following the day on which it would have, but for its renewal, or has, as the case may be, expired. The licensee may apply for such renewal within three months prior to the expiration of the licence or subsequent renewed licences.

### **Application for and renewal of Money Lenders Licence by the Licensing Court**

#### ***Information to be submitted to the Registrar***

When making an application for or renewal of Money Lenders Licence, an applicant is required to submit an application form and a statement in the prescribed form (together with the prescribed application fee) to the Registrar. In the event that the applicant is a corporate applicant, appropriate evidence of authorisation shall be submitted to prove that the application or renewal is made by a person duly authorised by the corporate applicant.

Under the Money Lenders Regulations, the corporate applicant must include the following details for the Registrar of Money Lenders to consider its application for or renewing the Money Lenders Licence:

- (i) the name (and former names if any) of the applicant (in both English and Chinese);
- (ii) the date and place of incorporation of the applicant;
- (iii) the date of registration under Part 16 of the Companies Ordinance if the applicant is a non-Hong Kong company (in the case of the application for licence);
- (iv) the registered office address of the applicant, and the address and telephone number of the applicant's each place of business at which the applicant's money lending business is conducted;
- (v) details of each of the directors of the applicant, including their English and Chinese names together with name codes, their residential addresses, their Hong Kong identity card numbers, their length of periods as directors of the applicant, and records of conviction in Hong Kong or elsewhere for offences other than traffic offences together with the details of any such conviction(s);
- (vi) the details of six principal shareholders (or all the shareholders if the number of shareholders is less than six), including their English and Chinese names and name codes; their residential addresses; details of their respective shareholdings in the applicant; and details of the beneficial owners of their respective shares if such principal shareholders are not the beneficial owners of the shares of the applicant; and
- (vii) the names and addresses of the applicant's banks, and the number(s) of account(s) maintained at each of the banks and the date(s) of opening of the account(s).

## REGULATIONS

### *Investigation and lodgement of application*

When submitting the application to the Registrar of Money Lenders, the applicant must also at the same time send a copy of the application to the Commissioner and the Commissioner may, if it thinks fit, conduct an investigation to be carried out in respect of the application, covering amongst other things:

- (i) conducting site visits to the applicant's places of business or offices at which the applicant operates or intends to operate the money lending business; and
- (ii) conducting interviews with the principal officers of the applicant and making inquiries on the operations of the applicant's money lending business.

In addition to site visits and interviews, the Commissioner may in writing also request the applicant to produce such books and records, or documents for his inspection. The Commissioner may also require that the applicant to furnish any other information which deems necessary for investigation purpose.

Within 60 days after either (i) the date on which the application is made expires; or (ii) the date on which the Commissioner notifies the Registrar that the investigation has been completed (the "**Relevant Date**"), the application shall be registered by the Registrar.

In the event that the Registrar or the Commissioner wishes to object to an application for a Money Lenders Licence on any ground, he shall serve on the applicant a notice of his intention to object (stating his ground(s) of objection thereon) not later than seven days after the Relevant Date, and where such notice is served by the Commissioner, he shall send a copy to the Registrar.

The Registrar shall then lodge the application for a Money Lenders Licence with the Licensing Court (together with any notice of objection) on the expiry of a period of seven days after the Relevant Date.

### *Grant or renewal of Money Lenders Licences by the Licensing Court*

Section 11 of the Money Lenders Ordinance states that the Licensing Court will not grant a Money Lenders Licence to an applicant who is convicted of an offence under the Money Lenders Ordinance and whom there is in force an order made by a court disqualifying such person from holding a Money Lenders Licence. The Licensing Court shall not grant or renew a Money Lenders Licence, if the application has been subject to an objection by the Registrar of Money Lenders or the Commissioner or any other person who has served notice of his intention to object, or any other person who is granted leave by the Licensing Court to make such objection unless the Licensing Court is satisfied that:

- (i) the applicant is a fit and proper person to carry on business as a money lender, or, in case the applicant is a company, then the person who, is in control of the company, is a fit and proper person to be conducting the money lending business;



## REGULATIONS

- (ii) any person responsible (or proposed to be responsible) for the management of the applicant's business, or, in case the applicant is a company, any director, secretary or officer of the company, is a fit and proper person to be conducting the money lending business;
- (iii) the applicant's name under which the Money Lenders Licence is applied for is not misleading or otherwise undesirable;
- (iv) the premises to be used in the applicant's money lending business are suitable for conducting the money lending business;
- (v) the applicant has complied with the relevant provisions and regulations relating to the application; and
- (vi) in all the circumstances the grant of such licence is not contrary to public interest.

The Licensing Court may impose any condition as it deems fit in the licence.

If a licensee intends to conduct business as a money lender at other premises other than or in addition to the premises specified in his licence, he may apply to the Licensing Court to have such additional premises endorsed on his licence.

### **Grounds for suspension or revocation of Money Lenders Licence**

The Registrar of Money Lenders or the Commissioner may apply to the Licensing Court, and the Licensing Court may make an order suspending or revoking any Money Lenders Licence granted by the Licensing Court if it is of the opinion that:

- (i) the licensee has seriously breached any condition specified on the Money Lenders Licence or has not been able to satisfy any other conditions relating to his money lending business; or
- (ii) the licensee has ceased to become a fit and proper person to conduct money lending business; or
- (iii) the premises specified in the Money Lenders Licence have become unsuitable for conducting the money lending business; or
- (iv) the business of the licensee has been carried on at any time or on any occasion since the date on which the licence was granted by recourse to use of any methods, or in any manner, contrary to the public interest.

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### **Our licensing history**

#### ***GIC***

GIC, the operating subsidiary of our Group, first commenced its money lending business upon obtaining the Money Lenders Licence granted by the Licensing Court on 15 January 2009.

Since the first granting of the Money Lenders Licence to GIC up to the Latest Practicable Date, GIC has never received any objection from the Registrar of Money Lenders or the Commissioner nor been investigated by the Registrar or the Commissioner regarding its applications for and renewal of licences.

Our Money Lenders Licence has been successfully renewed by the Licensing Court annually since commencement of our money lending business in 2009 and our present licence will expire on 16 January 2015.

### **Relevant statutes, other relevant laws and regulations**

#### **(I) *Money Lenders Ordinance***

There are a number of regulations imposed by the Money Lenders Ordinance regarding money lending transactions and arrangements which may be conducted by a licensed money lender including, amongst others, the following:

##### **(a) *Duty to notify the Registrar of changes of certain particulars — Section 17 of the Money Lenders Ordinance***

The following changes to certain particulars entered into the register in respect of any licensee which is a company, must be notified by the licensee to the Registrar in writing within 21 days after such changes taking place:

- (i) the officers;
- (ii) the control by any person; and
- (iii) the number of shares of the licensee, or shares of a prescribed class, therein held by any person whereby the nominal value of any such shares held by that persons exceeds such proportion of the nominal value of the share capital thereof or of the issued shares of that class, as the case may be, as may be prescribed.

##### **(b) *Written memorandum of agreement to be signed by borrowers — Section 18 of the Money Lenders Ordinance***

No agreement between a borrower and a licensed money lender regarding the repayment of money and the payment of interest and any security given to the licensed money lender shall be enforceable, unless a note or memorandum in writing of the agreement containing all the terms of such

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agreement is signed personally by the borrower within seven days after the making of the agreement, and that a copy of such memorandum is given by the licensed money lender to the borrower at the time of signing. No such agreement or security shall be enforceable if it is proved that the note or memorandum was not signed by the borrower before the money was lent or the security was given.

(c) *Duty to give information to borrower — Section 19 of the Money Lenders Ordinance*

A licensed money lender shall, on demand in writing being made by the borrower at any time during the continuance of the loan agreement, and, on tender by the borrower of the prescribed fee for expenses, provide a statement (consisting of the original and a copy) signed by the licensed money lender or his agent, to the borrower or any other person specified by the borrower in his demand, showing, amongst others, the following information:

- (i) the date on which the loan was made, the amount of principal and interest rate charged;
- (ii) the amount of any payments already received by the money lender and the date(s) of such payments; and
- (iii) the amount not yet due which remains outstanding, and the date on which it will become due.

A licensed money lender who fails to comply with Section 19 of the Money Lenders Ordinance without reasonable excuse within one month after the demand has been made by the borrower shall not, as long as the default continues, be entitled to sue the borrower for recover of any sum due, whether for principal or interest, under the agreement, and that interest shall not be chargeable during the period of default.

However, this duty does not apply to any licensed money lender in respect of any demand made by a borrower within one month after a previous demand relating to the same agreement has been complied with.

(d) *Entitled to early repayment — Section 21 of the Money Lenders Ordinance*

Any borrower under any agreement for money lent by a licensed money lender is entitled to, by giving written notice to the licensed money lender at any time, make early repayment of all outstanding principal under the agreement together with the relevant interest calculated up to the date of such early payment.

(e) *Provision against compound interest, increase of interest by default, and prohibition of repayment by instalment — Section 22 of the Money Lenders Ordinance*

It is illegal for any loan agreement between a money lender and a borrower to provide for, whether directly or indirectly:

- (i) the payment of compound interest;

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- (ii) prohibition of repayment of the loan by instalments; or
- (iii) the rate or amount of interest being increased by reason of any default in the payment of sums due under the agreement. Such a provision may however be permissible if default is made in the payment upon the due date of any sum payable under the agreement, whether in respect of principal or interest, the money lender shall be entitled to charge simple interest, subject to Part IV of the Money Lenders Ordinance, on that sum from the date of the default until the sum is paid at an effective rate not exceeding the effective rate payable in respect of the principal apart from any default, and any interest so charged shall not be reckoned for the purposes of the Money Lenders Ordinance as part of the interest charged in respect of the loan. (According to Section 2 of the Money Lenders Ordinance, effective rate, in relation to interest, means the true annual percentage rate of interest calculated in accordance with Schedule 2 of the Money Lenders Ordinance.)

However, when deciding on the legality of any agreement, if the court is satisfied that in all the circumstances of a particular case, it would be inequitable for any agreement which does not comply with Section 22 of the Money Lenders Ordinance to be held unenforceable, the court may order that such agreement is enforceable to such extent, and subject to such modifications or exceptions, as the court considers equitable.

(f) *Prohibition of excessive interest rate — Section 24 of the Money Lenders Ordinance*

Section 24 of the Money Lenders Ordinance stipulates that it is a criminal offence for any person (whether a licensed money lender or not) to lend or offers to lend money at an effective rate of interest which exceeds 60% per annum. No agreement for the repayment of any loan or for the payment of interest on any loan and no security given in respect of any such agreement or loan shall be enforceable in any case in which the effective rate of interest exceeds 60% per annum.

Contravention of Section 24 of the Money Lenders Ordinance carries a maximum penalty of:

- (i) a fine of HK\$500,000 and two-year imprisonment, on summary conviction; or
- (ii) a fine of HK\$5,000,000 and ten-year imprisonment, on conviction upon indictment.

(g) *Re-opening of certain transactions — Section 25 of the Money Lenders Ordinance*

Section 24 of the Money Lenders Ordinance provides that if in any proceedings for the recovery of any money lent or the enforcement of any agreement or security in respect of any loan, the court is satisfied that the transaction is extortionate, the court may re-open any transaction and make such orders and give such directions as it may think fit. A transaction is extortionate if it requires the borrower or a relative of his to make payments (i) which are grossly exorbitant; or (ii) which grossly contravenes ordinary principles of fair dealing. Any agreement for the repayment of a loan or for the payment of interest on a loan in respect of which the effective rate of interest exceeds 48% per annum shall be presumed to be a transaction which is extortionate. If the court, having regard to all circumstances relating to that transaction in question, is satisfied that such rate is not unreasonable

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or unfair, the court may (except where such rate exceeds 60% per annum) declare that a particular transaction is not extortionate, if, having regard to all circumstances relating to that transaction in question, the court is satisfied that such rate is not unreasonable or unfair even if it exceeds 48% per annum.

Factors and evidence which the court may take into account when deciding whether a transaction is extortionate or not include, but not limited to the following:

- (i) interest rate prevailing at the time;
  - (ii) the borrower's age, experience, business capacity and state of health;
  - (iii) the degree to which, at the time of entering into the transaction, the borrower was under financial pressure and the nature of that pressure; and
  - (iv) the degree of risk accepted by the money lender in that particular transaction, having regard to the nature and value of any security provided by the borrower.
- (h) *Charges for expenses etc. are not recoverable by licensed money lenders — Section 27 of the Money Lenders Ordinance*

Any agreement entered into between a licensed money lender and a borrower (or intending borrower) to provide for the payment by the borrower to the licensed money lender of any sum for or on account of costs, charges or expense (other than stamp duties or similar duties) incidental to or relating to the negotiations for or the granting of the loan or proposed loan or the guaranteeing or securing of the repayment is illegal.

It is also illegal for any licensed money lender or his partner, employer, employee, principal or agent or any person acting for or in collusion with any licensed money lender to charge, recover or receive any sum as for or on account of any such costs, charges or expenses (other than stamp duties or similar charges) or to demand or receive any remuneration or reward whatsoever from a borrower or intending borrower for or in connection with or preliminary to procuring, negotiating or obtaining any loan made or guaranteeing or securing the repayment of a loan.

- (i) *Exempted Loans under Part 2, Schedule 1 of the Money Lenders Ordinance*

Certain types of loan granted by licensed money lenders are exempted from the provisions of the Money Lenders Ordinance (except Sections 24 and 25, which apply to any person (whether a licensed money lender or not)). These include, but are not limited to: (i) loans made bona fide by an employer to its employee; (ii) loans made to a company secured by a mortgage, charge, lien or other encumbrance; (iii) loans made under bona fide credit card schemes; (iv) loans made bona fide for the purchase of immovable property on the security of a mortgage; (v) loans made to a company the shares or debentures of which are listed on a recognised stock market; (vi) loans made to a company that has

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a paid up share capital of not less than HK\$1 million or an equivalent amount in any other currencies freely convertible into Hong Kong dollars, or any currencies approved in writing by the Registrar; and (vii) loans made by a company or a firm or individual whose ordinary business does not primarily or mainly involve the lending of money.

### (II) *Money Lenders Regulations*

The Money Lenders Regulations is the subsidiary legislation of the Money Lenders Ordinance. They primarily govern the administrative aspects and certain procedures for application and renewal of Money Lender Licences such as regulating the procedures, formats and the fees for the application and renewal of Money Lender Licences.

### (III) *Laws and regulations in respect of money laundering*

In addition to the Relevant Statutes, there are other laws and regulations in force in Hong Kong which also concern our money lending business and the most important of which relates to anti-money laundering.

(a) *Drug Trafficking (Recovery of Proceeds) Ordinance (Chapter 405 of the Laws of Hong Kong), Organized and Serious Crimes Ordinance (Chapter 455 of the Laws of Hong Kong), United Nations (Anti-Terrorism Measures) Ordinance (Chapter 575 of the Laws of Hong Kong) and the United Nations Sanctions Ordinance (Chapter 537 of the Laws of Hong Kong)*

These Hong Kong legislations concern primarily money laundering. They also provide that it is an offence for any person to carry on a transaction with an aim to conceal, or disguise the identity and origin of criminal proceeds or funds. It is also illegal under these legislations for any person to deal in any property which represents proceeds obtained from drug trafficking or any indictable offence. They also require disclosure by any person of his knowledge or suspicion of any such property, or of Terrorist Property (as defined below).

The Drug Trafficking (Recovery of Proceeds) Ordinance came into force in September 1989. It provides for the tracing, freezing and confiscation of the proceeds of drug trafficking and creates a criminal offence of money laundering in relation to such proceeds. The Organized and Serious Crimes Ordinance came into operation in December 1994. It extends the money laundering offence to cover the proceeds of indictable offences in addition to drug trafficking.

The United Nations (Anti-Terrorism Measures) Ordinance came into force in 2002. This ordinance seeks to implement the mandatory elements of the United Nations Security Council Resolution aimed at combating international terrorism on various fronts. The ordinance provides that it would be a criminal offence to: (i) provide or collect funds (by any means, directly or indirectly) with the intention or knowledge that the funds will be used to commit, in whole or in part, one or more terrorist acts; or (ii) make any funds or financial (or related) services available, directly or indirectly, to or for the benefit of a person knowing that, or being reckless as to whether, such person is a terrorist or terrorist associate. The ordinance also requires a person to report his knowledge or suspicion of Terrorist Property to an authorised officer, and failure to make such disclosure constitutes an offence

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under the ordinance. Terrorist Property, as defined in Section 2, refers to property of a terrorist or terrorist associate; or any other property that is intended to be used to finance or otherwise assist the commission of a terrorist act; or was used to finance or otherwise assist the commission of a terrorist act.

Sections 7 and 8 of the United Nations (Anti-Terrorism Measures) Ordinance prohibit a person from providing any property knowing that the property will be used, in whole or in part, to commit one or more terrorist acts. It also prohibits a person from making any property or financial services available to or for the benefit of a person knowing that, or being reckless as to whether, the person is a terrorist or terrorist associate, except under the authority of a licence granted by the Secretary for Security in Hong Kong.

Section 12 of the United Nations (Anti-Terrorism Measures) Ordinance regulates the disclosure of knowledge or suspicion that property is Terrorist Property. Where a person knows or suspects that any property is Terrorist Property, the person shall disclose to the Police Department, the Customs and Excise Department, the Immigration Department, or the Independent Commission Against Corruption (the “**Authorised Officer**”) the information or other matter on which the knowledge or suspicion is based; and as soon as is practicable after that information or other matter comes to the person’s attention. It is an offence for failing to disclose to the Authorised Officer such information, and it is also an offence to disclose any information to other parties that may prejudice the investigation.

The United Nations Sanctions Ordinance was enacted to implement resolutions of the Security Council of the United Nations to impose targeted sanctions against certain jurisdictions in Hong Kong as instructed by the Ministry of Foreign Affairs of the PRC.

As at the Latest Practicable Date, there were 16 regulations made under this ordinance relating to around 15 jurisdictions, including but not limited to Liberia, Libya, Afghanistan, Eritrea and the Democratic Republic of the Congo. There are prohibitions against trade-related activities, which include making available to, or for the benefit of, certain persons, entities funds or other financial assets or economic resources, or dealing with funds or other financial assets or economic resources of certain persons or entities from the above jurisdictions.

Section 3(3) of the United Nations Sanctions Ordinance provides that a contravention or breach of different sanctions or trade restrictions in the regulations shall be punishable on summary conviction by a fine not exceeding HK\$500,000 and imprisonment for a term not exceeding two years; on conviction on indictment by an unlimited fine and imprisonment for a term not exceeding seven years. These penalties can deter trading activities breaching the sanctions or trade restrictions imposed under the Laws of Hong Kong, or by the United Nations.

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(b) *Anti-money laundering and counter-terrorist financing guideline (the “LMLA Guideline”)*

The LMLA Guideline is published by The Hong Kong S.A.R. Licensed Money Lenders Association Limited (the “LMLA”) with reference to the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Chapter 615 of the Laws of Hong Kong) (the “AMLO”). The LMLA Guideline refers to sections of the AMLO in so far as they may be relevant and applicable to licensed money lenders and are intended for use by money lenders, their officers and staff. The purposes of the LMLA Guideline are to:

- (a) provide a general background on the subjects of money laundering and terrorist financing, including a summary of the main provisions of the applicable anti-money laundering and counter-financing of terrorism legislation in Hong Kong; and
- (b) provide practical guidance to assist money lenders and their senior management in designing and implementing their own policies, procedures and controls in the relevant operational areas, taking into consideration their special circumstances so as to meet the relevant anti-money laundering and counter-financing of terrorism statutory and regulatory requirements.

Failure by any person to comply with any provision of the LMLA Guideline does not by itself render the person liable to any judicial or other proceedings but, in any proceedings under the AMLO before any court, the LMLA Guideline is admissible in evidence; and if any provision set out in the LMLA Guideline appears to the court to be relevant to any question arising in the proceedings, the provision may be taken into account in determining that question.

Chapter one of the LMLA Guideline provides an overview of the nature of money laundering and terrorist financing including the relevant definitions of money laundering and terrorist financing under the AMLO and the common stages in the laundering of money including, placement, layering and integration. It also provides an overview of the relevant legislation concerned with money laundering and terrorist financing as previously mentioned in the preceding paragraph (a) above.

Chapter two of the LMLA Guideline covers anti-money laundering/counter financing of terrorist systems and business conducted outside Hong Kong. Under the LMLA Guideline, money lenders are advised to take all reasonable measures to ensure that proper safeguards exist to mitigate the risks of money laundering/terrorist financing and to prevent a contravention of any requirement under Part 2 or 3 of Schedule 2 of the AMLO. To ensure compliance with this requirement, money lenders are advised to implement appropriate internal anti-money laundering/counter-financing of terrorism policies, procedures and controls.

Chapter two of the LMLA Guideline further provides guidance on risk factors, including product/service risk, delivery/distribution channel risk, customer risk and country risks to help money lenders in identifying and assessing issues and areas in which vigilance is required or risks may be high. It also offers suggestions on effective controls which may be implemented, including senior management oversight, the appointment of officers to monitor compliance and money laundering reporting, the establishment of an independent compliance and audit function and staff screening.



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Chapter two of the LMLA Guideline also provides guidance to Hong Kong-incorporated money lenders with overseas branches or subsidiary undertakings.

Chapter three of the LMLA Guideline sets out the risk-based approach to customer due diligence and ongoing monitoring which is recognised as an effective way to combat money laundering/terrorism financing. The general principle of a risk-based approach is that where customers are assessed to be of higher money laundering/terrorism financing risks, money lenders should take enhanced measures to manage and mitigate those risks, and that correspondingly where the risks are lower, simplified measures may be applied.

As a general requirement, the LMLA Guideline suggests that money lenders should determine the extent of customer due diligence measures and ongoing monitoring, using risk-based approach depending upon the background of the customer and the product, transaction or service used by that customer, so that preventive or mitigating measures are commensurate to the risks identified.

Chapter four of the LMLA Guideline covers customer due diligence. Money lenders may also need to conduct additional measures or could conduct simplified customer due diligence depending on specific circumstances. The chapter suggests ways that the expectations of the LMLA may be met. Wherever possible, the LMLA Guideline gives money lenders a degree of discretion to conduct due diligence and put in place procedures for such purpose.

Chapter four also provides guidance and suggestions on identification and verification of the customer's identity, characteristics and evidence of identity, purpose and intended nature of business relationships, timing of identification and verification of identity of natural persons, legal persons and trusts as well as high-risk situations and politically exposed persons. The LMLA Guideline also notes that money lenders should give particular attention to and exercise extra care in respect of business relationships and transactions with persons from jurisdictions that do not or insufficiently apply the recommendations of The Financial Action Task Force, an inter-governmental body formed in 1989 that sets the international anti-money laundering standards, or other jurisdictions assessed as higher risk.

Chapter five of the LMLA Guideline provides guidance to money lenders on effective ongoing monitoring of documents, data and information, customers and transactions to help with knowing customers and to detect unusual or suspicious activities. A risk-based approach to monitoring is advised and the chapter also provides guidance on methods and procedures which money lenders may consider adopting.

Chapter six of the LMLA Guideline covers financial sanctions and terrorist financing. Chapter six refers to various legislation (including, amongst others, The United Nations Sanctions Ordinance and The United Nations (Anti-terrorism Measures) Ordinance) in respect of financial sanctions and terrorist financing which are set out in the preceding paragraph (a).

Chapter seven refers to the reporting of suspicious transactions including the legislation which covers the offence for failure to disclose. The chapter elaborates on the difference between knowledge and suspicion and guidance on internal reporting as well as recording of such internal reports, records of reports to the Joint Financial Intelligence Unit and post reporting matters.

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Chapter eight refers to general legal and regulatory requirements and recommends that money lenders should maintain customer transaction and other records that are necessary and sufficient to meet the record-keeping requirements under the AMLO including the retention of records relating to customer identity and transactions.

Chapter nine of the LMLA Guideline provides information in relation to staff training and offers guidance as to issues in which staff should be made aware of and to monitor effectiveness of training.

Our Directors confirm that our Group has never conducted any trading activities with companies or individuals from the countries on which the United Nations Sanctions Ordinance or its regulations apply.

Details of the compliance of the above laws and regulations are set out in the section headed “Business — Legal compliance” in this prospectus.

### *(IV) Other laws and regulations*

#### **Personal Data (Privacy) Ordinance Chapter 486 of the Laws of Hong Kong (“PDPO”)**

The nature of our business inevitably requires that we collect, keep, and make use of our customers’, and potential customers’ personal data on a frequent and regular basis. As a result of which, we have to follow the fair information practices as set out in the data protection principles of the PDPO.

Although we owe a duty of confidentiality to our customers under the relevant laws and regulations on protection of data privacy, we are required, and are entitled to report any suspicious cases to the relevant authorities. Legislation in Hong Kong such as the Drug Trafficking (Recovery of Proceeds) Ordinance require that disclosure of certain suspicious transactions be made under the legislation. Such disclosures are not be treated as a breach of any restriction upon the disclosure of information imposed by contract or by any enactment, rule of conduct or other legislation provision, and any person making such disclosure shall not be liable in damages for any loss which may arise out of such disclosure.

Further, Section 58 of the PDPO provides that if personal data are used for any of the purposes referred to in Section 58(1) of the PDPO (which includes but not limited to prevention or detection of crimes, prosecution or detention of offenders and prevention, preclusion or remedying of unlawful or seriously improper conduct or dishonesty or malpractice by persons etc.) (“**Exempted Matters**”) and the application of the personal data protection principle in relation to such use would be likely to prejudice any of the Exempted Matters, then (i) such personal data are exempted from the provisions of certain data protection principle; and (ii) if there is proceeding against any person for a contravention of any of those provisions of the PDPO, it shall be a defence if that person can show that he has reasonable grounds for believing that failure to so use the data would have been likely to prejudice any of the Exempted Matters.

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Amendments to the PDPO came into effect on 1 April 2013 and the new Part VI A of the PDPO imposes new regulations on the use and provision of personal data in direct marketing by business entities. Under the new amendments, if customers' personal data are intended to be used in direct marketing, customers must be notified and their consent must be obtained before using or transferring any of their personal data to another person.

Furthermore, customers must be notified of their opt-out right when using their personal data in direct marketing for the first time. Customers are entitled to require us to cease using their personal data at any time. Under these amendments to the PDPO, customers shall not be charged for the compliance with these amendments.

Details of the compliance of the PDPO and the amendments to the PDPO are set out in the section headed "Business" in this prospectus.

### **Mortgagee action under the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong) ("CPO")**

Pursuant to the CPO, a mortgagee who initiates a mortgage action can exercise his power to take possession of the mortgaged land (which includes properties or buildings erected on land) and, for that purpose, to take any legal proceedings after notice requiring payment of the mortgage money has been served on the mortgagor, and default has been made in payment of the mortgage money or part thereof for one month after such service. Notice shall also be served on any second or subsequent mortgagee under the relevant case law.

If a mortgagee exercises the power of sale in the event of a default, the sale proceeds obtained have to be applied pursuant to the priorities stated in section 54 of the CPO as follows (a) to discharge all rent, taxes, rates and other outgoings due and affecting the mortgaged land; (b) if the mortgaged land is sold subject to a prior encumbrance, to discharge that prior encumbrance; (c) to pay the receiver's lawful remuneration, costs, charges and expenses and all lawful costs and expenses properly incurred in the sale or other dealing; (d) to pay mortgage money, interest and costs due and owing under the mortgage, and any residue shall be paid to the person who, immediately before any sale or other dealing, is entitled to the mortgaged land or authorised to give a receipt for the proceeds of the sale of that land.

### **Land Registration Ordinance (Chapter 128 of the Laws of Hong Kong) ("LRO")**

Land registration in Hong Kong is currently a system of registration of instruments, that is, the Land Registry simply keeps a record of the instruments which affect land. Registration of instruments is not evidence of title and neither the Land Registry nor any government authorities can and will guarantee that the title to a certain piece of land is good.

Pursuant to the LRO, the following instruments are registrable, namely, all deeds, conveyances and other instruments in writing and judgments by which any land (immovable property) in Hong Kong may be affected. A mortgage document is a registrable instrument and should be registered with the Land Registry. Generally, the priority of the registered instruments depends on the priority of their registration dates of registration. Section 5 of the LRO further provides that if an instrument is

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registered within one month of its date of execution, it is entitled to priority from the date of execution. If an instrument is registered after one month of its execution, it is only entitled to priority from the date of registration. Section 3(2) of the LRO provides that all registrable instruments in writing which are not registered shall, as against any subsequent bona fide purchaser or mortgagee for valuable consideration of the same property, be null and void.

### **Recent governmental policies on Hong Kong property market**

In view of the booming trend of the property market in Hong Kong in recent years, and in order to curb speculation in the property market, the Hong Kong Government has introduced various measures and policies to reduce such speculation. In November 2010, the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) was amended to introduce the Special Stamp Duty (“SSD”) on top of the ad valorem stamp duty for selling any residential property within 24 months of purchase.

With effect from 20 November 2010, unless the transaction is exempted from SSD or when SSD is not applicable, any residential property acquired on or after 20 November 2010, either by an individual or a company (regardless of where it is incorporated), and resold within 24 months (the property was acquired on or after 20 November 2010 and before 27 October 2012) or 36 months (the property was acquired on or after 27 October 2012), will be subject to SSD pursuant to Head 1(1AA) and (1B) in the First Schedule of the Stamp Duty Ordinance.

Head 1(1AAB) in the First Schedule of the Stamp Duty Ordinance imposes Buyer’s Stamp Duty (“BSD”) on residential property transactions with effect from 27 October 2012. Unless the transaction falls under the conditions listed in Section 29DB of the Stamp Duty Ordinance and is exempted from BSD, any agreement for sale or conveyance on sale for acquisition of any residential property executed on or after 27 October 2012 will be subject to BSD.

Apart from the above legislative measures, the HKMA has also tightened up its measures regarding provision of mortgage loans by authorised institutions (as defined under the Banking Ordinance) to the effect that the loan-to-value ratio and the debt servicing ratio have been lowered for mortgage loan applications.

The above recent amendments to the Stamp Duty Ordinance and government policy on Hong Kong property market may have an impact on the value of the collaterals of our Group. Details of such impact are set out in the section headed “Risk Factors” in this prospectus.

# HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

## HISTORY AND GROUP STRUCTURE

### Introduction

Our Company was incorporated in the Cayman Islands on 20 January 2014. Through the Reorganisation, our Company has become the holding company of our Group. The principal business of our Group, being the money lending business, is mainly carried out through GIC, our principal operating subsidiary of our Group, which was incorporated on 25 September 2008 with limited liability in Hong Kong. GIC commenced the money lending operations in February 2009, shortly after first receiving its Money Lenders Licence from the Licensing Court on 15 January 2009. We have been able to renew our Money Lenders Licence every year since our commencement of business. Our current Money Lenders Licence was renewed on 14 January 2014 and will be valid until 16 January 2015. Our Group was initially funded by an advance from our Controlling Shareholders.

### Key events in our Group's history

The key milestones in the history and development of our Group are set out below:

|                |  |
|----------------|--|
| September 2008 | GIC was incorporated in Hong Kong  |
| January 2009   | We obtained our Money Lenders Licence  |
| February 2009  | We commenced money lending operations  |
| March 2011     | We launched our first major television advertising campaign<br><br>We were first awarded “Caring Company (商界展關懷)” by the Hong Kong Council of Social Service |
| December 2011  | GIC became a member of the Licensed Money Lenders Association Limited  |
| July 2013      | We upgraded our customer information and loan management system for enhancing data operation process and streamlining approval processes                     |
| November 2013  | We and other licensed money lenders formed the Hong Kong Property Finance Association Limited in order to promote the mortgage loan industry in Hong Kong    |
| January 2014   | We entered into an agreement with a well known celebrity in Hong Kong, to be our spokesperson  |

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### Members of our Group

#### Our Company

Our Company was incorporated on 20 January 2014 in the Cayman Islands. At its incorporation, our Company had an authorised share capital of HK\$380,000 consisting of 38,000,000 shares of HK\$0.01 each, of which one subscriber's share, representing the then entire issued share capital of our Company, was allotted and issued at par to Mapcal Limited as initial subscriber, which then transferred the same Share to Ms. Jin on the same date. On 24 November 2014, through a share swap agreement, Ms. Jin transferred the one Share she held to Blossom Spring in consideration of and exchange for the allotment and issue of a total of one share in Blossom Spring, credited as fully paid at par, to Ms. Jin. For details of the changes in the authorised and issued share capital of our Company, please refer to the section headed "Statutory and general information" in this prospectus.

#### *GIC*

GIC is the principal operating subsidiary of our Group and primarily engages in the money lending business. It was incorporated in Hong Kong as a limited liability company on 25 September 2008. On the date of the incorporation of GIC, 10,000 shares were subscribed by Ms. Wang, representing the then entire issued share capital of GIC.

On 7 April 2011, Ms. Wang transferred 10,000 shares of GIC to Spring Asset for the nominal consideration of HK\$1.00 and such transfer was properly and legally completed and settled on 11 April 2011. Pursuant to a deed of mutual confirmation of trust and funding arrangements dated 16 July 2014 entered into between Ms. Wang, Ms. Jin and Spring Asset confirming that during the period from 1 January 2011 to 7 April 2011, Ms. Wang had at all times and as nominee held all the shares in GIC upon trust for Ms. Jin. The trust arrangement was established because of the family arrangement between Ms. Jin and Ms. Wang.

#### *GITI*

GITI was incorporated in Hong Kong on 13 April 2011. GITI is an investment holding company. GITI initially allotted and issued 1,000 shares each at par value to Ms. Jin. Prior to the Reorganisation, Ms. Jin owned the entire issued share capital of GITI.

#### *GIC (Overseas)*

GIC (Overseas) was incorporated in the BVI on 20 January 2014 and was authorised to issue a maximum of 50,000 shares of no par value. GIC (Overseas) is an investment holding company and acts as an intermediary holding company of our Group. On 12 February 2014, GIC (Overseas) allotted and issued one share at the subscription price of US\$1.00 to our Company.

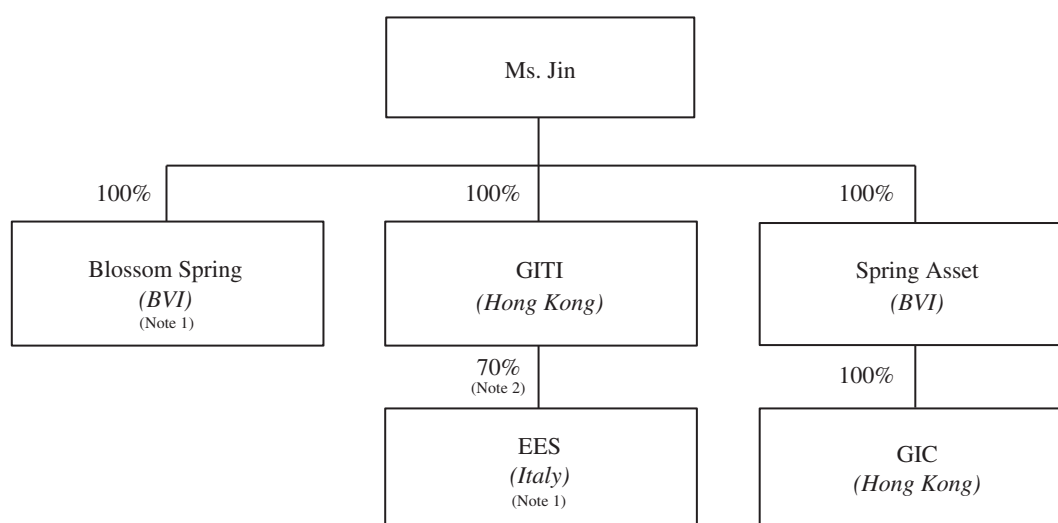
## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### *GITI (Overseas)*

GITI (Overseas) was incorporated in the BVI on 20 January 2014 and was authorised to issue a maximum of 50,000 shares of no par value. GITI (Overseas) is an investment holding company and acts as an intermediary holding company of our Group. On 12 February 2014, GITI (Overseas) allotted and issued one share at the subscription price of US\$1.00 to our Company.

### **Reorganisation**

The following chart sets forth the corporate and shareholding structure of our Group prior to the Reorganisation:



#### *Notes:*

1. Upon Listing, EES, Spring Asset and Blossom Spring will not be included in our Group.
2. 30% of the corporate capital in EES is held by a company incorporated in Italy, which is an Independent Third Party.

In preparation for the Listing, our Group has carried out the Reorganisation which involved the following steps:

#### **(I) Disposal of Engines Engineering S.R.L (“EES”) by GITI**

- i. On 20 December 2013, pursuant to a limited liability company quota purchase agreement entered into between GITI as seller and Global International Technology Holding Limited (“GITHL”), whose principal business is investment holding and which is wholly owned by Ms. Jin, as purchaser, GITI agreed to sell to GITHL 700,000 quotas in EES, a company incorporated under the laws of Italy, representing 70% of the corporate capital in EES, at a consideration of €10,915,000. The consideration was determined after arm’s length negotiation among GITI and GITHL. After the aforementioned transaction, EES became owned as to 70% by GITHL and as to the remaining 30% by a company incorporated in Italy, which is an Independent Third Party.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

- ii. The principal businesses of EES and GITHL are the design and development of motorcycles and engines, and investment holding, respectively and are fundamentally different from the principal business of our Group. The customer base and the business model of our Group and those of EES and GITHL are different. The purpose of the Reorganisation is to allow future investors to participate, through the Share Offer, in our Group's principal business of money lending in Hong Kong. Our Directors consider that a listing of our Group without EES and GITHL will provide a clear focus to investors who are interested in our provision of mortgage loan financings and personal loan services in Hong Kong. Hence, EES and GITHL are not included in our Group. The exclusion of EES and GITHL from our Group will also enable our Group and our management team to focus our resources and attention on developing and realising the full potential of our principal business.

### **(II) Incorporation of our Company**

Our Company was incorporated in the Cayman Islands on 20 January 2014 as an exempted company with limited liability with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 per share. Upon incorporation, one Share was allotted and issued at par to Mapcal Limited, the initial subscriber which, on the same date, transferred the said one Share to Ms. Jin.

### **(III) Incorporation of GIC (Overseas) and GITI (Overseas)**

- i. GIC (Overseas) was incorporated on 20 January 2014 under the laws of the BVI with limited liability as an intermediate holding company of our Group and was initially authorised to issue a maximum of 50,000 shares of no par value. On 12 February 2014, one share of GIC (Overseas) was allotted and issued to our Company at the subscription price of US\$1.00.
- ii. GITI (Overseas) was incorporated on 20 January 2014 under the laws of the BVI with limited liability as an intermediate holding company of our Group and was initially authorised to issue a maximum of 50,000 shares of no par value. On 12 February 2014, one share of GITI (Overseas) was allotted and issued to our Company at the subscription price of US\$1.00.

### **(IV) Transfer of one Share to Blossom Spring by way of share swap**

On 24 November 2014, through a share swap agreement, Ms. Jin transferred the one Share she held to Blossom Spring in consideration of and in exchange for the allotment and issue of a total of one share in Blossom Spring, credited as fully paid at par, to Ms. Jin. Such transfer was properly and legally completed and settled on 24 November 2014.



## **HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE**

### **(V) Transfer of the shares in GIC to GIC (Overseas) by way of share swap**

On 24 November 2014, through a share swap agreement, Spring Asset transferred its shares in GIC to GIC (Overseas) in consideration of and exchange for (a) the allotment and issue of 100 shares in GIC (Overseas), credited as fully paid to our Company; (b) the allotment and issue of 10,000 Shares to Blossom Spring credited as fully paid; and (c) the allotment and issue of 100 shares in Blossom Spring, credited as fully paid to Ms. Jin as directed by Spring Asset. Such transfer was properly and legally completed and settled on 25 November 2014.

### **(VI) Transfer of the shares in GITI to GITI (Overseas) by way of share swap**

On 24 November 2014, through a share swap agreement, Ms. Jin transferred her shares in GITI to GITI (Overseas), in consideration of and in exchange for (a) the allotment and issue of 100 shares in GITI (Overseas), credited as fully paid to our Company; (b) the allotment and issue of 10,000 Shares to Blossom Spring credited as fully paid; and (c) the allotment and issue of 100 shares in Blossom Spring, credited as fully paid to Ms. Jin. Such transfer was properly and legally completed and settled on 25 November 2014.

### **(VII) Capitalisation of advances due to our Controlling Shareholders**

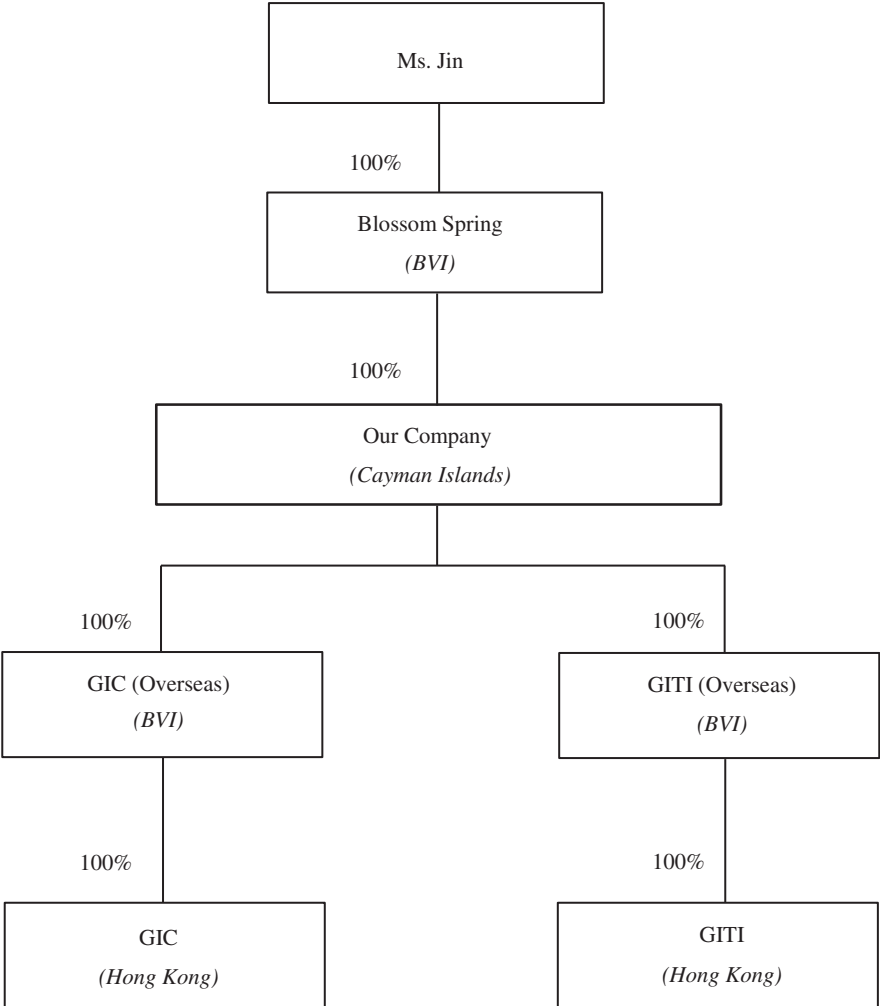
On 24 November 2014, (i) GIC allotted and issued 100 additional shares to GIC (Overseas); (ii) GIC (Overseas) allotted and issued 100 shares in GIC (Overseas), credited as fully paid to our Company; and (iii) our Company allotted and issued 37,979,999 Shares, credited as fully paid to Blossom Spring for the purpose of capitalisation of advances due by GIC to our Controlling Shareholders.

### **(VIII) Increase in the share capital of our Company**

On 24 November 2014, the authorised share capital of our Company was increased from HK\$380,000 to HK\$100,000,000 by the creation of 9,962,000,000 Shares.

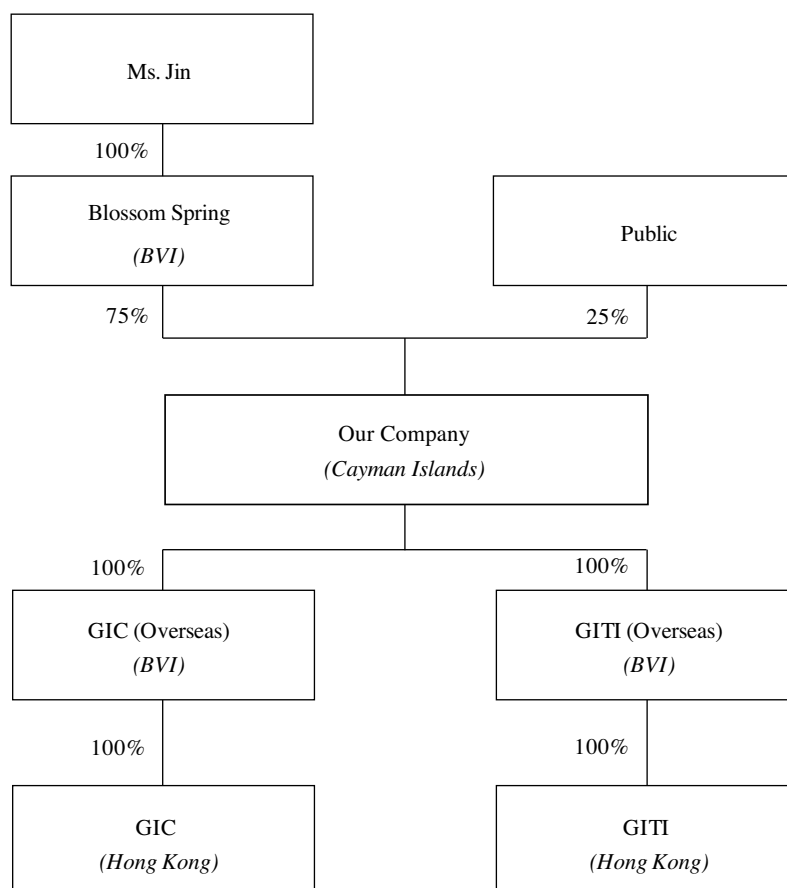
**HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE**

The following chart sets forth the corporate and shareholding structure immediately after completion of the Reorganisation and before completion of the Share Offer and Capitalisation Issue:



## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

The following chart sets out the shareholding of our Group and corporate structure immediately after completion of the Reorganisation and the Listing:



The respective name, place of incorporation and date of incorporation of the companies within our Group as set out in the chart above are detailed below:

| Abbreviation    | Company Name                                       | Place of incorporation | Date of incorporation |
|-----------------|--|------------------------|-----------------------|
| GIC             | Global International Credit Limited                | Hong Kong              | 25 September 2008     |
| GITI            | Global International Technology Investment Limited | Hong Kong              | 13 April 2011         |
| GIC (Overseas)  | GIC (Overseas) Holdings Limited                    | BVI                    | 20 January 2014       |
| GITI (Overseas) | GITI (Overseas) Limited                            | BVI                    | 20 January 2014       |

## BUSINESS

### OVERVIEW

Our Group is principally engaged in the money lending business. We mainly provide mortgage loan financings to corporations and private individuals which are secured against real estate assets in Hong Kong. We also provide some unsecured personal loans.

We have operated our business under a Money Lenders Licence, and in accordance with the provisions of the Money Lenders Ordinance, since 2009 when our principal operating subsidiary was first established. According to Ipsos, our Group is one of the top ten licensed money lenders in Hong Kong. Our Group is focused on offering various mortgage loan financing options to suit the needs of our corporate and private individual customers. Our principal loan products are (i) first mortgage loans, which are secured by first mortgage on the borrowers' real estates; and (ii) subordinated mortgage loans, which are secured by mortgages subordinated to first or higher ranking mortgages charged on the borrowers' pledged properties. We only offer mortgage loan financings which are secured against real estate assets located in Hong Kong. We accept residential, commercial and industrial real estate assets as security including apartments, tenement houses, village houses, retail and office units, car parking lots, industrial units and land. We generate revenue from interest received from the provision of loans to our corporate and private individual customers.

In accordance with our credit policy, the size of loans offered to our customers is dependent upon the type of property to be mortgaged (i.e. residential, commercial or other) with reference to the value of the underlying security, or the residual value of the underlying security once any prior securities have been valued and assessed (i.e. the loan-to-value ratio). During the Track Record Period, for loans mortgaged against residential properties, we offered first mortgage loans with loan-to-value ratio, in the majority of cases, of not more than 70%. In respect of subordinated mortgage loans, we offered mortgage loans, when aggregated with all prior mortgage loans, with loan-to-value ratio, in the majority of cases, of not more than 70%. For non-residential properties we typically offer loans with lower loan-to-value ratios. During the Track Record Period, mortgage loans granted to our customers have ranged from around HK\$18,000 to HK\$90 million and for contractual periods ranging from one month to 20 years. We register mortgages taken out as security for our loans with the Land Registry so that the priority of such mortgages is established against subsequent mortgages of the same property with other lenders or mortgagees.

In addition to mortgage loan financings, during the Track Record Period, we have also offered unsecured personal loans to private individuals. Our Group has offered unsecured personal loans since we first commenced business. However, as our operation has grown, we have focused principally on developing our mortgage loan business. Of the limited number of unsecured personal loans we provided, we mainly offered such loans to those individuals who own real estate assets under the Home Ownership Scheme in Hong Kong. During the Track Record Period, unsecured personal loans granted to our private individual customers have ranged from HK\$10,000 to HK\$765,000 and for contractual periods ranging from nine months to 10 years.

## BUSINESS

We have a team of professional sales personnel who are responsible for receiving customer enquiries and managing existing relationships, whilst our credit administration team and credit committee are responsible for processing loan applications and managing our credit lines and exposure. We utilise various forms of marketing and advertising in order to attract new customers and to increase our exposure and develop our brand within the money lending industry. From time to time we work with Independent Third Party referral agents, who support our own customer development efforts with referrals from individuals or corporations seeking mortgage-backed financing. Our Directors believe that through the seamless interaction between our sales team, credit administration team and credit committee, we are able to establish new accounts, conduct applicant assessments and property evaluations and to process loan applications on an expedited and efficient basis which enables our customers to access funds quickly and at competitive lending rates. Through such efforts, as well as the development of our brand through marketing and advertising and the increase in our available funds with which we are able to offer loans, we have experienced rapid growth during the Track Record Period.

As at 31 December 2011, 2012 and 2013 and 31 May 2014, we had 170, 304, 444 and 457 active loan accounts, respectively, representing active loan portfolios of approximately HK\$197.7 million, HK\$673.3 million, HK\$778.0 million and HK\$628.0 million, respectively. Active loan accounts refer to accounts with borrowers which were ongoing and had outstanding amounts as at the aforesaid dates. Loan accounts that have been fully settled or written-off are classified as inactive. During the Track Record Period, our revenue from lending activities grew from approximately HK\$31.2 million for the year ended 31 December 2011 to approximately HK\$121.2 million for the year ended 31 December 2013, representing a CAGR of approximately 97.2%, whilst our profit and total comprehensive income attributable to equity holders grew from approximately HK\$18.1 million for the year ended 31 December 2011, to approximately HK\$44.5 million for the year ended 31 December 2013, representing a CAGR of 56.8%. However, revenue from lending activities decreased from approximately HK\$49.9 million for the five months ended 31 May 2013 to approximately HK\$41.3 million for the five months ended 31 May 2014, representing a decrease of approximately 17.2%, whilst our profit and total comprehensive income attributable to equity holders fell from approximately HK\$19.7 million for the five months ended 31 May 2013 to approximately HK\$11.9 million for the five months ended 31 May 2014, representing a decrease of approximately 39.5%.

Our Directors intend to grow our money lending business by expanding our loan portfolio and gaining market share by strengthening our brand recognition and presence within the industry. The opportunity to grow as a money lender is directly correlated to the amount of available funds with which we are able to offer loans. By increasing the availability of our funds, we would be in a better position to expand our loan portfolio. In addition, our Directors intend to enhance our profile as a professional, stable and reputable money lender within the market by enhancing our brand and brand awareness through our continued advertising and marketing efforts. With these efforts, our Directors believe that we can generate more revenue from a higher volume of transactions and/or higher value transactions.

## BUSINESS

### OUR COMPETITIVE STRENGTHS

Our Directors believe the following competitive strengths enable our Group to compete effectively in the money lending industry which is characterised by keen competition amongst banks, financial institutions and licensed money lenders.

#### **Strong market position**

According to Ipsos, we were one of the top ten largest licensed money lenders in Hong Kong in 2013 by revenue and value of loans outstanding. Although we have a relatively short operating history as compared to some of our competitors, we have grown rapidly since our establishment due to a number of factors including a professional sales team and advertising across a number of platforms, which has helped to enhance our credibility and brand recognition.

Furthermore, according to Ipsos, we ranked third largest, in terms of revenue and value of mortgage loans outstanding, by property mortgage loans offered amongst licensed money lenders in Hong Kong in 2013. Given the tightening of mortgage loan policies imposed upon banks and financial institutions by the HKMA, together with the slower loan approval processes of banks and financial institutions, our Directors believe that we have operated effectively to achieve market share during this period of stricter regulatory policy.

#### **Our Group is able to provide a flexible range of loans to customers with different needs**

During the Track Record Period, we have provided a range of loans with a wide degree of flexibility to meet our customers' specific needs. We have provided loans for first and subordinated mortgages secured against various real estate assets available in Hong Kong for contractual periods ranging from one month to 20 years and for loan amounts ranging from as low as around HK\$18,000 to as large as HK\$90 million. In addition, we have provided unsecured personal loans for contractual periods ranging from nine months to 10 years for loan amounts ranging from HK\$10,000 to HK\$765,000. In comparison to banks and financial institutions which are regulated by the HKMA and are subject to strict capital requirements and lending limits, such as debt servicing ratio for individual customers, we have a higher degree of flexibility to offer lending. Specifically, we are able to provide loans to persons who may not otherwise be able to obtain loans from banks or financial institutions. We can also grant property mortgage loans to borrowers at higher loan-to-value ratios than banks and financial institutions.

#### **Our Group is able to provide loans on an expedited basis**

Given that we operate under a Money Lenders Licence, we are not subject to the regulations or restrictions which the HKMA imposes on banks and financial institutions. This offers us a higher degree of flexibility in our lending capacities including the speed with which we are able to offer mortgage loans. According to Ipsos, a licensed money lender generally processes a mortgage loan application between one to five days, whereas banks take between one to six weeks to approve

## **BUSINESS**

mortgage loans. Although we carry out strict credit and compliance checks against all of our new customers, we are able to do so quickly and efficiently and in some cases can process and approve loans within one day which is considerably faster than lending through a commercial bank which may require one to six weeks to approve loans.

### **We monitor market conditions to offer attractive pricing**

During our daily operations, our sales team, credit administration team and credit committee monitor and observe applicant enquiries, our applications received, overall property prices and market conditions and mortgage lending rates being offered by certain banks, financial institutions and other licensed money lenders. Our Directors believe that such monitoring in the course of our daily operations enables our management to keep a close eye on general mortgage lending activities so that we are able to cope with the ever-changing property market and to offer attractive pricing on loans to our customers.

### **We have implemented a robust risk management system**

We consider risk management to be an integral part of the success of our business. In order to manage our risk at the minimum level, we apply a developed credit review and assessment process which focuses on the identification and creditworthiness of applicants together with the ownership and valuation of the real estate asset to be mortgaged. We have detailed operation and credit manuals for our business which provide detailed guidelines and rules for our processing of customers' applications.

## **OUR BUSINESS STRATEGIES**

Our primary business objective is to strengthen our market position in the licensed money lending industry and to further develop our mortgage loan business in Hong Kong. We intend to achieve our objective by implementing the following strategies:

### **Expansion of the size of our loan portfolio**

We intend to grow our mortgage loan business principally by expanding our loan portfolio. The size of our mortgage loan business is directly correlated to the amount of available funds with which we are able to offer loans. By increasing the availability of our funds, we would be in a better position to expand our mortgage loan portfolio and generate more revenue from an increased number of and/or higher value transactions. However, any expansion plans may be limited by our inability to obtain financing specifically from banks and financial institutions and we may be required to scale back our planned expansion, which may adversely affect our ability to execute our planned growth strategy.

We intend to use approximately 80% of the net proceeds obtained from the Share Offer to expand our mortgage loan portfolio and to broaden our customer base by granting more mortgage loans to customers.

## BUSINESS

We propose to implement the following actions to expand our mortgage loan business:

- (a) increasing our exposure and brand awareness mainly through increased marketing efforts and advertising of our Group and our products through traditional, online and outdoor media channels;
- (b) increasing our cooperation with Independent Third Party referral agents to broaden our customer base and distribution; and
- (c) increasing our cooperation with realty agents to promote our mortgage loan services.

### **Strengthening our brand, recognition and presence in the market**

We seek to strengthen our reputation and market position as a top licensed money lender in Hong Kong by improving our exposure and increasing our brand awareness. During the Track Record Period, we have advertised across a number of outdoor, traditional and new media platforms including billboards, public transport such as buses and minibuses, pamphlets and leaflets, television, direct mail as well as online. We intend to further develop such marketing efforts with the aim of enhancing our brand visibility by extending our advertising campaigns across multiple platforms and increased placement of advertisements in newspapers, magazines, television, online, outdoor billboards and public transport. As part of these efforts, in January 2014 we entered into an agreement with a well known celebrity in Hong Kong to be our spokesperson and to appear in our advertising campaigns.

### **OUR PRINCIPAL BUSINESS ACTIVITIES**

According to Ipsos, our Group was one of the top ten largest licensed money lenders in Hong Kong in 2013 by revenue and value of loans outstanding. We operate under a Money Lenders Licence and offer mortgage loan financings to corporations and private individuals, which are secured by the first mortgage on the borrowers' real estate assets and mortgages subordinated to the first or higher ranking mortgage(s) charged on the borrowers' pledged properties. We only offer mortgage loan financings which are secured against real estate assets located in Hong Kong. The mortgaged real estates accepted by us include (i) residential properties such as apartments, tenement houses, village houses; (ii) commercial properties such as retail and office premises; (iii) industrial units as well as car parking lots; and (iv) land. In addition, we also offer unsecured personal loans to private individuals but mainly to individuals who hold or own real estate assets under the Home Ownership Scheme in Hong Kong.

During the Track Record Period, we offered the following types of loans to our customers:

- First mortgage loans: offered to private individual and corporate customers as principal financing on their pledged property. These loans are secured by the first mortgage on the pledged property.
- Subordinated mortgage loans: offered to private individual and corporate customers as secondary or further financing on their pledged property. These loans are secured by mortgages which are subordinated to the first or higher ranking mortgages charged on the pledged property.



## BUSINESS

- Unsecured personal loans: offered mainly to private individuals who own real estate assets under the Home Ownership Scheme in Hong Kong.

The value of our Group's active and outstanding loan portfolio (comprising property mortgage loans and unsecured personal loans) as at 31 December 2011, 2012 and 2013 and 31 May 2014 was approximately HK\$197.7 million, HK\$673.3 million, HK\$778.0 million and HK\$628.0 million, respectively. Active and outstanding loans refer to accounts with borrowers which were ongoing and had outstanding amounts as at the aforesaid dates. Loan accounts that have been fully settled or written-off are classified as inactive.

The following table sets out the breakdown of our Group's active and outstanding loan portfolio by loan product as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively:

|                       | As at 31 December                                       |                 |   |                 | As at 31 May  |                 |   |                 |
|-----------------------|---|-----------------|---|-----------------|---|-----------------|---|-----------------|
|                       | 2011  |                 | 2012  |                 | 2013  |                 | 2014  |                 |
|                       | <i>Number of active &amp; outstanding loan accounts</i> |                 | <i>Number of active &amp; outstanding loan accounts</i> |                 | <i>Number of active &amp; outstanding loan accounts</i> |                 | <i>Number of active &amp; outstanding loan accounts</i> |                 |
|                       | <i>HK\$'000</i>   | <i>HK\$'000</i> | <i>HK\$'000</i>   | <i>HK\$'000</i> | <i>HK\$'000</i>   | <i>HK\$'000</i> | <i>HK\$'000</i>   | <i>HK\$'000</i> |
| <b>Loan product</b>   |   |                 |   |                 |   |                 |   |                 |
| First mortgage        | 90  | 133,889         | 163   | 523,239         | 259   | 582,430         | 278   | 481,439         |
| Subordinated mortgage | 70  | 62,190          | 129   | 146,738         | 174   | 192,166         | 166   | 142,027         |
| Unsecured personal    | <u>10</u>   | <u>1,574</u>    | <u>12</u>   | <u>3,363</u>    | <u>11</u>   | <u>3,452</u>    | <u>13</u>   | <u>4,514</u>    |
| Total                 | <u>170</u>  | <u>197,653</u>  | <u>304</u>  | <u>673,340</u>  | <u>444</u>  | <u>778,048</u>  | <u>457</u>  | <u>627,980</u>  |

*Notes:*

1. Customers may have more than one account opened with our Group and as such, the number of active and outstanding loan accounts as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively, may be greater than the number of actual customers as at the same date.
2. The number of unique corporate/private individual customers (i.e. ultimate beneficial owners of loan accounts) as at 31 December 2011, 2012 and 2013 and 31 May 2014 was 152, 273, 339 and 339, respectively.

## BUSINESS

The following table provides a summary of the loan products and the range of key terms which have been offered to customers by our Group during the Track Record Period:

| Loan product          | Customer profile                 | Security type  | Size of loan |            | Term of loan |          | Interest rate per annum |      | Loan-to-value ratio <sup>(Note 1)</sup> |                        |
|-----------------------|----------------------------------|--|--------------|------------|--------------|----------|-------------------------|------|---|------------------------|
|                       |                                  |  | (HK\$'000)   | (HK\$'000) | (months)     | (months) | (%)                     | (%)  | (%)                                     | (%)                    |
|                       |                                  |  | Min          | Max        | Min          | Max      | Min                     | Max  | Min                                     | Max                    |
| First mortgage        | Corporation / private individual | Apartments, tenement houses, village houses, retail and office premises, industrial units, car parking lots & land | 18           | 90,000     | 1            | 240      | 7.0                     | 40.8 | 1                                       | 78                     |
| Subordinated mortgage | Corporation / private individual | premises, industrial units, car parking lots & land  | 20           | 35,000     | 1            | 192      | 9.0                     | 36.0 | 3                                       | 80<br><i>(Note 2)</i>  |
| Unsecured personal    | Private individual               | None   | 10           | 765        | 9            | 120      | 20.0                    | 51.2 | N/A<br><i>(Note 3)</i>                  | N/A<br><i>(Note 3)</i> |

Notes:

- As at the date of grant of loans to customers.
- Calculated as the amount of our mortgage loan granted by our Group aggregated with the amount of any prior or pre-existing mortgage loan as a percentage of the appraised value of the property collateral.
- Our Group offers unsecured personal loans mainly to individuals who own real estate assets under the Home Ownership Scheme in Hong Kong. Although such loans are not secured against any underlying property as collateral, our credit committee will consider, amongst other factors, the applicant's occupation, income level and credit history in order to assess the amount of loan which may be offered.

The following tables provide an overview of our loans by loan size range as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively:

### As at 31 December 2011

| Loan size                   | Number of loans |                       |                    |                  |            |            |                               |            | Aggregate value<br>HK\$'000 |
|-----------------------------|-----------------|-----------------------|--------------------|------------------|------------|------------|-------------------------------|------------|-----------------------------|
|                             | By loan product |                       |                    | By loan security |            |            |                               |            |                             |
|                             | First mortgage  | Subordinated mortgage | Unsecured personal | Residential      | Commercial | Industrial | Others (incl. personal loans) | Total      |                             |
| Under HK\$1,000,000         | 59              | 57                    | 10                 | 99               | 6          | 6          | 15                            | 126        | 50,596                      |
| HK\$1,000,001 - 10,000,000  | 28              | 13                    | —                  | 35               | —          | 3          | 3                             | 41         | 95,907                      |
| HK\$10,000,001 - 20,000,000 | 3               | —                     | —                  | 3                | —          | —          | —                             | 3          | 51,150                      |
| HK\$20,000,001 - 30,000,000 | —               | —                     | —                  | —                | —          | —          | —                             | —          | —                           |
| HK\$30,000,001 - 40,000,000 | —               | —                     | —                  | —                | —          | —          | —                             | —          | —                           |
| HK\$40,000,001 - 50,000,000 | —               | —                     | —                  | —                | —          | —          | —                             | —          | —                           |
| Over HK\$50,000,000         | —               | —                     | —                  | —                | —          | —          | —                             | —          | —                           |
| <b>Total</b>                | <b>90</b>       | <b>70</b>             | <b>10</b>          | <b>137</b>       | <b>6</b>   | <b>9</b>   | <b>18</b>                     | <b>170</b> | <b>197,653</b>              |

## BUSINESS

**As at 31 December 2012**

| Loan size                   | Number of loans |                       |                    |                  |            |            |                               | Total      | Aggregate value<br><i>HK\$'000</i> |
|-----------------------------|-----------------|-----------------------|--------------------|------------------|------------|------------|-------------------------------|------------|------------------------------------|
|                             | By loan product |                       |                    | By loan security |            |            |                               |            |                                    |
|                             | First mortgage  | Subordinated mortgage | Unsecured personal | Residential      | Commercial | Industrial | Others (incl. personal loans) |            |                                    |
| Under HK\$1,000,000         | 89              | 93                    | 12                 | 159              | 8          | 11         | 16                            | 194        | 82,722                             |
| HK\$1,000,001 - 10,000,000  | 63              | 34                    | —                  | 82               | 7          | 7          | 1                             | 97         | 240,818                            |
| HK\$10,000,001 - 20,000,000 | 4               | 2                     | —                  | 5                | —          | 1          | —                             | 6          | 84,700                             |
| HK\$20,000,001 - 30,000,000 | 4               | —                     | —                  | 4                | —          | —          | —                             | 4          | 95,100                             |
| HK\$30,000,001 - 40,000,000 | —               | —                     | —                  | —                | —          | —          | —                             | —          | —                                  |
| HK\$40,000,001 - 50,000,000 | 1               | —                     | —                  | —                | 1          | —          | —                             | 1          | 44,000                             |
| Over HK\$50,000,000         | 2               | —                     | —                  | —                | 2          | —          | —                             | 2          | 126,000                            |
| <b>Total</b>                | <b>163</b>      | <b>129</b>            | <b>12</b>          | <b>250</b>       | <b>18</b>  | <b>19</b>  | <b>17</b>                     | <b>304</b> | <b>673,340</b>                     |

**As at 31 December 2013**

| Loan size                   | Number of loans |                       |                    |                  |            |            |                              | Total      | Aggregate value<br><i>HK\$'000</i> |
|-----------------------------|-----------------|-----------------------|--------------------|------------------|------------|------------|------------------------------|------------|------------------------------------|
|                             | By loan product |                       |                    | By loan security |            |            |                              |            |                                    |
|                             | First mortgage  | Subordinated mortgage | Unsecured personal | Residential      | Commercial | Industrial | Other (incl. personal loans) |            |                                    |
| Under HK\$1,000,000         | 164             | 134                   | 11                 | 254              | 13         | 14         | 28                           | 309        | 138,396                            |
| HK\$1,000,001 - 10,000,000  | 88              | 38                    | —                  | 91               | 14         | 19         | 2                            | 126        | 320,732                            |
| HK\$10,000,001 - 20,000,000 | 2               | 1                     | —                  | 3                | —          | —          | —                            | 3          | 38,200                             |
| HK\$20,000,001 - 30,000,000 | 2               | —                     | —                  | 2                | —          | —          | —                            | 2          | 43,720                             |
| HK\$30,000,001 - 40,000,000 | —               | 1                     | —                  | 1                | —          | —          | —                            | 1          | 35,000                             |
| HK\$40,000,001 - 50,000,000 | 1               | —                     | —                  | —                | 1          | —          | —                            | 1          | 50,000                             |
| Over HK\$50,000,000         | 2               | —                     | —                  | —                | 2          | —          | —                            | 2          | 152,000                            |
| <b>Total</b>                | <b>259</b>      | <b>174</b>            | <b>11</b>          | <b>351</b>       | <b>30</b>  | <b>33</b>  | <b>30</b>                    | <b>444</b> | <b>778,048</b>                     |

## BUSINESS

**As at 31 May 2014**

| Loan size                   | Number of loans |                       |                    |                  |            |            |                              | Total      | Aggregate value<br><i>HK\$'000</i> |
|-----------------------------|-----------------|-----------------------|--------------------|------------------|------------|------------|------------------------------|------------|------------------------------------|
|                             | By loan product |                       |                    | By loan security |            |            |                              |            |                                    |
|                             | First mortgage  | Subordinated mortgage | Unsecured personal | Residential      | Commercial | Industrial | Other (incl. personal loans) |            |                                    |
| Under HK\$1,000,000         | 174             | 135                   | 13                 | 269              | 18         | 8          | 27                           | 322        | 137,145                            |
| HK\$1,000,001 - 10,000,000  | 97              | 30                    | —                  | 91               | 14         | 19         | 3                            | 127        | 314,915                            |
| HK\$10,000,001 - 20,000,000 | 3               | 1                     | —                  | 3                | 1          | —          | —                            | 4          | 54,200                             |
| HK\$20,000,001 - 30,000,000 | 3               | —                     | —                  | 1                | 2          | —          | —                            | 3          | 71,720                             |
| HK\$30,000,001 - 40,000,000 | —               | —                     | —                  | —                | —          | —          | —                            | —          | —                                  |
| HK\$40,000,001 - 50,000,000 | 1               | —                     | —                  | —                | 1          | —          | —                            | 1          | 50,000                             |
| Over HK\$50,000,000         | —               | —                     | —                  | —                | —          | —          | —                            | —          | —                                  |
| <b>Total</b>                | <u>278</u>      | <u>166</u>            | <u>13</u>          | <u>364</u>       | <u>36</u>  | <u>27</u>  | <u>30</u>                    | <u>457</u> | <u>627,980</u>                     |

The tenor of loans offered to our customers typically range from one month to 20 years. The following tables provide an overview of our loans by loan tenor as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively:

**As at 31 December 2011**

| Months       | Number of loans |                       |                    | Total      | Aggregate Value<br><i>HK\$'000</i> |
|--------------|-----------------|-----------------------|--------------------|------------|------------------------------------|
|              | First mortgage  | Subordinated mortgage | Unsecured personal |            |                                    |
| 1 — 6        | 4               | —                     | —                  | 4          | 45,200                             |
| 7 — 12       | 27              | 24                    | 1                  | 52         | 92,736                             |
| 13 — 24      | 1               | 2                     | 1                  | 4          | 446                                |
| 25 — 60      | 17              | 15                    | 7                  | 39         | 14,236                             |
| 61 — 120     | 25              | 29                    | 1                  | 55         | 28,597                             |
| 121 — 180    | 13              | —                     | —                  | 13         | 12,906                             |
| 181 — 240    | 3               | —                     | —                  | 3          | 3,532                              |
| <b>Total</b> | <u>90</u>       | <u>70</u>             | <u>10</u>          | <u>170</u> | <u>197,653</u>                     |

## BUSINESS

### As at 31 December 2012

| Months       | Number of loans |                       |                    | Total | Aggregate Value<br><i>HK\$'000</i> |
|--------------|-----------------|-----------------------|--------------------|-------|------------------------------------|
|              | First mortgage  | Subordinated mortgage | Unsecured personal |       |                                    |
| 1 — 6        | 4               | 3                     | —                  | 7     | 159,200                            |
| 7 — 12       | 65              | 52                    | 1                  | 118   | 345,469                            |
| 13 — 24      | —               | 1                     | 1                  | 2     | 170                                |
| 25 — 60      | 24              | 20                    | 9                  | 53    | 19,122                             |
| 61 — 120     | 35              | 52                    | 1                  | 88    | 62,283                             |
| 121 — 180    | 23              | 1                     | —                  | 24    | 34,842                             |
| 181 — 240    | 12              | —                     | —                  | 12    | 52,254                             |
| <b>Total</b> | 163             | 129                   | 12                 | 304   | 673,340                            |

### As at 31 December 2013

| Months       | Number of loans |                       |                    | Total | Aggregate Value<br><i>HK\$'000</i> |
|--------------|-----------------|-----------------------|--------------------|-------|------------------------------------|
|              | First mortgage  | Subordinated mortgage | Unsecured personal |       |                                    |
| 1 — 6        | 4               | 2                     | —                  | 6     | 96,200                             |
| 7 — 12       | 101             | 62                    | 1                  | 164   | 499,975                            |
| 13 — 24      | 4               | 4                     | 2                  | 10    | 2,291                              |
| 25 — 60      | 32              | 25                    | 5                  | 62    | 21,980                             |
| 61 — 120     | 64              | 79                    | 3                  | 146   | 89,534                             |
| 121 — 180    | 20              | 2                     | —                  | 22    | 24,920                             |
| 181 — 240    | 34              | —                     | —                  | 34    | 43,148                             |
| <b>Total</b> | 259             | 174                   | 11                 | 444   | 778,048                            |

### As at 31 May 2014

| Months       | Number of loans |                       |                    | Total | Aggregate Value<br><i>HK\$'000</i> |
|--------------|-----------------|-----------------------|--------------------|-------|------------------------------------|
|              | First mortgage  | Subordinated mortgage | Unsecured personal |       |                                    |
| 1 — 6        | 2               | —                     | —                  | 2     | 26,200                             |
| 7 — 12       | 98              | 55                    | 1                  | 154   | 358,257                            |
| 13 — 24      | 6               | 7                     | 2                  | 15    | 61,741                             |
| 25 — 60      | 39              | 20                    | 5                  | 64    | 23,833                             |
| 61 — 120     | 73              | 83                    | 5                  | 161   | 89,172                             |
| 121 — 180    | 18              | 1                     | —                  | 19    | 20,968                             |
| 181 — 240    | 42              | —                     | —                  | 42    | 47,809                             |
| <b>Total</b> | 278             | 166                   | 13                 | 457   | 627,980                            |

## BUSINESS

### Mortgage loans

We mainly provide mortgage loans to corporations and private individuals which are secured against real estate assets in Hong Kong. Applications for mortgage loans, the values of the security, the mortgageable size and value of any loan together with the applicable interest rate is assessed by our credit committee in accordance with our internal credit guidelines. Approval for mortgage loan applications, together with the loan amount and corresponding interest rate, is also determined by our credit committee, details of which are set out in the paragraph below headed “Loan approval process”. Our credit committee will consider, amongst other factors:

- The credit history and profile of the applicant;
- The property type, profile and valuation of the proposed property to be mortgaged; and
- Prevailing market conditions.

Our principal mortgage loan products are first and subordinated mortgage loans. The following table sets out the breakdown of our mortgage loans portfolio by loan type which were active and outstanding as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively:

|                       | 2011  |                 | As at 31 December<br>2012                               |                 | 2013  |                 | As at 31 May<br>2014                                    |                 |
|-----------------------|---|-----------------|---|-----------------|---|-----------------|---|-----------------|
|                       | <i>Number of active &amp; outstanding loan accounts</i> | <i>HK\$'000</i> | <i>Number of active &amp; outstanding loan accounts</i> | <i>HK\$'000</i> | <i>Number of active &amp; outstanding loan accounts</i> | <i>HK\$'000</i> | <i>Number of active &amp; outstanding loan accounts</i> | <i>HK\$'000</i> |
| <b>Loan product</b>   |   |                 |   |                 |   |                 |   |                 |
| First mortgage        | 90  | 133,889         | 163   | 523,239         | 259   | 582,430         | 278   | 481,439         |
| Subordinated mortgage | <u>70</u>   | <u>62,190</u>   | <u>129</u>  | <u>146,738</u>  | <u>174</u>  | <u>192,166</u>  | <u>166</u>  | <u>142,027</u>  |
| Total                 | <u>160</u>  | <u>196,079</u>  | <u>292</u>  | <u>669,977</u>  | <u>433</u>  | <u>774,596</u>  | <u>444</u>  | <u>623,466</u>  |

We have granted property mortgage loans, including first and subordinated mortgage loans, to our customers, the total active and outstanding balance of which amounted to approximately HK\$196.1 million, HK\$670.0 million, HK\$774.6 million and HK\$623.5 million as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively. First mortgage loans accounted for approximately 56.3%, 55.8%, 59.8% and 62.6% in number and approximately 68.3%, 78.1%, 75.2% and 77.2%, in value of our Group’s total active and outstanding mortgage loans as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively.

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Save for one account as at 31 December 2013 and one account as at 31 May 2014, out of our 70, 129, 174 and 166 subordinated mortgage loan accounts which were active and outstanding as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively, all were registered, as to their first mortgages, in favour of banks or financial institutions (as the case may be) and expressed to secure all monies.

Our Directors confirm that during the Track Record Period, none of our subordinated mortgage loan borrowers had provided any consent from any first or prior mortgagee(s) in respect of the creation of the subordinated mortgage in favour of us for our Group's record. Our Directors further confirm that in respect of our subordinated mortgage loans, we had not been challenged as to the validity of any subordinated mortgage arrangement from any of our customers' first or prior mortgagee(s) during the Track Record Period. The absence of such consent from first or prior mortgagee(s) may expose us to risks such as the first or prior mortgagee(s) demanding the borrower to make early repayment on the loan causing the borrower to sell the related property at times which are beyond our control or at valuations which are insufficient to cover the value of our loan after the loans of the first or prior mortgages(s) have been settled.

Our Directors confirm that it is the prevailing market practice in respect of mortgage loans for lenders, including our Company, to request or require borrowers to seek consent from first or prior mortgagees. However, such requests are customarily ignored. Even if such consents are given, first or prior mortgagees generally will not provide specific consents that fully cover the aforesaid commercial risks. In this respect, our Directors are of the view that the absence of such consent has no impact on the validity of our subordinated mortgage loan agreements and that the above commercial risk has, to the extent possible, been mitigated in our credit assessment process, which includes a review of the applicant's credit history and profile and the value of the loan to the prevailing value of the subordinated mortgage. Ultimately, any such commercial risks will be reflected in the higher interest rates charged on our subordinated mortgage loans in comparison to those charged on first mortgage loans.

In general, first and subordinated mortgages expressed to secure all monies may be registered in favour of authorised institutions, such as banks and financial institutions, as well as non-authorised institutions, such as licensed money lenders. However, all monies mortgages registered by authorised institutions are afforded certain protections under the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong) ("CPO") whereas non-authorised institutions are not. In respect of all our subordinated mortgage loans, where the first mortgage is registered in favour of an authorised institution and is expressed to secure all monies, and the borrower were to obtain an increase in a loan from such authorised institution, then in accordance with the CPO, such increase would rank in the same priority as the first mortgage and over our subordinated mortgage. However, where such first mortgage is registered in favour of a non-authorised institution, and the borrower were to obtain an increase in the loan from such non-authorised institution, the non-authorised institution is not afforded the same protection as an authorised institution under the CPO and the priority of any such increase would rank in the order of the registration of such charge.

## BUSINESS

The security generally accepted by our Group for first and subordinated mortgage loans include residential, commercial and industrial real estate assets, such as apartments, tenement houses, village houses, retail and office units, car parking lots, industrial units and land. The following table sets out the breakdown of our mortgage loans portfolio in respect of different types of property collateral which were active and outstanding as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively:

|                      | 2011  |                       | As at 31 December 2012                                  |                       | 2013  |                       | As at 31 May 2014                                       |                       |
|----------------------|---|-----------------------|---|-----------------------|---|-----------------------|---|-----------------------|
|                      | <i>Number of active &amp; outstanding loan accounts</i> | <i>HK\$'000</i>       | <i>Number of active &amp; outstanding loan accounts</i> | <i>HK\$'000</i>       | <i>Number of active &amp; outstanding loan accounts</i> | <i>HK\$'000</i>       | <i>Number of active &amp; outstanding loan accounts</i> | <i>HK\$'000</i>       |
| <b>Loan security</b> |   |                       |   |                       |   |                       |   |                       |
| <b>Residential</b>   |   |                       |   |                       |   |                       |   |                       |
| Tenement house       | 6   | 4,746                 | 17  | 11,715                | 45  | 25,721                | 44  | 26,715                |
| House / apartment    | 118   | 168,881               | 203   | 389,663               | 262   | 392,935               | 265   | 318,848               |
| Village house        | 13  | 5,245                 | 30  | 28,774                | 44  | 25,043                | 55  | 34,143                |
|                      | <u>137</u>  | <u>178,872</u>        | <u>250</u>  | <u>430,152</u>        | <u>351</u>  | <u>443,699</u>        | <u>364</u>  | <u>379,706</u>        |
| <b>Commercial</b>    |   |                       |   |                       |   |                       |   |                       |
| Retail               | 2   | 1,195                 | 9   | 16,438                | 17  | 99,721                | 21  | 87,316                |
| Office               | 4   | 1,735                 | 9   | 184,090               | 13  | 157,133               | 15  | 88,067                |
|                      | <u>6</u>  | <u>2,930</u>          | <u>18</u>   | <u>200,528</u>        | <u>30</u>   | <u>256,854</u>        | <u>36</u>   | <u>175,383</u>        |
| <b>Industrial</b>    | 9   | 9,290                 | 19  | 36,976                | 33  | 60,466                | 27  | 50,593                |
| <b>Other</b>         |   |                       |   |                       |   |                       |   |                       |
| Car parking lot      | 4   | 1,787                 | 5   | 2,321                 | 19  | 13,577                | 17  | 17,784                |
| Land                 | 4   | 3,200                 | —   | —                     | —   | —                     | —   | —                     |
|                      | <u>8</u>  | <u>4,987</u>          | <u>5</u>  | <u>2,321</u>          | <u>19</u>   | <u>13,577</u>         | <u>17</u>   | <u>17,784</u>         |
| <b>Total</b>         | <u><b>160</b></u>                                       | <u><b>196,079</b></u> | <u><b>292</b></u>                                       | <u><b>669,977</b></u> | <u><b>433</b></u>                                       | <u><b>774,596</b></u> | <u><b>444</b></u>                                       | <u><b>623,466</b></u> |

Our mortgage loans portfolio is mainly comprised of loans which are secured against residential properties. Loans secured against residential properties accounted for approximately 85.6%, 85.6%, 81.1% and 82.0% in number of all active and outstanding mortgage loans as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively, and approximately 91.2%, 64.2%, 57.3% and 60.9%, respectively, in value of all active and outstanding mortgage loans as at the aforementioned dates.



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| <b>BUSINESS</b> |
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The following tables provide an overview of our loans by the age of pledged properties as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively:

**As at 31 December 2011**

| <b>Age of pledged properties</b> | <b>First mortgage</b>                                   |                 | <b>Subordinated mortgage</b>                            |                 | <b>Total</b>  |                 |
|----------------------------------|---|-----------------|---|-----------------|---|-----------------|
|                                  | <i>Number of active &amp; outstanding loan accounts</i> | <i>HK\$'000</i> | <i>Number of active &amp; outstanding loan accounts</i> | <i>HK\$'000</i> | <i>Number of active &amp; outstanding loan accounts</i> | <i>HK\$'000</i> |
| Less than 1 year                 | 5   | 60,150          | —   | —               | 5   | 60,150          |
| 1-10 years                       | 8   | 5,823           | 15  | 14,955          | 23  | 20,778          |
| 10-20 years                      | 14  | 23,492          | 18  | 23,810          | 32  | 47,302          |
| 20-30 years                      | 29  | 20,390          | 24  | 19,648          | 53  | 40,038          |
| 30-40 years                      | 17  | 10,229          | 9   | 2,923           | 26  | 13,152          |
| 40-50 years                      | 11  | 8,339           | 4   | 854             | 15  | 9,193           |
| Over 50 years                    | 6   | 5,466           | —   | —               | 6   | 5,466           |
| <b>Total</b>                     | <u>90</u>   | <u>133,889</u>  | <u>70</u>   | <u>62,190</u>   | <u>160</u>  | <u>196,079</u>  |

**As at 31 December 2012**

| <b>Age of pledged properties</b> | <b>First mortgage</b>                                   |                 | <b>Subordinated mortgage</b>                            |                 | <b>Total</b>  |                 |
|----------------------------------|---|-----------------|---|-----------------|---|-----------------|
|                                  | <i>Number of active &amp; outstanding loan accounts</i> | <i>HK\$'000</i> | <i>Number of active &amp; outstanding loan accounts</i> | <i>HK\$'000</i> | <i>Number of active &amp; outstanding loan accounts</i> | <i>HK\$'000</i> |
| Less than 1 year                 | 9   | 81,485          | 2   | 2,149           | 11  | 83,634          |
| 1-10 years                       | 17  | 46,183          | 24  | 55,416          | 41  | 101,599         |
| 10-20 years                      | 24  | 153,452         | 29  | 31,360          | 53  | 184,812         |
| 20-30 years                      | 37  | 46,789          | 31  | 28,708          | 68  | 75,497          |
| 30-40 years                      | 38  | 137,311         | 31  | 19,424          | 69  | 156,735         |
| 40-50 years                      | 33  | 50,903          | 11  | 9,481           | 44  | 60,384          |
| Over 50 years                    | 5   | 7,116           | 1   | 200             | 6   | 7,316           |
| <b>Total</b>                     | <u>163</u>  | <u>523,239</u>  | <u>129</u>  | <u>146,738</u>  | <u>292</u>  | <u>669,977</u>  |

|                 |
|-----------------|
| <b>BUSINESS</b> |
|-----------------|

As at 31 December 2013

| Age of pledged properties | First mortgage  |                 | Subordinated mortgage                                   |                 | Total   |                 |
|---------------------------|---|-----------------|---|-----------------|---|-----------------|
|                           | <i>Number of active &amp; outstanding loan accounts</i> |                 | <i>Number of active &amp; outstanding loan accounts</i> |                 | <i>Number of active &amp; outstanding loan accounts</i> |                 |
|                           | <i>accounts</i>   | <i>HK\$'000</i> | <i>accounts</i>   | <i>HK\$'000</i> | <i>accounts</i>   | <i>HK\$'000</i> |
| Less than 1 year          | 6   | 47,594          | 3   | 2,445           | 9   | 50,039          |
| 1-10 years                | 16  | 136,422         | 23  | 29,087          | 39  | 165,509         |
| 10-20 years               | 25  | 68,862          | 35  | 42,026          | 60  | 110,888         |
| 20-30 years               | 72  | 101,610         | 40  | 61,958          | 112   | 163,568         |
| 30-40 years               | 69  | 69,633          | 52  | 38,378          | 121   | 108,011         |
| 40-50 years               | 52  | 132,133         | 16  | 12,784          | 68  | 144,917         |
| Over 50 years             | 19  | 26,176          | 5   | 5,488           | 24  | 31,664          |
| <b>Total</b>              | <u>259</u>  | <u>582,430</u>  | <u>174</u>  | <u>192,166</u>  | <u>433</u>  | <u>774,596</u>  |

As at 31 May 2014

| Age of pledged properties | First mortgage  |                 | Subordinated mortgage                                   |                 | Total   |                 |
|---------------------------|---|-----------------|---|-----------------|---|-----------------|
|                           | <i>Number of active &amp; outstanding loan accounts</i> |                 | <i>Number of active &amp; outstanding loan accounts</i> |                 | <i>Number of active &amp; outstanding loan accounts</i> |                 |
|                           | <i>accounts</i>   | <i>HK\$'000</i> | <i>accounts</i>   | <i>HK\$'000</i> | <i>accounts</i>   | <i>HK\$'000</i> |
| Less than 1 year          | 4   | 32,000          | 1   | 1,100           | 5   | 33,100          |
| 1-10 years                | 16  | 76,647          | 22  | 16,878          | 38  | 93,525          |
| 10-20 years               | 29  | 75,682          | 30  | 40,474          | 59  | 116,156         |
| 20-30 years               | 60  | 72,253          | 40  | 27,051          | 100   | 99,304          |
| 30-40 years               | 81  | 92,023          | 46  | 26,692          | 127   | 118,715         |
| 40-50 years               | 57  | 92,143          | 24  | 28,146          | 81  | 120,289         |
| Over 50 years             | 31  | 40,691          | 3   | 1,686           | 34  | 42,377          |
| <b>Total</b>              | <u>278</u>  | <u>481,439</u>  | <u>166</u>  | <u>142,027</u>  | <u>444</u>  | <u>623,466</u>  |

## BUSINESS

The following table sets out the total value of loan collaterals as compared with the total outstanding loans and interest receivables as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively:

| <i>HK\$ million</i>  | <b>As at 31 December</b> |             |             | <b>As at 31 May</b> |
|--|--------------------------|-------------|-------------|---------------------|
|  | <b>2011</b>              | <b>2012</b> | <b>2013</b> | <b>2014</b>         |
| Total outstanding loans and interest receivables   | 200.6                    | 681.9       | 787.6       | 637.6               |
| Total value of loan collaterals <sup>(Note)</sup>  | 884.1                    | 2,434.6     | 3,107.4     | 2,776.3             |
| Shortfall between outstanding loans and interest receivables and the amount of collaterals | Nil                      | Nil         | Nil         | Nil                 |

*Note:* The total value of loan collaterals represents the market value of pledged properties as at the relevant period/year end irrespective of the loan amount of any prior mortgages secured against such pledged properties.

As at 31 December 2011, 2012 and 2013 and 31 May 2014, in respect of first and subordinated mortgage loans, the total value of loan collaterals had at all times exceeded the total outstanding loans and interest receivables and as such, there was no shortfall between the outstanding loans and interest receivables against the value of any individual collateral offered to us as security.

During the Track Record Period, our Group obtained judgments against 11 customers who were overdue with the repayments of their loans. As at the Latest Practicable Date, out of the 11 cases we were able to secure the sale of six pledged properties following the judgments. However the values of the collaterals of three of the six pledged properties sold were insufficient to cover the cost of the loans which led to a resultant aggregate loss of approximately HK\$4.1 million. Details in respect of these incidents are set out in the paragraph headed “Loan collection” of this section.

### **Unsecured personal loans**

During the Track Record Period, we also granted personal loans which were not secured against any asset or properties. We mainly grant such personal loans to borrowers who, amongst other criteria which must be satisfied for approval by our credit committee, are the owners of a real estate asset under the Home Ownership Scheme in Hong Kong. Owners of real estate assets acquired under the Home Ownership Scheme are subject to alienation restrictions as stipulated in the Schedule to the Housing Ordinance (Chapter 283 of the Laws of Hong Kong). Owners must pay a premium to the Housing Authority for removal of the alienation restrictions before they can let, sell or assign the apartments. As such, personal unsecured loans are offered to owners of real estate assets under the Home Ownership Scheme as they are unable to provide such property as collateral without paying a premium for the removal of such restrictions.

## BUSINESS

We tend to offer unsecured personal loans to individuals who own real estate assets acquired under the Home Ownership Scheme rather than individuals who have not owned any property assets at all as a matter of good risk control. Although such property assets of such borrowers are subject to stringent restrictions, we consider their ownership of such assets to offer greater comfort than individuals who are unable to provide any property assets as security whatsoever.

The following table sets out the breakdown of our unsecured personal loans portfolio which were active and outstanding as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively:

|                          | 2011  |                 | As at 31 December<br>2012                               |                 | 2013  |                 | As at 31 May<br>2014                                    |                 |
|--------------------------|---|-----------------|---|-----------------|---|-----------------|---|-----------------|
|                          | <i>Number of active &amp; outstanding loan accounts</i> | <i>HK\$'000</i> | <i>Number of active &amp; outstanding loan accounts</i> | <i>HK\$'000</i> | <i>Number of active &amp; outstanding loan accounts</i> | <i>HK\$'000</i> | <i>Number of active &amp; outstanding loan accounts</i> | <i>HK\$'000</i> |
| Unsecured personal loans | 10  | 1,574           | 12  | 3,363           | 11  | 3,452           | 13  | 4,514           |

Unsecured personal loans represented approximately 5.9%, 3.9%, 2.5% and 2.8%, respectively, in number and approximately 0.8%, 0.5%, 0.4% and 0.7% in value of our Group's total active and outstanding loan portfolio as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively.

### OUR REVENUE

The primary source of revenue for our Group is generated from interest received from loans provided to our customers.

During the Track Record Period, mortgage loans offered by our Company ranged in size from approximately HK\$18,000 to HK\$90 million for contractual periods ranging between one month to 20 years at interest rates ranging from 7.0% to 40.8% per annum. In respect of unsecured personal loans, we have granted loans ranging from HK\$10,000 to HK\$765,000 for contractual periods ranging from nine months to 10 years at interest rates ranging from 20.0% to 51.2% per annum. Interest rates for each individual borrower are calculated on a case-by-case basis, in accordance with our internal credit guidelines and with consideration to various factors including, amongst others, the overall credit history and profile of the applicant, the property type, profile and valuation of the underlying real estate asset as security and the level of any prior encumbrance on such real estate asset.

In general, we offer our customers two loan repayment methods (i) interest only, whereby our customer makes monthly instalments of interest on the loan and makes a one-off repayment of loan principal upon maturity; and (ii) amortisation, whereby our customer makes monthly instalments of both interest and loan principal.

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During the Track Record Period, first mortgage loans were the largest product of our Group. Interest income generated from first mortgage loans represented approximately 56.9%, 54.0%, 63.8%, 65.5% and 64.9% of our total turnover from lending activities, respectively, for the years ended 31 December 2011, 2012 and 2013 and 31 May 2013 and 2014. Set out below is the breakdown of the interest income we received during the Track Record Period with respect to our loan products:

|                       | Year ended 31 December |                     |                      |                     |                       |                     | Five months ended 31 May |                     |                      |                     |
|-----------------------|------------------------|---------------------|----------------------|---------------------|-----------------------|---------------------|--------------------------|---------------------|----------------------|---------------------|
|                       | 2011                   |                     | 2012                 |                     | 2013                  |                     | 2013                     |                     | 2014                 |                     |
|                       | <i>HK\$'000</i>        | %                   | <i>HK\$'000</i>      | %                   | <i>HK\$'000</i>       | %                   | <i>HK\$'000</i>          | %                   | <i>HK\$'000</i>      | %                   |
| <b>Loan product</b>   |                        |                     |                      |                     |                       |                     |                          |                     |                      |                     |
| First mortgage        | 17,739                 | 56.9                | 31,080               | 54.0                | 77,373                | 63.8                | 32,689                   | 65.5                | 26,833               | 64.9                |
| Subordinated mortgage | 12,925                 | 41.4                | 25,827               | 44.9                | 43,082                | 35.6                | 16,895                   | 33.8                | 14,182               | 34.3                |
| Unsecured personal    | <u>525</u>             | <u>1.7</u>          | <u>641</u>           | <u>1.1</u>          | <u>785</u>            | <u>0.6</u>          | <u>350</u>               | <u>0.7</u>          | <u>333</u>           | <u>0.8</u>          |
| Total                 | <u><u>31,189</u></u>   | <u><u>100.0</u></u> | <u><u>57,548</u></u> | <u><u>100.0</u></u> | <u><u>121,240</u></u> | <u><u>100.0</u></u> | <u><u>49,934</u></u>     | <u><u>100.0</u></u> | <u><u>41,348</u></u> | <u><u>100.0</u></u> |

### OUR CUSTOMERS

Our money lending business primarily targets customers with mortgageable assets in Hong Kong. We generally categorise our customers into two main groups (i) private individuals who borrow money in their own personal capacity; and (ii) corporations who borrow money under a corporate legal entity. To the best knowledge, information and belief of our Directors, all of our Group's private individuals and corporate customers were Independent Third Parties during the Track Record Period. We have not granted any loans to core connected persons or senior management of our Group during the Track Record Period.

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As at 31 December 2011, 2012 and 2013 and 31 May 2014, our entire loan portfolio (comprising property mortgage loans and unsecured personal loans) was comprised of 170, 304, 444 and 457 active and outstanding loan accounts, respectively. As at 31 May 2014, among our 457 active and outstanding loan accounts, approximately 415 loan accounts were held by individual customers and 42 loan accounts were held by corporate customers. The following table sets out the breakdown of our entire active and outstanding loan portfolio by private individual and corporate customers as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively:

|                         | As at 31 December  |  |  |  | As at 31 May   |  |  |  |         |       |     |     |         |         |       |     |     |         |         |       |
|-------------------------|--|--|--|--|--|--|--|--|---------|-------|-----|-----|---------|---------|-------|-----|-----|---------|---------|-------|
|                         | 2011   |  | 2012   |  | 2013   |  | 2014   |  |         |       |     |     |         |         |       |     |     |         |         |       |
|                         | Number of customers holding one or more active and out-standing loan accounts (Note 2) | Number of customers holding one or more active and out-standing loan accounts (Note 2) | Number of customers holding one or more active and out-standing loan accounts (Note 2) | Number of customers holding one or more active and out-standing loan accounts (Note 2) | Number of customers holding one or more active and out-standing loan accounts (Note 2) | Number of customers holding one or more active and out-standing loan accounts (Note 2) | Number of customers holding one or more active and out-standing loan accounts (Note 2) | Number of customers holding one or more active and out-standing loan accounts (Note 2) |         |       |     |     |         |         |       |     |     |         |         |       |
|                         | HK\$ '000  | HK\$ '000  | HK\$ '000  | HK\$ '000  | HK\$ '000  | HK\$ '000  | HK\$ '000  | HK\$ '000  |         |       |     |     |         |         |       |     |     |         |         |       |
| <b>Customer profile</b> |  |  |  |  |  |  |  |  |         |       |     |     |         |         |       |     |     |         |         |       |
| Private individuals     | 143  | 154  | 118,816  | 60.1   | 246  | 22   | 272  | 337,735  | 50.1    | 304   | 74  | 397 | 394,567 | 50.7    | 310   | 77  | 415 | 408,004 | 65.0    |       |
| Cooperation             | 9  | 2  | 78,837   | 39.9   | 27   | 2  | 32   | 335,605  | 49.9    | 35    | 2   | 47  | 383,481 | 49.3    | 29    | 8   | 42  | 219,976 | 35.0    |       |
| Total                   | 152  | 13   | 170  | 197,653  | 100.0  | 273  | 24   | 304  | 673,340 | 100.0 | 339 | 76  | 444     | 778,048 | 100.0 | 339 | 85  | 457     | 627,980 | 100.0 |

**Notes:**

- Customers may have more than one account opened with our Company and as such, the number of active and outstanding loan accounts as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively, may be greater than the number of actual customers as at the same date.
- The number of unique private individual/corporate customers refers to the ultimate beneficial owners of loan accounts.

The number of loan accounts held by private individuals which were active and outstanding as at 31 December 2011, 2012 and 2013 and 31 May 2014 represented approximately 90.6%, 89.5%, 89.4% and 90.8%, respectively, of our Group's total active and outstanding loan accounts as at those dates. However, mortgage loans granted to our corporate customers, although fewer in number, represented a higher value during the Track Record Period. The average loan value per corporate loan account which was active and outstanding as at 31 December 2011, 2012 and 2013 and 31 May 2014 was approximately HK\$4.9 million, HK\$10.5 million, HK\$8.2 million and HK\$5.2 million, respectively, as compared to the average loan value per private individual loan account which was active and outstanding as at the same dates of approximately HK\$0.8 million, HK\$1.2 million and HK\$1.0 million and HK\$1.0 million, respectively.

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### Top five customers

We generate income from interest received from loans provided to our customers. During the Track Record Period, certain of our private individual and corporate customers held multiple loan accounts with us. In addition, certain of our corporate customers, each being a separate legal entity, were owned by the same beneficial owner(s). Furthermore, one individual or group of individuals may have taken out loans with our Company via multiple corporate entities, secured against multiple real estate assets. As at 31 December 2011, 2012 and 2013 and 31 May 2014, our Group had 16, 32, 47 and 42 active and outstanding loan accounts, respectively, with corporate customers. However, after aggregating the interest received from our corporate customers by their ultimate or common beneficial owner(s), our Group had 9, 27, 35 and 29 distinct corporate customers as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively.

As such, our single largest customer and top five customers have been determined, where applicable, by the aggregate interest payments received from the ultimate or common beneficial owner(s) or same private individual customer, having considered the number of loan accounts beneficially held by them.

For each of the three years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, the aggregate interest income generated from our single largest customer (having aggregated all income attributable to accounts held by our corporate/private individual customers under common beneficial ownership/by the same individual) amounted to approximately HK\$6.8 million, HK\$10.2 million, HK\$15.4 million and HK\$4.0 million, respectively, representing approximately 21.9%, 17.7%, 12.7% and 9.5% of our total revenue, respectively. The aggregate value of outstanding loans of our single largest customer as at 31 December 2011, 2012 and 2013 and 31 May 2014 was approximately HK\$60.2 million, HK\$122.0 million, HK\$68.0 million and HK\$62.0 million, respectively, representing approximately 30.4%, 18.1%, 8.7% and 9.9% of our total loan portfolio, respectively.

For each of the three years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, the aggregate interest income generated from our top five largest customers (having aggregated all income attributable to accounts held by our corporate/private individual customers under common beneficial ownership/by the same individual) amounted to approximately HK\$10.1 million, HK\$21.1 million, HK\$32.6 million and HK\$10.6 million, representing approximately 32.5%, 36.8%, 26.9% and 25.1% of our total revenue, respectively. All of our top five largest customers were Independent Third Parties. The aggregate value of outstanding loans of our top five largest customers as at 31 December 2011, 2012 and 2013 and 31 May 2014 was approximately HK\$78.9 million, HK\$249.9 million, HK\$219.0 million and HK\$122.2 million, respectively, representing approximately 39.9%, 37.1%, 28.1% and 19.5% of our total loan portfolio, respectively.

To the best knowledge, information and belief of our Directors, none of our Group, our Directors, members of our senior management and their respective close associates and Shareholders who own more than 5% of the issued share capital of our Company, had any interest in or financial or business relationship with any of our Group's top five customers during the Track Record Period and up to the

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Latest Practicable Date. Since all of our customers, including the top five customers, borrowed from us on the basis of their own financial needs and preferences, and some of our top five customers were not the same throughout the Track Record Period, we are of the view that we do not have undue reliance on any major or single customer.

The following sets out details of our top five customers (by aggregate interest income generated from the loans granted) during the Track Record Period:

For the year ended 31 December 2011

| <b>Customer</b> | <b>Profile</b>     | <b>Principal business</b> | <b>Loan type</b>      | <b>Relationship with our Group since</b> |
|-----------------|--------------------|---------------------------|-----------------------|--|
| A               | Corporation        | Investment holding        | First mortgages       | 2011                                     |
| B               | Private individual | N/A                       | Subordinated mortgage | 2010                                     |
| C               | Private individual | N/A                       | First mortgage        | 2010                                     |
| D               | Private individual | N/A                       | First mortgage        | 2011                                     |
| E               | Private individual | N/A                       | Subordinated mortgage | 2010                                     |

For the year ended 31 December 2012

| <b>Customer</b> | <b>Profile</b>     | <b>Principal business</b> | <b>Loan type</b>               | <b>Relationship with our Group since</b> |
|-----------------|--------------------|---------------------------|--------------------------------|--|
| F               | Corporation        | General business          | First & subordinated mortgages | 2012                                     |
| A               | Corporation        | Investment holding        | First mortgages                | 2011                                     |
| G               | Private individual | N/A                       | Subordinated mortgage          | 2011                                     |
| H               | Private individual | N/A                       | First & subordinated mortgages | 2011                                     |
| I               | Corporation        | General trading           | First mortgage                 | 2012                                     |



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For the year ended 31 December 2013

| <b>Customer</b> | <b>Profile</b> | <b>Principal business</b> | <b>Loan type</b>               | <b>Relationship with our Group since</b> |
|-----------------|----------------|---------------------------|--------------------------------|--|
| F               | Corporation    | General business          | First & subordinated mortgages | 2012                                     |
| J               | Corporation    | Investment and trading    | First mortgage                 | 2013                                     |
| K               | Corporation    | Investments               | Subordinated mortgage          | 2013                                     |
| L               | Corporation    | Toy manufacture           | First mortgage                 | 2012                                     |
| I               | Corporation    | General trading           | First mortgage                 | 2012                                     |

For the five months ended 31 May 2014

| <b>Customer</b> | <b>Profile</b>     | <b>Principal business</b> | <b>Loan type</b>               | <b>Relationship with our Group since</b> |
|-----------------|--------------------|---------------------------|--------------------------------|--|
| F               | Corporation        | General business          | First & subordinated mortgages | 2012                                     |
| M               | Corporation        | Trading and investment    | First mortgage                 | 2013                                     |
| K               | Corporation        | Investments               | Subordinated mortgage          | 2013                                     |
| N               | Private individual | N/A                       | First mortgage                 | 2012                                     |
| O               | Private individual | N/A                       | First mortgage                 | 2012                                     |

### **Referral agents**

From time to time, our sales team works with a number of referral agents including, amongst others, mortgage brokers, who will refer customers seeking mortgage loan financings to us. Where such referral or enquiry is converted into a successful loan arrangement, we shall offer to the referral agents a fee for their referral services. During the Track Record Period, our sales team has developed and maintained a database for a network of 35 referral agents, all of whom, to the best knowledge, information and belief of our Directors, are Independent Third Parties. Such network of referral agents has been developed on an informal basis by our sales team over time. We have no specific criteria for the selection of our referral agents. Of the 35 referral agents in our network, 19 referral agents have successfully referred borrowers to us on one or more occasion. Of these 19 referral agents, seven were sole proprietors engaging in mortgage referral business, one was a private individual also engaging in mortgage referral business and 11 were corporations engaging in a range of activities including mortgage loan referral services and business consultancy. We have had working relationships with these 19 referral agents ranging from one to five years and we have entered into non-exclusive agreements with seven of these referral agents (details of which are set out below). We did not enter into any arrangements or agreements with the remaining 28 referral agents in our network during the Track Record Period.

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The following table provides a summary of the referral fees paid to referral agents during the Track Record Period:

|  | Year ended 31 December |                  |                  | Five months ended<br>31 May |                 |
|--|------------------------|------------------|------------------|-----------------------------|-----------------|
|  | 2011                   | 2012             | 2013             | 2013                        | 2014            |
| Number of referral agents receiving referral fees            | 4                      | 7                | 9                | 6                           | 2               |
| Number of transactions successfully referred                 | 17                     | 17               | 23               | 7                           | 3               |
| Principal amount of loans<br>(HK\$'000)                      | 160 to<br>18,310       | 420 to<br>70,000 | 200 to<br>90,000 | 480 to<br>90,000            | 600 to<br>3,000 |
| Interest income earned by our<br>Company (HK\$'000)          | 7,280                  | 3,587            | 12,736           | 10,949                      | 268             |
| Fees paid to referral agents<br>(HK\$'000)                   | 546                    | 1,444            | 1,791            | 1,488                       | 47              |
| Referral rate range as a percentage<br>of value of loans (%) | 0.1 to 1.0             | 0.5 to 1.5       | 0.3 to 2.6       | 0.5 to 2.0                  | 0.9 to 1.0      |

As at 31 December 2011, 2012 and 2013 and 31 May 2014, the amount of interest income earned from customers referred by referral agents represented approximately 23.3%, 6.2%, 10.5% and 0.6%, respectively, of our interest income. Fees paid to such referral agents are normally based on the amount of interest income receivable from the customer referred and are payable upon our receipt of the first monthly repayment instalment received from the customer. During the Track Record Period, fees paid to referral agents ranged from 0.1% to 2.6% of the loan amount depending upon the interest rate chargeable on the referred loan. As at 31 December 2011, 2012 and 2013 and 31 May 2014, loans referred by referral agents represented approximately 9.1%, 18.8%, 15.7% and 0.2%, respectively, of our outstanding loan portfolio.

To the best knowledge, information and belief of our Directors, referral agents are all Independent Third Parties, with no past or present relationships with our Company, its subsidiaries, their shareholders or directors or any of their respective close associates, apart from being the referral agents of our Group. We do not generally enter into written contractual arrangements with our referral agents and have not entered into any arrangements with any referral agents for the provision of any services on an exclusive basis, nor any arrangement in respect of specific customer targets. However, as at the Latest Practicable Date, we entered into agreements with 12 referral agents, five of which were entered into after 31 May 2014. The agreements have no expiry date but may be terminated on two weeks' prior written notice as detailed below. The principal terms of such arrangements are as follows:

### ***Key features of our referral agreements***

#### ***(a) Role of referral agent***

The referral agent is responsible for introducing potential borrowers to our Group for the purpose of taking out loans. Final approval of any loan application is subject to the sole and absolute discretion

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of our Group. The referral agent is also responsible for informing potential borrowers that it only provides referral services and that approval of any such loan application is subject to the sole and absolute discretion of our Group.

### (b) *Obligations of our Group*

After draw-downs of the loans which have been successfully approved by our Group to borrowers introduced by the referral agent, our Group is prepared but not obliged to pay a referral fee to the referral agent at rates set out from time to time but only after our Group has received the first loan instalment from the borrower.

### (c) *Referral fees*

Referral fees payable to referral agents are determined as a percentage of the loan amount offered to borrowers according to the mortgage type and interest rate. During the Track Record Period, for first mortgage loans, the referral fee rate ranged from 0.3% to 1.0% of the loan amount, subject to a maximum fee of HK\$1.0 million. For subordinated mortgage loans, the referral fee rate ranged from 0.67% to 1.0% of the loan amount, subject to a maximum fee of HK\$0.2 million. To the best of their knowledge, information and understanding, our Directors believe that these referral rates are in line with the industry norm.

In addition, from time to time, our Group may also offer promotional rates for certain periods where referral agents are offered slightly higher rates for introducing new business to our Group. From time to time between April 2013 and September 2014 we introduced promotional referral fee rates for first mortgage loans ranging from 0.7% to 1.0% of the loan amount, subject to a maximum fee of HK\$1.0 million and from 0.65% to 3.4% of the loan amount for subordinated mortgage loans, subject to a maximum fee of HK\$0.34 million. No promotional rates were offered from January 2011 to March 2013. To the best of their knowledge, information and understanding, our Directors believe that these referral rates are in line with the industry norm.

### (d) *Termination*

Either party may terminate the referral relationship by giving the other party two week's prior notice in writing.

During the Track Record Period, we did not record any incidents involving any dispute with any of the referral agents which have successfully referred customers to us.

In addition, during the Track Record Period, our Group also paid referral fees to existing customers who successfully referred new borrowers to our Company. In each of the three years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, 5, 6, 5 and 13 borrowers were referred by our existing customers and were granted loans successfully. For such referrals, we offered a referral fee equal to half of one month's instalment payable by the referring customers as

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reward for their referral. As at 31 December 2011, 2012 and 2013 and 31 May 2014, referral fees paid to existing customers for their successful referral of new borrowers were HK\$14,700, HK\$20,717, HK\$66,760 and HK\$81,000, respectively, in respect of loan amounts of approximately HK\$2.9 million, HK\$4.4 million, HK\$3.3 million and HK\$18.3 million, respectively.

### Interest rates

According to Ipsos and as noted in the section headed “Industry overview — Market overview of the licensed money lending service industry in Hong Kong — Overview”, the interest rates charged by licensed money lenders tend to be higher than banks. During the Track Record Period, the interest rates we charged our customers in respect of mortgage loans ranged from approximately 7.0% to 40.8% whereas interest rates we charged our customers in respect of unsecured personal loans ranged from approximately 20.0% to 51.2%. In general, our interest rates for subordinated mortgage loans tend to be higher than our interest rates for first mortgage loans to reflect the higher risks related to subordinated mortgage loans. Our credit committee determines our interest rate for customers on a case-by-case basis and in accordance with our internal credit policy with due consideration to the following:

- the credit risks, including the individual’s or corporate customer’s credit profile and history;
- the security risks, including the value and quality of the real estate to be pledged against the loan;
- the loan-to-value assessment of the real estate to be pledged against the loan;
- the extent to which any other higher priority security has been pledged against the property to be mortgaged;
- the cost of funds that we borrow from banks, financial institutions or licensed money lenders;
- the general economic and business environment;
- the prevailing interest rates in the lending market and in particular, the base rate;
- the interest rates for similar property mortgage loans being offered by our competitors at the time of loan application; and
- movement of the property market in Hong Kong.

Save for the late charges as disclosed in our loan agreements, our Directors confirm that we did not charge our customers any other additional fees during the Track Record Period and that we had complied with the regulatory requirement on effective interest rate charged on loans granted to customer.

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The following table summarises the range of interest rates which our Group charged in respect of our loan products as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively:

|   | <b>Interest rate range (per annum)</b> |              |                     |              |
|---|--|--------------|---------------------|--------------|
|   | <b>As at 31 December</b>               |              | <b>As at 31 May</b> |              |
|   | <b>2011</b>                            | <b>2012</b>  | <b>2013</b>         | <b>2014</b>  |
|   | (%)                                    | (%)          | (%)                 | (%)          |
| <b>Loan product / collateral</b>        |  |              |                     |              |
| <b>First mortgage</b>                   |  |              |                     |              |
| Residential properties                  | 12.0 to 26.8                           | 8.0 to 33.6  | 9.0 to 33.6         | 9.0 to 32.0  |
| Commercial properties                   | 12.0 to 32.0                           | 9.5 to 16.8  | 9.0 to 16.8         | 9.5 to 16.8  |
| Industrial properties                   | 13.0 to 18.0                           | 10.0 to 20.0 | 10.0 to 25.0        | 10.0 to 25.0 |
| Other                                   | 15.8 to 23.4                           | 18.0 to 18.5 | 12.0 to 18.5        | 12.0 to 18.5 |
| Overall for first mortgage loans        | 12.0 to 32.0                           | 8.0 to 33.6  | 9.0 to 33.6         | 9.0 to 32.0  |
| <b>Subordinated mortgage</b>            |  |              |                     |              |
| Residential properties                  | 16.8 to 36.0                           | 10.0 to 34.0 | 10.0 to 32.0        | 10.0 to 32.0 |
| Commercial properties                   | 23.4 to 26.8                           | 16.8 to 34.0 | 16.8 to 25.8        | 14.0 to 23.4 |
| Industrial properties                   | 23.8 to 23.8                           | 21.0 to 25.8 | 18.0 to 26.8        | 23.8 to 26.8 |
| Other                                   | N/A                                    | N/A          | 20.0 to 20.0        | 17.0 to 18.0 |
| Overall for subordinated mortgage loans | 16.8 to 36.0                           | 10.0 to 34.0 | 10.0 to 32.0        | 10.0 to 32.0 |
| <b>Unsecured personal</b>               |  |              |                     |              |
| Overall for unsecured personal loans    | 24.8 to 51.2                           | 24.8 to 39.4 | 20.0 to 37.3        | 20.0 to 31.0 |

### Net interest margin

Our profitability is directly related to the net interest margin of our loan products. Net interest margin refers to the total interest income net of finance costs as a percentage of the average monthly balance of outstanding loans receivable during the year/period. The following table sets out the net interest margin of our property mortgage loans during the Track Record Period:

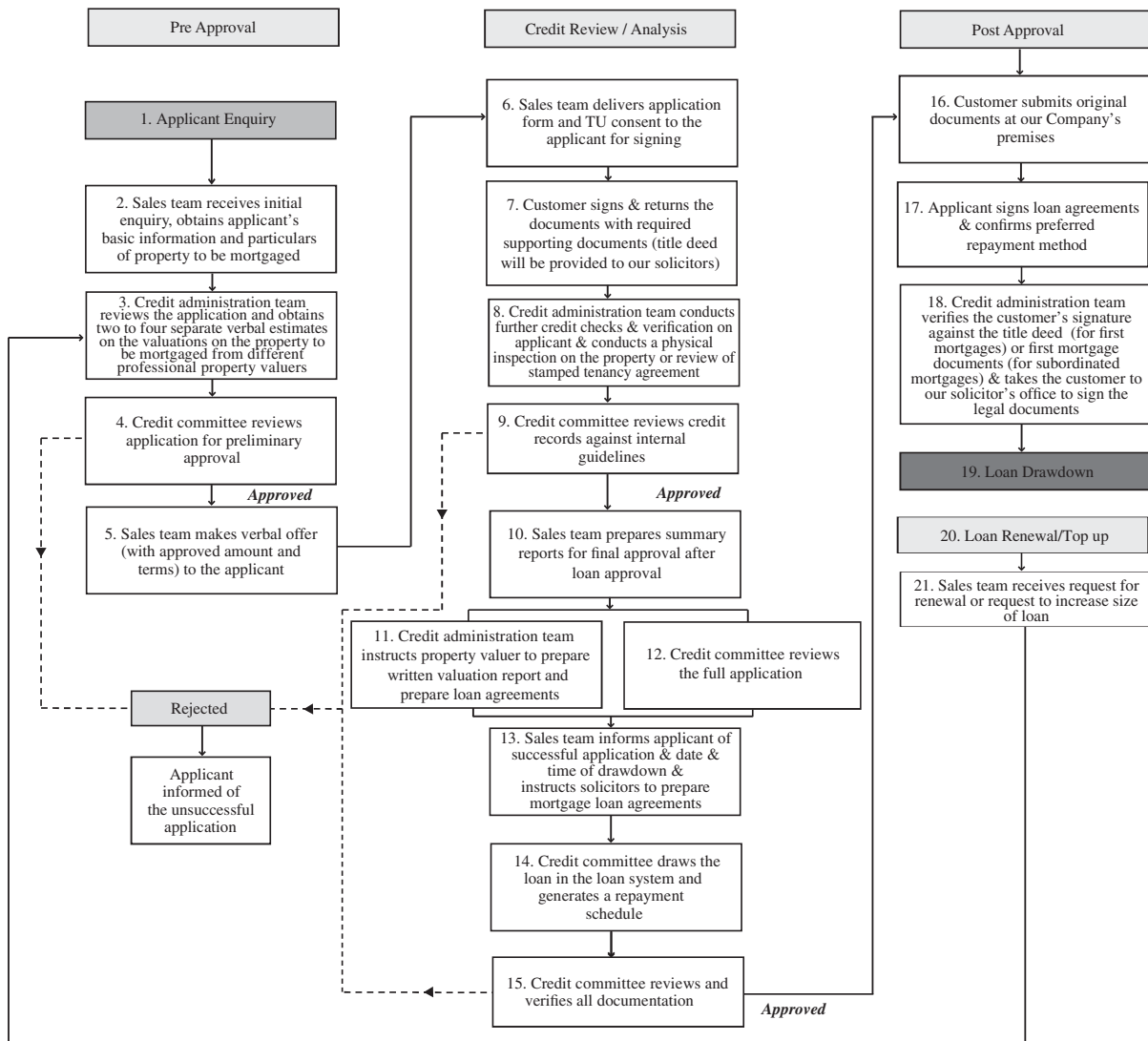
|                       | <b>For the year ended 31 December</b> |             |             | <b>For the five months ended</b> |
|-----------------------|---------------------------------------|-------------|-------------|----------------------------------|
|                       | <b>2011</b>                           |             |             | <b>31 May</b>                    |
|                       | <b>2011</b>                           | <b>2012</b> | <b>2013</b> | <b>2014</b>                      |
| <b>Loan product</b>   |                                       |             |             |                                  |
| First mortgage        | 18.0%                                 | 14.6%       | 11.3%       | 9.7%                             |
| Subordinated mortgage | 19.5%                                 | 24.3%       | 21.5%       | 18.7%                            |
| Unsecured personal    | 33.4%                                 | 30.4%       | 24.4%       | 19.0%                            |
| Overall               | 18.7%                                 | 18.0%       | 13.7%       | 11.9%                            |

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## LOAN APPROVAL PROCESS

### Mortgage loans

The following flow chart is a general overview of the major steps involved in our loan approval process:



Note: For loan renewals/top up, no physical inspection on the property is conducted (Step 8) and no written valuation report is prepared by any independent professional valuer (Step 11) unless the verbal estimate obtained from the independent professional valuer has decreased by 5% or more from the previous written valuation provided at the date of the original loan approval.

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(a) *Receipt of applicant enquiries / Pre-approval*

We typically receive loan application enquiries from four main sources:

- Telephone enquiries
- Online enquiries from our website at [www.gic.com.hk](http://www.gic.com.hk)
- Referrals from referral agents
- Referrals from past or existing customers

Telephone enquiries are typically generated from applicants who may have seen our advertisements from different media platforms (such as television, outdoor billboards or websites) and have followed up with an enquiry. In addition, our website allows customers to submit online enquiries and/or loan applications to our sales team.

We also receive referrals from some of our referral agents, as well as from our past or existing customers.

Initial or blind loan enquiries and applications (i.e. enquiries from applicants with no previous relationship with our Group) are generally received by our front line sales team, who are responsible for obtaining basic information such as the applicant's name, contact details, background information on the applicant (i.e. age, occupation, etc.), desired loan amount and the particulars of the property which will provide the security (including address and whether such property may already be encumbered). Although our sales team may make enquiries as to the existing usage of the property to be mortgaged (i.e. whether the property to be mortgaged is held for self use or investment purpose, etc.) and the intended application of the loan proceeds, we do so for information purposes only. Reasons typically received by our sales team for the intended use of the loan proceeds include, amongst others, investment, working capital, whole or partial repayment of debt, renewal of existing loans from our Group and mortgage or other refinancings. The existing usage of the property to be mortgaged and the intended application of the loan proceeds are not determining factors for approving a loan application by our credit committee and we do not consider such information to have any material impact on the risk profile of the applicant or the property to be mortgaged.

Once the above initial information has been obtained, the credit administration team will process the enquiry by obtaining two to four verbal estimates of valuations from our panel of four independent professional property valuers at the pre-approval stage. We currently work with a panel of four professional property valuers, all of whom are Independent Third Parties, who provide verbal estimates of valuations at the pre-approval stage. Such verbal estimates provided by the independent professional valuers are typically based on direct comparison method, assuming the sale of the property in its existing state with immediate vacant possession by making reference to the comparable market transactions as available in the market. We select the lowest of the two to four verbal estimates to determine the valuation for the property to be mortgaged. As a common approach in valuing properties in Hong Kong, the independent professional valuers will carry out their valuations on the basis of market value, which is defined by The Hong Kong Institute of Surveyors Valuation Standards

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2012 Edition as “the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”. The independent professional valuers we engage will rely on the direct comparison method that is based on comparing the property to be valued directly with other comparable properties which have recently transferred its legal ownership with appropriate adjustments. The lowest verbal estimate which determines the valuation for the property to be mortgaged will then be followed by a written valuation at the credit review stage. We do not have any long term contractual arrangements nor have we entered into written agreements with any such independent professional valuer. In addition, and for reference purposes only, we also review comparative property transaction data from real estate agents and other publicly available sources.

There is no material difference in the figures provided in the lowest verbal estimate and the written valuation and during the Track Record Period, we did not encounter any incident where the figures provided in the lowest verbal estimate was materially different from that in the written valuation. From time to time, however, and depending upon the status of the property market, we may apply a discount of between 5-10% to the lowest verbal estimate. Such discount is applied as a matter of prudence and to ensure that the property to be mortgaged is conservatively valued and to provide us with a protective buffer so that in the event of a downturn in the property market, the value of the pledged property would be sufficient to cover the value of the loan. Our Directors believe that such conservative approach to valuations offers our Group greater protection and risk control against uncertainties in market conditions.

Once the valuation (i.e. the lowest verbal estimate) has been determined, the sales team will prepare a summary on the property and pass the information to the credit committee for their pre-approval.



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A credit committee will be formed to review and approve an application according to the loan amount, loan-to-value ratio and interest rate applied:

| Credit committee   | Loan product                     | Loan amount<br>(HK\$'000) |     | Loan-to-value ratio<br>(%) |     | Interest rate<br>(%) |
|--|----------------------------------|---------------------------|-----|----------------------------|-----|----------------------|
| <b>Credit committee A</b><br>1 credit officer or<br>1 credit manager   | First mortgage                   | ≤5,000                    | and | ≤70                        | and | ≥12                  |
|  | Subordinated mortgage            | ≤500                      | and | ≤70                        | and | ≥21                  |
|  | Personal unsecured <i>(note)</i> | N/A                       |     | N/A                        |     | N/A                  |
| <b>Credit committee B</b><br>1 credit officer &<br>1 credit manager<br>or<br>2 credit managers                       | First mortgage                   | ≤20,000                   | and | ≤70                        | and | ≥10                  |
|  | Subordinated mortgage            | ≤3,000                    | and | ≤70                        | and | ≥18                  |
|  | Personal unsecured               | ≤700                      | and | N/A                        | and | ≥22                  |
| <b>Credit committee C</b><br>Ms. Wang & 1 credit officer &<br>1 credit manager<br>or<br>Ms. Wang & 2 credit managers | First mortgage                   | >20,000                   | or  | >70                        | or  | <10                  |
|  | Subordinated mortgage            | >3,000                    | or  | >70                        | or  | <18                  |
|  | Personal unsecured               | >700                      | or  | N/A                        | or  | <22                  |

*Note:* Unsecured personal loans can only be approved by credit committee B or C

Our credit committee will then review the initial application and determine the interest rate for the loan based on the applicant's information and the valuation of the property (i.e. the lowest verbal estimate) in accordance with our internal credit policy and guidelines.

Once our credit committee has provided the initial preliminary approval, the sales team will notify the applicant as to whether their preliminary application has been successful or not and where it has, of the approved amount and terms. Upon request, an offer letter, which will include our lending terms, will be sent to the applicant.

### (b) *Credit review/analysis*

Once the offer has been accepted by the applicant, we commence the credit review process which involves the following:

Our sales team will first request a copy of the applicant's personal identification, so that we can conduct the requisite know-your-client due diligence on the prospective borrower. In the case of a corporation, our sales team will request copies of their business registration certificate and certificate of incorporation and conduct company and directors searches. For further details on our due diligence process, please refer to the sub-paragraph headed "Due diligence on applicants" in the paragraph headed "Risk management and internal control" in this section.

The sales team will then forward certain documents (including the application form and TU consent) to the applicant for their execution. The TU consent enables our Company to conduct a formal consumer credit check on the applicant via the TransUnion credit information system. A member of the credit administration team will also make a site visit to the relevant property in order to carry out a basic physical inspection of the condition of the property. In the event that the property to be mortgaged has been rented out by the applicant, instead of making a physical inspection of the property, our credit administration team will request a copy of the stamped tenancy agreement for review and for record.

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In addition, our credit administration team will verify the valuation (i.e. the lowest verbal estimate) at the pre-approval stage by conducting further analysis on current asking prices and rental of comparable properties within the property's immediate vicinity.

Once the applicant's personal information and the valuation (i.e. the lowest verbal estimate) has been assessed, our credit committee again reviews the information. In respect of loan amounts over HK\$20 million in value, the application must be approved unanimously by our credit committee which includes all of Ms. Wang, our credit manager(s) and credit officer(s). If the loan falls within the credit committee's acceptable risk, then the loan is approved. If, however, our credit committee considers that the applicant is unsuitable or our terms do not accurately reflect the risk of the transaction, the application will be rejected.

Once approved by our credit committee, our sales team will instruct the solicitors to prepare the necessary mortgage loan agreements. We currently work with a panel of four solicitors firms, all of whom are Independent Third Parties. We do not have any long term contractual arrangements nor have we entered into written agreements with any such solicitors' firm. In the case of refinancings, redemption letters will also be included in correspondence to the solicitors.

From time to time and on a case-by-case basis and as further incentive to the borrower, we may offer to cover the costs of their legal fees in respect of the mortgage as long as such loan is maintained for a period of not less than six months. In the event that the customer seeks to repay the loan before such period, we may request the reimbursement of such legal fees from the borrower.

Our credit administration team then instructs the independent professional valuer which provided the valuation (i.e. the lowest verbal estimate) to then prepare a written valuation report which incorporates full details of the property including, amongst others, property age and property area. Once the written valuation report together with the case summary report, property summary, loan disbursement, TU summary and all loan agreements are prepared, our sales team will inform the applicant of their successful application and arrange signing of the agreements and relevant documents at our or our solicitors' office. A loan number and repayment schedule for the customer is then created and the loan details are inputted into the system.

### (c) *Post approval*

When the applicant is invited to our office, in accordance with our credit, know-your-client and anti-money laundering policies, they will be required to provide original documentation of relevant documents for verification by our credit administration team and our credit committee, including amongst others, Hong Kong or PRC identity cards or passports of relevant individuals, valid proof of address, certificates of registration, business registration forms (in respect of our corporate customers) and title documents (in respect of applications for first mortgage loans) and true copies of all other supporting documents. Our credit committee will verify that such documentary evidence is original and/or acceptable and complete a loan application checklist to ensure that all mandatory documents have been obtained in accordance with our internal policies.

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The applicant will then sign the loan agreements (together with a legally binding declaration which contains an undertaking that the applicant, after the loan has been made available to the applicant, will not obtain any additional loans by charging the relevant property as security from anyone without the Group's prior written consent) and loan disbursement form to indicate their preferred repayment method. The applicant will also receive a repayment schedule which sets out their monthly obligation to our Company. The applicant will then proceed to visit the solicitor's office where they need to sign the relevant legal documentation on the same date. At the same time, we shall instruct the lawyers to register the mortgage at the Land Registry.

Once the legal documents are signed, the applicant will receive a cheque for the loan amount (less any fees incurred by our Company in respect of the preparation of the loan). All loans are disbursed to lenders through the issuance of cheques by our Company or our solicitors. Our Company never draws loans in cash and we typically receive loan repayments from our customers through bank instructions such as autopay, ATM transfers or receipt of cheques.

### (d) *Post loan drawdown*

Our accounting and finance department maintains a record of our customers' loan and the repayment dates. Our accounts team will also work with our credit administration team and credit committee to monitor repayment and issue reminders and alerts for overdue instalments, where necessary, and when the loan is near expiry. In addition, as part of our day-to-day operations and our post drawdown assessment, we monitor movement and activity in the overall property market in Hong Kong particularly in respect of high loan-to-value ratio mortgages with reference to the impact of the market on the valuations of mortgaged properties. Credit meetings are held on a weekly basis to discuss the latest property transactions of our Group as well as market trends and liquidity in the property market.

### *Monthly monitoring*

Our credit team monitors the property price index and monthly property transaction volumes published by the government and other publicly available sources and provides a report to our management on a monthly basis. In addition, as part of our loan and credit risk monitoring procedures, our credit team prepares a series of monthly reports which cover (i) a review of all existing loan accounts; (ii) a review of all high concentration loans, being loan accounts which represented 2% or more of our Group's entire loan portfolio, and loan accounts with loan-to-value ratios in excess of 75%; and (iii) a review of the repayment status of loan accounts with loan-to-value ratios in excess of 80%. These reports provide an overview of our loan portfolio and enable us to monitor changes in the property market on a monthly basis and the impact of such changes, if any, on our higher concentration and higher loan-to-value ratio loans. In assessing the changes in the property market, our credit administration team will make reference to (a) the records of the sale and purchase price of relevant properties at the Land Registry; (b) recent transaction prices of comparable properties from real estate agents; and (c) property valuation tools available on the websites of commercial banks in Hong Kong. Such references are then compared against the written valuations of the pledged properties as obtained on the date of loan approval in order to provide our management with details on the movement, if any, in the valuation of such properties and therefore visibility on the possible credit risks to our loan portfolio.

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In the event that there is a downturn, that is, a decrease of 5% or more between our references and the written valuation provided by the independent professional valuer as at the date of the loan approval, we shall appoint the independent professional valuer to produce a new written valuation of such properties as at the latest applicable time. Where such new written valuation indicates a decline of 5% or more from the original written valuation, the customer will be asked to make a partial repayment in their outstanding loan (together with any overdue amounts) in order to ensure that the loan remains within our acceptable loan-to-value ratio range.

During the Track Record Period, we requested such partial repayments of outstanding loan amounts as a result of a decrease of 5% or more between our references and the written valuation from 14 customers. All such requests for partial repayments were made in the year ended 31 December 2013. In the event that a customer fails or is unable to comply with such request for partial repayment, we would request the customer to provide additional security in order to reduce the loan-to-value ratio of their outstanding loans. Where the customer is unable to provide any additional security, we would terminate the loan agreement and seek repayment of the loan principal together with any outstanding interest payments from the customer by introducing other money lenders to the customers for refinancing.

During the Track Record Period, of these 14 customers who received requests to make partial repayments due to the decrease in references of 5% or more from the written valuation, five customers made partial repayments but nine customers were unable to comply with such request. As a result, we terminated the loan agreements with those nine borrowers and the aggregate outstanding loan principal and the outstanding interest payments as at the date on which their respective agreements were terminated was approximately HK\$21.7 million and HK\$0.3 million, respectively. Nevertheless, in the interests of goodwill, our Group had assisted to identify alternative licensed money lenders to those nine customers. These licensed money lenders are all Independent Third Parties whom we considered to be reputable money lenders and were interested in taking over such loans. Eventually, as far as our Directors are aware, each of the nine customers was able to obtain a new loan with either licensed money lenders (seven out of nine) or banks (two out of nine) and repaid the loan principal and outstanding interest payments to us in full. Our Group did not receive any fee for making such introductions.

### *Annual monitoring*

As part of our post loan drawdown credit risk monitoring procedures, we have engaged independent professional valuers to provide written valuations on the pledged properties in our loan portfolio at the end of each financial year. Such valuations are compared against the valuations of the pledged properties as determined on the date of loan approval which not only provides us with an overview of changes in the property market but also enables us to monitor, on an individual basis, the credit risk across our entire loan portfolio and to ensure that the values of the pledged properties remain within our Group's acceptable loan-to-value ratio range. Such procedures also facilitate our assessment of provision for impairment assessment of loans and interest receivable.

Our senior management also meets periodically to discuss operational matters such as loan-to-value ratio (including loan accounts with high loan-to-value ratios), loan renewal and changes in the property price index in Hong Kong.

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For details in respect of late or overdue payments, please refer to the section below headed “Loan collection — Procedures for dealing with loan and interest repayment default”.

### *Key features of our typical loan agreements for first and subordinated mortgage loans*

#### (a) *Legal charge*

In consideration of us agreeing to advance the loan amount to the mortgagor and as security for the repayment of such loan, the mortgagor agrees to charge the said property to our Company by way of a first or subordinated legal charge.

#### (b) *Interest*

The mortgagor/borrower will repay the loan amount together with the interest accrued in accordance with a repayment schedule prepared by us.

#### (c) *Early repayment*

The mortgagor/borrower may at any time before the last repayment date repay the loan amount in full by giving us not less than one month’s prior written notice.

#### (d) *Effective interest rate*

On the last repayment date, we will determine the aggregate of all interest amounts payable under the loan agreement. In the event that the effective interest rate in respect of the loan amount exceeds the maximum annual percentage rate of interest at which a person can lend money without committing an offence under any law, we will refund such interest amount to the mortgagor/borrower so that the effective interest rate does not exceed the legal maximum of 60% per annum.

#### (e) *Termination events*

The loan amount and any accrued interest shall become immediately due and payable upon any one of the following events:

- (i) Default by the mortgagor/borrower in any payment on its due date
- (ii) Information or material provided by the mortgagor/borrower is false or incomplete
- (iii) Death, insolvency of the mortgagor/borrower
- (iv) Execution or distress issued or levied against the mortgagor/borrower and their property

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(f) *Our Right to terminate*

We reserve the right to terminate the loan agreement at any time.

(g) *Indemnity*

The mortgagor/borrower shall indemnify us against all reasonable costs and expenses in connection with the enforcement of or preservation of any rights under the loan agreement including all costs and expenses related to engaging legal advisers and/or collection or other agents in relation to the recovery of the amounts payable by the mortgagor/borrower under the loan agreement.

(h) *Late charges*

If the mortgagor/borrower fails to pay any sums payable under the loan agreement when due, they shall be liable for late charge payment until the default is remedied.

(i) *Cash bonus*

We offer cash bonuses under particular product plans. Based on the loan size, we will offer 1% cash bonus with a maximum cap of HK\$10,000. We will pay the cash bonus on top of the loan fund on the date of the advance. If the borrower/mortgagor makes an early repayment on the loan (whether in full or in part) within six months from the date of advance, the borrower should reimburse the cash bonus amount in full.

(j) *Cap on loan-to-value ratio*

If at any time the principal amount of the loan exceeds the determined loan-to-value ratio of the market value of the pledged property, the mortgagor/borrower shall either repay part of the loan amount outstanding or provide us with additional security to reduce the loan-to-value ratio to within the determined ratio.

(k) *Referrals*

In the event that the borrower has been referred to us by a third party, the borrower acknowledges and consents to such referral and confirms that there is no principal-agent relationship between the referrer and the borrower.

### **Personal loans**

The pre-approval and credit review process for assessing and offering unsecured personal loans is almost identical to the process for assessing and offering property mortgage loans, save for the fact that the applicant must provide additional details and proof of their income. Although personal loans are unsecured, we mainly offer such loans to individuals who own real estate assets under the Home Ownership Scheme in Hong Kong, as such, our process for carrying out valuations and searches on

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the applicant's real estate asset is identical to our process for property mortgage loans. In respect of the post approval and post drawdown processes, we adopt a largely similar process as the one used for property mortgage loans, and applicants for personal loans are required to attend the solicitor's office to execute the loan agreement.

### *Key features of our typical loan agreements for personal loans*

#### (a) *Interest*

The borrower will repay the loan amount together with the interest accrued in accordance with a repayment schedule prepared by us.

#### (b) *Early repayment*

The borrower may at any time before the last repayment date repay the loan amount in full by giving us not less than one month's prior written notice.

#### (c) *Effective interest rate*

On the last repayment date, we will determine the aggregate of all interest amounts payable under the loan agreement. In the event that the effective interest rate in respect of the loan amount exceeds the maximum annual percentage rate of interest at which a person can lend money without committing an offence under any law, we will refund such interest amount to the borrower so that the effective interest rate does not exceed the legal maximum of 60% per annum.

#### (d) *Termination events*

The loan amount and any accrued interest shall become immediately due and payable upon any one of the following events:

- (i) Default by the borrower on any payment on its due date
- (ii) Information or material provided by the borrower is false or incomplete
- (iii) Death, insolvency of the borrower
- (iv) Execution or distress issued or levied against the borrower and their property

#### (e) *Our right to terminate*

We reserve the right to terminate the loan agreement at any time.

#### (f) *Indemnity*

The borrower shall indemnify us against all reasonable costs and expenses in connection with the enforcement of or preservation of any rights under the loan agreement including costs and expenses related to engaging legal advisers and/or collection or other agents in relation to the recovery of the amounts payable by the borrower under the loan agreement.

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(g) *Late charges*

If the borrower fails to pay any sums payable under the loan agreement when due, they shall be liable for late charge payment until the default is remedied.

(h) *Referrals*

In the event that the borrower has been referred to us by a third party, the borrower acknowledges and consents to such referral and confirms that there is no principal-agent relationship between the referrer and the borrower.

### **Loan renewal**

From time to time, customers may seek to renew their loans with us. Typically, when a loan principal is expected to mature within one month, our sales team will contact and notify the customer that such loan is due to mature. In the event that customers wish to renew their loans and in order to determine whether such loans may be renewed, we shall conduct a review and assessment of the customer as well as the pledged property in broadly the same manner as we would consider a new loan. Our credit administration team will review comparative property transaction data from real estate agents and publicly available sources, request verbal estimates of valuations from two to four independent professional valuers and forward the initial renewal application together with the lowest verbal estimate to our credit committee for review. Once the preliminary approval has been obtained, the customer will be notified and the relevant documentation will be sent to them (including the TU consent), so that the relevant credit checks can be conducted. As the customer has already mortgaged the property with us, we may not carry out any additional or further physical inspection of the pledged property. In the event that the pledged property has been rented out by the customer, our credit administration team will request a copy of the stamped tenancy agreement for review and for record. Furthermore, we may not seek to obtain a new written valuation from any independent professional valuers unless the verbal estimate has decreased by 5% or more from the written valuation provided by the independent professional valuer at the date of the original loan approval. Once our credit committee has approved the renewal application, the customer is invited to our office to sign the renewal agreements.

In addition, we shall consider, amongst other factors, the customer's repayment history under the existing loans (and in particular whether there were any instances of delay or default), whether there have been any material changes to both the property pledged to us and the property market in Hong Kong. In general, save for the tenor and the interest rate of the loan, or upon the borrower's request, loans are renewed on the same standard terms as the existing loan. Amendments to key terms such as the extension or reduction of the tenor or changes in interest rates are made upon the borrowers' request and subject to the approval of our credit committee. As a matter of policy, our Group will not renew loans to customers whose interest payments are past due until all outstanding interest payments have been repaid. However, there is no requirement for the principal to be repaid in full (whether it is repayable by amortisation or in full upon maturity) before a loan can be renewed. During the Track Record Period, our Group received 10, 18, 35 and 17 applications for loan renewals, equivalent to approximately HK\$51.6 million, HK\$75.0 million, HK\$253.1 million and HK\$34.5 million in value, all of which were successfully granted and renewed. Furthermore, during the Track Record Period, our Company had not renewed any loan before all outstanding interest payments were repaid. There is no limitation on the number of renewals granted for each loan account.



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### **Loan top up**

From time to time, customers may seek to increase or top up the size of their loans following initial drawdown. Application for loan top up is subject to the usual credit review and approval processes which are similar to the procedures for new loan application and almost identical to the procedures for loan renewal application, as detailed in the above.

In the event that the additional loan amount sought increases the loan-to-value ratio to 70% or above, we may seek additional income proof from the customer. In addition to the usual considerations by our credit committee, we may also consider the customer's repayment history of the existing loan and whether they have a history and track record of delinquency in their repayment. In contrast to loan renewals, approval of loan top up may be granted even if payment of existing loan or instalments is late or outstanding as the amount of late or outstanding instalments would be paid by deducting directly from the additional loan amount on successful loan top up application. If the customer had any previous record of late payments, an additional interest rate ranging from 1% to 3% may be charged to the customer. Unless there would be an impact on the loan-to-value ratio, there is no specific limitation on the number of top ups which a customer may seek.

### **LOAN COLLECTION**

#### **Procedures for dealing with loan and interest repayment default**

A summary of our collection process for all loans is detailed below:

| <u>Overdue</u>           | <u>Action</u>  |
|--------------------------|--|
| Within one week          | Our sales team will contact the borrower by telephone with a reminder that they are overdue in their repayment. In the event that the instalment has not been made after the initial reminder, the borrower may be reminded again via telephone or mobile/electronic message |
| One to six weeks         | A letter from our Company will be sent to the borrower to remind them of the outstanding instalment every two weeks  |
| No later than five weeks | We shall instruct our solicitors to send a demand letter to the borrower   |
| 10-11 weeks              | In the event that the borrower has not responded to our requests or can not be located, we may consider the commencement of legal action and a writ of summons/originating summons will be sent to the borrower  |
| 12 weeks                 | Statement of claim will be prepared and filed to the court   |
| 13 weeks                 | Credit administration team will prepare a foreclosure report   |

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| <b>BUSINESS</b> |
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| <u>Overdue</u> | <u>Action</u>   |
|----------------|---|
| 16 weeks       | Court judgment will be obtained   |
| 18 weeks       | Court order will be sent to the corresponding solicitors and the borrower with instructions that the borrower should vacate the property within 28 days of receipt of the court order |
| 22 weeks       | We shall instruct our solicitors to apply for execution of judgment   |

As it is not our Group's policy to engage loan collection companies to assist with collection of outstanding loans, we did not engage any loan collection companies to assist with the collection of outstanding loans during the Track Record Period.

As at 31 May 2014, approximately 4.1% of our loans receivable were past due. During the Track Record Period, our Group obtained court judgments against a total of 11 borrowers who were overdue with the repayment of their loans. As at 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, the aggregate amount of outstanding balances in respect of these 11 borrowers was approximately HK\$12.5 million, HK\$27.4 million, HK\$18.8 million and HK\$20.0 million, respectively, and the aggregate value of the pledged properties was approximately HK\$60.6 million, HK\$73.0 million, HK\$45.1 million and HK\$45.8 million, respectively. A summary of the status with these 11 borrowers as at the Latest Practicable Date is set out as follows:

| Case | Customer type      | <b>Total<br/>outstanding/<br/>overdue<br/>balances as<br/>at 31 May<br/>2014<br/>(HK\$'000)</b> | <b>Market value<br/>of pledged<br/>property as<br/>at 31 May<br/>2014<br/>(HK\$'000)</b> | <b>Resultant loss<br/>(HK\$'000)</b> | <b>Status as at the Latest<br/>Practicable Date</b> |
|------|--------------------|---|--|--------------------------------------|---|
| 1    | Corporate          | 757   | 15,000   | Nil                                  | Pending settlement                                  |
| 2    | Private individual | 329   | 2,150  | Nil                                  | Pending settlement                                  |
| 3    | Private individual | 1,466   | 2,600  | Nil                                  | Loan settled - October 2014                         |
| 4    | Private individual | 16,450  | 23,000   | Nil                                  | Property sold - October 2014                        |
| 5    | Private individual | 1,027   | 3,000  | Nil                                  | Property sold - September 2014                      |
| 6    | Private individual | —   | N/A  | 3,848                                | Property sold - February 2014                       |
| 7    | Private individual | —   | N/A  | Nil                                  | Property sold - June 2013                           |
| 8    | Corporate          | —   | N/A  | 135                                  | Property sold - December 2012                       |
| 9    | Corporate          | —   | N/A  | 135                                  | Property sold - December 2012                       |
| 10   | Private individual | —   | N/A  | Nil                                  | Loan settled - October 2012                         |
| 11   | Private individual | —   | N/A  | Nil                                  | Loan settled - June 2012                            |

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As at 31 December 2011, 2012 and 2013 and 31 May 2014, the interest receivables which were past due but not impaired amounted to approximately HK\$1.1 million, HK\$4.7 million, HK\$5.9 million and HK\$6.5 million, respectively, of which HK\$3.7 million had been settled as at the Latest Practicable Date.

### SALES AND MARKETING

Our customer base is principally derived from customers responding to our advertising and marketing efforts and referrals from referral agents. During the Track Record Period, our advertising and marketing activities included, amongst other things:

- Newspaper and magazine advertisements and advertorials
- Public transport (bus and minibus) wrap advertising
- Outdoor banner advertising
- Online banner advertising
- Television commercials
- Direct mail, pamphlets and leaflets

In January 2014, we entered into an agreement with a well known celebrity in Hong Kong to be our spokesperson and to appear in our advertising campaigns.

For each of the three years ended 31 December 2013 and the five months ended 31 May 2014, our advertising and marketing expenses amounted to approximately HK\$4.8 million, HK\$15.2 million, HK\$14.3 million and HK\$8.5 million, representing approximately 15.3%, 26.3%, 11.8% and 20.5%, respectively, of our total revenue.

Our Directors believe that engaging in various marketing and promotional activities is an effective strategy for increasing public awareness of our business and brand in Hong Kong. Our senior management formulates the overall corporate business development plans and develops our marketing initiatives, including advertising budgets and strategies.

As part of our business development plans and as a result of increased competition, we need to distinguish ourselves from our competitors. Our management expects that we shall continue with our marketing efforts through various forms of advertising in the mass media. For details, please refer to the section headed “Future plans and use of proceeds”.

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### SOURCE OF FUNDS

Unlike authorised institutions under the governance of the HKMA which may obtain funding through receiving deposits from public or through interbank market, during the Track Record Period, we obtained funding for our operations through advances from our Controlling Shareholders as well as mortgage loans from a bank, a financial institution and a licensed money lender, all of whom are Independent Third Parties.

#### Controlling Shareholders' advances

From time to time, our Controlling Shareholders provide advances to our Group. Details of the financial support provided by our Controlling Shareholders are set out in the section headed "Relationship with our Controlling Shareholders" in this prospectus. As at 31 December 2011, 2012 and 2013 and 31 May 2014, advances from our Controlling Shareholders amounted to approximately HK\$358.8 million, HK\$497.8 million, HK\$416.0 million and HK\$317.6 million, respectively. All advances provided by our Controlling Shareholders will be settled by capitalisation prior to the Listing.

#### External financing

In addition to the aforementioned Controlling Shareholders' advances, during the Track Record Period, we obtained loan facilities from a bank, a financial institution and a licensed money lender, all of whom are Independent Third Parties. As at 31 December 2011, 2012 and 2013 and 31 May 2014, borrowings from the bank, the financial institution and the licensed money lender amounted to approximately HK\$nil, HK\$456.9 million, HK\$317.5 million and HK\$293.8 million, respectively. As at the Latest Practicable Date, we had one outstanding loan facility with a licensed money lender but no outstanding loans or loan financing arrangements with any banks or financial institutions.

During the Track Record Period, our Group obtained external financing primarily in order to grow our business and in particular, to expand our loan book portfolio. We initially obtained such financing from a bank and a financial institution, specifically a restricted licensed bank. However, upon expiry of the facilities, our Group understood that the bank and the financial institution were unable to renew the facilities. As a result of certain actions or measures undertaken by the HKMA to prevent overheating in the property market, our Directors believe that the bank and the financial institution were under pressure to reduce their exposure to mortgage financing businesses which includes the lending of money to mortgage financing enterprises, such as our Group.

Upon full repayment of such lending facilities in January 2014 and October 2013 respectively, we sought to obtain financing from an Independent Third Party licensed money lender. The facility we obtained during the Track Record Period was comprised of a series of revolving term loans which were secured against various elements including, amongst other things, personal guarantees of Ms. Wang and sub-mortgages of the legal charges over properties mortgaged to our Group for securing loans granted to our customers. According to Ipsos and as noted in the section headed "Industry overview — Market overview of the licensed money lending service industry in Hong Kong — Overview" in this prospectus, the interest rates charged by licensed money lenders tend to be higher than banks.

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As at 31 December 2011, 2012 and 2013 and 31 May 2014, bank and other borrowings of our Group were guaranteed by Ms. Wang as to HK\$nil, HK\$585 million, HK\$1,185 million and HK\$500 million, respectively. As at the Latest Practicable Date, save for the personal guarantee in favour of the Independent Third Party licensed money lender as described below, all guarantees provided by Ms. Wang in respect of our Group's borrowings had been released.

The facility provided by the Independent Third Party licensed money lender during the Track Record Period was comprised of a series of revolving term loans with a maximum amount of HK\$500 million and secured against (i) sub-charge(s)/sub-mortgage(s) on properties charged or mortgaged to our Company for securing loans receivables from our customers; and (ii) a personal guarantee of Ms. Wang. The personal guarantee provided by Ms. Wang will be released prior to the Listing and replaced by the corporate guarantee of our Company. The key terms of such facility are as follows:

|                                       |   |
|---------------------------------------|---|
| Date of the original facility letter: | 23 December 2013  |
| Term of the facility:                 | 12 months from the initial drawdown   |
| Guarantor:                            | Ms. Wang  |
| Facility amount:                      | HK\$500 million   |
| Interest rate:                        | The current Hong Kong Dollar Best Lending Rate as quoted by The Hongkong and Shanghai Banking Corporation Limited (“HSBC”) plus 2% per annum  |
| Drawdown:                             | Each drawdown should be subject to a minimum of HK\$1 million.  |
| Security:                             | <ol style="list-style-type: none"><li>1. Sub-charge(s)/sub-mortgage(s) from time to time to be executed by the Company to the Independent Third Party licensed money lender on the first legal charges/mortgages of such real properties charged/mortgaged to the Company for securing loans receivable from the customers of the Company.</li><li>2. An unconditional, continuing and irrevocable personal guarantee to be executed by Ms. Wang.</li></ol>         |
| Undertaking:                          | <ol style="list-style-type: none"><li>1. The Company shall maintain the loan-to-value ratio of the aggregated principal amount of the loans receivable from its customers to the aggregated market values of the real properties charged/mortgaged by its customers to the Company under the first legal charges/mortgages which remain sub-charged/sub-mortgaged to the Independent Third Party licensed money lender at not more than 70% at all times.</li></ol> |

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2. The Company undertakes that the interest rate of the loans receivable from its customers whose real properties were sub-charged/sub-mortgaged by the Company to the Independent Third Party licensed money lender as security shall not be less than the current Hong Kong Dollar Best Lending Rate as quoted by HSBC plus 7% per annum.

Termination: The facility is subject to the Independent Third Party licensed money lender's overriding right to repayment on demand, and to review, amend and/or cancel the facility at its sole and absolute discretion.

As at 31 May 2014, approximately HK\$288.1 million of our loan portfolio was sub-charged/sub-mortgaged to the Independent Third Party licensed money lender, which represents approximately 45.9% of our Group's entire loan portfolio of approximately HK\$627.0 million and approximately 59.8% of our Group's first mortgage loan portfolio of approximately HK\$481.4 million.

As at the Latest Practicable Date, our unutilised facilities available for drawdown from such Independent Third Party licensed money lender amounted to approximately HK\$178.0 million. On 12 November 2014, our Group entered into an agreement with the Independent Third Party licensed money lender to renew the facility until December 2015 on terms which are identical to the aforementioned.

During the course of our Group's business operations, there have, from time to time, been changes and amendments to the standard terms of the mortgage agreements between our Group and our borrowers. At present, most of the existing mortgage agreements entered into between our Group and our borrowers have incorporated a standard "Successors and Assigns" provision which, among other things, include a clause entitling us to assign all or any part of our rights, title and interest in the mortgages to any person and the borrowers appoint each of the successors of our Group to be their attorney on the same terms and for the same purposes as the relevant provisions of the mortgages. As such, by entering into our Group's existing mortgage agreements, a borrower has provided their express consent to us to sub-mortgage their property to a third party. However, there were certain mortgage agreements entered into between our Group and some borrowers in the past which may not contain the aforesaid clause.

In regard to this, based on the legal opinion of our external legal counsel Mr. Anson Wong SC, barrister-at-law, we are entitled to sub-mortgage the properties of our borrowers whether or not the mortgage agreement contains the provisions entitling us to assign its rights, title and interest in the mortgage to any person, and it is unnecessary to seek the borrowers' prior written consent for the purpose of such sub-mortgaging arrangement. Based on the legal opinion of Mr. Anson Wong SC, such sub-mortgage arrangement either charged or assigned our security interests in the mortgages granted by our borrowers in favour of the Independent Third Party licensed money lender and such sub-mortgage arrangement was not intended and would not give the Independent Third Party licensed money lender any rights, powers and/or benefits over and above what we were entitled to under those

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underlying mortgages granted by our borrowers. In addition, based on the legal opinion of Mr. Anson Wong SC, borrowers whose properties have been sub-mortgaged to the Independent Third Party licensed money lender would not be subject to any additional legal risk in the event that our Group is to default in repayment to the Independent Third Party licensed money lender.

The following table summarises our Group's borrowings from our Controlling Shareholders and an Independent Third Party licensed money lender as at the Latest Practicable Date:

| <b>Lender</b>                                 | <b>Type of entity</b> | <b>Agreement Date</b> | <b>Approximate loan/advance amount (HK\$)</b> | <b>Nature</b>                     | <b>Interest</b>                                   | <b>Tenor/Expiry</b> |
|---|-----------------------|-----------------------|---|-----------------------------------|---|---------------------|
| Controlling Shareholders                      | N/A                   | N/A                   | 390.0 million                                 | Controlling Shareholders' advance | Nil   | Repayable on demand |
| Independent Third Party licensed money lender | Licensed Money Lender | 12 November 2014      | 322.0 million                                 | Revolving term loan               | HSBC's current HK Dollar best lending rate + 2.0% | 31 December 2015    |

Upon Listing, our Directors expect that our money lending business will be primarily financed through our retained earnings and share capital, the net proceeds from the Share Offer and loans from Independent Third Party licensed money lenders. However, we do not anticipate that our business will be financed through banks, financial institutions or advances from our Controlling Shareholders in the near future.

## **RISK MANAGEMENT AND INTERNAL CONTROL**

Our Directors confirm that during the ordinary course of our money lending business, we are exposed primarily to (i) credit risks in respect of our loan portfolio; (ii) business and operational risks; (iii) liquidity risks in respect of our working capital; and (iv) legal and regulatory risks. For details of the risks arising from the ordinary course of our business, please refer to the section headed "Risk factors" in this prospectus.

As part of our initiatives to manage these risks, we have, since our establishment and throughout the course of our operations, established various internal control procedures, which we seek to refine on a periodic basis, for the purpose of (i) ensuring that our business, lending practices, management, information systems, and overall operations are conducted in line with the Code of Money Lending Practice; (ii) reinforcing the integrity of our employees and reputation of our money lending business; and (iii) complying in full with all relevant laws and regulations. Our Directors confirm that during the Track Record Period, there has been no incidence of fraud or misconduct discovered among our employees. The following sets out the key risks for our money lending business and the mitigating internal control procedures thereof.

## **Credit risks management**

### *Managing the risk at grant of mortgage loans*

The mortgage loans granted to our customers are secured by real estate assets to reduce the credit risks. Our loan approval procedures (as set out in the section headed “Loan approval process” in this prospectus) have been designed to effectively manage such risks. Our credit guidelines establish, amongst other things, the loan-to-value ratios that we can generally accept in respect of residential, commercial, industrial and other property mortgage loans in accordance with the mortgage type (i.e. first or subordinated mortgage loans). In addition, as part of the loan approval process, our credit administration team will obtain all mandatory supporting documentation provided by the applicant, and our credit committee will also consider the applicant’s credit history and profile, the property type, profile and valuation and overall market conditions at the time of application. In respect of loan amounts over HK\$20 million in value, the application must be approved by a credit committee which includes Ms. Wang as mentioned above in the section headed “Loan approval process”. For details of our loan approval procedures, please refer to the section headed “Loan approval process” in this prospectus.

Moreover, we are well aware that the credit risks of our subordinated mortgage loans are higher than those of first mortgage loans, details of which are set out in the section headed “Risk factors — Risks relating to the business of our Group” in this prospectus. Accordingly, customers are required to execute a legally binding declaration which contains an undertaking that, after the loan has been made available to the customers, they will not obtain any additional loans by charging the relevant property as security from anyone without the Group’s prior written consent and as compensation for the risks involved and counter measure, we usually charge a higher interest rate on subordinated mortgage loans.

We monitor compliance by our customers of such undertaking mainly through our paid subscription to a property alert and information service that is provided by an Independent Third Party which mainly provides property transaction information. The service, based on the information obtained from the Land Registry, alerts us to any changes made to the encumbrances on a pledged property that we have added to our monitoring list. In the event of any changes to the encumbrances to a pledged property, our head of credit administration will receive an email from the property alert and information service provider informing us of any such change.

In the event that we receive such alert, we will contact the customer to understand the situation. Where such alert indicates that a customer has increased the loan amount in respect of a first or prior mortgage, we may terminate the mortgage arrangement and seek full repayment of the loan immediately from the customer forthwith.



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Although the property alert and information service helps to identify any possible changes to the legal status of a pledged property, we are aware that there may be some instances where such alerts may not be applicable. One possible example is where a person secures a loan with an “all-monies” first mortgage from a bank or financial institution. If the borrower subsequently seeks to increase the loan amount, the Land Registry system may not recognise such increase as a change to the legal status of a property if no additional charge against the pledged property has been filed by the bank or financial institution.

However, our Directors consider the risks to our Group in this scenario to be low as:

- (i) To the best of our Directors’ knowledge information and beliefs, our Directors understand that it is the practice of banks and financial institutions not to provide any additional financing to their customer if they are aware of the fact that such customer has subsequently pledged the mortgaged property as security to obtain an additional loan from another mortgagee;
- (ii) Banks and financial institutions are regulated by the HKMA which has imposed restrictions over their property mortgage lending activities. As such, our Directors understand that when a customer would seek a subordinated mortgage loan from our Group, it is likely that the customer might have encountered difficulty in obtaining additional financing from their first or prior mortgagee, for reasons including, amongst other things, the banks and financial institutions’ internal restrictions from lending beyond the loan-to-value ratio restricted by the HKMA; and
- (iii) Given that the interest rates charged by licensed money lenders tend to be higher than those charged by banks and financial institutions, customers will, logically, resort to seeking more expensive financing when they are unable to obtain it from existing (and very likely, less expensive) sources. Based on our understanding of our customers’ background in the course of loan application process, most of our borrowers applied for our subordinate mortgage loans, at higher interest cost than that charged by their first or prior mortgagee, due to their inability to obtain additional or extended financing from their existing banks.

As such, our Directors believe that the likelihood of a borrower increasing their loan from a first or prior mortgagee to be remote. To the best knowledge, understanding and beliefs of our Directors, there had been no instance of a customer seeking to increase their loans from a first or prior mortgagee nor had we terminated any loan arrangement with a customer because of any increase in a first or prior mortgage during the Track Record Period.

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The range of loan-to-value ratios and the number of cases of our first and subordinated mortgage loans granted in respect of different types of real estates as at 31 December 2011, 2012 and 2013 and 31 May 2014 are set out below:

| Loan product/collateral      | As at 31 December                            |   |   |  |   |   |  |   |   |  |   |   | As at 31 May |  |
|------------------------------|--|---|---|--|---|---|--|---|---|--|---|---|--------------|--|
|                              | 2011   |   |   | 2012   |   |   | 2013   |   |   | 2014   |   |   |              |  |
|                              | Number of active & outstanding loan accounts | Range of loan-to-value ratio (excl. prior mortgages) (Note 1) | Range of loan-to-value ratio (excl. prior mortgages) (Note 2) | Number of active & outstanding loan accounts | Range of loan-to-value ratio (excl. prior mortgages) (Note 1) | Range of loan-to-value ratio (excl. prior mortgages) (Note 2) | Number of active & outstanding loan accounts | Range of loan-to-value ratio (excl. prior mortgages) (Note 1) | Range of loan-to-value ratio (excl. prior mortgages) (Note 2) | Number of active & outstanding loan accounts | Range of loan-to-value ratio (excl. prior mortgages) (Note 1) | Range of loan-to-value ratio (excl. prior mortgages) (Note 2) |              |  |
| <b>First mortgage</b>        |  |   |   |  |   |   |  |   |   |  |   |   |              |  |
| Residential                  | 71   | 1% to 74%   | N/A   | 134  | 2% to 77%   | N/A   | 195  | 1% to 73%   | N/A   | 210  | 1%-77%  | N/A   |              |  |
| Commercial                   | 4  | 23% to 71%  | N/A   | 11   | 28% to 68%  | N/A   | 22   | 5% to 67%   | N/A   | 28   | 1%-58%  | N/A   |              |  |
| Industrial                   | 7  | 24% to 64%  | N/A   | 13   | 10% to 66%  | N/A   | 24   | 14% to 71%  | N/A   | 25   | 2%-70%  | N/A   |              |  |
| Other                        | 8  | 2% to 68%   | N/A   | 5  | 38% to 63%  | N/A   | 18   | 31% to 64%  | N/A   | 15   | 14%-69%   | N/A   |              |  |
|                              | 90   | 1 to 74%  | N/A   | 163  | 2% to 77%   | N/A   | 259  | 1% to 73%   | N/A   | 278  | 1%-77%  | N/A   |              |  |
| <b>Subordinated mortgage</b> |  |   |   |  |   |   |  |   |   |  |   |   |              |  |
| Residential                  | 66   | 4% to 74%   | 1% to 50%   | 116  | 3% to 71%   | 1% to 43%   | 156  | 4% to 73%   | 1% to 51%   | 154  | 4%-80%  | 0.2%-48%  |              |  |
| Commercial                   | 2  | 57% to 59%  | 5% to 21%   | 7  | 5% to 68%   | 2% to 27%   | 8  | 5% to 69%   | 3% to 46%   | 8  | 5%-69%  | 3%-46%  |              |  |
| Industrial                   | 2  | 46% to 47%  | 26% to 31%  | 6  | 27% to 55%  | 8% to 18%   | 9  | 18% to 58%  | 5% to 29%   | 2  | 30%-47%   | 4%-15%  |              |  |
| Other                        | Nil  | N/A   | N/A   | Nil  | N/A   | N/A   | 1  | 69%   | 35%   | 2  | 25%-66%   | 25%-26%   |              |  |
|                              | 70   | 4% to 74%   | 1% to 50%   | 129  | 3% to 71%   | 1% to 43%   | 174  | 4% to 73%   | 1% to 51%   | 166  | 4%-80%  | 0.2%-48%  |              |  |
| Overall                      | 160  | 1% to 74%   | 1% to 50%   | 292  | 2% to 77%   | 1% to 43%   | 433  | 1% to 73%   | 1% to 51%   | 444  | 1%-80%  | 0.2%-48%  |              |  |

*Notes:*

- The loan-to-value ratio represents the value of mortgage loan granted by our Group, as a percentage of the value of the pledged property, appraised as at the end of the relevant period and which may be different to the loan-to-value ratio as at the date of grant of the loan due to changes in the valuation of the pledged property as at the end of the relevant period.
- The loan-to-value ratio (excluding prior mortgages) represents the value of mortgage loan granted by our Group, as a percentage of the value of the pledged property appraised as at the end of the relevant period less prior or pre-existing mortgages and which may be different to the loan-to-value ratio as at the date of grant of the loan due to changes in the valuation of the pledged property as at the end of the relevant period.

The benchmark loan-to-value ratio of 70% represents a guideline for our lending business, which allows us to offer loans with some downside protection against the possible decline in the appraised value of a pledged property. However, from time to time, we may offer loans at a loan-to-value ratios above 70%. During the Track Record Period, we offered 22, 15, 8 and 3 loans, respectively, with loan-to-value ratios above 70% as at the date the loan was granted.

Where we receive an application for a loan which is above the 70% loan-to-value benchmark, in addition to the usual credit considerations as mentioned in the paragraph headed "Mortgage loans" in this section, we consider, amongst other things, whether the applicant qualifies for a high loan-to-value loan by assessing their overall repayment ability based on their debt-to-income ratio.

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The debt-to-income ratio determines the applicant's aggregate monthly debt obligations, which may include existing mortgage payments, credit card commitments, etc. together with the monthly loan repayments of the proposed loan as a percentage of the applicant's aggregate monthly income. Where the debt-to-income ratio is less than 100%, indicating that the applicant has sufficient monthly income to cover their monthly obligations as well as our loan repayment instalments, the applicant would qualify for such loan, subject to the approval of our credit committee and further negotiation of the terms of the loan.

Furthermore, high loan-to-value loan applicants are required to provide income proof or, in the absence of income proof, obtain other supporting information as evidence of the applicant's asset proof.

During the Track Record Period, for loans mortgaged against residential properties, we offered first mortgage loans with loan-to-value ratio, in the majority of cases, of not more than 70%. In respect of subordinated mortgage loans, we offered mortgage loans, when aggregated with all prior mortgage loans, with loan-to-value ratio, in the majority of cases, of not more than 70%.

The following table shows the number of cases of our first and subordinated mortgage loans granted falling into different bands of loan-to-value ratio (including prior mortgages) as at 31 December 2011, 2012 and 2013 and 31 May 2014:

| <b>Mortgage loan product</b> | <b>As at 31 December</b> |                        |                        | <b>As at</b>           |
|------------------------------|--------------------------|------------------------|------------------------|------------------------|
|                              | <b>2011</b>              | <b>2012</b>            | <b>2013</b>            | <b>31 May</b>          |
|                              | <i>Number of cases</i>   | <i>Number of cases</i> | <i>Number of cases</i> | <i>Number of cases</i> |
| <b>First mortgage</b>        |                          |                        |                        |                        |
| 10.0% or less                | 17                       | 19                     | 25                     | 62                     |
| 10.1%-30.0%                  | 22                       | 42                     | 83                     | 102                    |
| 30.1%-50.0%                  | 23                       | 49                     | 74                     | 54                     |
| 50.1%-70.0%                  | 26                       | 48                     | 75                     | 59                     |
| 70.1%-85.0%                  | 2                        | 5                      | 2                      | 1                      |
| Over 85.0%                   | —                        | 0                      | 0                      | 0                      |
|                              | 90                       | 163                    | 259                    | 278                    |
| <b>Subordinated mortgage</b> |                          |                        |                        |                        |
| 10.0% or less                | 1                        | 4                      | 9                      | 7                      |
| 10.1%-30.0%                  | 13                       | 22                     | 31                     | 32                     |
| 30.1%-50.0%                  | 26                       | 43                     | 64                     | 58                     |
| 50.1%-70.0%                  | 24                       | 59                     | 66                     | 63                     |
| 70.1%-85.0%                  | 6                        | 1                      | 4                      | 6                      |
| Over 85.0%                   | 0                        | 0                      | 0                      | 0                      |
|                              | 70                       | 129                    | 174                    | 166                    |
| <b>Total</b>                 | 160                      | 292                    | 433                    | 444                    |

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The property mortgage loans granted by us during the Track Record Period with loan-to-value ratio over 70% as shown above included first and subordinated mortgage loans, most of which were pledged against commercial properties provided by our customers. The outstanding balances of these mortgage loans as at 31 December 2011, 2012 and 2013 and 31 May 2014 amounted to approximately HK\$12.6 million, HK\$56.7 million, HK\$22.1 million and HK\$9.7 million, respectively.

### *Managing the risk at grant of unsecured personal loans*

Our approval process for the granting of personal loans is largely similar to the process for granting mortgage loans. Although personal loans are not secured by real estate assets to reduce the credit risks, we have adopted a set of procedures to effectively manage such risks. Our loan approval procedures state, amongst other things, the maximum personal loan amount, having considered the loan-to-value ratio in respect of the property which the applicant owns under the Home Ownership Scheme. In addition, as part of the loan approval process, our credit administration team will review all mandatory supporting documentation provided by the applicant and our credit committee will also consider the applicant's credit history and profile, in particular their income levels and overall market conditions at the time of application.

### *Managing the risk of bad debts*

As part of our regular operations, our sales department reports on loans granted, together with analysis on the latest terms of loans granted to our customers and loan portfolio changes on a weekly basis. The report is then delivered to our executive Directors, who meet on a weekly basis to review such information. Furthermore, our senior management conducts meetings to discuss the movement of property prices and its impact on the value of customers' properties collaterals. In particular, if we are aware of a decline in property prices in Hong Kong, we will assess the relevant decrease in the values of the properties collaterals of our customers and the corresponding increases in their credit risk.

In addition, we perform reviews on outstanding loans receivable at the end of each quarter. In general, we assess individual loans overdue over three months for specific provision. Personal loans overdue for more than one year are normally adjusted by full provision, whereas other mortgage loans will be assessed on the valuation of properties being charged.

### **Business and operational risk management**

During the ordinary course of business, our Group is exposed to various internal and external risks of varying magnitude. As such, we have devised a risk assessment policy for monitoring such risks to our Group. We have identified a number of risks related to, amongst others, our strategy, operations, compliance, internal audit, fraud, market, credit, customer, security and information technology risks. Such risks are typically measured in terms of impact and likelihood of occurrence. Once identified, ranked and prioritised, we allocate resources to ensure that such risks are monitored.

Our Board and our audit committee are ultimately responsible for risk assessment and monitoring. In accordance with our risk assessment policy, business and operational risks are monitored on a day-to-day basis by the respective department heads and reviewed and discussed at

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regular operational meetings. Any significant risks that arise as a matter of urgency are immediately reported to our chairman and chief executive. Furthermore, senior management will hold an annual meeting (or as and when required) to discuss strategic and entity level risks and where necessary, to develop action plans to mitigate, reduce or eliminate risks.

We have also adopted a whistle-blowing policy which allows our employees to report with confidentiality, possible misconduct or malpractice related to our Group. This policy ensures that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

### *Reinforcement of our business and operational risk management*

In July 2014, an Independent Third Party filed a claim against GIC alleging that, in 2013, our Group had not acted in good faith in entering into a mortgage financing arrangement with one of our customers since our Group had actual or constructive notice of that customer's intent to defraud creditors and/or lack of good faith. For further details on such legal proceeding, please refer to the paragraph headed "Legal proceedings and compliance" in this section.

Our Directors believe that the application vetting, credit review and credit approval processes for the aforementioned mortgage financing arrangement had, at all times, been conducted properly and in accordance with the then prevailing procedures for vetting, reviewing and approving such type of arrangement. Although certain of our current and existing risk management and internal controls had not yet been adopted at the time of the previous loan applications, our credit administration team conducted the usual and necessary application procedures and searches on the applicant and on the property which enabled us to identify the litigation and the property as being free of any prior encumbrance.

However, since the aforementioned mortgage financing, and in recognition of the growing maturity of our business and the need to maintain standards in corporate governance, risk management, business innovation and other aspects of our operations, we conduct reviews of our internal procedures and control systems on a regular basis and will continue to upgrade and improve such systems as our business grows to ensure that risks related to fraud or misconduct are, to all extents possible, minimised.

In order to further reinforce our business and operational risk management proceedings, as at the Latest Practicable Date, we have established an internal control committee, comprising our credit manager, credit administrative manager and our financial controller, which is responsible for overseeing all compliance related issues during the daily operation of our Group. The internal control committee reports to the chief executive on a monthly basis. The chief executive, amongst other responsibilities, reviews the monthly reports submitted by our management in relation to the execution of loan agreements and whether they have been proceeded in accordance with the relevant laws, rules and regulations applicable to our Group. Furthermore, we propose to engage an in-house legal adviser in order to oversee our Group's overall legal, corporate governance and compliance matters and to provide recommendations on upgrading and improving our corporate governance, risk management, business innovation and other aspects of our business and operations.

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Given that our Company had, at the time that the initial litigation against the then applicant was discovered, (i) conducted all the usual identity and credit assessments on the then applicant; (ii) conducted all relevant land registry checks against the property and car parking spaces to be mortgaged; (iii) once the litigation was discovered through our credit check, discussed the litigation against the then applicant with our solicitors; (iv) received confirmation from our solicitors that as the property was free of encumbrances, such litigation would not affect the validity of the then applicant's security; and (v) discussed the matter of the litigation with the referral agent whom had introduced the then applicant to us, our Directors believe that our internal control measures were sufficient to detect and address such issue at that time.

However, since the receipt of the claim against us, we have put in place certain internal control measures by (i) rejecting any future application in which the applicant may be the defendant in any legal action; (ii) establishing an internal control committee to oversee all compliance related issues during the daily operation of our Group; and (iii) recruiting an in-house legal adviser in order to oversee our Group's overall legal, corporate governance and compliance matters. As such, our Directors are satisfied that our internal control measures are adequate and effective in light of the legal proceedings. In view of the aforementioned, the Sole Sponsor is also satisfied that our internal control measures since their reinforcement in light of the legal proceeding, are adequate and effective.

### **Liquidity risk management**

Unlike banks and financial institutions, which may be subject to strict requirements under various banking regulations, as a licensed money lender, we are not required to comply with any specific rules and regulations or operating requirements related to liquidity, such as liquidity ratios or loan-to-value ratio or any inter-bank lending and borrowing ratios. Notwithstanding, our objective in liquidity management is to be able, even under adverse conditions, to meet all our payment obligations and fund our lending opportunities on a timely basis. Our financial controller is responsible for the day-to-day monitoring of the level of funding and ensuring the efficient deployment of cash in order to minimise any liquidity risks. Specifically, our financial controller will forecast the amount of cash inflows and outflows in the coming weeks and months on an ongoing basis. Through her communications with our sales team, credit administration team and credit committee, as well as with our Directors, she is able to maintain visibility over the expected drawdown, redemption and financing of our loan portfolio. Our financial controller also considers and suggests to our management the need for raising funds and investment of free cash based on our cash projections.

Our interest income and repayment of loan principals have produced a steady stream of cash flow throughout the Track Record Period and up to the Latest Practicable Date, whereas external financing provided to our Group comprise revolving facilities available for drawdown and repayment at any time. Hence, given our full discretion in granting new loans to our customers, we consider that we will have sufficient cash available for making repayments to our lenders at any point in time and there has never been any mismatch between the repayment schedules of our Company's borrowings and loans provided to our customers. During the Track Record Period, our Group had not experienced any shortfall in cash for meeting our liquidity needs.

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### Legal and regulatory risks

#### *Compliance with Money Lenders Ordinance*

The credit approval policy and process as described in the paragraph above headed “Loan Approval Process” has been designed to ensure that our business operates in accordance with the Money Lenders Ordinance.

Our credit committee determines the interest rates for applicants based on our credit policies, which comply with the allowable interest rates of loans under the Money Lenders Ordinance. Pursuant to Section 18 of the Money Lenders Ordinance, all of our loan agreements are prepared based on the requirements set out therein and an extract of Part III “Money Lenders Transactions” of the Money Lenders Ordinance is provided to the borrowers upon signing the loan agreements to inform the borrowers of the money lender’s duties. We have adopted suitable documentation, checklists and procedures in the application process to calculate the effective interest rate of all loan applications and ensure that our processes and procedures are in compliance with the Money Lenders Ordinance. Our management will, from time to time, review such documentation and procedures to ensure that they remain up-to-date and in compliance with the relevant regulations. Furthermore, in order to ensure that the effective interest rates payable by our customers are not in breach of the allowable interest rate under the Money Lenders Ordinance, and as mentioned in the section headed “Key features of our typical loan agreements for first and subordinated mortgage loans” of this prospectus, our loan agreements contain a clause stating that on the last repayment date, we will determine the aggregate of all interest amounts payable under the loan agreement and in the event that our effective interest rates exceed the maximum annual percentage rate at which a person can lend money amount under the Money Lenders Ordinance, we shall ensure that we refund such interest amount to the borrower so that the effective interest rate does not exceed the legal maximum of 60% per annum as permitted under the Money Lenders Ordinance.

#### *Anti-money laundering and counter-terrorist financing*

GIC, being a legal entity carrying on business in Hong Kong, is subject to the financial sanctions system in Hong Kong and legislation prohibiting money laundering activities. The relevant policies are implemented under the United Nations Sanctions Ordinance (Chapter 537 of the Laws of Hong Kong) and United Nations (Anti-Terrorism Measures) Ordinance (Chapter 575 of the Laws of Hong Kong), details of which are set out in the section headed “Regulations — Relevant statutes, other relevant laws and regulations” in this prospectus. Our external legal counsel, Mr. Bernard Mak, barrister-at-law, has opined that the Guideline on Anti-Money Laundering and Counter-Terrorist Financing (For Authorised Institutions) (the “**HKMA Guideline**”) issued by the HKMA is for giving guidance to authorised institutions and intended for use by financial institutions and their officers and staff, and the Guideline on Anti-Money Laundering and Counter-Terrorist Financing together with the Prevention of Money Laundering and Terrorist Financing Guideline (the “**SFC Guidelines**”) issued by the SFC are for giving guidance to licensed corporations and intended for use by financial institutions and their officers and staff. Under the AMLO, “financial institution” means (a) an authorised institution; (b) a licensed corporation; (c) an authorised insurer; (d) an appointed insurance agent; (e) an authorised insurance broker; (f) a licensed money service operator; or (g) the Post Master General. As our Group does not operate as any of the aforementioned, we are not a financial institution as

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defined by the AMLO. In addition, our Group is neither an authorised institution regulated by HKMA nor a licensed corporation under the SFO. Although we are not required to adopt the policies, procedures and controls in the relevant operational areas as set out in the HKMA Guideline and the SFC Guidelines, we have used our best efforts to comply with the principles and requirements of the AMLO, where relevant and applicable, by complying with the LMLA Guideline in all material respects.

The LMLA, a non-profit and non-political organisation incorporated by a group of licensed money lenders which seeks, amongst other things, to protect and further the general interest of licensed money lenders in Hong Kong, of which our Group is a member, has issued the LMLA Guideline which is published with reference to the AMLO and refers to sections of the AMLO in so far as they may be relevant and applicable to licensed money lenders. As stated in the LMLA Guideline, the guideline forms part of the voluntary and non-statutory Code of Money Lending Practice, as further detailed below, and is issued by the LMLA for giving guidance to money lenders. Our Directors confirm that to the best of their knowledge, information and beliefs, our Group has followed the best practice set out in the Code of Money Lending Practice including all aspects of the LMLA Guideline.

To prevent and detect money laundering and terrorist financing and in compliance, where relevant, with the LMLA Guideline, we have incorporated policies and procedures in our operation and credit guidelines and policies, which include procedures for customer due diligence, reporting of suspicious transactions, record-keeping, and staff training.

Our policies and procedures in respect of prevention and detection of money laundering and terrorist financing activities are set out as follows:

(a) *Due diligence on applicants*

Before accepting an applicant's loan application (including those applicants who are referred by referral agents or our existing customers), we carry out know-your-client procedures by verifying the applicant's identity using reliable and independent source documents such as Hong Kong Identity Card or travel document such as passport and proof of residential address for individual applicants, and certificate of incorporation and/or business registration certificate for corporate applicants. Our sales team will also check loan applicants against the sanctioned countries, firms, entities and individuals from various lists and relevant websites. We perform Land Registry searches to verify the ownership of the properties and ascertain whether the properties are under any charge. We do not allow anonymous customer accounts to be set up, and all loan repayments from customers are made by cheque, bank transfer or autopay with their own bank accounts.

Our Group uses documents, data and information which are provided by the applicant but issued by reliable and independent sources, such as those from governments, public authorities or other regulatory bodies, to identify and verify the identity of the applicant. If the applicant is a body corporate, we will inquire the ownership structures of the body corporate. Our Company will not approve any loans for individuals acting on behalf of another and new loans will only be granted for applicants who attend our office in person with the requisite valid identification and documentation as described above.



## BUSINESS

As a matter of our established practice, such due diligence procedure should be completed before we enter into any business relationship with our customer.

(b) ***Reporting suspicious transactions***

According to our credit policy, when our staff knows or suspects that a transaction may be suspicious, he must report such transaction to a credit manager as soon as reasonably possible. Afterwards, our Group will report the suspicious transactions to the Joint Financial Intelligence Unit (JFIU), an unit jointly run by the Hong Kong Police Force and the Hong Kong Customs & Excise Department, using the standard form or the e-channel “STREAMS” as soon as possible. In identifying suspicious customers or transactions, we focus on verifying the identities of our customers by inspecting his personal identification documents (for individual customers) and incorporation documents (for corporate customers) and their ownership and title to the properties provided by them.

When we review the findings of the legal due diligence, we will endeavour to see if the findings show any information that may make the customers appear suspicious to us. We also place a lot of emphasis on the cash flow and do not allow deposit or payment of loans from us to another person (whether individual or corporate) other than the customers or the solicitors.

(c) ***Record keeping***

We maintain all essential information of our customers, including identity, loan amount and contact details in accordance with the PDPO as further detailed below. In addition, since the commencement of our operations, we have maintained physical records of all our loan related transactions. We store all physical records in a secure room at our premises for contingency purposes and as a matter of good practice.

We will not open or maintain any anonymous or false accounts for our customers.

(d) ***Staff training***

We encourage and support our employees to maximise their potential and to seek practical and professional training, when available, on matters related and relevant to their roles and responsibilities, the money lending business and current legislation and practices.

Our Directors are of the view that our existing procedures and measures relating to anti-money laundering are effective and carried out properly during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period, there were no actual or suspected incidents of money laundering by our Group and our Directors confirm that, to the best of their knowledge, information and beliefs, our Group was not aware of any actual or suspected incidents of money laundering activities by our lenders or customers during this period. We have paid close attention to the statutory framework and have complied and will continue to comply with such regulations and guidelines.

## BUSINESS

### *Personal Data (Privacy) Ordinance*

In our daily operations, we obtain various types of personal data of our customers being protected by the PDPO. As such, we have set up internal control procedures to ensure our compliance with the PDPO which includes (i) requiring our employees not to retain or disclose any confidential information about our business activities and other sensitive confidential data to any third parties; (ii) requiring our customers to acknowledge their rights under the PDPO, the purpose of collecting their personal data upon completion and signing of the application forms; (iii) ensuring that confidential personal data is not obtained through telephone conversations; and (iv) ensuring that customer files are kept in a locked cabinet.

Our Directors confirm that, to the best of their knowledge, information and beliefs, our Group had, during the Track Record Period, complied with the PDPO and the amendments to the PDPO.

### *Code of Money Lending Practice (the “Code”)*

The Code was issued by the LMLA which is non statutory. The importance of the Code is that it sets out the best practice of money lending services, and is intended to be observed by members of the LMLA, and the major clauses of the Code are reproduced below:

- (i) the terms and conditions should, where applicable, highlight the relevant interest rates or the basis on which this will be determined, and the customers’ liabilities and obligations in the use of a service. In drawing up terms and conditions for the services, members should have due regard to applicable laws in Hong Kong;
- (ii) licensed money lenders should treat their customers’ (and former customers’) financial affairs as private and confidential and at all times comply with the PDPO in the collection, use and holding of customer information. They should also comply with any relevant codes of practice issued or approved by the Privacy Commissioner for Personal Data giving practical guidance on compliance with the PDPO;
- (iii) approval of loans should be subject to members’ credit assessment which should take into account the applicants’ ability to repay. Licensed money lenders should endeavour to ensure that a prospective borrower understands the principal terms and conditions of any borrowing arrangement, such as the interest rates and terms of repayment;
- (iv) licensed money lenders should have proper systems and procedures in place for the selection of debt collection service providers and the monitoring of their performance. They should also establish procedures to handle complaints received from customers and should bring apparently illegal behavior by debt collection service providers to the attention of the police; and
- (v) debt collection agencies hired by licensed money lenders should act within the law, and refrain from action prejudicial to their business, integrity, reputation or goodwill. Licensed money lenders should enter into a formal contract or by means of written instructions, with

## BUSINESS

the debt collection agencies, specifying that the debt collection agencies must not resort to intimidation or violence, either verbal or physical, against any person in their debt recovery actions. In addition, licensed members should require the debt collection agencies not to employ harassment or improper debt collection tactics.

Accordingly, we have taken some measures to follow the best practice set out in the Code. These include, amongst others, (i) engaging external legal adviser to review the terms and conditions of our loan agreements to ensure consistency with the Code; and (ii) establishing know-your-client procedures to assess the background of the customers.

Our Directors confirm that to the best of their knowledge, information and beliefs, our Group has followed the best practice set out in the Code.

### *Customer complaints*

Our Directors consider good customer relations to be critical to our Group's success and reputation and seeks to treat applicant/customer complaints seriously. Upon receiving a complaint, our sales team will try to learn more about the nature of the customer complaint and record the complaints for internal uses. The complaints will then be reported to our senior relationship manager who will then immediately report to the credit administration team and subsequently report to the chief executive. The senior management reviews such internally recorded complaints regularly and encourages staff to seek training to consistently improve the operations in order to better satisfy customers' expectations.

### **Review of internal control systems**

Since the establishment of our business, our Directors have sought to ensure that the business and operations of our Group are conducted in a professional manner and with the least possible exposure to credit and other risks through the development and implementation of effective credit assessment, credit review and internal control systems and policies. Such policies and procedures, including our loan portfolio monitoring procedures and controls, have been developed, refined and reinforced over the course of our operations and shall continue to be refined and reinforced as our business matures. The implementation of our formal policies and procedures has been a continuing process but prior to any specific implementation of formal loan monitoring procedures and controls, our loan portfolio was monitored on an ad hoc basis and in response to specific issues. In order to further enhance the adequacy of such procedures and systems, we engaged an Independent Third Party international consultancy firm as our internal control consultant in September 2013 to conduct a review of the management and accounting procedures and internal control environment of our Group and to provide general advice on our policies and procedures.

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A summary of certain key observations and recommendations made by the internal control consultant in respect of controls on our entity and business level processes are set out as follows:

| <b>Deficiency identified</b>  | <b>Recommendation</b>  | <b>Implementation/Response</b>   |
|---|--|--|
| <b>Entity level</b>   |  |  |
| No formal mechanism to monitor compliance with the Listing Rules covering (i) the issuance and announcement of interim report and results; (ii) response to the regulators' enquiries; and (iii) compliance with the relevant Listing Rules and regulatory requirements | Management should develop a framework to identify, monitor and report on inside information as required under the SFO  | Rules and regulations incorporating all policies, manuals and regulations relating to the Listing Rules, anti-money laundering and money lending issues were established   |
|   | Management should establish a relevant monitoring mechanism and control procedures to help ensure compliance with the financial reporting requirements of the Listing Rules                  | Formal compliance manual incorporating an inside information policy was established  |
|   | A staff member should be designated with the responsibility for identifying changes in financial reporting requirements from various sources   | Our company secretary was appointed to provide company secretarial and Listing Rules compliance services to our Company  |
| <b>Business process level</b>   |  |  |
| No dedicated person responsible for monitoring compliance with the Money Lenders Ordinance  | Establish monitoring mechanisms and control procedures to (i) ensure compliance with the Money Lenders Ordinance; and (ii) identify and communicate changes of relevant laws and regulations | Head of credit administration was designated with responsibility for compliance with the Money Lenders Ordinance   |
| No formal monitoring controls to ensure that the effective interest rates of the loans after taking into account all fees and charges do not exceed 60% per annum   | Monitoring mechanism to ensure the effective interest rates of all loans are not over 60% per annum  | In addition to our existing controls to ensure that no loan is granted at interest rates which exceed 60% per annum, a credit administration officer will, upon redemption request or loan closure, calculate the effective interest rate, after taking into account all other fees and charges, to ensure that the effective interest rate on any loans does not exceed 60% per annum |

## BUSINESS

| Deficiency identified   | Recommendation   | Implementation/Response  |
|---|--|--|
| <p>Insufficient controls established to help prevent and detect money laundering activities and counter-terrorist financing</p>                                 | <p>Establish monitoring mechanisms and control procedures to help ensure that our Group will not be used as a vehicle for money laundering and terrorist financing and formal policies and procedures should be established</p> <p>Implementation of monthly review of suspicious transactions</p> <p>Staff education and training</p> | <p>Anti-money laundering and counter-terrorist guidelines were incorporated into the credit manual as well as template for reporting suspicious transactions</p> <p>Head of credit administration was designated with responsibility for anti-money laundering and counter-terrorist compliance</p> <p>External training in relation to anti-money laundering and counter-terrorist financing was arranged for our staff</p> |
| <p>Determination of interim bad debt provisions or a more regular review is not performed</p>   | <p>Review of bad debt provisions should be performed on a more frequent basis</p> <p>Finance manual should be enhanced to cover the controls over bad debt monitoring</p>  | <p>Review of bad debt provisions is now performed on a quarterly basis by the financial controller in line with the updated finance manual</p>   |
| <p>No external surveyors for property valuations are used in performing year-end individual assessments</p>   | <p>Management should use external surveyors for property valuation in performing year-end individual assessments</p>   | <p>External surveyor was appointed to conduct historical property valuations for the two years ended 31 December 2012 and for the year ended 31 December 2013</p> <p>Going forward an external surveyor will be appointed to perform year-end individual assessment</p>  |
| <p>Dual signatories were not required for all bank payment amounts and only one signatory (i.e. Managing Director) was required for any bank payment amount</p> | <p>Dual signatories should be mandatory for bank payments of any amounts</p>   | <p>All signing authorities, regardless of the amount, require dual signatories, which involve Ms. Wang (except for one bank account when the amount involved is equal to or less than HK\$5 million) plus any one of the senior credit manager / credit manager / financial controller</p>   |

|                 |
|-----------------|
| <b>BUSINESS</b> |
|-----------------|

| <b>Deficiency identified</b>          | <b>Recommendation</b>  | <b>Implementation/Response</b>   |
|---------------------------------------|--|--|
| Overall enhancement of IT environment | Management should formalise, document and implement policies and procedures for key IT processes   | IT manual has been established which covers various key policies and procedures such as IT infrastructure, data backup, password, internet and email policies, program change policy etc.  |
|                                       | Service agreements with IT service providers should be enhanced to include critical terms such as defined responsibility and obligations of the IT service providers and requirements of confidentiality | New service agreement was executed with IT service provider with specific terms including the roles and responsibilities of the IT service provider, the scope of services and confidentiality clause and will be renewed on an annual basis |
|                                       | Formal disaster recovery plan should be developed and included in the operation manual and drill tests conducted on a periodic basis   | Disaster recovery plan has been formalised   |

All recommendations by the internal control consultant in respect of the aforementioned entity level and business process level controls were fully implemented by October 2014.

## LICENSING

Our Group has obtained the following Money Lending Licence for the conduct of our Group's money lending business and operations:

| <b>Licensee</b> | <b>Licence / Certification</b> | <b>Address</b>  | <b>Issuing Organisation</b> | <b>Date of grant</b> | <b>Date of expiry</b> |
|-----------------|--------------------------------|---|-----------------------------|----------------------|-----------------------|
| GIC             | Money Lenders Licence          | Unit 2301, 23/F, World Wide House, 19 Des Voeux Road Central, Hong Kong | Licensing Court             | 15 January 2014      | 16 January 2015       |

To the best of their knowledge, information and beliefs, our Directors are of the view that our Company does not anticipate any problems with renewing their licence on an annual basis.

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### INTELLECTUAL PROPERTY

Our Group has registered nine trademarks in Hong Kong as set out in the paragraph headed “2. Summary of intellectual property rights of our Group” under the section headed “Further information about the business of our Company” in Appendix V to this prospectus.

We are also the registered owner of one domain name as set out in the paragraph headed “2. Summary of intellectual property rights of our Group” under the section headed “Further information about the business of our Company” in Appendix V to this prospectus.

To the best of their knowledge, information and beliefs, our Directors have confirmed that no member of our Group was involved in any litigation in Hong Kong relating to infringement of any intellectual property rights belonging to third parties in respect of its products. Our Directors have further confirmed that we had not received any notice of any infringement of intellectual property rights up to Latest Practicable Date.

### EMPLOYEES

As at the Latest Practicable Date, our Group had a total of 25 employees. The following table shows a breakdown of the employees by their functions:

| <b>Functions</b>       | <b>As of the Latest Practicable Date</b> |
|------------------------|--|
| Management             | 2  |
| Office Administration  | 6  |
| Accounting and Finance | 4  |
| Credit                 | 3  |
| Credit Administration  | 6  |
| Sales and Marketing    | 4  |
| <b>Total</b>           | <b>25</b>                                |

Our success depends on our ability to attract, retain and motivate qualified personnel. We recruit our employees based on a number of factors such as their work experience, educational background and vacancy need. We provide specific training to new employees at orientation to familiarise them with our working environment and operational procedures. We also encourage our employees to seek external training in order to help them to develop the skills to perform their jobs. We enter into standard employment contracts with our employees covering matters such as salary, employee benefits, confidentiality obligations and grounds for termination.

For each of the three years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our Group incurred staff cost of approximately HK\$2.6 million, HK\$5.0 million, HK\$9.5 million and HK\$3.3 million, respectively, representing approximately 8.2%, 8.6%, 7.9% and 8.1%, respectively, of our Group’s total revenue.

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Our Group has not experienced any significant disputes with our employees or disruption to our operations due to labour disputes nor have we experienced any difficulties in the recruitment and retention of experienced staff or skilled personnel during the Track Record Period.

We participate in a provident fund scheme (“**MPF Scheme**”) registered under the Mandatory Provident Fund Scheme Ordinance (Chapter 485 of the Laws of Hong Kong) for all of our employees in Hong Kong. Contributions are made based on a percentage of the employees’ salaries and are charged to our profit and loss account as they become payable in accordance with the rules of the MPF Scheme. Our contributions as employer vest fully with the employees when we contribute to the scheme in accordance with the rules of the MPF Scheme. We contribute the lower of HK\$1,500 or 5% of the relevant monthly salary to the MPF Scheme, a contribution matched by the employees.

## INSURANCE

As at the Latest Practicable Date, our Group has maintained small office/property all risk insurance and employee compensation insurance. Small office/property all risk insurance covers our Group’s assets which include (i) office contents: office machinery or equipment, computer systems, records, documents, sample or trade stock, works of art and personal effects of employees against accidental physical loss or damage; (ii) business interruption resulting from loss of or damage to the office contents or denial of access to office premises; (iii) money protection: loss of crossed cheques, postal orders, money orders, bankers drafts, cash in transit or in office premises; (iv) personal accident as a result of robbery or stealing at our Group’s premises; (v) public liability insurance covers third party personal injury and property loss/damage claims against us relating to our Group’s premises. Employee compensation claims insurance covers employee personal injury during the period of employment.

For each of the three years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, the total amount of insurance premium paid by our Group in connection with the above was HK\$10,421, HK\$16,665, HK\$25,603 and HK\$27,436, respectively. During the Track Record Period, our Group has not made any material claims. Our Directors consider that the above insurance plans and amounts insured are sufficient to cover the operational risks and protect our Group from any potential loss or damage.

## COMPETITION

Our Directors believe that the market for money lending services is characterised by keen competition between banks, financial institutions and enterprises operating under the Money Lenders Ordinance. Other than financing and money lending services which are provided by banks and financial institutions, according to the Ipsos Report, there were 1,120 licensed money lenders in Hong Kong in December 2013. Furthermore, according to the Ipsos Report, our Group was the sixth largest provider by revenue and value of loans outstanding of licensed money lenders in Hong Kong with a market share of approximately 1.7% out of a total industry revenue of approximately HK\$7,323.5 million in 2013.



## BUSINESS

Although the money lending business is regulated under specific rules and regulations, our Directors consider that there are limited entry barriers to the money lending business. However, a strong reputation and market awareness are important in ensuring that we project a stable and professional image and that we conduct our business with integrity and honesty.

Price has a significant influence on consumer's choices among competing loan providers. Our Directors consider that we compete with such competitors on price, speed and the ability to meet customers' specific borrowing needs and requirements.

Our principal competitors are comprised of retail banks in Hong Kong which offer mortgage and personal loan financing as well as Hong Kong money lending companies. Nevertheless, our Directors consider that in spite of our short operating history, our Group has built up its reputation as a reliable and professional money lender in Hong Kong and we are able to operate competitively. Our Directors also believe that our Group will face competition mainly from companies which have the financial resources and sales and marketing networks comparable to or better than those of our Group. In this connection, our Group has adopted the following strategies to maintain its competitiveness:

- Maintain a high level of marketing: through continued investment in our marketing plans, we seek to maintain a high level of brand awareness and to build trust with our customers to ensure that we present ourselves as a professional, long term and sustainable provider of money lending services; and
- Ensuring strong customer service: maintaining a professional customer services team with high service standards to ensure responsiveness to our customers needs.

Our Directors believe that with their experience in the money lending industry to date, we can further diversify our customer base and increase our market share in the licensed money lending industry in Hong Kong.

## **PROPERTY**

As at the Latest Practicable Date, we rented one office premise with a gross floor area of 4,667 sq.ft. in Central at HK\$223,600 per month under an operating lease with an Independent Third Party. The leased property is currently utilised by our Group as our sole head office from which our money lending business operates and is the registered address in respect of the money lenders licence held by GIC. The term of the lease will end in May 2015. For each of the three years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, the occupancy cost incurred for leasing premises for our money lending operation were approximately HK\$1.7 million, HK\$1.6 million, HK\$3.5 million and HK\$1.4 million, respectively.

## **LEGAL PROCEEDINGS AND COMPLIANCE**

### **Legal Proceedings**

In July 2014, an Independent Third Party (the “**Plaintiff**”) filed a claim in the Court of First Instance of the High Court of Hong Kong against our customer (“**Mr. X**”) as first defendant and GIC as second defendant, alleging that, in 2013, our Group had not acted in good faith in entering into a mortgage financing arrangement with Mr. X since our Group had actual or constructive notice of the intention by Mr. X (but not GIC) to defraud his creditor and/or lack of good faith. Mr. X is an Independent Third Party and save for the entering into the Mortgage (as defined below) with our Group, there has been no business relationship between Mr. X and our Group or any of its connected persons.

In April 2013 Mr. X obtained a loan in an amount of HK\$15 million from our Group secured by the first mortgage (the “**Mortgage**”) against a real estate asset (the “**Property**”) and two car parking lots in Hong Kong. The Plaintiff was an existing creditor of Mr. X, and had, in April 2013, obtained a charging order against Mr. X for the recovery of his debt (the “**Charging Order**”). The Charging Order was registered at the Land Registry two days after the date of the mortgage agreement in relation to the Property executed by our Group and Mr. X.

Upon receipt of notification that the Charging Order had been registered against the Property, we sought to terminate the loan agreement with Mr. X. However, as he was unable to repay the loan in full, Mr. X made a partial repayment of HK\$5.0 million in May 2013. In March 2014, we received a court summons pursuant to which the Plaintiff sought to enforce the Charging Order by an order for sale of the Property. Thereafter, Mr. X agreed to surrender the Property to our Group and executed a deed of surrender. Following the execution of the deed of surrender, we received two further payments of HK\$0.6 million and HK\$0.6 million from Mr. X in May and June 2014, respectively and we took possession of the Property in June 2014. Since our Group took possession of the Property, we did not take any actions to recover the outstanding loan and interest receivables, as we intend to recover all outstanding loan and interest receivables through a disposal of the Property. However, and as at the Latest Practicable Date, due to the Charging Order being registered against the Property, we had not been able to dispose of the Property and the Property remains vacant and unsold.

The Plaintiff has alleged that Mr. X had executed the Mortgage with intent to defraud him and the Mortgage was not a disposition made in good faith, and that at all material times, GIC had actual or constructive notice of Mr. X’s intent to defraud his creditor and/or lack of good faith and did not act in good faith in entering into the Mortgage with Mr. X. The damages sought by the Plaintiff include, amongst others, a declaration that the Mortgage is void and of no effect or an order that the Mortgage be set aside and registration of the mortgage at the Land Registry be vacated and damages. As at the Latest Practicable Date, no quantum in respect of the damages has been set.

Neither our Company nor any of our Directors were aware of Mr. X’s intention to defraud the Plaintiff before granting the loan to Mr. X and they further denied that our Group had actual or constructive notice of Mr. X’s intention to defraud the Plaintiff or lack of good faith. Our Directors confirm that they have sought the opinion of our external legal counsel, Mr. Lester Lee,

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barrister-at-law, in respect of the merits of the case and have been advised that our Group has a good prospect of successfully defending the claim. As such, our Directors have confirmed that they intend to vigorously contest the claim. However, as at the Latest Practicable Date, no hearing date in respect of the legal proceeding had been fixed.

In light of this litigation, our Directors have considered it prudent to make a full provision on the outstanding loans and interest receivables amount of HK\$8.8 million for the year ended 31 December 2013. For further details of the provision, please refer to the section headed “Financial information — Period to period comparison of operating results — Year ended 31 December 2013 compared with year ended 31 December 2012” in this prospectus.

In any event, our Controlling Shareholders have entered into a deed of indemnity with our Group to personally indemnify our Company for, amongst other things, damages, legal costs and liabilities in connection with such legal proceeding described above.

We have also discussed such legal proceedings with the Sole Sponsor and based on the opinion Mr. Lester Lee, barrister-at-law, the full provision made and the indemnity provided by our Controlling Shareholders, our Directors are of the view that this claim will not have any material adverse effect on our business, results of operation or financial condition.

In respect of legal proceedings against borrowers who were overdue in repayment of their loans, please refer to the paragraph headed “Loan collection” in this section.

### **Compliance**

Save as mentioned above and in the paragraph headed “Loan collection” in this section, during the Track Record Period and up to the Latest Practicable Date, we were not involved in any material legal proceedings. To the best of our Directors’ knowledge, information and belief, no member of our Group is engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against any member of our Group that would have a material adverse effect on the results of the operations or financial condition of our Group.

We are not aware of any threat of, any legal, arbitral or administrative proceedings against our Directors, which, in our opinion, is likely to have a material and adverse effect on our business, financial conditions or results of operations.

Our Directors confirm that, since the establishment of our Group and up to the Latest Practicable Date, our Group has complied with relevant and applicable laws and regulations in Hong Kong (including the Money Lenders Ordinance, the United Nations Sanctions Ordinance (Chapter 537 of the Laws of Hong Kong) and the United Nations (Anti-Terrorism Measures) Ordinance (Chapter 575 of the Laws of Hong Kong)) in all material aspects and has obtained the Money Lenders Licence for GIC in Hong Kong as required under the Money Lenders Ordinance.

## BUSINESS

### RECOGNITION AND AWARDS

We have received recognition and awards including:

| <b>Awards</b>               | <b>Issuers</b>                           | <b>Year of Issue</b> |
|-----------------------------|--|----------------------|
| Caring Company              | The Hong Kong Council of Social Service  | 1 March 2011         |
| Caring Company              | The Hong Kong Council of Social Service  | 1 March 2012         |
| Caring Company              | The Hong Kong Council of Social Service  | 1 May 2013           |
| Certificate of Appreciation | Habitat for Humanity China               | 7 September 2012     |
| Heart to Heart Company      | The Hong Kong Federation of Youth Groups | 2010-2013            |

## NOTIFIABLE TRANSACTIONS

### NOTIFIABLE TRANSACTIONS AND DISCLOSURE PURSUANT TO CHAPTER 13 OF THE LISTING RULES

We are a financing service provider providing financial assistance to our customers in our ordinary course of business. Pursuant to Rule 14.04(8) of the Listing Rules, the term “ordinary and usual course of business”, in the context of financial assistance, means financial assistance provided by a banking company or by a securities house pursuant to Rule 14.04(1)(e)(iii) of the Listing Rules only and does not apply to us operating as money lender. As such, the financial assistance provided by us to our customers constituted transactions pursuant to Rule 14.04(1) of the Listing Rules and may constitute notifiable transactions under Chapter 14 of the Listing Rules upon Listing and subject to the relevant notification, announcement and/or independent shareholders’ approval requirements.

Based on our loan portfolio as at 31 May 2014, the percentage ratios (other than equity capital ratio which is not applicable) calculated pursuant to Rule 14.07 of the Listing Rules of certain outstanding loans exceeded 5% but were less than 25%. As a result, the following outstanding loan provided to our customer would have constituted a discloseable transaction of our Company under Rule 14.06(2) of the Listing Rules and would be subject to the relevant notification and announcement requirements under the Listing Rules.

| <b>Customer</b> | <b>Loans receivable as at<br/>31 May 2014</b> | <b>Maturity date</b> |
|-----------------|---|----------------------|
| F               | 50,000,000                                    | 19 March 2015        |

In addition, the loans provided by us to our customers may also trigger a general disclosure obligation pursuant to Rules 13.13 to Rule 13.15A of the Listing Rules and be subject to announcement and reporting requirements, in the event that the relevant advance to an entity by our Group individually exceeds 8% under the assets ratio as defined in Rule 14.07(1) of the Listing Rules.

We have put in place procedures to ensure that the relevant requirements under Chapter 13 and Chapter 14 of the Listing Rules above are complied with on or after the Listing Date.

## DIRECTORS AND SENIOR MANAGEMENT

### DIRECTORS

Our Board is responsible for and has general powers for the management and conduct of our Group's business. Our Board consists of five Directors, comprising two executive Directors and three independent non-executive Directors. The following table sets out the information in respect of members of our Board:

| Name                                  | Age | Position   | Date of joining our Group | Date of appointment as Director | Responsibilities  | Relationship with Directors and other senior management |
|---------------------------------------|-----|--|---------------------------|---------------------------------|---|---|
| Ms. Wang Yao                          | 31  | Chairman, chief executive and executive Director | 25 September 2008         | 20 January 2014                 | Strategic planning and development of our Group and participating in the day-to-day management of our Group's business and operation; chairman of the nomination committee and member of the remuneration committee | Daughter of Ms. Jin Xiaoqin                             |
| Ms. Jin Xiaoqin                       | 58  | Executive Director                               | 9 April 2014              | 9 April 2014                    | Overall management of our business operations and participating in the day-to-day management of our Group's business and operation  | Mother of Ms. Wang Yao                                  |
| Mr. Chan Chi On<br>(alias Derek Chan) | 51  | Independent non-executive Director               | 22 November 2014          | 22 November 2014                | Chairman of the remuneration committee and member of the audit and nomination committees; providing independent advice to our Group   | N/A   |
| Dr. Ng Lai Man,<br>Carmen             | 49  | Independent non-executive Director               | 22 November 2014          | 22 November 2014                | Chairman of the audit committee and member of the remuneration and nomination committees; providing independent advice to our Group   | N/A   |
| Mr. Tang,<br>Warren Louis             | 38  | Independent non-executive Director               | 22 November 2014          | 22 November 2014                | Member of the audit, remuneration and nomination committees; providing independent advice to our Group  | N/A   |

## DIRECTORS AND SENIOR MANAGEMENT

### EXECUTIVE DIRECTORS

**Ms. Wang Yao (王瑤)**, aged 31, is the chairman and chief executive of our Company and was appointed as Director on 20 January 2014 and designated as an executive Director on 24 July 2014. Ms. Wang is a co-founder of our Group and has, since the establishment of our Group, acquired the experience in the money lending business, focusing on mortgaged based lending. During her five years with our Group, she has been responsible for the overall management of the money lending business as well as strategic planning and development of our Group. In particular, she has developed our Group's overall business model and product portfolio as well as formulated our advertising and marketing strategy. Prior to establishing GIC, Ms. Wang was employed with the greater china private banking team at JP Morgan between November 2007 to July 2008. Ms. Wang graduated from Macquarie University in Australia with a double bachelor's degree in applied finance and commerce accounting in November 2006 and a master of applied finance, also from Macquarie University, in July 2007. Ms. Wang is the daughter of Ms. Jin.

**Ms. Jin Xiaoqin (金曉琴)**, aged 58, was appointed as Director on 9 April 2014 and designated as an executive Director on 24 July 2014. Ms. Jin is a co-founder of our Group and an experienced property investor. She has invested in residential properties in Hong Kong and Shanghai since 2003 and invested in residential properties in Sydney, Australia from 1998 until 2008. Between July 2006 and July 2008 she was the director of a privately held company in Hong Kong which, through its subsidiaries, was engaged in motorcycle manufacturing and trading business in the PRC. Ms. Jin was responsible for treasury functions within the privately held group. She has, since the establishment of our Group and through her knowledge and experience in various international property markets, acquired the experience in the money lending business, focusing on mortgaged based lending. She is responsible for overall management of our Group's business and operations and participating in monitoring of our Group's treasury functions, including the allocation of funds for the purpose of running our daily business operation. Ms. Jin is the mother of Ms. Wang.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Chan Chi On (陳志安)** (alias Derek Chan), aged 51, was appointed as an independent non-executive Director with effect from 22 November 2014. Mr. Chan has more than 25 years of experience in the financial services industry and is a co-author of a book on listing procedures and securities rules and regulation in Hong Kong. Mr. Chan is currently the chairman of Halcyon Capital Limited and Halcyon Securities Limited engaging in corporate finance and securities businesses in Hong Kong respectively. He graduated from The University of Hong Kong in 1985 with a Bachelor degree in Social Sciences and from The Hong Kong University of Science & Technology in 1994 with a Master degree in Business Administration. He is currently an Adjunct Professor at the School of Accounting and Finance at The Hong Kong Polytechnic University. Mr. Chan was an executive director of Haitong International Securities Group Limited (stock code: 665) from June 2000 until December 2012 and an independent executive director of Sheng Yuan Holdings Limited (stock code:851) from January 2011 until July 2012. As at the Latest Practicable Date, Mr. Chan was also an independent non-executive director of China Conch Venture Holdings Ltd. (stock code: 586),

## DIRECTORS AND SENIOR MANAGEMENT

Longfor Properties Co. Ltd. (stock code: 960) and of Yuexiu REIT Asset Management Ltd., manager to Yuexiu Real Estate Investment Trust (stock code: 405), which are listed companies in Hong Kong. He is the chairman of the audit committee of China Conch Venture Holdings Ltd. and Longfor Properties Co. Ltd. and a member of the audit committee of Yuexiu REIT Asset Management Ltd.

**Dr. Ng Lai Man, Carmen (吳麗文)**, aged 49, was appointed as an independent non-executive Director with effect from 22 November 2014. Dr. Ng has more than 20 years of experience in professional accounting and corporate finance in Hong Kong, the PRC, the United States and Europe. Dr. Ng is a practicing certified public accountant in Hong Kong, a fellow member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants in the United Kingdom, and an associate member of The Institute of Chartered Accountants in England and Wales. Dr. Ng received her Doctor of Business Administration Degree from The Hong Kong Polytechnic University in November 2003, Juris Doctor Degree from The Chinese University of Hong Kong in December 2010, Master of Laws Degree in Corporate and Financial Laws from The University of Hong Kong in November 2007, Master of Business Administration Degree from The Chinese University of Hong Kong in December 2005, Master of Professional Accounting Degree from The Hong Kong Polytechnic University in November 2000 and Master of Science in Global Finance from The Hong Kong University of Science and Technology and Leonard N. Stern School of Business of New York University in May 2013. Dr. Ng is currently an independent non-executive director of Goldin Properties Holdings Limited (stock code: 283), Realord Group Holdings Limited (formerly known as Cheong Ming Investments Limited, stock code: 1196), eSun Holdings Limited (stock code: 571) and 1010 Printing Group Limited (stock code: 1127), all being listed companies in Hong Kong.

**Mr. Tang, Warren Louis (唐偉倫)**, aged 38, was appointed an independent non-executive Director with effect from 22 November 2014. Mr. Tang was called to the Bar of Hong Kong in the High Court of Hong Kong in December 2001 and since then has been a practising barrister and a member of the Hong Kong Bar Association. Mr. Tang graduated from the University of Toronto in June 1998 with a bachelor of applied science major in computer engineering. He obtained the postgraduate diploma in English and Hong Kong law from Manchester Metropolitan University in July 2000 and the postgraduate certificate in laws from The University of Hong Kong in June 2001.

Save as disclosed above, each of our Directors (i) did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management or substantial or Controlling Shareholders of our Company as at the Latest Practicable Date; and (iii) did not hold any other directorships in listed public companies in the three years prior to the Latest Practicable Date. As at the Latest Practicable Date, save as disclosed in the paragraph headed “5. Disclosure of interests under the Securities and Futures Ordinance and disclosure of interests for substantial Shareholders” in Appendix V of this prospectus, each of our Directors did not have any interest in the Shares within the meaning of Part XV of the SFO.

Each of our Directors has confirmed that he/she does not have any interest in a business apart from ours which competes or is likely to compete, directly or indirectly, with us which is discloseable under Rule 8.10 of the Listing Rules.



## DIRECTORS AND SENIOR MANAGEMENT

Saves as disclosed herein, to the best knowledge, information and beliefs of our Directors having made all reasonable enquiries, there was no matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as at the Latest Practicable Date.

### SENIOR MANAGEMENT

| Name                         | Age | Position                      | Date of joining our Group | Date of appointment of current position | Responsibilities   | Relationship with Directors and other senior management |
|------------------------------|-----|-------------------------------|---------------------------|---|--|---|
| Ms. Leung Mong Sze, Patricia | 37  | Financial controller          | July 2012                 | February 2014                           | Responsible for financial management and reporting and internal control of our Group     | N/A   |
| Mr. Li Kwun Ming             | 32  | Credit manager                | April 2014                | April 2014                              | Responsible for overseeing and approval of credit applications and loan approvals        | N/A   |
| Ms. Fung Yan Yan             | 46  | Credit administrative manager | September 2013            | September 2013                          | Responsible for loan drawdown process and general responsibility for operational control | N/A   |
| Ms. Chan Mei Chun            | 36  | Senior relationship manager   | February 2009             | February 2012                           | Responsible for management of customer relationships                                     | N/A   |

**Ms. Leung Mong Sze, Patricia (梁夢詩)**, aged 37, joined our Group in July 2012 as senior finance manager and was promoted to financial controller in February 2014. She is principally responsible for the financial management and reporting and internal control of our Group. She has approximately 14 years of experience in accounting and finance. Prior to joining our Group, she was the senior finance manager at Quality Healthcare Medical Centre Limited from June 2006 to September 2012 with responsibility for financial accounting and budgeting and internal control. Ms. Leung was an audit manager with PricewaterhouseCoopers from January 2001 and January 2006 and prior to that, an auditor with Moores Rowland from January 2000 to January 2001. Ms. Leung became a member of the Hong Kong Institute of Certified Public Accountants in January 2004 and a fellow member of the Association of Chartered Certified Accountants in July 2008. She obtained a bachelor's degree in business administration in professional accountancy from The Chinese University of Hong Kong in December 1999 and a master's degree in social sciences in applied psychology with distinction from City University of Hong Kong in October 2010.

## DIRECTORS AND SENIOR MANAGEMENT

**Mr. Li Kwun Ming (李冠銘)**, aged 32, joined our Group in April 2014 as credit manager and is responsible for overseeing and approval of credit applications and loan approvals. Mr. Li has over 10 years of experience in credit analysis, assessment and approvals having commenced his career with United Asia Finance Limited in September 2003 to August 2004 before working for Citibank (Hong Kong) Limited between August 2004 to December 2007 as a senior customer relationship officer. Thereafter he worked as a credit analyst for Wing Lung Bank from December 2007 to January 2010 and Industrial and Commercial Bank of China (Asia) from February 2010 to April 2012. Before joining our Group, Mr. Li was an assistant underwriting manager in the underwriting division of Hong Kong Export Credit Insurance Corporation from April 2012 to April 2014. He obtained a bachelor of social science degree in economics from The Chinese University of Hong Kong in December 2003.

**Ms. Fung Yan Yan (馮茵茵)**, aged 46, joined our Group in September 2013 as credit administrative manager and is responsible for the loan drawdown process and general operational control. Ms. Fung has nearly 20 years experience in finance and administration. From 1994 to 1995, she was an account officer with Toronto Dominion Bank (Canada) and from 1995 to 1996 she was a supervisor in the administration and business operation department of Ricoh International Logistics (HK) Limited. Ms. Fung has held various positions with National Australia Bank Limited from October 1996 to December 2010 including serving as officer of loan administration. Immediately prior to joining our Group, she was an assistant manager in the credit administration team of Australia New Zealand Banking Group Limited from January 2011 to September 2013. Ms. Fung obtained a bachelor's degree in commerce in November 1994 from the University of Toronto and a master's degree in business administration (financial services) from The Hong Kong Polytechnic University in October 2009.

**Ms. Chan Mei Chun (陳美珍)**, aged 36, joined our Group in February 2009 as senior relationship manager and is responsible for management of customer relationships. Ms. Chan has, since the establishment of our Group, acquired the experience in the money lending business, where she has focused on developing client relationships.

### COMPANY SECRETARY

**Ms. Wong Wai Ling (黃慧玲)(ACIS, ACS)**, aged 34, was appointed as our company secretary with effect from 17 July 2014. She has over 10 years of experience in providing company secretarial services in Hong Kong. Ms. Wong joined SW Corporate Services Group Limited (信永方圓企業服務集團有限公司) (“SWCS”) in May 2011 and has been promoted as the assistant vice president since February 2013 and is responsible for assisting listed companies in professional company secretarial work. Prior to joining SWCS, she worked as a Corporate Secretariat Assistant of Corporate Secretarial Department in Moores Rowland Mazars (“MR”) from July 2003 until MR joined Grant Thornton in June 2007. She worked as Assistant 1, which was a re-title of her previous position, and later promoted to Assistant 2 in Grant Thornton until April 2008. She was employed by KCS Hong Kong Limited from May 2008 to February 2011 as a secretarial officer. Ms. Wong obtained a bachelor of arts degree in marketing and public relations from The Hong Kong Polytechnic University in October 2007 and a master's degree in corporate governance from the Open University of Hong Kong in December 2011. She is an associate of The Hong Kong Institute of Chartered Secretaries and an associate of The Institute of Chartered Secretaries and Administrators in the United Kingdom.

## **DIRECTORS AND SENIOR MANAGEMENT**

### **COMPLIANCE OFFICER**

Ms. Wang acts as our compliance officer. Further information on Ms. Wang is set forth in the paragraph headed “Executive Directors” above.

### **REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT**

Directors and senior management receive compensation in the form of salaries, benefits in kind and/or discretionary bonuses relating to the performance of our Group. Our Group also reimburses them for expenses which are necessarily and reasonably incurred for providing services or executing their functions in relation to our Group’s operations. Our Group regularly reviews and determines the remuneration and compensation packages of its Directors and senior management.

The aggregate amount of remuneration paid to our Directors, including salaries, contributions to defined contribution benefit plans (including pensions) and discretionary bonuses, during the Track Record Period, was approximately HK\$100,000, HK\$100,000, HK\$1,200,000 and HK\$350,000, respectively. Directors’ remuneration is determined with reference to salaries paid by comparable companies and the experience, responsibilities and performance of the relevant Director.

Under the arrangements currently in force, the aggregate amount of remuneration (excluding any discretionary bonus which may be paid) payable by our Group to our Directors for the financial year ended 31 December 2014 is expected to be approximately HK\$1,150,000.

We did not pay to our Directors or the five highest paid individuals any inducement fees to join us or as compensation for loss of office for each of the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014. Furthermore, none of our Directors waived any compensation for the same period.

Save as disclosed above, no other payments have been made or are payable by our Company or any of our subsidiaries to our Directors in respect of the services rendered during the Track Record Period.

### **BOARD COMMITTEES**

#### **Audit Committee**

We have established an audit committee with effect from the Listing Date with written terms of reference in compliance with the Rule 3.21 of the Listing Rules and paragraph C3 of the Code of Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee include, amongst other things (i) to propose the appointment or removal of the external auditors and the effectiveness of the audit process; (ii) to discuss with the external auditor on the nature and scope of the audit work prior to commencement of the audit work; (iii) to review our Group’s financial and accounting policies and procedures; (iv) to ensure co-ordination between the internal and external auditors and to ensure that the internal audit function is adequately resourced and has appropriate standing within our Group, and to review and monitor its effectiveness; (v) to review our Company’s financial information and disclosure thereof, and to consider any significant or unusual

## **DIRECTORS AND SENIOR MANAGEMENT**

items that are, or may need to be, reflected in the reports and accounts; (vi) to review and supervise our Group's financial controls, internal control and risk management systems and their implementation; and (vii) to review the arrangements for employees to raise concerns about financial reporting improprieties. The audit committee consists of Mr. Chan Chi On, Dr. Ng Lai Man, Carmen and Mr. Tang, Warren Louis, all of whom are independent non-executive Directors. The chairman of the audit committee is Dr. Ng Lai Man, Carmen who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

### **Remuneration Committee**

We have established a remuneration committee with effect from the Listing Date with written terms of reference in compliance with paragraph B1 of the Code of Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary functions of the remuneration committee include, amongst other things (i) to make recommendations to the Board on our policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) to review and approve senior management's remuneration proposals with reference to the Board's corporate goals and objectives; (iii) to consider and make recommendations to our Board, on the remuneration packages and overall benefits paid to our Directors and senior management; (iv) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment; and (v) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct. The remuneration committee consists of one executive Director and three independent non-executive Directors: Ms. Wang, Mr. Chan Chi On, Dr. Ng Lai Man, Carmen and Mr. Tang, Warren Louis. The chairman of the remuneration committee is Mr. Chan Chi On.

### **Nomination Committee**

We have established a nomination committee with effect from the Listing Date with written terms of reference in compliance with paragraph A5 of the Code of Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee include, amongst other things (i) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and to make recommendations on any proposed changes to the Board to complement our corporate strategy; (ii) to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorship; (iii) to assess the independence of independent non-executive Directors; and (iv) to consider and make recommendations to our Board regarding the reappointment of Directors and succession planning for Directors, in particular the chairman and the chief executive. The nomination committee consists of one executive Director and three independent non-executive Directors: Ms. Wang, Mr. Chan Chi On, Dr. Ng Lai Man, Carmen and Mr. Tang, Warren Louis. The chairman of the nomination committee is Ms. Wang.

### **Corporate Governance**

Pursuant to code provision A.2.1 of the Code of Corporate Governance Practices, the role of chairman and the chief executive should be segregated and should not be performed by the same individual. However, we do not have a separate chairman and chief executive and Ms. Wang currently

## **DIRECTORS AND SENIOR MANAGEMENT**

performs these two roles. Our Board believes that vesting the roles of both chairman and chief executive in the same position has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. 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 of our Company at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.

### **SHARE OPTION SCHEME**

Our Group has conditionally adopted the Share Option Scheme, the purpose of which is to motivate the relevant participants to optimise their future contributions to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such participants who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group. Details of the principal terms of the Share Option Scheme are summarised in the paragraph headed “Share Option Scheme” as set out in Appendix V to this prospectus.

### **COMPLIANCE ADVISER**

Our Group has appointed Investec as our compliance adviser upon listing of the Shares on the Stock Exchange in compliance with Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- where our Group proposes to use the proceeds of the Share Offer in a manner different from that detailed in the listing document or where the business activities, developments or results of the listed issuer deviate from any forecast, estimate, or other information in the listing document; and
- where the Stock Exchange makes an inquiry of the listed issuer under Rule 13.10 of the Listing Rules.

The terms of the appointment shall commence on the Listing Date and end on the date which we distribute the annual report of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

## SHARE CAPITAL

The authorised and issued share capital of our Company is as follows:

### Authorised share capital:

|                              |                    |
|------------------------------|--------------------|
|                              | <i>HK\$</i>        |
| <u>10,000,000,000</u> Shares | <u>100,000,000</u> |

Without taking into account any Share which may be issued upon exercise of any options that 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 mandate and the repurchase mandate granted to our Directors as described below, the share capital immediately following the Capitalisation Issue and the Share Offer will be as follows:

|  |                  |
|--|------------------|
|  | <i>HK\$</i>      |
| 38,000,000 Shares in issue as at the date of this prospectus         | 380,000          |
| 262,000,000 Shares to be issued pursuant to the Capitalisation Issue | 2,620,000        |
| <u>100,000,000</u> Shares to be issued pursuant to the Share Offer   | <u>1,000,000</u> |
| <u>400,000,000</u> Total   | <u>4,000,000</u> |

According 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 issued share capital in the hands of the public.

### RANKING

The Offer Shares will rank *pari passu* in all respects with all the Shares now in issue or to be issued as mentioned in this prospectus, and, in particular, will qualify in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of Listing other than participation in the Capitalisation Issue.

### GENERAL MANDATE TO ISSUE SHARES

Conditional on the conditions as stated in the section headed “Structure of the Share Offer” of this prospectus being satisfied, our Directors have been granted a general unconditional mandate to allot 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 nominal value 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 our Shareholders) shall not exceed:

- (a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Capitalisation Issue and the Share Offer; and

## SHARE CAPITAL

- (b) the aggregate nominal value of the share capital of our Company repurchased pursuant to the authority granted to our Directors referred to in the paragraph headed “General mandate to repurchase Shares” below.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or the options which may be granted under the Share Option Scheme. This general mandate to issue Shares will remain in effect until, whichever is the earliest:

- (a) the conclusion of our Company’s next annual general meeting;
- (b) the date by which the next annual general meeting of the Company is required to be held by the Articles of Association; or
- (c) the date on which such mandate is resolved or varied by our Shareholders in general meeting.

For further details of this general mandate, please refer to the paragraph headed “Further Information about our Company — Written resolutions of our sole Shareholder passed on 22 November 2014” in Appendix V to this prospectus.

### **GENERAL MANDATE TO REPURCHASE SHARES**

Conditional on conditions as stated in the section headed “Information about this prospectus and the Share Offer” of this prospectus being satisfied, 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 nominal value of not more than 10% of the aggregate nominal value of our Company’s share capital in issue immediately following the completion of the Capitalisation Issue and the Share Offer (excluding Shares which may be issued pursuant to the exercise of the 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 the paragraph headed “Further information about our Company — Repurchase by our Company of our own securities” in Appendix V to this prospectus.

The general mandate to repurchase Shares will remain in effect until, whichever is the earliest:

- (a) the conclusion of our Company’s next annual general meeting; or
- (b) the expiration of the period within which our Company’s next annual general meeting is required to be held by any applicable laws or the Articles of Association; or

## SHARE CAPITAL

(c) it is varied or revoked by an ordinary resolution of our Shareholders at general meeting.

For further details of this general mandate, please refer to the paragraph headed “Further Information about our Company — Written resolutions of our sole Shareholder passed on 22 November 2014” in Appendix V to this prospectus.

### SHARE OPTION SCHEME

Our Group has conditionally adopted the Share Option Scheme. Details of the principal terms of the Share Option Scheme are summarised in the paragraph headed “Share Option Scheme” in Appendix V to this prospectus.

Our Group does not have any outstanding share options, warrants, convertible debt securities or other convertible instruments, or similar rights convertible into Shares as at the Latest Practicable Date.



|                                 |
|---------------------------------|
| <b>SUBSTANTIAL SHAREHOLDERS</b> |
|---------------------------------|

**SUBSTANTIAL SHAREHOLDERS**

So far as our Directors are aware, immediately after completion of the Reorganisation, the Capitalisation Issue and the Share Offer (without taking into account any Shares that may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme), the following persons will have interests or short positions in the Shares or underlying Shares which will fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who 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 of our subsidiaries:

| Name of interested party        | Capacity/Nature of interest        | Total number of Shares <sup>(1)</sup> | Approximate percentage of issued Shares |
|---------------------------------|------------------------------------|---------------------------------------|---|
| Blossom Spring                  | Beneficial owner                   | 300,000,000                           | 75%                                     |
| Ms. Jin <sup>(2)</sup>          | Interest of controlled corporation | 300,000,000 <sup>(3)</sup>            | 75%                                     |
| Mr. Wong Tai Wai <sup>(4)</sup> | Interest of spouse                 | 300,000,000 <sup>(3)</sup>            | 75%                                     |

*Notes:*

- (1) All interests stated above represent long positions.
- (2) The entire issued share capital of Blossom Spring is held by Ms. Jin. By virtue of the SFO, Ms. Jin is deemed to be interested in all the Shares held by Blossom Spring.
- (3) These Shares are held by Blossom Spring, a company wholly-owned by Ms. Jin.
- (4) Mr. Wong Tai Wai is the spouse of Ms. Jin. By virtue of the SFO, Mr. Wong Tai Wai is deemed to be interested in the same number of Shares in which Ms. Jin is deemed to be interested.

Save as disclosed above, our Directors are not aware of any other persons who will, immediately following completion of the Reorganisation, the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme), have interests or short positions in the Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who 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 of our subsidiaries.

## **RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS**

### **RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS**

Immediately following the completion of the Reorganisation, the Capitalisation Issue and the Share Offer, Ms. Jin, through her wholly-owned company, Blossom Spring, will be entitled to control the exercise of voting rights of 75% of the Shares eligible to vote in a general meeting of our Company (assuming the options which may be granted under the Share Option Scheme are not exercised). Therefore, Blossom Spring and Ms. Jin are considered to be our Controlling Shareholders.

Apart from the business relating to the provision of mortgage loan financings and unsecured personal loans in Hong Kong, a close associate of Ms. Jin, namely EES, is currently operating other business such as the design and development of motorcycles and engines. Ms. Jin also has a substantial beneficial interest in a privately held family business which is mainly engaged in manufacturing business in the PRC (together with the business of EES, the “**Excluded Business**”). The Excluded Business will not form part of our Group after the Reorganisation.

Save as disclosed above, there is no other person who, immediately following completion of the Share Offer (without taking into account any Shares which fall to be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme), will be directly or indirectly interested in 30% or more of the Shares then in issue.

### **DELINEATION OF BUSINESSES**

Our Directors are of the view that there is a clear delineation between the Excluded Business and our Group’s business, as a result of which none of the Excluded Business would compete, or is expected to compete, directly or indirectly with our Group’s business. Operations of our Group are independent of and separate from the Excluded Business. The Excluded Business was excluded from our Group through the Reorganisation as our Directors are of the view that such business neither forms part of our principal business nor is in line with our strategy to strengthen our market position in the money lending industry. Our Group provides mortgage loan financings and unsecured personal loans in Hong Kong. On the other hand, the Excluded Business comprises principally the design and development of motorcycles and engines and manufacturing business in the PRC. Given the different nature of our Group’s business from that of the Excluded Business, our Directors do not expect there to be any overlap or competition between the Excluded Business and our Group’s business after the Listing.

### **FINANCIAL SUPPORT PROVIDED BY OUR CONTROLLING SHAREHOLDERS TO OUR GROUP**

During the Track Record Period, our Controlling Shareholders had from time to time offered financial support, mainly in the form of interest-free advances to our Group, for the cash flow and business needs of our Group.

With her substantial beneficial interest in the privately held family business which is mainly engaged in manufacturing business in the PRC and the profits generated from such business, Ms. Jin has received dividends from time to time and has been able to provide advances to our Group.

## **RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS**

As at 31 December 2011, 2012 and 2013 and 31 May 2014, the outstanding loan balances from our Controlling Shareholders were HK\$358.8 million, HK\$497.8 million, HK\$416.0 million and HK\$317.6 million, respectively.

All advances provided by our Controlling Shareholders, which amounted to approximately HK\$390.0 million immediately prior to the Latest Practicable Date, were settled by capitalisation on 24 November 2014.

### **INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS**

Notwithstanding the prior arrangements above, our Board is satisfied, on the basis of the following matters that our Company can operate independently of our Controlling Shareholders and their respective close associates (other than our Group) after the Listing.

#### **(a) Financial independence**

We have our own financial management system and the ability to operate independently from our Controlling Shareholders from a financial perspective. Our Directors believe that we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders. All advances provided by our Controlling Shareholders will be settled by capitalisation prior to the Listing.

#### **(b) Management independence and operational independence**

Although our Controlling Shareholders will retain a controlling interest in our Company after the Listing, we have full authority to make all decisions regarding and to carry out, our own business operations independently. Our Company (through our subsidiaries or pursuant to certain contractual arrangements) holds or enjoys the benefit of all relevant licences necessary to carry on our businesses, and has sufficient capital and employees to operate our business independently from our Controlling Shareholders.

Our management and operational decisions are made by our executive Directors and senior management who have relevant experience in the industry in which we are engaged. Moreover, each of our Directors is aware of their fiduciary duties as a Director whose duties require, amongst other things, that they act for the benefit and in the best interests of our Company and do not allow any conflicts between their duties as a Director and their personal interest. Further, we believe our three independent non-executive Directors bring independent judgement to the decision-making process of our Board.

Our Directors currently do not expect that there will be any business transactions between us and our Controlling Shareholders following the Listing. Further, our Controlling Shareholders have undertaken to abstain from voting on any future connected transactions relating to it or her and/or its or her close associates. On the basis of the foregoing, our Directors are of the view that we are independent from our Controlling Shareholders in terms of management and business operations.

## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

### RULE 8.10 OF THE LISTING RULES

As the Excluded Business does not constitute any competition with our Group's business, nor can its products substitute our Group's products or services, our Controlling Shareholders and our Directors do not have any interest in a business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business and would require disclosure under Rule 8.10 of the Listing Rules.

### DEED OF NON-COMPETITION UNDERTAKINGS

Conditional upon the Listing taking place, our Controlling Shareholders have entered into the Deed of Non-competition Undertakings in favour of our Company, pursuant to which our Controlling Shareholders, irrevocably and unconditionally, undertake and covenant with us that with effect from the Listing Date and for as long as the Shares remain listed on the Stock Exchange and our Controlling Shareholders are, directly or indirectly, interested in 30% or more of the Shares in issue, or are otherwise regarded as controlling shareholders (as defined under the Listing Rules) of our Company,

- (i) our Controlling Shareholders will not, and will procure that none of its/her respective associates will:
  - (a) compete with our Group, directly or indirectly (other than through our Group), by carrying on or investing or acquiring any rights or participating or being engaged, concerned or interested, directly or indirectly, whether as a shareholder, director, employee, partner, agent or otherwise, and whether for profit, reward or otherwise, in the carrying on of any activity or business which directly or indirectly competes or is likely to compete with the business and related business activities engaged by our Group in Hong Kong (the "**Restricted Territory**") as at the Listing Date or which will from time to time be engaged or operated or invested or otherwise involved in by our Group in Hong Kong including but not limited to money lending business (the "**Restricted Business**"), (save for the holding of not more than 5% shareholding interest in any listed company in Hong Kong;)
  - (b) at any time use the name or business style of any member of our Group, or represent herself/themselves as carrying on or continuing or being connected with any member of our Group or its business for any purpose whatsoever save as those names/business styles which have been previously disclosed in writing to our Company;
  - (c) directly or indirectly solicit, interfere with, employ or endeavor to entice away from any member of our Group any person who, to her/their knowledge, is now, or has during the preceding 12 months been, a client, customer, supplier or employee of, or in the habit of dealing with, any member of our Group; and
  - (d) take any direct or indirect action which constitutes an interference with or a disruption to the business activities of any member of our Group;

## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (ii) if the Controlling Shareholders and/or its/her associates (other than members of our Group) become(s) aware of any business opportunity which is related to the Restricted Business or which directly or indirectly competes, or may lead to competition with the Restricted Business in the Restricted Territory (the “**Business Opportunity**”) or such Business Opportunity is made available to them or their associates, they shall direct and/or shall procure their associates to direct such Business Opportunity to our Group and inform our Group of such Business Opportunity on a timely basis but in any event no later than 14 days from the date of becoming aware or receipt of such enquiry or knowledge of such Business Opportunity together with such requisite information to enable our Group to evaluate the merits of the Business Opportunity;
- (iii) our Controlling Shareholders will not pursue and will procure that none of its/her respective associates will pursue a Business Opportunity unless our Group decides not to pursue such Business Opportunity. Any decision of our Group as to whether or not to pursue such Business Opportunity will have to be approved by our independent non-executive Directors. For the avoidance of doubt, our Group shall not be required to pay any fees to any of our Controlling Shareholders and/or their respective associates in relation to the direction or information of such Business Opportunity;
- (iv) our Controlling Shareholders will provide to our Company all information necessary for the enforcement of the undertakings or covenants in the Deed of Non-competition Undertakings;
- (v) none of our Controlling Shareholders, nor any of its/her associates is currently carrying on or engaging or participating or interested or involved, directly or indirectly (whether as a shareholder, director, employee, partner, agent or otherwise, and whether for profit, reward or otherwise), in any business that directly or indirectly competes or may lead to competition with our Group or in the Restricted Business otherwise than through our Group and save as disclosed in this prospectus;
- (vi) our Controlling Shareholders will indemnify and keep fully indemnified our Company against any loss or liability or damage suffered by our Company or any member of our Group arising out of or in connection with any breach of any of the obligations of the Controlling Shareholders, including, without limitation, any costs and expenses (including legal expenses on a full indemnity basis) incurred as a result of such breach provided that such indemnity shall be without prejudice to any other rights and remedies of our Company in relation to any such breach and all such other rights and remedies are hereby expressly reserved by our Company; and
- (vii) in the event of any disagreement between our Group and our Controlling Shareholders as to whether or not any Business Opportunity is related to, or directly or indirectly competes or may lead to competition, with the Restricted Business, the matter shall be determined by a committee of the board of independent non-executive Directors whose decision shall be final and binding.

## FINANCIAL INFORMATION

*You should read the following discussion and analysis of our financial condition and results of operations together with our combined financial information as of and for each of the three years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014 and the accompanying notes included in the Accountant's Report set out in Appendix I to this prospectus. Our combined financial information has been prepared in accordance with HKFRSs. Potential investors should read the whole of the Accountant's Report set out in Appendix I to this prospectus and not rely merely on the information contained in this section. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. For additional information regarding these risks and uncertainties, please refer to the section headed "Risk Factors" in this prospectus.*

### OVERVIEW

We are principally engaged in the money lending business. We mainly offer mortgage loan financings to corporate and private individual customers which are secured by the first mortgage on the borrowers' real estate assets and mortgages subordinated to the first or higher ranking mortgage(s) charged on the borrowers' pledged properties. In addition, we also offer unsecured personal loans mainly to individuals who hold or own real estate assets under the Home Ownership Scheme in Hong Kong.

During the Track Record Period, we offered mortgage loan financings which were secured against residential, commercial and industrial real estate assets located in Hong Kong such as apartments, tenement houses, village houses, retail and office units, car parking lots, industrial units and land. We generate revenue from interest received from the provision of loans to our corporate and private individual customers.

During the Track Record Period, for loans mortgaged against residential properties, we offered first mortgage loans with loan-to-value ratio, in the majority of cases, of not more than 70%. In respect of subordinated mortgage loans, we offered loans, when aggregated with all prior mortgage loans, with loan-to-value ratio, in the majority of cases, of not more than 70%. For the three years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our revenue from lending activities was approximately HK\$31.2 million, HK\$57.5 million, HK\$121.2 million and HK\$41.3 million, respectively. In addition, the profit and total comprehensive income attributable to our equity holder was approximately HK\$18.1 million, HK\$23.4 million, HK\$44.5 million and HK\$11.9 million, respectively.

### BASIS OF PRESENTATION OF OUR FINANCIAL INFORMATION

The financial information of our Group has been prepared in accordance with HKFRSs which is set out in Note 3 of Section II "Basis of presentation" of the Accountant's Report contained in Appendix I to this prospectus.

Our further financial information on the basis of preparation of the financial information is set out in Note 4 of Section II "Summary of significant accounting policies" of the Accountant's Report contained in Appendix I to this prospectus.

## FINANCIAL INFORMATION

### SIGNIFICANT FACTORS AFFECTING OPERATING RESULTS AND FINANCIAL CONDITION OF OUR GROUP

The results of operations and financial condition of our Group have been and will continue to be affected by a number of factors, including those discussed below.

#### Source of funds

During the Track Record Period, our Group's operations and capital requirements were financed principally through our retained earnings, advances from our Controlling Shareholders and loans from a bank, a financial institution and a licensed money lender, all of whom are Independent Third Parties. Based on our current and anticipated levels of operations and barring any unforeseen circumstances in market conditions, our future operations and capital requirements following the Listing will be financed through our retained earnings and share capital, the net proceeds from the Share Offer and loans from Independent Third Party licensed money lenders. The expansion of our money lending business and in turn our loan portfolio rely principally on the sufficiency of our Group's source of funding. However, we do not anticipate that our business will be financed through banks, financial institutions or advances from our Controlling Shareholders in the near future and as such the expansion of our business will be limited by our ability to obtain financing from other sources.

#### Net interest margin

The operational results and profitability of our Group hinge on the net interest margin, being the difference between the interest rate charged by Independent Third Party lenders for loans granted to us and the interest rate charged by us on loans granted to our customers. As such, the operating results and financial condition of our Group will rely heavily on the ability to maintain the net interest margin.

#### Valuation of pledged collaterals

Our Group has granted, amongst others, loans secured against first/subordinated mortgages to our customers, based on the values of the properties that they can mortgage to our Group as collaterals. As such, the fluctuation of the values of the collaterals of our customers will affect both the amount of our loans granted and the risk of recovering the full amount of loans in the event of default. These will in turn affect our interest income and amount of bad debt.

## FINANCIAL INFORMATION

### CRITICAL ACCOUNTING POLICIES

Our Group has identified certain accounting policies that are significant to the preparation of our financial information. These significant accounting policies are important for an understanding of our financial condition and results of operations and are set forth in Note 4 “Summary of significant accounting policies” of the Accountant’s Report contained in Appendix I to this prospectus. The following paragraphs discuss certain significant accounting policies applied in preparing the Financial Information:

#### Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of our Group’s activities.

We recognise revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of our Group’s activities, as described below.

##### (i) *Interest income*

Interest income is recognised and accrued using the effective interest method. When a loan and receivable is impaired, our Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

##### (ii) *Referral income*

From time to time we may refer customers or applicants to other money lending companies. For referral services, revenue is recognised in the accounting period in which the services are rendered.

#### Loans receivable

Loans receivable are property mortgage loans and unsecured personal loans granted to customers in the ordinary course of business. If collection of loans receivable is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Loans receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.



## FINANCIAL INFORMATION

### Interest receivables

Interest receivables are interest derived from property mortgage loans and unsecured personal loans granted to customers in the ordinary course of business.

Interest receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### *Impairment of financial assets at amortised cost*

For assets carried at amortised cost, our Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that our Group uses to determine that there is objective evidence of an impairment loss include:

- (a) Significant financial difficulty of the borrower;
- (b) A breach of contract, such as a default or delinquency in interest or principal payments;
- (c) Our Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- (d) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- (e) The disappearance of an active market for that financial asset because of financial difficulties; or
- (f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - (i) adverse changes in the payment status of borrowers in the portfolio; and
  - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

Our Group first assesses whether objective evidence of impairment exists.

## FINANCIAL INFORMATION

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the combined statement of comprehensive income.

### **Provisions**

Provisions are recognised when our Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### **Repossessed assets**

Repossessed assets are initially recognised at the lower of their fair value less costs to sell and the amortised cost of the related outstanding loans on the date of repossession, and the related loans and advances together with the related impairment allowances are derecognised from the combined statement of financial position. Subsequently, repossessed assets are measured at cost less impairment.

### **Cash and cash equivalents**

In the combined statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

## FINANCIAL INFORMATION

### CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Our Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

#### **Loans and other receivables**

Our Group assesses provision for impairment of our loans and other receivables based on an estimate of the recoverability of these receivables. Provisions are applied to our loans and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of our loans and other receivables requires the use of estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables and provision for impairment losses in the period in which such estimate has been changed.

#### **Income taxes**

Our Group is subject to income taxes in Hong Kong and significant judgement is required in determining the provision of income taxes. Our Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such determination is made.

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| <b>FINANCIAL INFORMATION</b> |
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**OPERATING RESULTS DURING THE TRACK RECORD PERIOD**

The table below presents the summary of combined statements of comprehensive income of our Group for the three years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2013 and 2014 extracted from the Accountant's Report as set out in Appendix I to this prospectus.

|   | <b>Year ended 31 December</b> |                 |                 | <b>Five months ended 31 May</b> |                 |
|---|-------------------------------|-----------------|-----------------|---------------------------------|-----------------|
|   | <b>2011</b>                   | <b>2012</b>     | <b>2013</b>     | <b>2013</b>                     | <b>2014</b>     |
|   | <i>HK\$'000</i>               | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i>                 | <i>HK\$'000</i> |
|   | <i>(Unaudited)</i>            |                 |                 |                                 |                 |
| Revenue   | 31,189                        | 57,548          | 121,240         | 49,934                          | 41,348          |
| Other income/(loss)   | 2,299                         | (199)           | 2,137           | 7                               | 4               |
| Administrative expenses   | (12,214)                      | (28,548)        | (59,290)        | (26,818)                        | (17,583)        |
| Finance costs - net   | <u>—</u>                      | <u>(713)</u>    | <u>(10,156)</u> | <u>(597)</u>                    | <u>(9,041)</u>  |
| <b>Profit before income tax</b>   | 21,274                        | 28,088          | 53,931          | 22,526                          | 14,728          |
| Income tax expense  | <u>(3,171)</u>                | <u>(4,689)</u>  | <u>(9,413)</u>  | <u>(2,837)</u>                  | <u>(2,819)</u>  |
| <b>Profit and total comprehensive income for the year/period attributable to equity holder of our Company</b> | <u>18,103</u>                 | <u>23,399</u>   | <u>44,518</u>   | <u>19,689</u>                   | <u>11,909</u>   |
| Earnings per share — Basic and diluted  | <u>N/A</u>                    | <u>N/A</u>      | <u>N/A</u>      | <u>N/A</u>                      | <u>N/A</u>      |
| Dividend  | <u>—</u>                      | <u>—</u>        | <u>80,000</u>   | <u>—</u>                        | <u>—</u>        |

## FINANCIAL INFORMATION

### ANALYSIS ON MAJOR COMPONENTS OF THE COMBINED STATEMENTS OF COMPREHENSIVE INCOME

The following paragraphs set out a brief discussion on the revenue, other income/(loss), administrative expenses, finance costs and income tax expenses during the Track Record Period.

#### Revenue

Our revenue is comprised of interest income from our money lending business in respect of (i) first and subordinated mortgage loans to our corporate and private individual customers; and (ii) unsecured personal loans to private individuals who hold or own real estate assets under the Home Ownership Scheme in Hong Kong. Our Group primarily grants mortgage loans to customers on the basis that they own properties that they can mortgage to us as security.

Interest income from property mortgage loans is the key source of our revenue. Interest income from property mortgage loans amounted to approximately HK\$30.7 million, HK\$56.9 million, HK\$120.5 million and HK\$41.0 million, respectively, for each of the three years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, representing approximately 98.3%, 98.9%, 99.4% and 99.2%, respectively, of our revenue.

Set out below is the breakdown of the interest income we received during the Track Record Period with respect to our loan products:

| Loan product          | For year ended 31 December                  |               |              |   |               |              |   |                |              | For the five months ended 31 May            |               |            |   |               |            |
|-----------------------|---|---------------|--------------|---|---------------|--------------|---|----------------|--------------|---|---------------|------------|---|---------------|------------|
|                       | 2011  |               |              | 2012  |               |              | 2013  |                |              | 2013  |               |            | 2014  |               |            |
|                       | Number of active and inactive loan accounts | HK\$'000      | %            | Number of active and inactive loan accounts | HK\$'000      | %            | Number of active and inactive loan accounts | HK\$'000       | %            | Number of active and inactive loan accounts | HK\$'000      | %          | Number of active and inactive loan accounts | HK\$'000      | %          |
| First mortgage        | 225   | 17,739        | 56.9         | 310   | 31,080        | 54.0         | 520   | 77,373         | 63.8         | 325   | 32,689        | 65.5       | 344   | 26,833        | 64.9       |
| Subordinated mortgage | 204   | 12,925        | 41.4         | 272   | 25,827        | 44.9         | 404   | 43,082         | 35.6         | 225   | 16,895        | 33.8       | 254   | 14,182        | 34.3       |
| Unsecured personal    | 19  | 525           | 1.7          | 19  | 641           | 1.1          | 24  | 785            | 0.6          | 15  | 350           | 0.7        | 16  | 333           | 0.8        |
| <b>Total</b>          | <b>448</b>                                  | <b>31,189</b> | <b>100.0</b> | <b>601</b>                                  | <b>57,548</b> | <b>100.0</b> | <b>948</b>                                  | <b>121,240</b> | <b>100.0</b> | <b>565</b>                                  | <b>49,934</b> | <b>100</b> | <b>614</b>                                  | <b>41,348</b> | <b>100</b> |

#### Other income/(loss)

Other income/(loss) consists of (i) bank interest income; (ii) exchange gains/(losses); (iii) referral income; and (iv) sundry income. Exchange gains/(losses) are the unrealised gains and losses on foreign exchange deposits as at the end of each reporting period. Referral income arises from fees received by our Group for referrals of customers or applicants to other licensed money lenders. Such referrals are made only when customers or applicants seek loans from us of sizes and at interest rates or on terms which are inconsistent with our internal credit policy. Sundry income mainly arises from reimbursement of valuation fees from borrowers who redeemed their mortgage loan within six months from the drawn down date.

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Other income accounted for approximately HK\$2.3 million, HK\$2.1 million and HK\$4,000 for the each of years ended 31 December 2011 and 2013 and the five months ended 31 May 2014, respectively, representing approximately 7.4%, 1.8% and 0.0% of our revenue for the respective years/period. For the year ended 31 December 2012, our Group recorded other losses of approximately HK\$0.2 million.

Set out below is a breakdown of other income/(loss) during the Track Record Period:

|                         | <b>Year ended 31 December</b> |                 |                 | <b>Five months<br/>ended 31 May</b> |                 |
|-------------------------|-------------------------------|-----------------|-----------------|-------------------------------------|-----------------|
|                         | <b>2011</b>                   | <b>2012</b>     | <b>2013</b>     | <b>2013</b>                         | <b>2014</b>     |
|                         | <i>HK\$'000</i>               | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i>                     | <i>HK\$'000</i> |
|                         |                               |                 |                 | <i>(Unaudited)</i>                  |                 |
| Bank interest income    | 122                           | 58              | 3               | 1                                   | 4               |
| Exchange gains/(losses) | 2,117                         | (277)           | 449             | —                                   | —               |
| Referral income         | —                             | —               | 1,680           | —                                   | —               |
| Sundry income           | 60                            | 20              | 5               | 6                                   | —               |
|                         | <u>2,299</u>                  | <u>(199)</u>    | <u>2,137</u>    | <u>7</u>                            | <u>4</u>        |

### **Administrative expenses**

During the Track Record Period, administrative expenses incurred by our Group were mainly comprised of employee benefit expenses, advertising and marketing expenses, legal and professional fees, referral fees, operating lease charges in relation to land and buildings, listing expenses and other expenses. For each of the three years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, we incurred administrative expenses of approximately HK\$12.2 million, HK\$28.5 million, HK\$59.3 million and HK\$17.6 million, respectively.

## FINANCIAL INFORMATION

The breakdown of administrative expenses for each of the three years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2013 and 2014 are set out as follows:

|  | Year ended 31 December |                   |                   | Five months<br>ended 31 May |                   |
|--|------------------------|-------------------|-------------------|-----------------------------|-------------------|
|  | 2011                   | 2012              | 2013              | 2013                        | 2014              |
|  | <i>HK\$'000</i>        | <i>HK\$'000</i>   | <i>HK\$'000</i>   | <i>HK\$'000</i>             | <i>HK\$'000</i>   |
|  | <i>(Unaudited)</i>     |                   |                   |                             |                   |
| Employee benefit expenses  | 2,568                  | 4,970             | 9,525             | 4,751                       | 3,341             |
| Advertising and marketing expenses                                     | 4,773                  | 15,151            | 14,349            | 7,089                       | 8,473             |
| Legal and professional fees  | 748                    | 1,084             | 1,587             | 852                         | 697               |
| Auditor's remuneration   | 285                    | 515               | 524               | 225                         | 225               |
| Bank charges   | 70                     | 543               | 1,097             | 586                         | 20                |
| Referral fees  | 561                    | 1,466             | 1,858             | 1,549                       | 128               |
| Depreciation of property, plant and equipment                          | 311                    | 319               | 977               | 129                         | 701               |
| Listing expenses   | —                      | —                 | 7,007             | —                           | 1,998             |
| Provision for individual impairment assessment of loans receivable     | —                      | 55                | 9,453             | 9,500                       | —                 |
| Provision for collective impairment assessment of loans receivable     | —                      | 390               | 2,597             | 587                         | —                 |
| Provision for individual impairment assessment of interest receivables | —                      | —                 | 57                | 57                          | —                 |
| Provision for impairment of repossessed assets                         | —                      | —                 | 3,848             | —                           | —                 |
| Loss/(gain) on disposal of property, plant and equipment               | 102                    | —                 | —                 | —                           | (48)              |
| Operating lease charges  |                        |                   |                   |                             |                   |
| - Hire of motor vehicle  | 360                    | 360               | —                 | —                           | —                 |
| - Land and buildings   | 1,704                  | 1,609             | 3,466             | 1,035                       | 1,387             |
| Other expenses   | <u>732</u>             | <u>2,086</u>      | <u>2,945</u>      | <u>458</u>                  | <u>661</u>        |
| <br>Total administrative expenses                                      | <br><u>12,214</u>      | <br><u>28,548</u> | <br><u>59,290</u> | <br><u>26,818</u>           | <br><u>17,583</u> |

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| <b>FINANCIAL INFORMATION</b> |
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### Finance costs - net

During the Track Record Period, our finance costs consisted of interest expenses paid for secured loans from a bank, financial institution and a licensed money lender, all of whom are Independent Third Parties, set-off with exchange gains and interest income arising from pledged bank deposits. For each of the three years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, our finance costs were approximately HK\$nil, HK\$0.7 million, HK\$10.2 million and HK\$9.0 million, respectively.

The breakdown of finance costs for each of the three years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2013 and 2014 are set out as follows:

|  | Year ended 31 December |                 |                 | Five months ended 31 May |                 |
|--|------------------------|-----------------|-----------------|--------------------------|-----------------|
|  | 2011                   | 2012            | 2013            | 2013                     | 2014            |
|  | <i>HK\$'000</i>        | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i>          | <i>HK\$'000</i> |
|  |                        |                 |                 | <i>(Unaudited)</i>       |                 |
| Interest on secured bank loans                   | —                      | 4,761           | 22,856          | 9,813                    | —               |
| Interest on secured other borrowings             | —                      | —               | 7               | —                        | 9,041           |
| Exchange gain arising from pledged bank deposits | —                      | (802)           | (6,353)         | (5,777)                  | —               |
| Interest income from pledged bank deposits       | —                      | (3,246)         | (6,354)         | (3,439)                  | —               |
|  | <u>—</u>               | <u>713</u>      | <u>10,156</u>   | <u>597</u>               | <u>9,041</u>    |

### Income tax expenses

The principal tax liability of our Group is Hong Kong profits tax as our operation is based in Hong Kong.

Our Group is subject to profits tax at a rate of 16.5% on our estimated assessable profits for each of the three years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014. Our income tax expenses amounted to approximately HK\$3.2 million, HK\$4.7 million, HK\$9.4 million and HK\$2.8 million, respectively for each of the three years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014. The effective tax rate was approximately 14.9%, 16.7%, 17.5% and 19.1% for each of the three years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, respectively. The lower rate for the year ended 31 December 2011 is mainly due to an exchange gain of HK\$2.1 million, which is not subject to taxation. The higher rate for the five months ended 31 May 2014 is mainly due to listing expenses of HK\$2.0 million, which is not deductible for tax.



## FINANCIAL INFORMATION

During the Track Record Period and as at the Latest Practicable Date, we had fulfilled all our tax obligations and did not have any unresolved tax disputes with the applicable tax authorities.

### Net interest margin

Our net interest margin refers to the ratio of interest income net of finance costs as a percentage of the monthly outstanding balance of loans receivable during the year/period.

Set forth below is the net interest margin of our loans for each of the three years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2013 and 2014:

| Loan product          | Year ended 31 December |       |       | Five months ended 31 May |       |
|-----------------------|------------------------|-------|-------|--------------------------|-------|
|                       | 2011                   | 2012  | 2013  | 2013                     | 2014  |
| First mortgage        | 18.0%                  | 14.6% | 11.3% | 12.2%                    | 9.7%  |
| Subordinated mortgage | 19.5%                  | 24.3% | 21.5% | 23.3%                    | 18.7% |
| Unsecured personal    | 33.4%                  | 30.4% | 24.4% | 26.4%                    | 19.0% |
| Overall               | 18.7%                  | 18.0% | 13.7% | 14.6%                    | 11.9% |

### PERIOD TO PERIOD COMPARISON OF OPERATING RESULTS

#### Five months ended 31 May 2014 compared with five months ended 31 May 2013

##### *Revenue*

Interest income from property mortgage loans decreased by approximately HK\$8.6 million or 17.3% from approximately HK\$49.6 million for the five months ended 31 May 2013 to approximately HK\$41.0 million for the five months ended 31 May 2014. The decrease was primarily attributable to the decrease in our average month-end balance of aggregate property mortgage loans receivable.

Interest income from unsecured personal loans decreased by approximately HK\$17,000 or 4.9% from approximately HK\$350,000 for the five months ended 31 May 2013 to approximately HK\$333,000 for the five months ended 31 May 2014. The decrease was primarily due to the decreases in the amount of our unsecured personal loans and effective interest rate.

Our average month-end balance of aggregate mortgage loans receivable decreased by approximately HK\$211.7 million or 25.5% from approximately HK\$830.7 million for the five months ended 31 May 2013 to approximately HK\$619.0 million for the five months ended 31 May 2014. The average month-end balance of first mortgage loans receivable decreased by approximately HK\$178.3 million or 27.4% from approximately HK\$651.5 million for the five months ended 31 May 2013 to approximately HK\$473.2 million for the five months ended 31 May 2014. The average month-end balance of subordinated mortgage loans receivable decreased by approximately HK\$33.4 million or 18.6% from approximately HK\$179.2 million for the five months ended 31 May 2013 to approximately HK\$145.8 million for the five months ended 31 May 2014. Such decrease was primarily due to the downturn in the Hong Kong property market.

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For the five months ended 31 May 2013 and 2014, the effective interest rates for first mortgage loans were approximately 12.4% and 13.1%, respectively. Such increase was primarily due to the decrease in value and number of customers with low interest rates for the five months ended 31 May 2014 compared with those for the five months ended 31 May 2013. For the five months ended 31 May 2013 and 2014, the effective interest rates for subordinated mortgage loans were approximately 23.5% and 21.7%, respectively. Such decrease was primarily due to our Group offering lower interest rates to customers in order to maintain market share in the licensed money lending business in Hong Kong. The effective interest rates for unsecured personal loans were approximately 26.6% and 23.6% for the five months ended 31 May 2013 and 2014. For avoidance of doubt, the effective interest rate is calculated by dividing the total interest income generated from mortgage loans for the financial year/annualised interest income for the five months period by the average twelve month-end/five month-end balances of mortgage loans for the corresponding period.

### *Other income/(loss)*

Other income decreased by approximately HK\$3,000 or 42.9% from approximately HK\$7,000 for the five months ended 31 May 2013 to approximately HK\$4,000 for the five months ended 31 May 2014. The decrease was mainly due to a decrease in sundry income from HK\$6,000 to HK\$nil which was offset by an increase of HK\$3,000 in bank interest income.

### *Administrative expenses*

We incurred administrative expenses of approximately HK\$17.6 million for the five months ended 31 May 2014, representing a decrease of approximately HK\$9.2 million or 34.4% as compared to administrative expenses of approximately HK\$26.8 million incurred for the five months ended 31 May 2013. Such decrease was mainly due to:

#### (i) *Employee benefit expenses*

Our employee benefit expenses, which mainly consisted of staff salaries and bonuses, decreased from approximately HK\$4.8 million for the five months ended 31 May 2013, to approximately HK\$3.3 million for the five months ended 31 May 2014 representing a decrease of approximately HK\$1.4 million or 29.7%.

The decrease in staff salaries and bonuses was mainly attributable to (i) a decrease in commission to our sales team by approximately 89.7% due to a downward movement in the size of our loan portfolio and an annual review of our commission scheme; net of (ii) an increase in basic salaries of our Group by approximately 53.4% due to an increase in headcount.

#### (ii) *Referral fees*

Our referral fees decreased from approximately HK\$1.5 million for the five months ended 31 May 2013 to approximately HK\$0.1 million for the five months ended 31 May 2014, representing a decrease of approximately HK\$1.4 million or 91.7%. Such decrease was primarily due to the decrease in the number and value of loans to customers who were successfully introduced to our Group by referral agents.

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### (iii) *Provision for individual impairment of loans receivable*

Our provision for impairment of loans receivable decreased from approximately HK\$9.5 million for the five months ended 31 May 2013 to HK\$nil for the five months ended 31 May 2014. The provision made in 2013 included a specific provision of HK\$8.8 million arising from a litigation. For details of the litigation please refer to the section headed “Business — Legal proceedings and compliance” and Note 29 — Litigation under “Appendix I — Accountant’s Report” in this prospectus.

### *Finance costs – net*

Finance costs increased by approximately HK\$8.4 million or 14.1 times from approximately HK\$0.6 million for the five months ended 31 May 2013 to approximately HK\$9.0 million for the five months ended 31 May 2014. The increase was mainly attributable to the higher interest payable by our Group for financing due to the termination of the lending facilities from a bank and a financial institution and the switch in financing to an Independent Third Party licensed money lender, which charged interest on the financing at a higher rate as compared to the bank and financial institution, as well as the absence of (i) exchange gains arising from pledged bank deposits of approximately HK\$5.8 million; and (ii) interest income from pledged bank deposits of approximately HK\$3.4 million.

### *Income tax expenses*

Income tax expenses of our Group decreased by approximately HK\$18,000 or 0.6% from approximately HK\$2.8 million for the five months ended 31 May 2013 to approximately HK\$2.8 million for the five months ended 31 May 2014. The decrease in income tax expense was primarily due to the decrease in exchange gain arising from pledged bank deposits from approximately HK\$5.8 million for the five months ended 31 May 2013 to HK\$nil for the five months ended 31 May 2014 which decreased income not subject to taxation by approximately HK\$1.0 million.

### *Net interest margin*

The net interest margin of our loans decreased from approximately 14.6% for the five months ended 31 May 2013 to approximately 11.9% for the five months ended 31 May 2014.

The net interest margin for first mortgage loans decreased from approximately 12.2% for the five months ended 31 May 2013 to approximately 9.7% for the five months ended 31 May 2014. Such decrease was primarily due to a proportionally greater increase in finance cost than the increase in effective interest rate charged to customers.

The net interest margin for subordinated mortgage loans decreased from approximately 23.3% for the five months ended 31 May 2013 to approximately 18.7% for the five months ended 31 May 2014. Such decrease was primarily due to a proportionally greater increase in finance cost than the increase in effective interest rate charged to customers.

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The net interest margin of our unsecured personal loans decreased from approximately 26.4% for the five months ended 31 May 2013 to approximately 19.0% for the five months ended 31 May 2014. Such decrease was primarily due to a proportionally greater increase in finance cost than the increase in effective interest rate charged to customers.

Interest on our Group's borrowings increased in 2014 as we started a new facility with an Independent Third Party licensed money lender which charged interest at a rate higher than the bank and financial institution.

### *Profit and total comprehensive income and profit margin*

As a result of the foregoing, we recorded a profit and total comprehensive income for the five months ended 31 May 2014 of approximately HK\$11.9 million, representing a decrease of approximately 39.5% from approximately HK\$19.7 million for the five months ended 31 May 2013. Our net profit margin decreased from approximately 39.4% for the five months ended 31 May 2013 to approximately 28.8% for the five months ended 31 May 2014.

### **Year ended 31 December 2013 compared with year ended 31 December 2012**

#### *Revenue*

Overall interest income from property mortgage loans increased by approximately HK\$63.5 million or 111.7% from approximately HK\$56.9 million for the year ended 31 December 2012 to approximately HK\$120.5 million for the year ended 31 December 2013. In particular, interest income from first mortgage loans increased by approximately HK\$46.3 million or 148.9% from approximately HK\$31.1 million for the year ended 31 December 2012 to approximately HK\$77.4 million for the year ended 31 December 2013. Whereas interest income from subordinated mortgage loans increased by approximately HK\$17.3 million or 66.8% from approximately HK\$25.8 million for the year ended 31 December 2012 to approximately HK\$43.1 million for the year ended 31 December 2013. Overall, the increase was primarily attributable to the aggregate effect of the increase of average month-end balance of mortgage loans receivable for the financial year ended 2013 compared with that in financial year ended 2012, partially offset by the decrease of effective interest rates for property mortgage loans.

In addition, interest income from unsecured personal loans increased by approximately HK\$0.2 million or 22.7% from approximately HK\$0.6 million for the year ended 31 December 2012 to approximately HK\$0.8 million for the year ended 31 December 2013. The increase was primarily due to an increase in value of personal loans granted as a result of the lower interest rates offered to our customers.

Our average month-end balance of aggregate mortgage loans receivable increased by approximately HK\$461.8 million or 130.6% from approximately HK\$353.8 million for the year ended 31 December 2012 to approximately HK\$815.6 million for the year ended 31 December 2013. The average month-end balance of first mortgage loans receivable increased substantially by approximately HK\$381.6 million or 158.2% from approximately HK\$241.2 million for the year ended 31 December 2012 to approximately HK\$622.8 million for the year ended 31 December 2013. The

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average month-end balance of subordinated mortgage loans receivable also increased substantially by approximately HK\$80.2 million or 71.2% from approximately HK\$112.6 million for the year ended 31 December 2012 to approximately HK\$192.8 million for the year ended 31 December 2013. Such increases were due to our Group offering loans at lower interest rates in order to increase our customer base and increase market share in the licensed money lending industry in Hong Kong.

For each of the years ended 31 December 2012 and 2013, the effective interest rates for first mortgage loans were approximately 14.9% and 12.5%, respectively, and the effective interest rates for subordinated mortgage loans were approximately 24.3% and 22.8%, respectively. Such decreases were due to our Group offering loans at lower interest rates in order to expand our customer base and increase market share in the licensed money lending industry in Hong Kong.

### *Other income/(loss)*

We recorded other income for the year ended 31 December 2013 of approximately HK\$2.1 million in contrast to a loss of approximately HK\$0.2 million for the year ended 31 December 2012, which was mainly due to an increase in referral income from HK\$nil for the year ended 31 December 2012 to approximately HK\$1.7 million for the year ended 31 December 2013. The increase in referral income was due to our Group making four referrals to another licensed money lender during the financial year ended 31 December 2013. The reason for making such referrals was due to the applicant's requests for loans of sizes, at interest rates and on terms which are inconsistent with our internal credit policy.

### *Administrative expenses*

We incurred administrative expenses of approximately HK\$59.3 million for the year ended 31 December 2013, representing an increase of approximately HK\$30.7 million or 107.7% as compared to administrative expenses of approximately HK\$28.5 million incurred for the year ended 31 December 2012. Such increase was mainly due to:

#### (i) *Employee benefit expenses*

Our employee benefit expenses, which mainly consisted of staff salaries, commissions and bonuses, increased from approximately HK\$5.0 million for the year ended 31 December 2012, to approximately HK\$9.5 million for the year ended 31 December 2013, representing an increase of approximately HK\$4.6 million or 91.6%.

The increase in staff salaries and bonuses was mainly attributable to (i) an increase in headcount in preparation for the Listing; (ii) an increase in commissions to our sales team by approximately 53.8% which is in same direction as growth in our loan portfolio; and (iii) an increase in bonuses of approximately 54.4% due to the increase in headcount and as a reward to our staff for their outstanding performances.

#### (ii) *Legal and professional fees*

Our legal and professional fees increased from approximately HK\$1.1 million for the year ended 31 December 2012 to approximately HK\$1.6 million for the year ended 31 December 2013,

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representing an increase of approximately HK\$0.5 million or 46.4%. Such increase was due to an increase in legal costs and expenses to legal advisers to perform the relevant mortgage lending and registration documentation and legal costs and expenses incurred by our Group for an asset repossession.

(iii) *Bank charges*

Our bank charges increased from approximately HK\$0.5 million for the year ended 31 December 2012 to approximately HK\$1.1 million for the year ended 31 December 2013, representing an increase of approximately HK\$0.6 million or 102.0%. Such increase was due to the increase in the value of loans drawn down by our Group from a bank and a financial institution during the year to support our lending business which in turn led to an increase in bank administrative costs.

(iv) *Referral fees*

Our referral fees increased from approximately HK\$1.5 million for the year ended 31 December 2012 to approximately HK\$1.9 million for the year ended 31 December 2013, representing an increase of approximately HK\$0.4 million or 26.7%. Such increase was due to the increase in the number and value of loans to customers who were successfully introduced to our Group by referral agents. For details of referral arrangements, please refer to the section headed “Business — Referral Agents” in this prospectus.

(v) *Listing expenses*

Our listing expenses increased from approximately HK\$nil for the year ended 31 December 2012 to approximately HK\$7.0 million for the year ended 31 December 2013. No such expenses were incurred in 2012 as we only commenced our listing process in 2013.

(vi) *Provision for individual impairment assessment of loans receivable*

The provision for individual impairment assessment of loans receivable increased from approximately HK\$55,000 for the year ended 31 December 2012 to approximately HK\$9.5 million for the year ended 31 December 2013. Such increase was primarily due to a specific provision of approximately HK\$8.8 million arising from the legal proceeding as set out below.

In July 2014, an Independent Third Party, (the “**Plaintiff**”) filed a claim in the Court of First Instance of the High Court of Hong Kong against our customer (“**Mr. X**”) as first defendant and GIC as second defendant, alleging that our Group had not acted in good faith in entering into a mortgage financing arrangement with Mr. X since our Group had actual or constructive notice of the intention by Mr. X (but not GIC’s) to defraud the Plaintiff and/or lack of good faith.

The legal proceedings relate to a transaction in April 2013, where by Mr. X obtained a loan in an amount of HK\$15 million from our Group secured by the first mortgage (the “**Mortgage**”) against

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real estate and car parking assets in Hong Kong (the “**Property**”). The Plaintiff was an existing creditor of Mr. X and had, in April 2013, obtained a charging order against Mr. X for the recovery of his debt. Such charging order was registered at the Land Registry but only after the date of the execution of the mortgage agreement.

The damages sought by the Plaintiff include, amongst others, a declaration that the Mortgage is void and of no effect or an order that the Mortgage be set aside and registration of the mortgage at the Land Registry be vacated, and damages.

As at 31 December 2013, the loans receivable and the interest receivables in respect of Mr. X were approximately HK\$10.0 million and HK\$nil, respectively. Our Directors reassessed the collectability of the loans and interest receivables with reference to the validity of the Mortgage due to the litigation and the creditability of Mr. X, and considered that in the absence of the Mortgage, Mr. X would not be able to repay the outstanding amount. Accordingly, our Directors considered that it is prudent that a full provision on the outstanding loans receivable amount of HK\$8.8 million be recognised in the combined statement of comprehensive income for the year ended 31 December 2013.

For details of the litigation, please refer to the section headed “Business — Legal proceedings and compliance” and Note 29 — Litigation under “Appendix I — Accountant’s Report” in this prospectus.

*(vii) Provision for collective impairment assessment of loans receivable*

The provision for collective impairment assessment of loans receivable increased from approximately HK\$0.4 million for the year ended 31 December 2012 to approximately HK\$3.0 million for the year ended 31 December 2013. Such increase was primarily due to a specific provision arising from the legal proceeding as set out above.

For details of the litigation, please refer to the section headed “Business — Legal proceedings and compliance” and Note 29 — Litigation under “Appendix I — Accountant’s Report” in this prospectus.

*(viii) Provision for impairment of repossessed assets*

Our provision for impairment of repossessed assets increased from HK\$nil for the year ended 31 December 2012 to approximately HK\$3.8 million for the year ended 31 December 2013. Such increase was due to the impairment of a repossessed property from a defaulting borrower.

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Our Group's repossessed asset classified as held for sale is analysed as follows:

|                                | <b>As at 31 December</b> |                 |
|--------------------------------|--------------------------|-----------------|
|                                | <b>2012</b>              | <b>2013</b>     |
|                                | <i>HK\$'000</i>          | <i>HK\$'000</i> |
| Repossessed property           | —                        | 21,161          |
| Less: Provision for impairment | —                        | (3,848)         |
|                                | <u>—</u>                 | <u>(3,848)</u>  |
|                                | <u>—</u>                 | <u>17,313</u>   |

Due to a default by a subordinated mortgage loan customer since 2 March 2012, we have taken legal action against the customer to recover the outstanding loan since 11 April 2012 and successfully repossessed the mortgaged property on 15 November 2012. The aggregate amount of loans receivable and interest receivables outstanding from this customer in respect of his loan as at the date of repossession was approximately HK\$5.8 million and HK\$1.5 million, respectively.

On 5 February 2013, we entered into an agreement with a bank to take possession of its first property mortgage of the customer, at a consideration of HK\$13.9 million. The aggregate amount of the consideration paid and the subordinated property mortgage loan outstanding was approximately HK\$21.2 million.

On 7 January 2014, we entered into an agreement with an Independent Third Party to sell the property, at a net consideration, after legal and other expenses, of approximately HK\$17.3 million. Accordingly, a provision for impairment of approximately HK\$3.8 million was recognised as at 31 December 2013 to reflect the net realisable value of the property. The disposal was completed on 20 February 2014.

(ix) *Operating lease charges — land and buildings*

Our operating lease charges in relation to land and buildings increased from approximately HK\$1.6 million for the year ended 31 December 2012 to approximately HK\$3.5 million for the year ended 31 December 2013, representing an increase of approximately HK\$1.9 million or 115.4%. Such increase was due to the relocation to a larger office premise in July 2013.

***Finance costs — net***

Finance costs increased by approximately HK\$9.4 million or 1,324.4% from approximately HK\$0.7 million for the year ended 31 December 2012 to approximately HK\$10.2 million for the year ended 31 December 2013. The increase was mainly attributable to the increase in interest expenses on secured loans from a bank, a financial institution and a licensed money lender, all of whom are Independent Third Parties, and was partially offset by interest income and exchange gain from pledged bank deposits denominated in RMB.



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Interest expenses on secured loans from the bank and the financial institution increased from approximately HK\$4.8 million for the year ended 31 December 2012 to approximately HK\$22.9 million for the year ended 31 December 2013. The increase was primarily due to an increase in average borrowings, from approximately HK\$128.1 million for the year ended 31 December 2012 to approximately HK\$514.6 million for the year ended 31 December 2013. In addition, the effective interest rate remained at approximately 3.7% and 4.4% for the two financial years ended 31 December 2012 and 2013, respectively.

Exchange gain arising from pledged bank deposits increased from approximately HK\$0.8 million for the year ended 31 December 2012 to approximately HK\$6.4 million for the year ended 31 December 2013. The increase was due to the appreciation of pledged bank deposits denominated in RMB during the year ended 31 December 2013.

Interest income from pledged bank deposits increased from approximately HK\$3.2 million for the year ended 31 December 2012 to approximately HK\$6.4 million for the year ended 31 December 2013. The increase was primarily due to the increase in average monthly pledged bank deposits from approximately HK\$126.1 million for the year ended 31 December 2012 to approximately HK\$216.3 million for the year ended 31 December 2013.

### *Income tax expenses*

Income tax expenses of our Group increased by approximately HK\$4.7 million or 100.7% from approximately HK\$4.7 million for the year ended 31 December 2012 to approximately HK\$9.4 million for the year ended 31 December 2013. The increase in income tax expenses for the year ended 31 December 2013 was a result of (i) the increase in our taxable profit; (ii) the tax impact of HK\$0.9 million arising from an increase of income not subject to taxation of approximately HK\$5.6 million in exchange gain from pledged bank deposits; and (iii) a tax impact of approximately HK\$1.2 million arising from listing expenses of HK\$7.0 million which is not deductible for tax.

### *Net interest margin*

The net interest margin of our loans decreased from approximately 18.0% for the year ended 31 December 2012 to approximately 13.7% for the year ended 31 December 2013.

The net interest margin for first mortgage loans decreased from approximately 14.6% for the year ended 31 December 2012 to approximately 11.3% for the year ended 31 December 2013 while the net interest margin for subordinated mortgage loans decreased from approximately 24.3% for the year ended 31 December 2012 to approximately 21.5% for the year ended 31 December 2013. Such decreases were due to (i) our Group offering loans at lower interest rates in order to expand our customer base and increase our market share in the licensed money lending industry in Hong Kong; and (ii) the increase in our finance costs.

The net interest margin of our unsecured loans decreased from approximately 30.4% for the year ended 31 December 2012 to approximately 24.4% for the year ended 31 December 2013. Such decrease was primarily as a result of lower interest rates offered to our customers.

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### *Profit and total comprehensive income and profit margin*

As a result of the foregoing, we recorded a profit and total comprehensive income for the year ended 31 December 2013 of approximately HK\$44.5 million, representing an increase of approximately 90.3% from approximately HK\$23.4 million for the year ended 31 December 2012. Our net profit margin decreased from approximately 40.7% for the year ended 31 December 2012 to approximately 36.7% for the year ended 31 December 2013.

### **Year ended 31 December 2012 compared with year ended 31 December 2011**

#### *Revenue*

Overall interest income from property mortgage loans increased by approximately HK\$26.2 million or 85.6% from approximately HK\$30.7 million for the year ended 31 December 2011 to approximately HK\$56.9 million for the year ended 31 December 2012. In particular, interest income from first mortgage loans increased by approximately HK\$13.3 million or 75.2% from approximately HK\$17.7 million for the year ended 31 December 2011 to approximately HK\$31.1 million for the year ended 31 December 2012. Whereas interest income from subordinated mortgage loans increased by approximately HK\$12.9 million or 99.8% from approximately HK\$12.9 million for the year ended 31 December 2011 to approximately HK\$25.8 million for the year ended 31 December 2012. The increase was primarily attributable to the increase in value of first and subordinated mortgage loans.

In addition, the interest income from unsecured personal loans increased by approximately HK\$0.1 million or 21.9% from approximately HK\$0.5 million for the year ended 31 December 2011 to approximately HK\$0.6 million for the year ended 31 December 2012. The increase was primarily attributable to the increase in value of personal loans granted as a result of lower interest rates offered to our customers.

Due to increasing demand for mortgage loan products in the market, our average month-end balance of aggregate mortgage loans receivable increased by approximately HK\$184.3 million or 108.7% from approximately HK\$169.5 million for the year ended 31 December 2011 to approximately HK\$353.8 million for the year ended 31 December 2012. The average month-end balance of first mortgage loans receivable increased by approximately HK\$139.2 million or 136.5% from approximately HK\$102.0 million for the year ended 31 December 2011 to approximately HK\$241.2 million for the year ended 31 December 2012. The average month-end balance of subordinated mortgage loans receivable increased by approximately HK\$45.1 million or 66.8% from approximately HK\$67.5 million for the year ended 31 December 2011 to approximately HK\$112.6 million for the year ended 31 December 2012. Such increases were due to our Group's marketing efforts, especially through television commercials, to expand our customer base and increase our market share in the licensed money lending industry in Hong Kong.

The effective interest rates for first mortgage loans decreased from approximately 18.0% to 14.9% for the years ended 31 December 2011 and 2012, respectively. Such decrease was due to our Group offering loans at lower interest rates in order to expand our customer base and increase our market share in the licensed money lending industry in Hong Kong, in particular we offered interest rates of 10% or less with loan amounts of approximately HK\$122.2 million in 2012 compared to

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approximately HK\$42.4 million in 2011. However, the effective interest rate of subordinated mortgage loans increased from approximately 19.5% for the year ended 31 December 2011 to approximately 24.3% for the year ended 31 December 2012. Such increase was due to the implementation of several measures by the HKMA in June 2011 to strengthen risk management in residential mortgage lending by banks, which stimulated demand for non-bank lending, and in turn, enabled our Group to offer loans at higher interest rates.

### *Other income/(loss)*

We recorded other loss for the year ended 31 December 2012 of approximately HK\$0.2 million in contrast to other income for the year ended 31 December 2011 of approximately HK\$2.3 million. The loss was mainly attributable to the absence of exchange gains in 2012. The exchange gain of approximately \$2.1 million recorded in 2011 was derived from translation of non-pledged bank deposits denominated in RMB.

### *Administrative expenses*

We incurred administrative expenses of approximately HK\$28.5 million for the year ended 31 December 2012, representing an increase of approximately HK\$16.3 million or 133.7% as compared to administrative expenses of approximately HK\$12.2 million for the year ended 31 December 2011. Such increase was mainly due to:

#### *(i) Employee benefit expenses*

Our employee benefit expenses, which mainly consisted of staff salaries, commissions and bonuses, increased from approximately HK\$2.6 million for the year ended 31 December 2011, to approximately HK\$5.0 million for the year ended 31 December 2012, representing an increase of approximately HK\$2.4 million or 93.5%.

The increase in our staff salaries and bonuses was mainly attributable to an increase in average headcount from nine for the year ended 31 December 2011 to twelve for the year ended 31 December 2012 and an increase in commission paid to our sales team from approximately HK\$0.8 million for the year ended 31 December 2011 to approximately HK\$2.0 million for the year ended 31 December 2012, which is in line with the growth in our loan portfolio.

#### *(ii) Advertising and marketing expenses*

Our advertising and marketing expenses increased from approximately HK\$4.8 million for the year ended 31 December 2011 to approximately HK\$15.2 million for the year ended 31 December 2012, representing an increase of approximately HK\$10.4 million or 217.4%. Such increase was due to increased spending on advertising and marketing, particularly on mass media such as television advertisements, in order to promote our brand, loan products and services and increase our market share as a result of increasing competition in the money lending industry. The effectiveness of our marketing campaign has been reflected in the growth of our money lending business.

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### (iii) *Legal and professional fees*

Our legal and professional fees increased from approximately HK\$0.7 million for the year ended 31 December 2011 to approximately HK\$1.1 million for the year ended 31 December 2012, representing an increase of approximately HK\$0.3 million or 44.9%. Such increase was due to the increase in legal costs and expenses to legal advisers to perform the relevant mortgage lending and registration documentation.

### (iv) *Referral fees*

Our referral fees increased from approximately HK\$0.6 million for the year ended 31 December 2011 to approximately HK\$1.5 million for the year ended 31 December 2012, representing an increase of approximately HK\$0.9 million or 161.3%. Such increase was due to the increase in average referral rates payable to referral agents and the increase in the value of loans referred to us.

### (v) *Other expenses*

Our other expenses increased from approximately HK\$0.7 million for the year ended 31 December 2011 to approximately HK\$2.1 million for the year ended 31 December 2012, representing an increase of approximately HK\$1.4 million or 185.0%. Such increase was due to the increase in general office operation expenses which were mainly related to (i) utilities and office expenses; (ii) land search and valuation expenses; (iii) recruitment expenses; and (iv) entertainment expenses.

### ***Finance costs — net***

Finance costs increased from HK\$nil for the year ended 31 December 2011 to approximately HK\$0.7 million for the year ended 31 December 2012. Such increase was mainly attributable to the increase in interest expenses on secured borrowings which was partially offset by interest income from pledged bank deposits.

Interest expenses on secured borrowings increased from HK\$nil for the year ended 31 December 2011 to approximately HK\$4.8 million for the year ended 31 December 2012. Such increase was primarily due to us taking on debt from a bank and a financial institution, both of whom are Independent Third Parties, in order to grow our business by increasing the size of our loan portfolio.

Interest income from pledged bank deposits increased from HK\$nil for the year ended 31 December 2011 to approximately HK\$3.2 million for the year ended 31 December 2012. The bank deposits were pledged since we obtained the first banking facilities from an Independent Third Party bank in March 2012.

### ***Income tax expenses***

Our income tax expenses increased by approximately HK\$1.5 million or 47.9% from approximately HK\$3.2 million for the year ended 31 December 2011 to approximately HK\$4.7 million for the year ended 31 December 2012. The increase in income tax expenses was primarily due to (i)

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an increase in profit before income tax from approximately HK\$21.3 million for the year ended 31 December 2011 to approximately HK\$28.1 million for the year ended 31 December 2012; and (ii) the exchange gain of HK\$2.1 million incurred during the year ended 31 December 2011, which is not subject to taxation.

### *Net interest margin*

The net interest margin of our loans decreased slightly from approximately 18.7% for the year ended 31 December 2011 to approximately 18.0% for the year ended 31 December 2012.

The net interest margin for first mortgage loans decreased from approximately 18.0% for the year ended 31 December 2011 to approximately 14.6% for the year ended 31 December 2012. Such decrease was primarily due to (i) our Group offering loans at lower interest rates in order to expand our customer base and increase our market share in the licensed money lending industry in Hong Kong and (ii) the increase in our finance costs. The net interest margin for subordinated mortgage loans increased from approximately 19.5% for the year ended 31 December 2011 to approximately 24.3% for the year ended 31 December 2012. Such increase was due to the implementation of several measures by the HKMA in June 2011 to strengthen risk management in residential mortgage lending by banks which stimulated demand for non-bank lending, and in turn, enabled our Group to offer loans at higher interest rates.

The net interest margin of our unsecured loans decreased from approximately 33.4% for the year ended 31 December 2011 to approximately 30.4% for the year ended 31 December 2012. Such decrease was primarily due to an increase in the value of personal loans granted as a result of the lower interest rates offered to our customers.

### *Profit and total comprehensive income and profit margin*

As a result of the foregoing, we recorded profit and total comprehensive income for the year ended 31 December 2012 of approximately HK\$23.4 million, representing an increase of approximately 29.3% from approximately HK\$18.1 million for the year ended 31 December 2011. Our net profit margin decreased from approximately 58.0% for the year ended 31 December 2011 to approximately 40.7% for the year ended 31 December 2012.

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## FINANCIAL CONDITIONS OF OUR GROUP

The table below presents the summary of combined statements of financial position of our Group as at 31 December 2011, 2012 and 2013 and 31 May 2014 extracted from the Accountant's Report as set out in Appendix I to this prospectus.

|   | As at 31 December |                  |                | As at 31 May   |
|---|-------------------|------------------|----------------|----------------|
|   | 2011              | 2012             | 2013           | 2014           |
|   | HK\$'000          | HK\$'000         | HK\$'000       | HK\$'000       |
| <b>ASSETS</b>   |                   |                  |                |                |
| <b>Non-current assets</b>   |                   |                  |                |                |
| Property, plant and equipment   | 951               | 753              | 2,645          | 2,110          |
| Loans receivable  | 53,815            | 158,766          | 168,690        | 171,866        |
| Deposits  | <u>—</u>          | <u>3,499</u>     | <u>1,104</u>   | <u>—</u>       |
| <b>Total non-current assets</b>   | <u>54,766</u>     | <u>163,018</u>   | <u>172,439</u> | <u>173,976</u> |
| <b>Current assets</b>   |                   |                  |                |                |
| Loans receivable  | 143,493           | 513,784          | 596,538        | 443,294        |
| Interest receivables  | 2,907             | 8,471            | 9,521          | 9,607          |
| Prepayments, deposits and other receivables                             | 3,262             | 5,809            | 1,124          | 2,865          |
| Repossessed asset   | —                 | —                | 17,313         | —              |
| Pledged bank deposits   | —                 | 285,667          | —              | —              |
| Cash and cash equivalents   | <u>192,405</u>    | <u>42,318</u>    | <u>56,891</u>  | <u>34,987</u>  |
| <b>Total current assets</b>   | <u>342,067</u>    | <u>856,049</u>   | <u>681,387</u> | <u>490,753</u> |
| <b>Total assets</b>   | <u>396,833</u>    | <u>1,019,067</u> | <u>853,826</u> | <u>664,729</u> |
| <b>EQUITY</b>   |                   |                  |                |                |
| <b>Capital and reserves attributable to our Company's equity holder</b> |                   |                  |                |                |
| Combined capital  | 1,001             | 1,001            | 1,001          | 1,001          |
| Retained earnings   |                   |                  |                |                |
| - Proposed Dividend   | —                 | —                | 80,000         | —              |
| - Others  | <u>34,920</u>     | <u>58,319</u>    | <u>22,837</u>  | <u>34,746</u>  |
| <b>Total equity</b>   | <u>35,921</u>     | <u>59,320</u>    | <u>103,838</u> | <u>35,747</u>  |
| <b>LIABILITIES</b>  |                   |                  |                |                |
| <b>Current liabilities</b>  |                   |                  |                |                |
| Accruals and other payables   | 632               | 3,577            | 10,742         | 9,036          |
| Tax payable   | 1,525             | 1,393            | 5,768          | 8,587          |

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|  | As at 31 December |                  |                 | As at 31 May     |
|--|-------------------|------------------|-----------------|------------------|
|  | 2011              | 2012             | 2013            | 2014             |
|  | <i>HK\$'000</i>   | <i>HK\$'000</i>  | <i>HK\$'000</i> | <i>HK\$'000</i>  |
| Bank and other borrowings                    | —                 | 456,940          | 317,466         | 293,761          |
| Amount due to the Controlling Shareholder    | <u>358,755</u>    | <u>497,837</u>   | <u>416,012</u>  | <u>317,598</u>   |
| <b>Total liabilities</b>                     | <u>360,912</u>    | <u>959,747</u>   | <u>749,988</u>  | <u>628,982</u>   |
| <b>Total equity and liabilities</b>          | <u>396,833</u>    | <u>1,019,067</u> | <u>853,826</u>  | <u>664,729</u>   |
| <b>Net current liabilities</b>               | <u>(18,845)</u>   | <u>(103,698)</u> | <u>(68,601)</u> | <u>(138,229)</u> |
| <b>Total assets less current liabilities</b> | <u>35,921</u>     | <u>59,320</u>    | <u>103,838</u>  | <u>35,747</u>    |

**ANALYSIS ON MAJOR COMPONENTS OF THE COMBINED STATEMENTS OF FINANCIAL POSITION**

**Loans receivable**

Our loans receivable arise mainly from our Group's money lending business. They are mostly secured by collaterals provided by customers and are interest bearing and repayable on fixed terms agreed with our customers. During the Track Record Period, our loans receivable were comprised of secured and unsecured loans receivable. As at 31 December 2011, 2012 and 2013 and 31 May 2014, loans receivable amounted to approximately HK\$197.3 million, HK\$672.6 million, HK\$765.2 million and HK\$615.2 million, respectively. A breakdown of our loans receivable, net of provision for impairment, are as follows:

|                       | As at 31 December |              |                 |              |                 |              | As at 31 May    |              |
|-----------------------|-------------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|
|                       | 2011              |              | 2012            |              | 2013            |              | 2014            |              |
|                       | <i>HK\$'000</i>   | %            | <i>HK\$'000</i> | %            | <i>HK\$'000</i> | %            | <i>HK\$'000</i> | %            |
| <b>Loan product</b>   |                   |              |                 |              |                 |              |                 |              |
| First mortgage        | 133,544           | 67.7         | 522,754         | 77.7         | 571,070         | 74.7         | 470,080         | 76.4         |
| Subordinated mortgage | 62,190            | 31.5         | 146,460         | 21.8         | 190,719         | 24.9         | 140,579         | 22.9         |
| Unsecured personal    | <u>1,574</u>      | <u>0.8</u>   | <u>3,336</u>    | <u>0.5</u>   | <u>3,439</u>    | <u>0.4</u>   | <u>4,501</u>    | <u>0.7</u>   |
| <b>Total</b>          | <u>197,308</u>    | <u>100.0</u> | <u>672,550</u>  | <u>100.0</u> | <u>765,228</u>  | <u>100.0</u> | <u>615,160</u>  | <u>100.0</u> |

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Loans receivable from property mortgage loans increased substantially by approximately HK\$473.5 million or 241.9% from approximately HK\$195.7 million as at 31 December 2011 to approximately HK\$669.2 million as at 31 December 2012 due to increasing demand for mortgage loans. Loans receivable from first mortgage loans increased significantly by approximately HK\$389.3 million or 291.4% from approximately HK\$133.5 million as at 31 December 2011 to approximately HK\$522.8 million as at 31 December 2012, whilst loans receivables from subordinated mortgage loans increased by approximately HK\$84.3 million or 135.5% from approximately HK\$62.2 million as at 31 December 2011 to approximately HK\$146.5 million as at 31 December 2012. Such increases were primarily due to our Group placing greater efforts on marketing through advertising campaigns such as television commercials and direct mail in order to expand our customer base and increase our market share in the licensed money lending industry in Hong Kong. Loans receivable from unsecured personal loans also increased by approximately HK\$1.6 million or 111.9% from approximately HK\$1.7 million as at 31 December 2011 to approximately HK\$3.3 million as at 31 December 2012. Such increase was primarily due to our Group offering unsecured personal loans at lower interest rates.

As at 31 December 2013, loans receivable from property mortgage loans were approximately HK\$761.8 million, representing an increase of approximately HK\$92.6 million or 13.8% as compared to the balance of approximately HK\$669.2 million as at 31 December 2012. Such increase was mainly attributable to the continuous expansion of the money lending business resulting in an increase in the number and value of mortgage loans. Loans receivable from first mortgage loans increased by approximately HK\$48.3 million or 9.2% from approximately HK\$522.8 million as at 31 December 2012 to approximately HK\$571.1 million as at 31 December 2013 while loans receivable from subordinated mortgage loans increased by approximately HK\$44.2 million or 30.2% from approximately HK\$146.5 million as at 31 December 2012 to approximately HK\$190.7 million as at 31 December 2013. Such increases were a result of our Group's strategy to further expand our client base and increase market share in the licensed money lending industry in Hong Kong by offering lower interests rates to new customers. Our Group also intended to increase the portfolio mix for subordinated mortgage loans which typically generate higher margins.

Loans receivable from unsecured personal loans increased slightly by approximately HK\$0.1 million or 3.1% from approximately HK\$3.3 million as at 31 December 2012 to approximately HK\$3.4 million as at 31 December 2013. Such increase was primarily due to unsecured personal loans being offered at lower interest rates.



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The analysis of the loans receivable as at 31 December 2011, 2012 and 2013 and 31 May 2014 is as follows:

|  | As at 31 December |                 |                 | As at 31 May    |
|--|-------------------|-----------------|-----------------|-----------------|
|  | 2011              | 2012            | 2013            | 2014            |
|  | <i>HK\$'000</i>   | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Neither past due nor impaired          | 197,132           | 661,856         | 672,085         | 589,237         |
| Not past due but collectively impaired | —                 | 384             | 2,623           | 2,861           |
| Past due but not impaired              | 176               | 10,694          | 93,143          | 25,923          |
| Past due and collectively impaired     | —                 | 6               | 364             | 126             |
| Individually impaired loans receivable | 345               | 400             | 9,833           | 9,833           |
|  | <u>197,653</u>    | <u>673,340</u>  | <u>778,048</u>  | <u>627,980</u>  |

As at 31 December 2011, 2012 and 2013 and 31 May 2014, loans receivable of approximately HK\$197.1 million, HK\$661.9 million, HK\$672.1 million and HK\$589.2 million, respectively, were fully performing.

The ageing analysis of these past due but not impaired loans receivable is as follows:

|              | As at 31 December |                 |                 | At as 31 May    |
|--------------|-------------------|-----------------|-----------------|-----------------|
|              | 2011              | 2012            | 2013            | 2014            |
|              | <i>HK\$'000</i>   | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| 0 — 30 days  | 176               | 128             | 29,059          | 2,840           |
| 31 — 90 days | —                 | 9,837           | 65              | 6,022           |
| Over 90 days | —                 | 729             | 64,019          | 17,061          |
|              | <u>176</u>        | <u>10,694</u>   | <u>93,143</u>   | <u>25,923</u>   |

As at 31 December 2011, 2012 and 2013 and 31 May 2014, loans receivable of approximately HK\$Nil, HK\$0.7 million, HK\$64.0 million and HK\$17.1 million were over 90 days past due but not impaired. Loans receivable for the year ended 31 December 2013 decreased substantially from approximately HK\$64.0 million to HK\$17.1 million for the five months ended 31 May 2014, mainly as a result of the delayed renewal of a loan by one corporate customer whose total loan size was HK\$50 million. Although the loan had expired in August 2013, the customer had expressed its intention to renew the loan, but in accordance with our loan renewal policy it could not be renewed as the final interest instalment had not been repaid. As a result of the customer's delay in payment before seeking renewal, the entire loan amount was recognised as over 90 days past due but not impaired for the year ended 31 December 2013. The late payment outstanding from the customer was fully settled in January 2014 and the loan was subsequently renewed resulting in the significant decrease in our Group's past due but not impaired loans receivable as at 31 May 2014.

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Our credit administration team monitors these loans periodically to ensure that such loans receivable and the respective interest receivables are recoverable. In the event that loans receivables are significantly past due, we may instigate legal proceedings against such customers and ultimately seek enforcement of the loan through the sale of the pledged property. As such, our Directors believe that no provision is required for such loans as long as the value of the pledged property exceeds the value of such loans receivable and the respective interest receivables.

As at the Latest Practicable Date, our Group had instigated legal proceedings against only one of the five customers who accounted for loans receivable over 90 days as at 31 May 2014 of approximately HK\$17.1 million. A summary of the status of such loans, as at the Latest Practicable Date, is set out as follows:

| Case | Customer type      | Loans receivable<br>past due over<br>90 days as at<br>31 May 2014<br><i>(HK\$'000)</i> | Market value<br>of pledged<br>property as at<br>the Latest<br>Practicable Date<br><i>(HK\$'000)</i> | Status as at the Latest<br>Practicable Date  |
|------|--------------------|--|---|--|
| 1    | Private individual | 14,000   | 21,500  | Legal action — Loan expected to be fully recovered on or around 12 December 2014 <sup>(note)</sup>                                   |
| 2    | Private individual | 1,800  | N/A   | No legal action due to continual payment of interest — Loan fully redeemed in October 2014   |
| 3    | Private individual | 600  | 18,000  | No legal action due to continual payment of interest — Loan renewed and topped up in August 2014 and topped up again in October 2014 |
| 4    | Private individual | 500  | 3,000   | No legal action due to continual repayment of interest — Loan renewed in June 2014   |
| 5    | Private individual | 161  | N/A   | No legal action — Loan fully redeemed in June 2014   |
|      |                    | 17,061   |   |  |

*Note:* As at the Latest Practicable Date, it is expected that the loan (and interests accrued thereon) will be fully recovered on completion of the disposal of the mortgaged property on or around 12 December 2014 (at the selling price of HK\$21 million) pursuant to a sale and purchase agreement dated 28 October 2014 which was entered into by our Group (i) following an order granting vacant possession of the mortgaged property to our Group on 25 November 2013 by the Court of First Instance of the High Court; and (ii) in the capacity as a mortgagee exercising the power of sale under the mortgage dated 14 December 2012.

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Provisions will generally be made for unsecured personal loans which are past due in excess of 90 days as we are unable to enforce any security over the loan. Provision for mortgage loans receivable will only be made when the fair values of the collateral or prevailing market prices are inadequate to cover the loans and respective interest receivables.

As at 31 December 2011, 2012 and 2013 and 31 May 2014, loans receivable of approximately HK\$0.3 million, HK\$0.4 million, HK\$9.8 million and HK\$9.8 million, respectively, were individually impaired. The amount of the provision was approximately HK\$0.3 million, HK\$0.4 million, HK\$11.0 million and HK\$10.4 million as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively. These were related to a number of third party customers for whom our Directors are of the view that the collection of these loans receivable were not probable. All these impaired loans receivable were aged over 90 days.

Movements on our Group's individual impairment of loans receivable are as follows:

|  | <b>As at 31 December</b> |                 |                 | <b>As at 31 May</b> |
|--|--------------------------|-----------------|-----------------|---------------------|
|  | <b>2011</b>              | <b>2012</b>     | <b>2013</b>     | <b>2014</b>         |
|  | <i>HK\$'000</i>          | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i>     |
| At beginning of the year/period                                  | 345                      | 345             | 400             | 9,833               |
| Provision for individual impairment<br>of loans receivable       | —                        | 55              | 9,453           | —                   |
| Loans receivable written off during<br>the year as uncollectible | —                        | —               | (20)            | —                   |
| At end of the year/period  | <u>345</u>               | <u>400</u>      | <u>9,833</u>    | <u>9,833</u>        |

As at 31 December 2011, 2012 and 2013 and 31 May 2014, collective impairment assessment of loans receivable of approximately HK\$nil, HK\$0.4 million, HK\$2.6 million and HK\$nil, respectively, were made. Our Group performs collective assessment of the loans receivable by grouping together all its loans receivable with similar credit risk characteristics and by applying a historical impairment rate, taking the average of the most recent three years of the percentage of impairment loss to the total loans receivable as at the respective years ended 31 December 2011, 2012 and 2013 and five months ended 31 May 2014.

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### Interest receivables

As at 31 December 2011, 2012 and 2013 and 31 May 2014, interest receivables were approximately HK\$2.9 million, HK\$8.5 million, HK\$9.5 million and HK\$9.6 million, respectively.

The analysis of the interest receivables as at the end of the reporting period is as follows:

|                                    | <b>As at 31 December</b> |                     |                     | <b>As at 31 May</b> |
|------------------------------------|--------------------------|---------------------|---------------------|---------------------|
|                                    | <b>2011</b>              | <b>2012</b>         | <b>2013</b>         | <b>2014</b>         |
|                                    | <i>HK\$'000</i>          | <i>HK\$'000</i>     | <i>HK\$'000</i>     | <i>HK\$'000</i>     |
| Neither past due nor impaired      | 1,775                    | 3,772               | 3,577               | 3,146               |
| Past due but not impaired          | 1,132                    | 4,699               | 5,944               | 6,461               |
| Gross impaired interest receivable | 46                       | 46                  | 57                  | 57                  |
|                                    | <u>2,953</u>             | <u>8,517</u>        | <u>9,578</u>        | <u>9,664</u>        |
| Impaired interest receivables:     |                          |                     |                     |                     |
| Individually impaired              | (46)                     | (46)                | (57)                | (57)                |
| Collectively impaired              | <u>—</u>                 | <u>—</u>            | <u>—</u>            | <u>—</u>            |
|                                    | <u><u>2,907</u></u>      | <u><u>8,471</u></u> | <u><u>9,521</u></u> | <u><u>9,607</u></u> |

As at 31 December 2011, 2012 and 2013 and 31 May 2014, interest receivables of approximately HK\$1.8 million, HK\$3.8 million, HK\$3.6 million and HK\$3.1 million, respectively, were fully performing.

As at 31 December 2011, 2012 and 2013 and 31 May 2014, interest receivables of approximately HK\$1.1 million, HK\$4.7 million, HK\$5.9 million and HK\$6.5 million, respectively, were past due but not impaired. These were related to a number of third party customers for whom there was no recent history of default. Based on past experience, our Directors are of the opinion that no provision for impairment on individual loans is necessary for these balances as there has not been a significant change in credit quality. The respective principal and/or interest that had been overdue was still fully secured by the fair value of collateral at their respective prevailing market price. Accordingly, these balances are still considered to be fully recoverable.

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The ageing analysis of these interest receivables is as follows:

|              | <b>As at 31 December</b> |                 |                 | <b>As at 31 May</b> |
|--------------|--------------------------|-----------------|-----------------|---------------------|
|              | <b>2011</b>              | <b>2012</b>     | <b>2013</b>     | <b>2014</b>         |
|              | <i>HK\$'000</i>          | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i>     |
| 0 — 30 days  | 304                      | 2,219           | 1,277           | 1,392               |
| 31 — 90 days | 146                      | 975             | 1,982           | 1,886               |
| Over 90 days | <u>682</u>               | <u>1,505</u>    | <u>2,685</u>    | <u>3,183</u>        |
|              | <u>1,132</u>             | <u>4,699</u>    | <u>5,944</u>    | <u>6,461</u>        |

As at 31 December 2011, 2012 and 2013 and 31 May 2014, interest receivables of approximately HK\$46,000, HK\$46,000, HK\$57,000 and HK\$57,000 were impaired. The amount of impairment allowance was HK\$46,000, HK\$46,000, HK\$57,000 and HK\$57,000 as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively. These were related to a number of third party customers for whom our Directors are of the view that the collection of these interest receivables were not probable. All these impaired interest receivables were aged over 90 days.

During the Track Record Period, we renewed a number of our loans to customers upon their maturity after the repayment of all of the interest due and/or overdue by our customers. As at 31 December 2011, 2012 and 2013 and 31 May 2014, the total outstanding renewed loan principals of 10, 10, 20 and 17 active loan accounts amounted to approximately HK\$51.6 million, HK\$15.2 million, HK\$124.7 million and HK\$34.5 million, respectively.

As at 31 December 2011, 2012 and 2013 and 31 May 2014, the outstanding renewed loans receivable with interest overdue consisted of four, two, four and nil active loan accounts which amounted to approximately HK\$4.4 million, HK\$4.5 million, HK\$55.6 million and HK\$nil respectively. The corresponding interest receivables overdue as at 31 December 2011, 2012 and 2013 and 31 May 2014 were approximately HK\$0.1 million, HK\$0.4 million, HK\$2.9 million and HK\$nil, respectively. The settlements of overdue loans receivable and interest receivables during the Track Record Period were agreed between the customer and our Group.

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The following table sets out the ageing analysis of renewed loan principals which had previous interest overdue:

|                  | As at 31 December |                 |                 | As at 31 May    |
|------------------|-------------------|-----------------|-----------------|-----------------|
|                  | 2011              | 2012            | 2013            | 2014            |
|                  | <i>HK\$'000</i>   | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Less than 1 year | —                 | 4,000           | 4,400           | —               |
| 1 — 2 years      | 4,416             | —               | 51,200          | —               |
| 2 — 3 years      | —                 | 542             | —               | —               |
| Over 3 years     | —                 | —               | —               | —               |
|                  | <u>4,416</u>      | <u>4,542</u>    | <u>55,600</u>   | <u>—</u>        |

#### **Prepayments, deposits and other receivables**

Our prepayments, deposits and other receivables amounted to approximately HK\$3.3 million, HK\$9.3 million, HK\$2.2 million and HK\$2.9 million as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively. Our prepayments, deposits and other receivables mainly represent deposit for fixed assets and utility deposit. The increase of prepayments, deposits and other receivables from 2011 to 2012 was primarily attributable to the increase in prepayment for advertising expenses and interest receivables on pledged deposits. The decrease of prepayments, deposits and other receivables from 31 December 2012 to 31 December 2013 was primarily attributable to the decreases in (i) prepayment for advertising expenses; (ii) a bank guarantee paid for our Group's office premise; and (iii) interest receivable on pledged deposits.

#### **Repossessed asset**

Our repossessed asset amounted to approximately HK\$nil, HK\$nil, HK\$17.3 million and HK\$nil as at 31 December 2011, 2012, 2013 and 31 May 2014, respectively. The repossessed asset in 2013 was due to a default by a subordinated mortgage loan customer which led to legal action being taken against the customer to recover the amount and ultimately, repossession of the mortgaged property. Further details of the repossessed asset have been disclosed in Note 15 under "Appendix I — Accountant's Report" to this prospectus.

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### **Pledged bank deposits**

Our pledged bank deposits amounted to approximately HK\$nil, HK\$285.7 million, HK\$nil and HK\$nil as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively. Our pledged bank deposits mainly represent RMB deposits. Such pledged bank deposits were pledged as security for certain banking facilities and were held in RMB with a view to speculate on the appreciation of the exchange rate of RMB. Our Directors do not anticipate that our Group will place deposits of similar nature, in RMB or other foreign currency, to speculate on the appreciation of such currency after the Listing. Our pledged bank deposits commenced in March 2012 and terminated in October 2013.

### **Cash and cash equivalents**

Our cash and cash equivalents amounted to approximately HK\$192.4 million, HK\$42.3 million, HK\$56.9 million and HK\$35.0 million as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively. The decrease in cash and cash equivalents from 2011 to 2012 was primarily attributable to the increase in net cash used in operating activities which was partially offset by the increase in net cash generated from financing activities. The increase in cash and cash equivalents from 2012 to 2013 was primarily attributable to the substantial decrease in net cash used in operating activities.

### **Bank and other borrowings**

Our bank and other borrowings amounted to approximately HK\$nil and HK\$456.9 million as at 31 December 2011 and 2012, respectively. Such increase was due to the commencement of bank borrowings in June 2012.

Our bank and other borrowings decreased from approximately HK\$456.9 million as at 31 December 2012 to approximately HK\$317.5 million as at 31 December 2013, due to the net repayment of bank and other borrowings of approximately HK\$139.4 million for the year ended 31 December 2013.

Our bank and other borrowings decreased from approximately HK\$317.5 million as at 31 December 2013 to approximately HK\$293.8 million as at 31 May 2014, due to the net repayment of bank and other borrowings of approximately HK\$23.7 million for the five months ended 31 May 2014.

## FINANCIAL INFORMATION

### KEY FINANCIAL RATIOS

The following table sets out the key financial ratios of our Group during the Track Record Period:

|   | <b>As at 31 December</b>                  |             |             | <b>As at<br/>31 May</b>                      |
|---|---|-------------|-------------|--|
|   | <b>2011</b>                               | <b>2012</b> | <b>2013</b> | <b>2014</b>                                  |
|   | Current ratio ( <i>note 1</i> )           | 0.95        | 0.89        | 0.91   |
| Gearing ratio 1 ( <i>note 2</i> )         | 4.63                                      | 10.57       | 6.52        | 16.12  |
| Gearing ratio 2 ( <i>note 3</i> )         | N/A                                       | 0.23        | 0.50        | 0.73   |
|   | <b>For the year ended<br/>31 December</b> |             |             | <b>For the<br/>five<br/>months<br/>ended</b> |
|   | <b>2011</b>                               | <b>2012</b> | <b>2013</b> | <b>31 May<br/>2014</b>                       |
| Return on assets ratio ( <i>note 4</i> )  | 4.6%                                      | 2.3%        | 5.2%        | N/A  |
| Return on equity ratio ( <i>note 5</i> )  | 50.4%                                     | 39.4%       | 42.9%       | N/A  |
| Interest coverage ratio ( <i>note 6</i> ) | NA  | 19.5        | 4.3         | 2.6  |

*Notes:*

1. Current ratio is calculated by dividing current assets by current liabilities as at the respective year/period-end date.
2. Gearing ratio 1 is calculated by dividing net debt plus advances from our Controlling Shareholders by total equity as at the respective year/period-end date. Net debt is calculated as total borrowings (including 'bank and other borrowings') less pledged bank deposits and cash and cash equivalents.
3. Gearing ratio 2 is calculated by dividing net debt by total equity plus total advances from our Controlling Shareholders.
4. Return on assets ratio is calculated by dividing profit for the year by the total assets as at the respective year-end dates.
5. Return on equity ratio is calculated by dividing profit for the year by the total equity as at the respective year-end dates.
6. Interest coverage ratio is calculated by dividing profit before interest and tax by the net finance cost (being interest on bank and other borrowings less interest income from pledge bank deposits) for the corresponding year/period-end.

### **Current ratio**

Our Group's current ratios were approximately 0.95, 0.89, 0.91 and 0.78 as at 31 December 2011, 2012 and 2013 and 31 May 2014, respectively.



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The decrease in our current ratio from approximately 0.95 as at 31 December 2011 to approximately 0.89 as at 31 December 2012 was due to the higher proportionate increase in current liabilities than the increase in current assets during the year. Current assets as at 31 December 2012 of approximately HK\$856.0 million increased by approximately 150.3% compared with the current assets of approximately HK\$342.1 million as at 31 December 2011, whereas current liabilities as at 31 December 2012 of approximately HK\$959.7 million increased by approximately 165.9% compared with current liabilities of approximately HK\$360.9 million as at 31 December 2011. The increase in current assets was primarily due to the increase in loans receivable and pledged bank deposits which were partially offset by a decrease in cash and cash equivalents. The increase in current liabilities was due to the increase in bank and other borrowings and amount due to the Controlling Shareholders.

The increase in our current ratio from approximately 0.89 as at 31 December 2012 to approximately 0.91 as at 31 December 2013 was due to the decrease of approximately 20.4% in current assets from approximately HK\$856.0 million as at 31 December 2012 to approximately HK\$681.4 million as at 31 December 2013, whereas current liabilities decreased by approximately 21.9% from approximately HK\$959.7 million as at 31 December 2012 to approximately HK\$750.0 million as at 31 December 2013. The decrease in current assets was primarily due to the decrease in pledged bank deposits whilst the decrease in current liabilities was primarily due to the decrease in bank and other borrowings.

The decrease in our current ratio from approximately 0.91 as at 31 December 2013 to approximately 0.78 as at 31 May 2014 was due to the decrease in current assets of approximately 28.0% from approximately HK\$681.4 million as at 31 December 2013 to approximately HK\$490.8 million as at 31 May 2014, whereas current liabilities decreased by approximately 16.1% from approximately HK\$750.0 million as at 31 December 2013 to approximately HK\$629.0 million as at 31 May 2014. The decrease in current assets was primarily due to decreases in (i) loans receivable; (ii) repossessed assets; and (iii) cash and cash equivalents; and the decrease in current liabilities was mainly due to the decreases in bank and other borrowings and amount due to the Controlling Shareholders.

### **Gearing ratio**

Since the commencement of our Group's operations, our Group has received advances from our Controlling Shareholders to finance the growth and development of our business. Also, since June 2012, in order to further expand our Group's business, we sought additional external financing from a bank, financial institution and a licensed money lender. These external financings substantially increased our net debt during the Track Record Period, which in turn caused fluctuations in our gearing ratio.

#### *Gearing ratio 1*

Our Group's gearing ratio 1, as calculated by dividing net debt plus advances from our Controlling Shareholders by total equity was approximately 4.63, 10.57 and 6.52 as at 31 December 2011, 2012 and 2013, respectively. The increase in gearing ratio 1 from approximately 4.63 as at 31 December 2011 to approximately 10.57 as at 31 December 2012 was primarily due to the increase in net debt primarily due to the commencement of external financings in June 2012 and the advances

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from our Controlling Shareholders. The decrease in gearing ratio 1 from approximately 10.57 as at 31 December 2012 to approximately 6.52 as at 31 December 2013 was primarily due to the increase of our total equity as a result of an increase in the Group's retained earnings by HK\$44.5 million for the year ended 31 December 2013.

The increase in our Group's gearing ratio 1 from approximately 6.52 as at 31 December 2013 to approximately 16.12 as at 31 May 2014 was primarily due to the decrease in total equity as a result of a dividend of HK\$80.0 million paid to our Controlling Shareholders for the year ended 31 December 2013.

### *Gearing ratio 2*

Our Group's gearing ratios 2, as calculated by dividing net debt by total equity plus advances from our Controlling Shareholders, was net cash position as at 31 December 2011, and approximately 0.23 and 0.50 as at 31 December 2012 and 2013, respectively. The increase in gearing ratio 2 from net cash position as at 31 December 2011 to approximately 0.50 as at 31 December 2013 was primarily due to the change from net cash to net debt position due to the commencement of external financing in June 2012, which was offset by the increase in the Group's retained earnings for the years ended 31 December 2012 and 2013.

The increase in our Group's gearing ratio 2 from approximately 0.50 as at 31 December 2013 to approximately 0.73 as at 31 May 2014 was primarily due to the decrease in total equity as a result of a dividend of HK\$80.0 million paid to our Controlling Shareholders for the year ended 31 December 2013.

### **Return on assets ratio**

Our Group's return on assets ratios were approximately 4.6%, 2.3% and 5.2% for each of the three years ended 31 December 2011, 2012 and 2013, respectively.

The decrease in return on assets from approximately 4.6% for the year ended 31 December 2011 to approximately 2.3% for the year ended 31 December 2012 was primarily due to the increase in total assets by approximately 156.8% whereas the profit and total comprehensive income for the year attributable to equity holders of our Company increased by approximately 29.3%.

The increase in return on assets from approximately 2.3% for the year ended 31 December 2012 to approximately 5.2% for the year ended 31 December 2013 was primarily due to the increase in profit and total comprehensive income for the year attributable to equity holders of our Company of approximately 90.3% whereas total assets decreased by approximately 16.2%.

### **Return on equity ratio**

Our Group's return on equity ratios were approximately 50.4%, 39.4% and 42.9% for each of the three years ended 31 December 2011, 2012 and 2013, respectively.

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The decrease in return on equity ratio from approximately 50.4% for the year ended 31 December 2011 to approximately 39.4% for the year ended 31 December 2012 was primarily due to the increase in total equity by approximately 65.1% whereas the profit and total comprehensive income for the year attributable to equity holders of our Company increased by approximately 29.3%.

The increase in return on equity ratio from approximately 39.4% for the year ended 31 December 2012 to approximately 42.9% for the year ended 31 December 2013 was primarily due to the increase in total equity by approximately 75.0% whereas the profit and total comprehensive income for the year attributable to equity holders of our Company increased significantly by approximately 90.3%.

### Interest coverage ratio

Our Group's interest coverage ratios were approximately 19.5 times and 4.3 times for each of the two years ended 31 December 2012 and 2013, respectively. Given that there was no interest expense for the year ended 31 December 2011, no interest coverage ratio could be calculated for 2011. The interest coverage ratio decreased from approximately 19.5 for the year ended 31 December 2012 to approximately 4.3 for the year ended 31 December 2013 primarily due to an increase of approximately 137.9% in profit before taxes and net interest expense for the year ended 31 December 2013 whereas net interest expense increased by approximately 9.9 times during the same period.

Our Group's interest coverage ratios were approximately 4.4 times and 2.6 times for the five months ended 31 May 2013 and 2014, respectively. Such decrease was primarily due to the decrease in our Group's profit before interest and tax from approximately HK\$22.5 million for the five months ended 31 May 2013 to approximately HK\$14.7 million for the five months ended 31 May 2014.

### LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, our Group's operations and capital requirements were financed principally through retained earnings, advances from our Controlling Shareholders and loans from a bank, a financial institution and a licensed money lender, all of whom are Independent Third Parties.

Based on our current and anticipated levels of operations, barring unforeseen market conditions, our future operations and capital requirements following the Listing will be financed through our retained earnings and share capital, the net proceeds from the Share Offer and loans from Independent Third Party licensed money lenders. However, we do not anticipate that our business will be financed through banks, financial institutions or advances from our Controlling Shareholders in the near future. We have no significant commitments for capital expenditure in the near future.

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### Cash flows of our Group

The following table sets forth a condensed summary of our Group's combined statement of cash flows for the Track Record Period. Such summary of the combined statements of cash flows is extracted from the Accountant's Report contained in Appendix I to this prospectus and should be read in conjunction with the entire financial information included therein, including the notes thereto.

|   | <b>Year ended 31 December</b> |                 |                 | <b>Five months ended 31 May</b> |                  |
|---|-------------------------------|-----------------|-----------------|---------------------------------|------------------|
|   | <b>2011</b>                   | <b>2012</b>     | <b>2013</b>     | <b>2013</b>                     | <b>2014</b>      |
|   | <i>HK\$'000</i>               | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i>                 | <i>HK\$'000</i>  |
|   |                               |                 |                 | <i>(Unaudited)</i>              |                  |
| Net cash (used in)/generated from operating activities    | (35,761)                      | (463,626)       | (53,283)        | (81,857)                        | 180,329          |
| Net cash generated from/(used in) investing activities    | 101                           | (63)            | (2,866)         | (38)                            | (114)            |
| Net cash generated from/(used in) financing activities    | <u>209,680</u>                | <u>313,602</u>  | <u>70,722</u>   | <u>74,835</u>                   | <u>(202,119)</u> |
| Net increase/(decrease) in cash and cash equivalents      | 174,020                       | (150,087)       | 14,573          | (7,060)                         | (21,904)         |
| Cash and cash equivalents at beginning of the year/period | <u>18,385</u>                 | <u>192,405</u>  | <u>42,318</u>   | <u>42,318</u>                   | <u>56,891</u>    |
| Cash and cash equivalents at end of the year/period       | <u>192,405</u>                | <u>42,318</u>   | <u>56,891</u>   | <u>35,258</u>                   | <u>34,987</u>    |

### Net cash (used in)/generated from operating activities

Our Group derives cash inflows from operations principally from the interest income received from our loans and from the repayment of loans from our customers. Our cash outflows used in operations are mainly utilised for expanding our loan portfolio.

For the three years ended 31 December 2011, 2012 and 2013, our Group recorded operating cash outflows because the bank and other borrowings and advances from our Controlling Shareholders which funded our money lending business were accounted for as cash inflows from financing activities while the granting of property mortgage loans to our customers were accounted for as cash outflows from operating activities pursuant to the relevant accounting standards. For the five months ended 31 May 2014, our Group recorded net cash generated from operating activities of approximately HK\$180.3 million due to the decrease in the total value of our mortgage loans portfolio. Upon Listing, our future operations will be financed through our retained earnings and share capital, the net proceeds from the Share Offer and loans from Independent Third Party licensed money lenders. As such, whenever our Group expands the value of our money lending business by using funds loaned from a bank, financial institution and a licensed money lender, all of whom are Independent Third Parties, with other variables held constant, net cash used in operating activities will be recorded. However, we do not anticipate that our business will be financed through banks, financial institutions or advances from our Controlling Shareholders in the near future.

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Our net cash used in operating activities increased from approximately HK\$35.8 million for the year ended 31 December 2011 to approximately HK\$463.6 million for the year ended 31 December 2012, which was primarily due to the increase in cash used in operations as a result of the expansion of our money lending business and our loan portfolio.

Our net cash used in operating activities decreased from approximately HK\$463.6 million for the year ended 31 December 2012 to approximately HK\$53.3 million for the year ended 31 December 2013, which was primarily due to the decrease in cash used in operations. The decrease in cash used in operations was primarily due to the decrease in the growth rate of our gross loans receivable from approximately 240.7% to 15.5%. We recorded a higher year of growth for the year ended 31 December 2012 due to our increased marketing efforts to enhance our Group's profile.

We recorded net cash used in operating activities of approximately HK\$81.9 million for the five months ended 31 May 2013 whereas we recorded net cash generated from operating activities of approximately HK\$180.3 million for the five months ended 31 May 2014. Such change was primarily due to (i) a change from cash used in operations of approximately HK\$107.1 million for the five months ended 31 May 2013 to cash generated from operations of approximately HK\$130.8 million for the five months ended 31 May 2014, which was primarily due to the decrease in the total value our mortgage loans portfolio as a result of the redemption of significant loans during 2014; and (ii) proceeds from the disposal of a repossessed asset of approximately HK\$17.3 million. For further details please refer to the paragraph headed "Developments in 2014" of this section of the Prospectus.

### **Net cash generated from/(used in) investing activities**

During the Track Record Period, our Group derived cash inflows from investing activities mainly from bank interest received. Our cash outflow used in investing activities is primarily used for the purchase of property, plant and equipment.

We recorded net cash generated from investing activities of approximately HK\$0.1 million for the year ended 31 December 2011 whereas we recorded net cash used in investing activities of approximately HK\$63,000 for the year ended 31 December 2012. The decrease in cash flows from investing activities was primarily due to an increase in the purchase of property, plant and equipment which was partially offset by bank interest received. The increase in purchases of property, plant and equipment was primarily due to the purchase of office equipment as a result of the expansion of our money lending business.

Our net cash used in investing activities increased from approximately HK\$63,000 for the year ended 31 December 2012 to approximately HK\$2.9 million for the year ended 31 December 2013, such was primarily due to the increase in the purchase of property, plant and equipment as result of the relocation of our business and operations to a larger office premise which required a substantial investment in renovation and purchases of furniture and fixtures, computers and office equipment.

Our net cash used in investing activities increased from approximately HK\$38,000 for the five months ended 31 May 2013 to approximately HK\$0.1 million for the five months ended 31 May 2014, such increase was primarily due to the increase in the purchase of office equipment.

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### **Net cash generated from/(used in) financing activities**

Our cash outflow used in financing activities was primarily related to the repayment of bank and other borrowings and the increase in pledged bank deposits to a bank, whereas our cash generated from financing activities was mainly attributable to proceeds from new bank and other borrowings and bank interest received.

For each of the three years ended 31 December 2011, 2012 and 2013, our net cash generated from financing activities was approximately HK\$209.7 million, HK\$313.6 million and HK\$70.7 million, respectively. For the five months ended 31 May 2014, our net cash used in financing activities was approximately HK\$202.1 million.

Our net cash generated from financing activities increased from approximately HK\$209.7 million for the year ended 31 December 2011 to approximately HK\$313.6 million for the year ended 31 December 2012, which was primarily due to the increase in proceeds from bank and other borrowings which was partially offset by an increase in pledged bank deposits. Increase in proceeds from bank and other borrowings was primarily due to the expansion of our money lending business and our loan portfolio.

Our net cash generated from financing activities decreased from approximately HK\$313.6 million for the year ended 31 December 2012 to approximately HK\$70.7 million for the year ended 31 December 2013, which was primarily due to (i) an increase in the repayment of bank and other borrowings; (ii) a decrease in proceeds from bank and other borrowings; (iii) a decrease in pledged bank deposits; and (iv) a decrease in an amount due to our Controlling Shareholders. The decrease in proceeds from bank and other borrowings and increase in repayment of bank and other borrowings were primarily due to a decrease in the growth rate of our loan portfolio.

We recorded net cash generated from financing activities of approximately HK\$74.8 million for the five months ended 31 May 2013 whereas we recorded net cash used in financing activities of approximately HK\$202.1 million for the five months ended 31 May 2014. Such change was primarily due to increases in (i) repayments of bank and other borrowings; and (ii) a dividend paid to our Controlling Shareholders, both of which were partially offset by an increase in proceeds from bank and other borrowings. The increase in repayments of bank and other borrowing was primarily due to the repayment of bank and other borrowings to a bank upon termination of facilities.

All advances provided by our Controlling Shareholders will be settled by capitalisation prior to the Listing.

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| <b>FINANCIAL INFORMATION</b> |
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**Net current assets and liabilities**

The following table sets forth our Group's current assets and liabilities as at 31 December 2011, 2012 and 2013, 31 May 2014 and 30 September 2014.

|  | As at 31 December |                 |                 | As at 31 May    | As at 30<br>September |
|--|-------------------|-----------------|-----------------|-----------------|-----------------------|
|  | 2011              | 2012            | 2013            | 2014            | 2014                  |
|  | <i>HK\$'000</i>   | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i>       |
|  |                   |                 |                 |                 | <i>(Unaudited)</i>    |
| <b>Current assets</b>                          |                   |                 |                 |                 |                       |
| Loans receivable                               | 143,493           | 513,784         | 596,538         | 443,294         | 507,270               |
| Interest receivables                           | 2,907             | 8,471           | 9,521           | 9,607           | 8,307                 |
| Prepayments, deposits<br>and other receivables | 3,262             | 5,809           | 1,124           | 2,865           | 2,316                 |
| Repossessed asset                              | —                 | —               | 17,313          | —               | —                     |
| Pledged bank deposit                           | —                 | 285,667         | —               | —               | —                     |
| Cash and cash<br>equivalents                   | <u>192,405</u>    | <u>42,318</u>   | <u>56,891</u>   | <u>34,987</u>   | <u>111,618</u>        |
| Total current assets                           | <u>342,067</u>    | <u>856,049</u>  | <u>681,387</u>  | <u>490,753</u>  | <u>629,511</u>        |

|   | As at 31 December |                  |                 | As at 31 May     | As at 30<br>September |
|---|-------------------|------------------|-----------------|------------------|-----------------------|
|   | 2011              | 2012             | 2013            | 2014             | 2014                  |
|   | <i>HK\$'000</i>   | <i>HK\$'000</i>  | <i>HK\$'000</i> | <i>HK\$'000</i>  | <i>HK\$'000</i>       |
|   |                   |                  |                 |                  | <i>(Unaudited)</i>    |
| <b>Current liabilities</b>                    |                   |                  |                 |                  |                       |
| Accruals and other payables                   | 632               | 3,577            | 10,742          | 9,036            | 6,791                 |
| Tax payable                                   | 1,525             | 1,393            | 5,768           | 8,587            | 11,388                |
| Bank and other borrowings                     | —                 | 456,940          | 317,466         | 293,761          | 297,399               |
| Amount due to our<br>Controlling Shareholders | <u>358,755</u>    | <u>497,837</u>   | <u>416,012</u>  | <u>317,598</u>   | <u>445,557</u>        |
| Total current liabilities                     | <u>360,912</u>    | <u>959,747</u>   | <u>749,988</u>  | <u>628,982</u>   | <u>761,135</u>        |
| Net current liabilities                       | <u>(18,845)</u>   | <u>(103,698)</u> | <u>(68,601)</u> | <u>(138,229)</u> | <u>(131,624)</u>      |

As at 31 December 2011, 2012 and 2013 and 31 May 2014, our Group recorded net current liabilities of approximately HK\$18.8 million, HK\$103.7 million, HK\$68.6 million and HK\$138.2 million, respectively.

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Our net current liabilities increased from approximately HK\$18.8 million as at 31 December 2011 to approximately HK\$103.7 million as at 31 December 2012. The increase in net current liabilities was due to (i) an increase in bank and other borrowings; (ii) an increase in the amount due to our Controlling Shareholders; and (iii) a decrease in cash and cash equivalents which was partially offset by the increase in loans receivable and pledged bank deposits.

Our net current liabilities decreased from approximately HK\$103.7 million as at 31 December 2012 to approximately HK\$68.6 million as at 31 December 2013. The decrease in net current liabilities was mainly due to the decrease in total current assets by approximately HK\$174.7 million whereas total current liabilities decreased by approximately HK\$209.8 million. The decrease in total current assets was mainly due to the decrease in pledged bank deposits. The decrease in total current liabilities was mainly due to decreases in bank and other borrowings and the amount due to our Controlling Shareholders.

Our net current liabilities increased from approximately HK\$68.6 million as at 31 December 2013 to approximately HK\$138.2 million as at 31 May 2014. Such increase was primarily due to a decrease in current assets of approximately HK\$190.6 million whereas current liabilities decreased approximately HK\$121.0 million as at 31 May 2014, respectively.

### INDEBTEDNESS

The following table sets out the details of bank and other borrowings and the amount due to our Controlling Shareholders during the Track Record Period and as at 30 September 2014:

|   | As at 31 December     |                       |                       | As at<br>31 May<br>2014 | As at 30<br>September<br>2014 |
|---|-----------------------|-----------------------|-----------------------|-------------------------|-------------------------------|
|   | 2011                  | 2012                  | 2013                  | 2014                    | 2014                          |
|   | <i>HK\$'000</i>       | <i>HK\$'000</i>       | <i>HK\$'000</i>       | <i>HK\$'000</i>         | <i>HK\$'000</i>               |
|   |                       |                       |                       |                         | <i>(unaudited)</i>            |
| <b>Bank and other borrowings</b>                  |                       |                       |                       |                         |                               |
| Bank borrowings                                   | —                     | 456,940               | 278,767               | —                       | —                             |
| Other borrowing                                   | <u>—</u>              | <u>—</u>              | <u>38,699</u>         | <u>293,761</u>          | <u>297,399</u>                |
|   | <u>—</u>              | <u>456,940</u>        | <u>317,466</u>        | <u>293,761</u>          | <u>297,399</u>                |
| <b>Amount due to our Controlling Shareholders</b> | <u>358,755</u>        | <u>497,837</u>        | <u>416,012</u>        | <u>317,598</u>          | <u>445,557</u>                |
|   | <u><u>358,755</u></u> | <u><u>954,777</u></u> | <u><u>733,478</u></u> | <u><u>611,359</u></u>   | <u><u>445,557</u></u>         |

During the Track Record Period, our bank and other borrowings represent our borrowings from a bank, a financial institution and a licensed money lender.



## **FINANCIAL INFORMATION**

The bank and other borrowings utilised by our Group amounted to approximately HK\$Nil, HK\$456.9 million, HK\$317.5 million, HK\$293.8 million and HK\$297.4 million as at 31 December 2011, 2012 and 2013, 31 May 2014 and 30 September 2014, respectively.

Our bank borrowings were repayable on demand and were secured by (i) short-term pledged bank deposits of approximately HK\$285.7 million and HK\$nil as at 31 December 2012 and 2013, respectively; (ii) a property held by the sole director of GIC; (iii) selected properties mortgaged to GIC for securing loans granted to its customers with fair values of these selected properties of approximately HK\$239.9 million and approximately HK\$143.8 million as at 31 December 2012 and 2013, respectively; and (iv) a personal guarantee from the sole director of GIC. During the period ended 31 May 2014, all bank borrowings had been repaid.

Our other borrowing was repayable on demand and secured by (i) selected properties mortgaged to GIC for securing loans granted to its customers with fair value of these selected properties of approximately HK\$109.7 million and HK\$897.9 million as at 31 December 2013 and 31 May 2014, respectively; and (ii) a personal guarantee from the sole director of GIC. Such personal guarantee will be released prior to Listing, details of which are set out in the sub-paragraph headed “Guarantee provided to our Group” in this section. During the Track Record Period, none of our bank and other borrowings was requested to be repaid on demand.

Having considered our relationship with the licensed money lender, their past lending practice and existing terms of our other borrowing, our Directors are of the view that the risk of our other borrowing being requested to be repaid on demand is remote.

Our borrowing facility is not subject to any covenants relating to financial ratio requirements or any material covenants that restrict our Group from undertaking additional debt or equity financing. As at the Latest Practicable Date, our unutilised borrowing facility available for drawdown amounts to approximately HK\$178.0 million.

The amount due to our Controlling Shareholders was approximately HK\$358.8 million, HK\$497.8 million, HK\$416.0 million, HK\$317.6 million and HK\$445.6 million as at 31 December 2011, 2012 and 2013, 31 May 2014 and 30 September 2014, respectively. All advances from our Controlling Shareholders will be settled by capitalisation prior to the Listing, details of which are set out in the section headed “History, development and corporate structure” in this prospectus.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, at the close of business on 30 September 2014, our Group did not have any loan capital issued and outstanding or agreed to be issued, term loans, bank overdrafts, liabilities under acceptances or acceptable credits, loans and other similar indebtedness, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

### **DISCLOSURE REQUIREMENT UNDER THE LISTING RULES**

Our Directors confirmed that, as at the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

## FINANCIAL INFORMATION

### RELATED PARTY TRANSACTIONS

With respect to the related party transactions set out in this prospectus, our Directors are of the opinion that these transactions were conducted on normal commercial terms. For analysis of related party transactions, please refer to the Accountant's Report as set out in Appendix I to this prospectus in addition to the transactions detailed elsewhere in this prospectus.

### OFF BALANCE SHEET TRANSACTIONS

Our Group has not entered into any material off balance sheet transactions or arrangements during the Track Record Period.

### PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2014

|  |                                |
|--|--------------------------------|
| Forecast consolidated profit attributable to equity holders of<br>our Company for the year ending 31 December 2014 <sup>(Note 1)</sup> | Not less than HK\$30.0 million |
| Unaudited pro forma forecast earnings per Share <sup>(Note 2)</sup>  | Not less than HK\$0.075        |
| Prospective price/earning multiple <sup>(Note 3)</sup>   | 19.3 times                     |

*Notes:*

- (1) The bases and assumptions on which the profit forecast has been prepared are set out in Appendix III to this prospectus. The forecast consolidated profit attributable to equity holders of our Company for the year ending 31 December 2014 is based on the audited combined results of our Group for the five months ended 31 May 2014, the unaudited combined results of our Group based on management accounts for the four months ended 30 September 2014 and a forecast of the consolidated results of our Group for the remaining three months ending 31 December 2014. The forecast has been prepared on the basis of accounting policies consistent in all material respects with those presently adopted by our Group as set out in Note 4 of the Accountant's Report, the text of which is set out in Appendix I to this prospectus.
- (2) The calculation of the unaudited pro forma forecast earnings per Share for the year ending 31 December 2014 is based on the forecast consolidated profit attributable to equity holder of our Company for the year ending 31 December 2014 and on the basis that 400,000,000 Shares were in issue during the entire period and assuming that the Share Offer had been completed on 1 January 2014. This calculation takes no account of any Shares which may be allotted and issued pursuant to the exercise of any options to 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 Mandate or Repurchase Mandate.
- (3) The prospective price/earning multiple on a pro-forma basis is calculated on the estimated earning per share on a pro-forma basis for financial year ending 31 December 2014 at the mid-point of the estimated Offer Price range.

## FINANCIAL INFORMATION

### DIVIDENDS AND DISTRIBUTABLE RESERVES

#### Dividend and dividend policy

For the years ended 31 December 2011 and 2012 and for the five months ended 31 May 2014, no dividends were declared by our Group. For the year ended 31 December 2013, our Group declared a dividend of HK\$80.0 million out of distributable profits and such dividend has been fully paid before the Latest Practicable Date.

Following completion of the Share Offer, our Shareholders will be entitled to receive dividends only when declared by our Board. The payment and amount of dividends declared by our Board will depend upon our Group's (a) overall results of operation; (b) financial position; (c) capital requirements; (d) shareholders' interests; (e) future prospects; and (f) other factors which our Board deems relevant.

Subject to the factors described in the above, we currently intend to pay dividends in aggregate of not less than 30% of our net profit in each of the two years after the Listing (that is, for the avoidance of doubt, commencing from the year ended 31 December 2014). However, we cannot assure our Shareholders that we will be able to declare or distribute dividends in any amount each year or in any year. Any declaration and payment as well as the amount of dividends will be subject to our Company's constitutional documents and Companies Law, including, amongst others, the approval of the Shareholders. The dividend distribution record in the past 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.

#### Distributable reserves

As at 31 May 2014, we did not have any distributable reserves available for distribution to our Shareholders.

#### Estimated listing expenses

The listing expenses primarily represent fees paid to professional parties for our Share Offer. The total listing expenses are estimated to be approximately HK\$24.0 million, of which approximately HK\$8.7 million will be charged against the share premium account upon completion of the Listing. Approximately HK\$9.0 million of the listing expenses was recognised as expense in the combined statements of comprehensive income during the Track Record Period. The remaining estimated listing expenses of approximately HK\$6.3 million will be recognised as expense in the combined statements of comprehensive income for the period from 1 June 2014 to 31 December 2014.

## FINANCIAL INFORMATION

### WORKING CAPITAL

After due and careful enquiry and taking into account our Group's:

- profit and total comprehensive income of approximately HK\$18.1 million, HK\$23.4 million, HK\$44.5 million and HK\$11.9 million for the three years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, respectively;
- cash and cash equivalents of approximately HK\$192.4 million, HK\$42.3 million, HK\$56.9 million and HK\$35.0 million as at 31 December 2011, 2012 and 2013 and as at 31 May 2014, respectively;
- unutilised borrowing facilities from an Independent Third Party licensed money lender of approximately HK\$178.0 million as at the Latest Practicable Date; and
- estimated net proceeds of approximately HK\$121.0 million to be received by our Group from the Share Offer (assuming a Share Offer Price of HK\$1.45 per Share, being the mid-point of the proposed Share Offer Price range of HK\$1.30 to HK\$1.60 per Share),

our Directors are of the opinion, and the Sole Sponsor concurs, that our Group has sufficient working capital to meet present requirements for at least the next twelve months from the date of this prospectus.

### GUARANTEE PROVIDED TO OUR GROUP

As at the Latest Practicable Date, we had one outstanding loan facility provided, during the Track Record Period, by an Independent Third Party licensed money lender, which was comprised of a revolving term loan facility of HK\$500 million and secured against sub-charge(s)/sub-mortgage(s) on properties charged or mortgaged to our Company for securing loans receivables from our customers and a personal guarantee of Ms. Wang.

The personal guarantee provided by Ms. Wang will be released/discharged by an Independent Third Party licensed money lender and will be replaced by corporate guarantee(s) from our Company and/or its subsidiaries (if applicable) prior to the Listing.

### UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Share Offer on the net tangible assets of our Group attributable to the equity holder of our Company as of 31 May 2014 as if the Share Offer had taken place on 31 December 2013.

## FINANCIAL INFORMATION

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of our Group as at 31 May 2014 or at any future dates following the Share Offer. It is prepared based on the audited combined net tangible assets of our Group as at 31 May 2014 as set out in the Accountant's Report, the text of which is set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted net tangible assets does not form part of the Accountant's Report.

|   | <b>Audited<br/>combined net<br/>tangible assets<br/>of our Group<br/>attributable to<br/>the equity<br/>holder of our<br/>Company as<br/>at 31 May<br/>2014 <sup>(Note 1)</sup></b><br><i>HK\$'000</i> | <b>Effect of the<br/>Capitalisation of<br/>amounts due to our<br/>Controlling<br/>Shareholders <sup>(Note 2)</sup></b><br><i>HK\$'000</i> | <b>Estimated net<br/>proceeds from<br/>the Share<br/>Offer <sup>(Note 3)</sup></b><br><i>HK\$'000</i> | <b>Unaudited pro<br/>forma adjusted<br/>combined net<br/>tangible assets<br/>attributable to<br/>the equity<br/>holder of our<br/>Company as at<br/>31 May<br/>2014</b><br><i>HK\$'000</i> | <b>Unaudited pro<br/>forma adjusted<br/>net tangible<br/>assets per<br/>Share <sup>(Note 4)</sup></b><br><i>HK\$</i> |
|---|--|---|---|--|--|
| Based on an Offer<br>Price of HK\$1.30<br>per Share | <u>35,747</u>  | <u>390,000</u>  | <u>115,637</u>  | <u>541,384</u>   | <u>1.35</u>  |
| Based on an Offer<br>Price of HK\$1.60<br>per Share | <u>35,747</u>  | <u>390,000</u>  | <u>144,737</u>  | <u>570,484</u>   | <u>1.43</u>  |

*Notes:*

- (1) The audited combined net tangible assets attributable to the equity holder of our Company as at 31 May 2014 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited combined net assets of our Group attributable to the equity holder of our Company as at 31 May 2014 of HK\$35,747,000.
- (2) As part of the Reorganisation and as stated in the section headed "History, Development and Corporate Structure" of this prospectus, the aggregated amounts due to our Controlling Shareholders which amounted to approximately HK\$390,000,000 were capitalised on 24 November 2014.
- (3) The estimated net proceeds from the Share Offer are based on the indicative Offer Price range of HK\$1.30 to HK\$1.60 per Share after deduction of the estimated underwriting fees and other related expenses (excluding listing expenses of approximately HK\$9,005,000 which have been accounted for prior to 31 May 2014) payable by our Company and takes no account of any shares which may fall to be issued upon the exercise of options granted under the Share Option Scheme or any Shares which may be granted and issued or repurchased by our Company pursuant to the General Mandate and the Repurchase Mandate, respectively.
- (4) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 400,000,000 Shares were in issue assuming that the Share Offer has been completed on 31 May 2014 but takes no account of any Shares which may fall to be issued upon the exercise of options granted under the Share Option Scheme or any Share which may be allotted and issued or repurchased by our Company pursuant to the General Mandate to Issue Shares or the General Mandate to Repurchase Shares as described in the section headed "Share Capital" in this prospectus.

## FINANCIAL INFORMATION

### FINANCIAL RISK MANAGEMENT

Our Group's activities expose us to various types of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. Our Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects to our Group's financial performance.

#### Foreign exchange risk

Our Group was exposed to foreign exchange risk arising primarily from currency exposures with respect to the RMB. Foreign exchange risk arises from recognised assets. Our Group currently does not hedge its foreign exchange exposure.

As at 31 December 2011, 2012 and 2013 and 31 May 2014, if the RMB had strengthened/weakened by 1% against the HK\$ with all other variables held constant, post-tax profit for the three years ended 31 December 2011, 2012 and 2013, and the five months ended 31 May 2014 would have been approximately HK\$0.9 million, HK\$2.4 million, HK\$nil and HK\$nil million higher/lower, mainly as a result of foreign exchange gains/losses on translation of RMB-denominated bank balances and pledged bank deposits.

#### Cash flow and fair value interest rate risk

Our Group's interest rate risk arises from its loans receivable, pledged bank deposits, cash and cash equivalents and bank and other borrowings. Except for cash and cash equivalents and bank and other borrowings, which are entitled to interest at variable rate and exposes our Group to cash flow interest rate risk, loans receivable and pledged bank deposits are issued at fixed rates.

As at 31 December 2011, if market interest rates had been 1% higher/lower with all other variables held constant, post-tax profits for the year ended 31 December 2011 would have been approximately HK\$1.6 million higher/lower. As at 31 December 2012 and 2013 and 31 May 2014, if market interest rates had been 1% higher/lower with all other variables held constant, post-tax profits for the years ended 31 December 2012 and 2013 and for the five months ended 31 May 2014 would have been approximately HK\$3.8 million, HK\$2.2 million and HK\$2.2 million lower/higher, respectively.

#### Credit risk

Our Group's credit risk arises from cash and cash equivalents, pledged bank deposits, loans receivable, interest receivables, and deposits and other receivables. Our Group has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Please refer to the Accountant's Report as set out in Appendix I to this prospectus for details.

## FINANCIAL INFORMATION

### **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of credit facility. Cash flow forecasting is performed by management. Our Group monitors the rolling forecasts of our liquidity requirements to ensure that we have sufficient cash to meet operational needs while maintaining sufficient headroom on our undrawn borrowing facilities at all times so that our Group does not breach borrowing limits on any of our borrowing facilities. Such forecasting takes into consideration our Group's debt financing plans, covenant compliance, compliance with internal financial position ratio targets and, if applicable, external regulatory or legal requirements. Please refer to the Accountant's Report as set out in Appendix I to this prospectus for details.

### **Loan impairment**

We consider loans and interest receivables as doubtful if (i) the repayment of principal and/or accrued interest has been overdue for more than three months; and (ii) principal, accrued interest and/or future interest may not be fully secured by the fair value of collateral at its prevailing market price.

We consider loans and interest receivables as loss if the repayment of principal and/or accrued interest has been overdue for more than six months and the collection of principal and/or interest in full is improbable.

We estimate and recognise individual impairment losses for loans and interest receivables considered as 'doubtful' and 'loss', taking into account the fair values of the collateral at prevailing market prices which may be inadequate to cover the loans receivables.

We perform collective assessment of loans and interest receivables by grouping together all our receivables with similar credit risk characteristics. The impairment review is carried out on all those loans and interest receivables based on historical impairment rates. Historical impairment rate is arrived at by taking the average of the percentage of impairment loss to the total loans and interest receivables as at the respective years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014.

Such basis is in accordance with the principal accounting policies applied in the preparation of the Financial Information, which has been prepared in accordance with HKFRSs. Our Directors believe that our Group's existing loan provision policy and loan classification system do not deviate from industry practice in any material aspect based on their understanding of the loan provision policies and loan classification systems of comparable companies which are listed on the Stock Exchange and are engaged in the licensed money lending business in Hong Kong.

## FINANCIAL INFORMATION

### EVENTS AFTER BALANCE SHEET DATE

Saved as disclosed elsewhere in the Accountant's Report set out in Appendix I to this prospectus, the following significant events took place subsequent to 31 May 2014:

- (i) on 24 November 2014, our Group completed the Reorganisation, where details were outlined in the Accountant's Report as set out in Appendix I to this prospectus.
- (ii) on 24 November 2014, the amount due to our Controlling Shareholders of HK\$390,000,000 was capitalised by (i) GIC allotted and issued 100 additional shares to GIC (Overseas); (ii) GIC (Overseas) allotted and issued 100 shares in GIC (Overseas), credited as fully paid to our Company; and (iii) the Company allotted and issued 37,979,999 shares, credited as fully paid to Blossom Spring.
- (iii) by a shareholders' resolution dated 22 November 2014 and conditional on the share premium account of our Company being credited as a result of the issue of new shares pursuant to the proposed offering of our Company's shares, our Company will issue an additional 262,000,000 shares, credited as fully paid, to the existing shareholders of our Company.
- (iv) upon listing, the personal guarantee from Ms. Wang in obtaining the bank and other borrowings will be released and will be replaced by the corporate guarantee of our Company.

### DEVELOPMENTS IN 2014

#### *Decline in revenue and profit*

From 31 December 2011 to 31 December 2013, revenue and profit and total comprehensive income attributable to equity holders of our Group increased by CAGRs of approximately 97.2% and 56.8%, respectively. The strong growth in revenue and profit was mainly attributable to the increase in the size of our loan portfolio which enabled us to increase the volume and size of our loans and also our market share.

However, for the five months ended 31 May 2014, revenue and profit and total comprehensive income attributable to equity holders of our Group decreased by approximately 17.2% and 39.5%, respectively, as compared to the five months ended 31 May 2013. Although the decrease in revenue for the period was mainly attributable to the fall in demand for our loan products, which led to a reduction in our loan portfolio and interest income, it should also be noted that the decline in profit for the period was partly attributable to the increase in our finance costs. For the five months ended 31 May 2013, finance costs were only approximately HK\$0.6 million. Such low finance costs were in fact arrived at after set-off of the exchange gains and interest income from our pledged bank deposits in an aggregate amount of approximately HK\$12.7 million. However, due to the absence of any exchange gains and interest income from our pledged bank deposits in 2014 as compared to the period ended 31 May 2013, our finance costs increased significantly to HK\$9.0 million. Accordingly, profit and total comprehensive income for the period attributable to equity holders of our Group for 31 May 2014 appears to be significantly lower as compared to the corresponding period in 2013.



## FINANCIAL INFORMATION

### *Loan redemptions*

In January 2014, a loan of HK\$90.0 million was redeemed through expiry. Subsequent to the Track Record Period, in June 2014, a loan of HK\$62.0 million was redeemed through early repayment. Although the loan amounts were significant in size and have contributed in part to the decline in our revenue, profit and loan portfolio as at 31 May 2014 and subsequent to the end of the Track Record Period, our Directors do not consider such loan redemptions to have any material adverse effect on our financial position as (i) the interest rate on the HK\$90.0 million loan was only 9%, which was lower than the interest rates which we usually charge for our mortgage loans; and (ii) our Directors believe that we have the capability to generate new business and issue new loans which yield interest rates in line with our usual lending rates to mitigate for the loss of such loans.

### *Property market*

As regards our revenue, our Directors believe that the slower demand for our loan products is mainly due to the general slowdown in the property market which is due to the government measures to curb overheating in the sector, further details of which are contained in the section headed “Regulations — Recent governmental policies on Hong Kong property market” in this prospectus. Although we recognise that such measures have had an impact on our business, our Directors believe that such policies may also benefit licensed money lenders such as our Group over authorised institutions. Our Directors believe that such measures are temporary and once relieved, our Group is likely to experience an increase in activities in the property market and in turn, an increase in business volume and money lending activities.

In view of the difficulties experienced in the current property market, we are unlikely to match the exceptional revenue and profitability in 2014 with that of 2013. However, our Directors are still confident that our Group will achieve a profit of not less than HK\$30 million for the year ending 31 December 2014. For further details on the profit forecast, please refer to the section headed “Financial information — Profit forecast for the year ending 31 December 2014” and Appendix III to this prospectus.

## FINANCIAL INFORMATION

### *Customer F*

As further noted in the section headed “Business — Our customers — Top five customers” to the prospectus, customer F has been our single largest customer by aggregate interest income generated from loans granted for the two years ended 31 December 2012 and 2013 and the five months ended 31 May 2014. As at 31 December 2012 and 2013 and 31 May 2014, we offered loans in aggregate of approximately HK\$122.0 million, HK\$62.0 million and HK\$62.0 million, respectively, to customer F and generated aggregate interest income of approximately HK\$10.2 million, HK\$15.4 million and HK\$4.0 million, respectively during the same period. A summary of our business relationship with customer F during the Track Record Period is set out as follows:

| Loan        | Loan value<br>as at year/<br>period end<br><i>HK\$ million</i> | Loan type                | Pledged properties                                      | Value of<br>collateral<br>as at<br>31 May<br>2014 | Interest<br>rate<br><i>(%)</i> | Term of<br>loan(s)<br><i>(months)</i> | Status of<br>loan(s) as<br>at the<br>Latest<br>Practicable<br>Date | Date of<br>expiry |
|-------------|--|--------------------------|---|---|--------------------------------|---------------------------------------|--|-------------------|
| <b>2012</b> |  |                          |   |   |                                |                                       |  |                   |
| 1           | 44   | First mortgage           | Two office units  | N/A   | 11.0                           | 6                                     | Redeemed   | N/A               |
| 2           | 56   | First mortgage           | Three office units                                      | N/A   | 11.0                           | 6                                     | Redeemed   | N/A               |
| 3           | 18   | Subordinated<br>mortgage | Two residential<br>properties                           | N/A   | 34.0                           | 6                                     | Redeemed   | N/A               |
| 4           | 4  | Subordinated<br>mortgage | Five office units                                       | N/A   | 34.0                           | 6                                     | Redeemed   | N/A               |
| <b>2013</b> |  |                          |   |   |                                |                                       |  |                   |
| 1           | 50   | First mortgage           | Three office units                                      | 85.5  | 11.0                           | 18                                    | Active   | March 2015        |
| 2           | 12   | Subordinated<br>mortgage | Three office units and<br>two residential<br>properties | 85.5<br>400.0                                     | 25.9                           | 12                                    | In default   | October 2014      |
| <b>2014</b> |  |                          |   |   |                                |                                       |  |                   |
| 1           | 50   | First mortgage           | Three office units                                      | 85.5  | 11.0                           | 18                                    | Active   | March 2015        |
| 2           | 12   | Subordinated<br>mortgage | Three office units and<br>two residential<br>properties | 85.5<br>400.0                                     | 25.9                           | 12                                    | In default   | October 2014      |

As at 31 May 2014, the total loan balance from customer F was approximately HK\$62.0 million, which was secured by first and second mortgages against pledged properties with an aggregate market value of approximately HK\$485.5 million. Of the HK\$62.0 million in total loans outstanding, HK\$50.0 million was secured by first mortgage against three office units and HK\$12.0 million was secured by subordinated mortgage against the three aforementioned office units and two residential properties. The value of the three office units and the two residential properties as at 31 May 2014 was approximately HK\$85.5 million and HK\$400.0 million, respectively.

## **FINANCIAL INFORMATION**

In September 2014, customer F disposed of one of the office units and repaid approximately HK\$25.6 million of his outstanding principal. The partial redemption reduced his total outstanding loan balance from HK\$62.0 million as at 31 May 2014 to approximately HK\$36.4 million (being approximately HK\$29.3 million for the first mortgage and approximately HK\$7.1 million for the subordinated mortgage) as at the Latest Practicable Date. We have commenced legal actions against customer F in respect of the outstanding interest and principal amounts under the first and subordinated mortgage and as at the Latest Practicable Date, a court date has been set for early 2015 in which our Company will seek to obtain an order for repossession of the two office units.

Following the sale of the office unit in September 2014, the total aggregate market value of customer F's collateral, being two office units and two residential properties which were subject to prior mortgages, based on the estimated valuations as at the Latest Practicable Date, was approximately HK\$413.5 million (being approximately HK\$58.5 million for the two office units and approximately HK\$355.0 million for the two residential properties). As both the outstanding loans were secured by the two office units with an aggregate market value of approximately HK\$58.5 million, our Directors consider the value of such pledged properties to be sufficient to cover the outstanding balances of approximately HK\$36.4 million without taking into account the security of the two residential properties. In any event, our Group will closely monitor the progress in the legal proceeding against customer F as well as the market value of the relevant pledged properties.

Our Directors believe that the default by customer F will not have a material adverse impact on our Group as (i) the market value of the pledged properties is sufficient to cover the outstanding balance of the loans; (ii) the interest rate on the HK\$50 million loan (of which approximately HK\$29.3 million remained outstanding) was only 11%, which was lower than the interest rates which we usually charge for our mortgage loans; and (iii) our Directors believe that our Group has the capability to generate new business and issue new loans which yield interest rates in line with our usual lending rates to mitigate for the loss of such loan.

### **NO MATERIAL ADVERSE CHANGE**

Our Directors confirm that since 31 May 2014 (being the date to which the latest audited combined financial information of our Group were made up) and up to the date of this prospectus, there has been no material adverse change in the financial or trading position or prospects of our Group.

## FUTURE PLANS AND USE OF PROCEEDS

### FUTURE PLANS

See section headed “Business — Business Strategies” for a detailed description of our future plans.

### USE OF PROCEEDS FROM THE SHARE OFFER

Based on the Offer Price of HK\$1.45 per Offer Share (being the mid-point of the estimated Offer Price range), the net proceeds of the Share Offer are expected to be approximately HK\$121.0 million after deducting the underwriting fees and commissions and estimated expenses payable by our Group in relation to the Share Offer.

Our Directors intend to use the net proceeds for the following purposes:

- approximately HK\$96.8 million (being approximately 80% of net proceeds) for expanding our mortgage loan portfolio by providing more and/or higher value loans to existing and/or new customers;
- approximately HK\$12.1 million (being approximately 10% of net proceeds) for marketing activities in order to enhance our brand awareness and image in Hong Kong, including the placement of advertisements across various media platforms; and
- the remaining amount of approximately HK\$12.1 million (being approximately 10% of net proceeds) will be used for funding working capital and general corporate purposes.

If the Offer Price is fixed at the high-end of the indicative Offer Price range, being HK\$1.60 per Share, the net proceeds we receive from the Share Offer will increase by approximately HK\$14.6 million. If the Offer Price is set at the low-end of the indicative Offer Price range, being HK\$1.30 per Share, the net proceeds we receive from the Share Offer will decrease by approximately HK\$14.6 million.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated Offer Price range.

To the extent that the net proceeds from the Share Offer are not immediately required for the above purposes or if we are unable to effect any part of its future development plans as intended, we intend to place the net proceeds on deposit with banks or other financial institutions or held in government issued securities.

In the event there is to be a material modification to the use of proceeds as described above, we plan to issue an announcement of the modification.

## UNDERWRITING

### PUBLIC OFFER UNDERWRITERS

#### Joint Bookrunners and Joint Lead Managers

Emperor Securities Limited  
Investec Capital Asia Limited  
Kim Eng Securities (Hong Kong) Limited  
Astrum Capital Management Limited  
Sun Securities Limited

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### Public Offer

##### *Public Offer Underwriting Agreement*

Pursuant to the Public Offer Underwriting Agreement, our Company has agreed to initially offer 10,000,000 new Shares for subscription by members of the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to, among other conditions, the granting of the approval for the listing of, and permission to deal, in all the Shares in issue and any Shares to be issued as mentioned in this prospectus by the Listing Committee and to certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have severally (but not jointly nor jointly and severally) agreed to procure subscribers, or failing which, they shall subscribe for their respective applicable proportions of the Public Offer Shares now being offered which are not taken up under the Public Offer on the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement. In addition, the Public Offer Underwriting Agreement is conditional on and subject to the Placing Underwriting Agreement having been executed, becoming, and continuing to be, unconditional and not having been terminated.

##### *Grounds for termination*

The respective 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. The Joint Bookrunners (acting on behalf of all the Public Offer Underwriters) shall have the absolute right to terminate the Public Offer Underwriting Agreement by notice in writing to our Company with

## UNDERWRITING

immediate effect at any time prior to 8:00 a.m. on the Listing Date (the “**Termination Time**”) if prior to the Termination Time:

- (a) there has come to the notice of the Joint Bookrunners or any of the Public Offer Underwriters:
  - (i) any matter or event showing any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement to be untrue, inaccurate or misleading in any respect when given or repeated or there has been a breach of any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement or any other provisions of the Public Offer Underwriting Agreement by any party thereto (other than the Joint Bookrunners and the Public Offer Underwriters) which, in any such cases, is considered, in the sole and absolute opinion of the Joint Bookrunners, to be material in the context of the Share Offer; or
  - (ii) any statement contained in this prospectus, the Application Forms, the application proof, the post hearing information pack, the formal notice and any announcements issued by our Company (including any supplement or amendment to each of the said documents) has become or been discovered to be untrue, incorrect or misleading in any respect which is considered, in the sole and absolute opinion of the Joint Bookrunners, to be material in the context of the Share Offer; or
  - (iii) any event, series of events, matter or circumstance occurs or arises on or after the date of the Public Offer Underwriting Agreement and before the Termination Time, being an event, matter or circumstance which, if it had occurred before the date of the Public Offer Underwriting Agreement, would have rendered any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement untrue, incorrect or misleading in any respect, and which is considered, in the sole and absolute opinion of the Joint Bookrunners, to be material in the context of the Share Offer; or
  - (iv) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the sole and absolute opinion of the Joint Bookrunners, a material omission in the context of the Share Offer; or
  - (v) any event, act or omission which gives or is likely to give rise to any liability of our Company or any of the executive Directors or our Controlling Shareholders arising out of or in connection with the breach of any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement; or
  - (vi) any breach by any party to the Public Offer Underwriting Agreement (other than the Joint Bookrunners and the Public Offer Underwriters) of any provision of the Public Offer Underwriting Agreement which, in the sole and absolute opinion of the Joint Bookrunners, is material; or

## UNDERWRITING

- (b) there shall have developed, occurred, existed, or come into effect any event or series of events, matter or circumstance whether occurring or continuing before, on and/or after the date of the Public Offer Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs concerning or relating to any of the following:
- (i) any new law or regulation or any change in existing laws or regulations, or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the BVI, the Cayman Islands, or any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to our Group (the “**Relevant Jurisdictions**”); or
  - (ii) any change in, or any event or series of events or development resulting or likely to result in any change in the Relevant Jurisdictions, the local, regional or international financial, equity securities, currency, political, military, industrial, economic, stock market or other market conditions or prospects; or
  - (iii) any change or development in taxation or exchange, currency exchange rates, rates or foreign investment regulations, including but not limited to changes in the system under which the value of the Hong Kong dollar or Renminbi is linked to that of the U.S. dollar and the implementation of any exchange control or foreign investment regulations in Hong Kong, the BVI, the Cayman Islands or any other jurisdiction relevant to our Group; or
  - (iv) the imposition of any moratorium, suspension or restriction on trading in securities generally on any of the markets operated by the Stock Exchange due to exceptional financial circumstances or otherwise; or
  - (v) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in the Relevant Jurisdictions; or
  - (vi) any change or prospective change in the business or in the financial or trading position or prospects of any member of our Group; or
  - (vii) the imposition of economic sanction or withdrawal of trading privileges, in whatever form, by the United States, Australia or the United Kingdom or any other country or organisation on Hong Kong, the BVI, the Cayman Islands or any other jurisdiction relevant to our Group; or
  - (viii) a general moratorium on commercial banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance service in or affecting Hong Kong, the BVI, the Cayman Islands or any other jurisdiction relevant to our Group; or

## UNDERWRITING

- (ix) any event of force majeure including, without limiting the generality thereof, any act of God, military action, riot, public disorder, civil commotion, tsunami, fire, flood, explosion, epidemic, terrorism (whether or not responsibility has been claimed), strike or lock-out affecting Hong Kong, the BVI, the Cayman Islands or any other jurisdiction relevant to our Group; or
- (x) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting Hong Kong, the BVI, the Cayman Islands or any other jurisdiction relevant to our Group; or
- (xi) a demand by any creditor for repayment or payment of any material indebtedness of any other member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
- (xii) any material loss or damage sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or
- (xiii) 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
- (xiv) any litigation or claim of importance of any third party being instigated or threatened against any member of our Group; or
- (xv) 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
- (xvi) the chairman or chief executive officer of our Company vacating his or her office in circumstances where the operations of our Group will be materially and may, in the sole and absolute discretion of the Joint Bookrunners (for itself and on behalf of the Public Offer Underwriters), be adversely affected; or
- (xvii) save for those already disclosed in this prospectus (but limited to such extent where no matter 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 a material omission therefrom), any litigation, legal action or claim of importance of any third party being instigated or threatened against any member of our Group; or
- (xviii) any change or development involving a prospective change, or a materialisation of, any of the risk factors set out in the section headed “Risk Factors” in this prospectus,



## UNDERWRITING

which, in the sole and absolute opinion of the Joint Bookrunners:

- (1) is or will be, or is likely to be, adverse to the business, financial, trading or other condition or prospects of our Group taken as a whole or any member of our Group; or
- (2) has or will have or is likely to have an adverse effect on the success of the Share Offer or the level of the Offer Shares being applied for or accepted, the distribution of the Offer Shares or the demand or market price of the Shares following the Listing; or
- (3) for any other reason makes it impracticable, inadvisable or inexpedient for the Underwriters to proceed with the Share Offer as a whole.

For the above purpose:

- (a) a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the U.S. or a devaluation of the Renminbi against any foreign currencies shall be taken as an event resulting in a change in currency conditions; and
- (b) any normal market fluctuations shall not be construed as events or series of events affecting market conditions referred to above.

### *Lock-up undertakings to the Public Offer Underwriters*

#### *Undertakings by our Company*

Our Company has undertaken with the Joint Bookrunners (acting on behalf of all the Public Offer Underwriters) that, and each of our Controlling Shareholders has undertaken irrevocably and unconditionally with the Joint Bookrunners (acting on behalf of all the Public Offer Underwriters) to procure that except for the issue of the Shares pursuant to the Share Offer, or as otherwise with the Joint Bookrunners' prior written consent and unless permitted under and in compliance with the Listing Rules, our Company will not, and will procure none of our subsidiaries will, at any time during the first six-month period commencing on the date by reference to which disclosure of the shareholding of our executive Directors and our Controlling Shareholders in our Company is made in this prospectus and ending on the date which is six months from the Listing Date (the "**First Six-Month Period**"):

- (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 or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any of its share capital, debt capital or any securities of our Company or any member of our Group or any interest therein (including but not limited to any warrants and securities convertible into or exercisable or exchangeable for or that represent the right to receive, or any warrants or other rights to purchase, any such share capital or securities or interest therein, as applicable); or

## UNDERWRITING

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital, debt capital or securities or interest therein as described in paragraph (a) above; or
- (c) enter into any transaction with the same economic effect as any transaction described in paragraph (a) or (b) above; or
- (d) agree or contract to, or publicly announce any intention to enter into, any transaction described in paragraph (a), (b) or (c) above,

whether any of the foregoing transactions described in paragraph (i), (ii) or (iii) above is to be settled by delivery of share capital or such other securities, in cash or otherwise, and in the event of our Company entering into or agreeing to enter into any of the foregoing transactions in respect of any Share or other securities of our Company or any member of our Group or any interest therein by virtue of the aforesaid exceptions or during the six-month period commencing from the expiry of the First Six-Month Period (the “**Second Six-Month Period**”), it will take all reasonable steps to ensure that such action will not create a disorderly or false market in any of the Shares or other securities of our Company.

### *Undertakings by our Controlling Shareholders*

Each of our Controlling Shareholders have jointly and severally undertaken to the Joint Bookrunners (on behalf of all the Public Offer Underwriters) that, unless permitted under and in compliance with the Listing Rules:

- (a) she/it will not, and will procure that the relevant registered holder(s) and her/its close associates and companies controlled by her/it and any nominee or trustee holding in trust for her/it will not, without the Joint Bookrunners’ prior written consent at any time during the First Six-Month Period:
  - (i) offer, accept subscription for, sell, pledge, mortgage, charge, contract to 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 share sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital of our Company or any 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 interest therein);
  - (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the share capital, debt capital or other securities of our Company or any interest therein;
  - (iii) enter or agree to enter into, conditionally or unconditionally, or effect any transaction with the same economic effect as any of the transactions referred to in paragraph (i) or (ii) above; or

## UNDERWRITING

(iv) agree or contract to, or publicly announce any intention to enter into or effect any of the transactions referred to in paragraph (i), (ii) or (iii) above;

whether any of the foregoing transactions described in paragraph (i), (ii) or (iii) above is to be settled by delivery of share capital or such other securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so; and

- (b) she/it will not, and will procure that the relevant registered holder(s) and her/its close associates and companies controlled by her/it and any nominee or trustee holding in trust for her/it will not, at any time during the Second Six-Month Period, enter into any of the foregoing transactions in paragraph (a)(i) or (ii) or (iii) above 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, she/it will cease to be a controlling shareholder (as such term is defined in the Listing Rules) of our Company or would together with the other Controlling Shareholders cease to be, or regarded as, controlling shareholders (as such term is defined in the Listing Rules) of our Company;
- (c) until expiry of the Second Six-Month Period, in the event that she/it enters into any such transactions or agrees or contracts to or publicly announces an intention to enter into any such transactions by virtue of the aforesaid exceptions, she/it will take all reasonable steps to ensure that such action not create a disorderly or false market in the Shares or other securities of our Company; and
- (d) comply with the requirements of Rule 10.07(1) and Notes (1), (2) and (3) to Rule 10.07(2) of the Listing Rules, to procure that our Company will comply with the requirements under Note (3) of Rule 10.07(2) of the Listing Rules, and comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by her/it or by the registered holder controlled by she/it and her/its close associates and companies controlled by she/it of any Shares or other securities of our Company.

Each of our Controlling Shareholders have jointly and severally undertaken to the Joint Bookrunners (on behalf of all the Public Offer Underwriters) that at any time after the date of the Public Offer Underwriting Agreement up to and including the date falling twelve (12) months from the Listing Date, our Controlling Shareholders will:

- (i) when she/it pledges or charges any Shares or other securities or interests in the securities of our Company in respect of which she/it is the beneficial owner, immediately inform our Company, the Sole Sponsor and the Stock Exchange in writing of any such pledges or charges together with the number of Shares or other securities of our Company and nature of interest so pledged or charged; and
- (ii) when she/it receives any indication, whether verbal or written, from any such pledgee or chargee that any of the pledged or charged Shares or securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company, the Sole Sponsor and the Stock Exchange in writing of any such indication.

## UNDERWRITING

Our Company has undertaken to the Sole Sponsor, and each of our Controlling Shareholders have jointly and severally undertaken to the Sole Sponsor that she/it will procure our Company to, inform the Stock Exchange as soon as our Company has been informed of the matters mentioned in paragraphs (i) and (ii) above immediately, and to make a public disclosure of such matters as soon as possible thereafter in accordance with the Listing Rules.

### *Lock-up undertakings to the Stock Exchange*

#### *Undertakings by our Company*

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by our Company or form the subject of any agreement to such an issue by our Company within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except in certain circumstances permitted by Rule 10.08(1) to (5) of the Listing Rules.

#### *Undertakings by our Controlling Shareholders*

In accordance with Rule 10.07(1) of the Listing Rules, our Controlling Shareholders have irrevocably and unconditionally undertaken to the Stock Exchange and our Company that they shall not and shall procure that the relevant registered holders controlled by them:

- (a) in the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date (the “**End Date**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances (save pursuant to a pledge or charge as security in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan) in respect of, any of those securities of our Company in respect of which they are shown by this prospectus to be the beneficial owners (the “**Relevant Securities**”); and
- (b) in the period of six months commencing from the End Date, dispose of, nor enter into any agreement to dispose of, or otherwise create any options, rights, interests or encumbrances (save pursuant to a pledge or charge as security in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan) in respect of the Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, she/it would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company.

## UNDERWRITING

In accordance with Note 3 to Rule 10.07(2) of the Listing Rules, our Controlling Shareholders have further irrevocably and unconditionally undertaken to the Stock Exchange and our Company that within a period commencing from the date of this prospectus and ending on the date which is 12 months from the Listing Date, they shall:

- (a) when any of them pledges or charges any of securities of our Company beneficially owned by them in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)), immediately inform our Company in writing of such pledged or charge together with the number of securities so pledged or charged; and
- (b) when any of them receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities of our Company shall be disposed of, immediately inform our Company of such indications.

### **Placing**

In connection with the Placing, it is expected that our Company and the covenantors to be named therein (namely our Controlling Shareholders) will enter into the Placing Underwriting Agreement with the Joint Bookrunners and the Placing Underwriters, on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below.

Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Placing Underwriters are expected to severally (but not jointly nor jointly and severally) agree to act as agents of our Company to procure subscribers for, or failing which they shall subscribe for, the Placing Shares initially being offered pursuant to the Placing. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Placing Underwriting Agreement, our Company and our Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the paragraph headed “Public Offer — Lock-up undertakings to the Public Offer Underwriters” above in this section.

### **Commissions and expenses**

The Public Offer Underwriters will, and the Placing Underwriters are expected to, receive an underwriting and selling commission of 3.5% of the aggregate Offer Price payable for the Offer Shares underwritten by them, out of which they shall, as the case may be, pay any sub-underwriting commissions and management fee as praecipium. The Sole Sponsor will also receive a fee of HK\$4,000,000 in respect of its services as sponsor to our Company for the Listing.

## **UNDERWRITING**

The underwriting commission and expenses, listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees together with printing and other expenses relating to the Share Offer, assuming an Offer Price of HK\$1.45 (being the mid-point of the indicative Offer Price range), are estimated to amount to approximately HK\$24.0 million in total and are payable by our Company.

### **UNDERWRITERS' INTERESTS IN OUR COMPANY**

Particulars of such underwriting commission and expenses are set out in the paragraph headed "Underwriting arrangements and expenses — Commissions and expenses" above in this section.

Our Company will appoint, before the Listing Date, Investec as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules for the period commencing on the Listing Date and ending on the date on which our Company complies with Rule 3A.46 of the Listing Rules in respect of its financial results for the first financial year commencing after such Listing Date, or until the agreement is terminated, whichever is earlier.

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.

### **MINIMUM PUBLIC FLOAT**

Our Directors will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Share Offer.

## **STRUCTURE OF THE SHARE OFFER**

### **THE SHARE OFFER**

The Share Offer comprises:

- (i) the Public Offer of 10,000,000 Shares (subject to adjustment as mentioned below) in Hong Kong as described in the paragraph “The Public Offer” in this section below; and
- (ii) the Placing of an aggregate of 90,000,000 Shares (subject to adjustment as mentioned below) (including to professional and institutional investors within Hong Kong).

Investors may either

- (i) apply for Offer Shares under the Public Offer; or
- (ii) apply for or indicate an interest for Placing Shares under the Placing, if qualified to do so,

but may not do both.

The Offer Shares will represent approximately 25% of the enlarged issued share capital of our Company immediately following the completion of the Share Offer and the Capitalisation Issue (without taking into account any option which may be granted under the Share Option Scheme).

References in this prospectus to applications, Application Forms, application monies or the procedure for applications relate solely to the Public Offer.

### **THE PUBLIC OFFER**

#### **Number of Offer Shares initially offered**

Our Company is initially offering 10,000,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Shares initially available under the Share Offer. The number of Shares initially offered under the Public Offer, subject to any reallocation of Offer Shares between the Placing and the Public Offer, will represent approximately 2.5% of the issued share capital of our Company immediately after completion of the Public Offer and the Capitalisation Issue.

The Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Public Offer is subject to the conditions set forth in “Conditions of the Public Offer” in this section.

## STRUCTURE OF THE SHARE OFFER

### **Allocation**

The total number of Public Offer Shares available under the Public Offer will initially be divided equally into two pools for allocation purposes as follows:

- (i) Pool A: the Public Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Public Offer Shares each with a total subscription amount (excluding brokerage fee, Stock Exchange trading fee and SFC transaction levy) of HK\$5 million or less; and
- (ii) Pool B: the Public Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Public Offer Shares each with a total subscription amount (excluding brokerage fee, Stock Exchange trading fee and SFC transaction levy) of more than HK\$5 million and up to the value of 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 under-subscribed, the unsubscribed Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly.

Allocation of the Public Offer Shares to the investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by the applicants. The allocation of Public Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Applicants can only receive an allocation of Public Offer Shares from either Pool A or Pool B but not from both pools. Multiple or suspected multiple applications within either pool or between pools and any application for more than 50% of the Public Offer Shares initially available for subscription under the Public Offer will be rejected.

### **Reallocation**

The allocation of the Offer Shares between the Public Offer and the Placing is subject to adjustment. If the number of Offer Shares validly applied for under the Public Offer represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more of the number of Offer Shares initially available under the Public Offer, then Offer Shares will be reallocated to the Public Offer from the Placing so that the total number of Offer Shares available under the Public Offer will be increased to 30,000,000 Offer Shares (in the case of (i)), 40,000,000 Offer Shares (in the case of (ii)) and 50,000,000 Offer Shares (in the case of (iii)) representing 30%, 40% and 50% of the Offer Shares initially available under the Share Offer respectively.



## **STRUCTURE OF THE SHARE OFFER**

In such case, the number of Offer Shares allocated to the Placing will correspondingly be reduced, and such additional Public Offer Shares will be re-allocated to Pool A and Pool B in the Public Offer in such manner as the Joint Bookrunners deem appropriate.

Subject to the above, the Joint Bookrunners have the authority to re-allocate all or any of the unsubscribed Public Offer Shares to the Placing or all or any of the unsubscribed Placing Shares to the Public Offer.

The Offer Shares to be offered in the Public Offer and the Placing may, in certain circumstances, be re-allocated as between these offerings at the sole and absolute discretion of the Joint Bookrunners.

### **Applications**

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making 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, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the Placing.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Public Offer are required to pay, on application, the maximum indicative Offer Price of HK\$1.60 per Share in addition to any brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "Price determination of the Share Offer" in this section below, is less than the maximum indicative Offer Price of HK\$1.60 per Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to apply for Public Offer Shares" in this prospectus.

### **PLACING**

#### **Number of Offer Shares initially offered**

Subject to adjustment as described in this section, our Company is initially offering 90,000,000 Placing Shares for subscription, representing 90% of the total number of the Offer Shares initially available under the Share Offer.

#### **Allocation**

The Placing will include selective marketing of Offer Shares to institutional and professional investors and/or other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the Placing will be effected in accordance with the book-building process described in the paragraph headed "Price

## STRUCTURE OF THE SHARE OFFER

determination of the Share Offer” in this section below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Share Offer, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Joint Bookrunners (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the Placing, and who has made an application under the Public Offer to provide sufficient information to the Joint Bookrunners so as to allow them to identify the relevant applications under the Public Offer and to ensure that it is excluded from any application of Offer Shares under the Public Offer.

### PRICE DETERMINATION OF THE SHARE OFFER

The Placing Underwriters will be soliciting from prospective professional, institutional and/or other investors indications of interest in acquiring Offer Shares in the Placing. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as book-building, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Public Offer.

Pricing for the Offer Shares for the purpose of the various offerings under the Share Offer will be fixed on the Price Determination Date, which is expected to be on or around Friday, 5 December 2014, and, in any event, not later than Thursday, 11 December 2014, by agreement between the Joint Bookrunners (for itself and on behalf of the Underwriters) and our Company, and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will be not more than HK\$1.60 per Share and is expected to be not less than HK\$1.30 per Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Public Offer, as explained below. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.**

The Joint Bookrunners, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and/or other investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Share Offer and/or 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, 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 day which is the last day for lodging applications under the Public Offer, cause there to be published in The Standard (in English) and Hong Kong Economic Times (in Chinese) notices of the reduction. Upon issue of such a notice, the number of Offer Shares offered in the Share Offer and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Bookrunners (for itself and on behalf

## **STRUCTURE OF THE SHARE OFFER**

of the Underwriters) and our Company, will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Share Offer and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Public Offer.

Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Share Offer statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon with our Company and the Joint Bookrunners (for itself and on behalf of the Underwriters), will under no circumstances be set outside the indicative Offer Price range as stated in this prospectus.

The net proceeds of the Share Offer to our Company (after deduction of underwriting fees and estimated expenses payable by our Company in relation to the Share Offer) are estimated to be approximately HK\$121.0 million assuming an Offer Price of HK\$1.45 per Share, being the mid-point of the indicative Offer Price range of HK\$1.30 to HK\$1.60 per Share.

The final Offer Price, the indications of interest in the Share Offer, the results of applications and the basis of allotment of Offer Shares available under the Public Offer, are expected to be announced on Thursday, 11 December 2014 in The Standard (in English) and Hong Kong Economic Times (in Chinese) and on the website of our Company ([www.gic.com.hk](http://www.gic.com.hk)) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

### **PUBLIC OFFER UNDERWRITING AGREEMENT**

The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement and is subject to, among other things, our Company and the Joint Bookrunners (on behalf of the Underwriters) agreeing on the Offer Price. Details of the underwriting arrangements are summarised in the section headed “Underwriting” in this prospectus.

### **CONDITIONS OF THE PUBLIC OFFER**

Acceptance of all applications for Offer Shares pursuant to the Public Offer will be conditional on, among other things:

- (i) the execution of the Placing Underwriting Agreement and the Price Determination Agreement on or before the Price Determination Date or any such other date as agreed by the Joint Bookrunners (acting on behalf of all the Underwriters) and our Company pursuant to the Public Offer Underwriting Agreement;
- (ii) the granting of the approval for the listing of, and permission to deal in, all the Shares in issue and any Shares to be issued as mentioned in this prospectus by the Listing Committee on or before the Listing Date, and such approval and permission not having been subsequently revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

## STRUCTURE OF THE SHARE OFFER

- (iii) our Company and our Controlling Shareholders in all material respects having complied with the Underwriting Agreements and satisfied all the obligations and conditions on their parts under the Underwriting Agreements to be performed or satisfied on or prior to the respective times and dates by which such obligations must be performed or conditions met; and
- (iv) the obligations of the Underwriters under each of the Public Offer Underwriting Agreement and the Placing Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 30 days after the date of this prospectus.

**If, for any reason, the Offer Price is not agreed between our Company and the Joint Bookrunners (on behalf of the Underwriters) on or before the Price Determination Date, the Share Offer will not proceed.**

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Public Offer will be published by our Company in The Standard (in English) and Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed “How to apply for Public Offer Shares”. In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving bank or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

**Share certificates for the Offer Shares are expected to be issued on Thursday, 11 December 2014 but will only become valid certificates of title at 8:00 a.m. on Friday, 12 December 2014 provided that (i) the Share Offer has become unconditional in all respects and (ii) the right of termination as described in the section headed “Underwriting — Underwriting arrangements and expenses — Public Offer — Grounds for termination” in this prospectus has not been exercised.**

### APPLICATION FOR LISTING ON THE STOCK EXCHANGE

An application has been made to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to (i) the Share Offer; (ii) the Capitalisation Issue; and (iii) the exercise of any options that may be granted under the Share Option Scheme.

No part of our Company’s share or loan capital is listed or dealt in on any other stock exchange and no such listing or permission to deal in our Company’s Shares as aforesaid is being or proposed to be sought in the near future.

## **STRUCTURE OF THE SHARE OFFER**

### **SHARES WILL BE ELIGIBLE FOR CCASS**

All necessary arrangements have been made enabling the Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies 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 on the Stock Exchange or any other date HKSCC chooses. 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.

Investors should seek the advice of their licensed securities dealers or other professional advisers for details of the settlement arrangements as such arrangements may affect their rights and interests.

### **COMMENCEMENT OF DEALINGS IN THE SHARES**

Assuming that the Share Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 12 December 2014, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, 12 December 2014.

Shares will be traded in board lots of 2,000 Shares each.

## HOW TO APPLY FOR PUBLIC OFFER SHARES

### IMPORTANT

The Company will be relying on Section 9A of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong) and will be issuing the **WHITE** and **YELLOW** Application Forms without them being accompanied by a printed prospectus. The contents of the printed prospectus are identical to the electronic form of the prospectus which can be accessed and downloaded from the websites of the Company at [www.gic.com.hk](http://www.gic.com.hk) under the “Investor Relations > Prospectus” section and the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) under the “HKExnews > Listed Company Information > Latest Listed Company Information” section.

Members of the public who wish to obtain a copy of the printed form of the Prospectus may obtain a copy, free of charge, upon request during normal business hours from 9:00 a.m. on Friday, 28 November 2014 until 12:00 noon on Thursday, 4 December 2014 at every location where the **WHITE** or **YELLOW** Application Forms are distributed.

1. any of the following addresses of the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and/or the Public Offer Underwriters:

**Investec Capital Asia Limited** at 3609, 36/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong

**Emperor Securities Limited** at 23-24/F, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong

**Kim Eng Securities (Hong Kong) Limited** at Level 30, Three Pacific Place, 1 Queen’s Road East, Hong Kong

**Astrum Capital Management Limited** at 11/F, 122 QRC, Nos. 122-126 Queen’s Road Central, Central, Hong Kong

**Sun Securities Limited** at Room 1504, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong

2. any of the following branches of **DBS Bank (Hong Kong) Limited**:

|                          | <u>Branch name</u>   | <u>Branch address</u>  |
|--------------------------|----------------------|--|
| <b>Hong Kong Island:</b> | Head Office          | G/F, The Center, 99 Queen’s Road Central                         |
|                          | North Point Branch   | G/F, 391 King’s Road, North Point                                |
| <b>Kowloon:</b>          | Nathan Road Branch   | G/F, Wofoo Commercial Building,<br>574-576 Nathan Road, Mong Kok |
|                          | Hoi Yuen Road Branch | Unit 2, G/F, Hewlett Centre,<br>54 Hoi Yuen Road, Kwun Tong      |
| <b>New Territories:</b>  | Tsuen Wan Branch     | G/F, 23 Chung On Street, Tsuen Wan                               |

## HOW TO APPLY FOR PUBLIC OFFER SHARES

- the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

**Details of where printed form of the prospectus may be obtained will be displayed prominently at every location where Application Forms are distributed.**

During normal business hours from 9:00 a.m. on Friday, 28 November 2014 until 12:00 noon on Thursday, 4 December 2014, at least three copies of the printed prospectus will be available for inspection at every location where the **WHITE** or **YELLOW** Application Forms are distributed as set out below.

### 1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest in Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at [www.hkeipo.hk](http://www.hkeipo.hk); 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.

Our Company, the Joint Bookrunners, the **HK eIPO White Form** Service Provider and their respective agents 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

## HOW TO APPLY FOR PUBLIC OFFER SHARES

- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

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 representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Bookrunners may accept 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 and they may not apply by means of **HK eIPO White Form** service for the Public Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Public Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our 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 or apply online through [www.hkeipo.hk](http://www.hkeipo.hk).

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.



## HOW TO APPLY FOR PUBLIC OFFER SHARES

### Where to Collect the Application Forms

You can collect a **WHITE** Application Form during normal business hours between 9:00 a.m. from Friday, 28 November 2014 until 12:00 noon on Thursday, 4 December 2014 from:

(i) *the following addresses of the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and/or the Public Offer Underwriters:*

|  |  |
|--|--|
| Investec Capital Asia Limited          | 3609, 36/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong |
| Emperor Securities Limited             | 23-24/F, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong               |
| Kim Eng Securities (Hong Kong) Limited | Level 30, Three Pacific Place, 1 Queen's Road East, Hong Kong                      |
| Astrum Capital Management Limited      | 11/F, 122 QRC, 122-126 Queen's Road Central, Central, Hong Kong                    |
| Sun Securities Limited                 | Room 1504, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong     |

(ii) *any of the branches of the following receiving banks:*

### **DBS Bank (Hong Kong) Limited**

|                          | <u>Branch</u>        | <u>Address</u>   |
|--------------------------|----------------------|--|
| <b>Hong Kong Island:</b> | Head Office          | G/F, The Center, 99 Queen's Road Central                         |
|                          | North Point Branch   | G/F, 391 King's Road, North Point                                |
| <b>Kowloon:</b>          | Nathan Road Branch   | G/F, Wofoo Commercial Building,<br>574-576 Nathan Road, Mong Kok |
|                          | Hoi Yuen Road Branch | Unit 2, G/F, Hewlett Centre,<br>54 Hoi Yuen Road, Kwun Tong      |
| <b>New Territories:</b>  | Tsuen Wan Branch     | G/F, 23 Chung On Street, Tsuen Wan                               |

You can collect a **YELLOW** Application Form during normal business hours from 9:00 a.m. on Friday, 28 November, 2014 until 12:00 noon on Thursday, 4 December, 2014 from the Depository Counter of **HKSCC** at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

During normal business hours from 9:00 a.m. on Friday, 28 November 2014 until 12:00 noon on Thursday, 4 December 2014, at least three copies of the printed prospectus will be available for inspection at every location where the **WHITE** or **YELLOW** Application Forms are distributed as set out below.

## HOW TO APPLY FOR PUBLIC OFFER SHARES

### 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 "Ting Hong Nominees Limited — Global International Credit Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

- Friday, 28 November 2014 — 9:00 a.m. to 5:00 p.m.
- Saturday, 29 November 2014 — 9:00 a.m. to 1:00 p.m.
- Monday, 1 December 2014 — 9:00 a.m. to 5:00 p.m.
- Tuesday, 2 December 2014 — 9:00 a.m. to 5:00 p.m.
- Wednesday, 3 December 2014 — 9:00 a.m. to 5:00 p.m.
- Thursday, 4 December 2014 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, 4 December, 2014, the last application day or such later time as described in "10. Effect of Bad Weather on the Opening of the Applications Lists" in this section.

### 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 or applying through the **HK eIPO White Form** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Joint Bookrunners (or its agents or nominees), as agents of our 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 (WUMP) 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;

## HOW TO APPLY FOR PUBLIC OFFER SHARES

- (iv) confirm that you have received and/or 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 our Company, the Joint Bookrunners, 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 our Company, our Hong Kong Share Registrar, receiving banks, the Joint Bookrunners, 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;
- (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 our Company, the Joint Bookrunners 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;

## HOW TO APPLY FOR PUBLIC OFFER SHARES

- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any Share certificate(s) and/or deposit any share certificate(s) into CCASS and/or to send 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 our Company and the Joint Bookrunners 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 or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and
- (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 Terms and Conditions for Yellow Application Form**

You may refer to the **YELLOW** Application Form for details.

## **5. APPLYING THROUGH THE HK EIPO WHITE FORM SERVICE**

### **General**

Individuals who meet the criteria in "Who can apply" in this section may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at [www.hkeipo.hk](http://www.hkeipo.hk).

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** service to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

## HOW TO APPLY FOR PUBLIC OFFER SHARES

### Time for Submitting Applications under the HK eIPO White Form service

You may submit your application to the **HK eIPO White Form** service at [www.hkeipo.hk](http://www.hkeipo.hk) (24 hours daily, except on the last application day) from 9:00 a.m. on Friday, 28 November, 2014 until 11:30 a.m. on Thursday, 4 December, 2014 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 a.m. on Thursday, 4 December, 2014 or such later time under the “10. Effects of Bad Weather on the Opening of the Applications Lists” in this section.

### No Multiple Applications

If you apply by means of **HK eIPO White Form** service, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **HK eIPO White Form** service to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

### Section 40 of the Companies (WUMP) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

## 6. 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 money 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 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

## HOW TO APPLY FOR PUBLIC OFFER SHARES

HKSCC can also input electronic application instructions for you if you go to:

**Hong Kong Securities Clearing Company Limited**

**Customer Service Centre**

1/F, One & Two Exchange Square

8 Connaught Place

Central

Hong Kong

and complete an input request form.

Members of the public who wish to obtain a copy of the printed form of the Prospectus may obtain a copy, free of charge, upon request during normal business hours from 9:00 a.m. on Friday, 28 November 2014 until 12:00 noon on Thursday, 4 December 2014 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.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Bookrunners and our Hong Kong 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 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;
  - (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;

## HOW TO APPLY FOR PUBLIC OFFER SHARES

- (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 our Company, our Directors and the Joint Bookrunners 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 our Company to place HKSCC Nominees' name on our 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;
- 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 our Company, the Joint Bookrunners, 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 your personal data to our Company, our Hong Kong Share Registrar, receiving banks, the Joint Bookrunners, 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 our 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 (WUMP) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

## HOW TO APPLY FOR PUBLIC OFFER SHARES

- 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 our Company's announcement of the Public Offer results;
- 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 our Company, for itself and for the benefit of each Shareholder (and so that our 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 (WUMP) 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 our 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.

### 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 2,000 Public Offer Shares. Instructions for more than 2,000 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.



## HOW TO APPLY FOR PUBLIC OFFER SHARES

### Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

- Friday, 28 November 2014 — 9:00 a.m. to 8:30 p.m.<sup>(1)</sup>
- Saturday, 29 November 2014 — 8:00 a.m. to 1:00 p.m.<sup>(1)</sup>
- Monday, 1 December 2014 — 8:00 a.m. to 8:30 p.m.<sup>(1)</sup>
- Tuesday, 2 December 2014 — 8:00 a.m. to 8:30 p.m.<sup>(1)</sup>
- Wednesday, 3 December 2014 — 8:00 a.m. to 8:30 p.m.<sup>(1)</sup>
- Thursday, 4 December 2014 — 8:00 a.m.<sup>(1)</sup> 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 Friday, 28 November, 2014 until 12:00 noon on Thursday 4, December, 2014 (24 hours daily, except on the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon on Thursday, 4 December, 2014, the last application day or such later time as described in “10. 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 (WUMP) Ordinance

For the avoidance of doubt, our 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 (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

### Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving bankers, the Joint Bookrunners, 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.

### 7. 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. Similarly, the application for Public Offer Shares through the service **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** service to public investors. 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. Our Company, our Directors, the Sole Sponsor, the Joint Bookrunners and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service 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 Thursday, 4 December, 2014.

### 8. 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.

## HOW TO APPLY FOR PUBLIC OFFER SHARES

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 or through **HK eIPO White Form** service, 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 our company;
- control more than half of the voting power of our company; or
- hold more than half of the issued share capital of our 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).

### 9. 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.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 2,000 Public Offer Shares. Each application or electronic application instruction in respect of more than 2,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at [www.hkeipo.hk](http://www.hkeipo.hk).

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 of the Share Offer — Allocation” in this prospectus.

## HOW TO APPLY FOR PUBLIC OFFER SHARES

### 10. 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 Thursday, 4 December 2014. 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 Thursday, 4 December 2014 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 “Expected Timetable”, an announcement will be made in such event.

### 11. PUBLICATION OF RESULTS

Our 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, 11 December 2014 in The Standard (in English) and Hong Kong Economic Times (in Chinese) on our Company’s website at [www.gic.com.hk](http://www.gic.com.hk) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

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 our Company’s website at [www.gic.com.hk](http://www.gic.com.hk) and the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) by no later than 9:00 a.m. on Thursday, 11 December 2014;
- from the designated results of allocations website at [www.tricor.com.hk/ipo/result](http://www.tricor.com.hk/ipo/result) with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Thursday, 11 December 2014 to 12:00 midnight on Wednesday, 17 December 2014;
- by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 11 December 2014 to Tuesday, 16 December 2014 (excluding Saturday, Sunday and public holiday);
- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 11 December 2014 to Monday, 15 December 2014 at all the receiving bank branches and sub-branches.

## HOW TO APPLY FOR PUBLIC OFFER SHARES

If our 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 “Structure of the Share Offer”.

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.

### 12. 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 or to the **HK eIPO White Form** service, 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 our Company.

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 (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) 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 our Company or its agents exercise their discretion to reject your application:**

Our Company, the Joint Bookrunners, the **HK eIPO White Form** service 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.

## HOW TO APPLY FOR PUBLIC OFFER SHARES

(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 our 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;
- your Application Form is not completed in accordance with the stated instructions;
- your electronic application instructions through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- 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;
- our Company or the Joint Bookrunners believe(s) that by accepting your application, it/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.

### 13. 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\$1.60 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 of the Share Offer — Conditions of the Public Offering" 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.

## HOW TO APPLY FOR PUBLIC OFFER SHARES

Any refund of your application monies will be made on Thursday, 11 December 2014.

### 14. 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
- refund cheque(s) crossed “Account Payee Only” in favor 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 dispatch/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, 11 December 2014. 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, 12 December 2014 provided that the Share Offer has become unconditional and the right of termination described in the “Underwriting” 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.

## HOW TO APPLY FOR PUBLIC OFFER SHARES

### 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 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, 11 December 2014 or such other date as notified by us in the newspapers.

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 authorization 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 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.

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, 11 December 2014, 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. 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, 11 December 2014, 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, 11 December 2014, 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 Hong Kong Public Offering Shares allotted to you with that CCASS participant.



## HOW TO APPLY FOR PUBLIC OFFER SHARES

- **If you are applying as a CCASS investor participant**

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "11. Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 11 December 2014 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 through the HK eIPO White Form Service*

If you apply for 1,000,000 or more Public Offer Shares and your application is wholly or partially successful, you may collect your Share certificate(s) from 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, 11 December 2014, or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Thursday, 11 December 2014 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) *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, 11 December 2014, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our 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 "11. Publication of Results" above on Thursday, 11 December 2014. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 11 December 2014 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, 11 December 2014. 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, 11 December 2014.

## HOW TO APPLY FOR PUBLIC OFFER SHARES

### 15. 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 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 received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.*



羅兵咸永道

28 November 2014

The Directors  
Global International Credit Group Limited

Investec Capital Asia Limited

Dear Sirs,

We report on the financial information of Global International Credit Group Limited (the "Company") and its subsidiaries (together, the "Group"), which comprises the combined statements of financial position as at 31 December 2011, 2012 and 2013, and 31 May 2014, and the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of the Company and is set out in Sections I to IV below for inclusion in Appendix I to the prospectus of the Company dated 28 November 2014 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of the Stock Exchange of Hong Kong Limited.

The Company was incorporated in the Cayman Islands on 20 January 2014 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganisation as described in Note 2 of Section II headed "Group reorganisation" below, which was completed on 24 November 2014, the Company became the holding company of the subsidiaries now comprising the Group (the "Reorganisation").

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in Note 2 of Section II below. All of these companies are private companies or, if incorporated or established outside Hong Kong, have substantially the same characteristics as a Hong Kong incorporated private company.

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No audited financial statements have been prepared by the Company as it is newly incorporated and has not been involved in any significant business transactions since its date of incorporation, other than the Reorganisation. The audited financial statements of the other companies now comprising the Group as at the date of this report for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their place of incorporation. The details of the statutory auditors of these companies are set out in Note 2 of Section II.

The directors of the Company have prepared the combined financial statements of the Company and its subsidiaries now comprising the Group for the Relevant Periods, in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) (the “Underlying Financial Statements”). The directors of the Company are responsible for the preparation of the Underlying Financial Statements that gives a true and fair view in accordance with HKFRSs. We have audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing (the “HKSA”) issued by the HKICPA pursuant to separate terms of engagement with the Company.

The financial information has been prepared based on the Underlying Financial Statements, with no adjustments made thereon, and on the basis set out in Note 3 of Section II below.

#### **Directors’ Responsibility for the Financial Information**

The directors of the Company are responsible for the preparation of the financial information that gives a true and fair view in accordance with the basis of presentation set out in Note 3 of Section II below and in accordance with HKFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

#### **Reporting Accountant’s Responsibility**

Our responsibility is to express an opinion on the financial information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” issued by the HKICPA.

#### **Opinion**

In our opinion, the financial information gives, for the purpose of this report and presented on the basis set out in Note 3 of Section II below, a true and fair view of the combined state of affairs of the Group as at 31 December 2011, 2012 and 2013 and 31 May 2014 and of the Group’s combined results and cash flows for the Relevant Periods.

**Review of Stub Period Comparative Financial Information**

We have reviewed the stub period comparative financial information set out in Sections I to IV below included in Appendix I to the Prospectus which comprises the combined statement of comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the five months ended 31 May 2013 and a summary of significant accounting policies and other explanatory information (the “Stub Period Comparative Financial Information”).

The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of presentation set out in Note 3 of Section II below and the accounting policies set out in Note 4 of Section II below.

Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of the Stub Period Comparative Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with HKSAs and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of this report and presented on the basis set out in Note 3 of Section II below, is not prepared, in all material respects, in accordance with the accounting policies set out in Note 4 of Section II below.

**(I) FINANCIAL INFORMATION OF THE GROUP**

The following is the financial information of the Group prepared by the directors of the Company as at 31 December 2011, 2012 and 2013 and 31 May 2014 and for each of the years ended 31 December 2011, 2012 and 2013, and the five months ended 31 May 2013 and 2014 (the "Financial Information"), presented on the basis set out in Note 3 of Section II below:

**(A) COMBINED STATEMENTS OF FINANCIAL POSITION**

|   |      | As at 31 December     |                         |                       | As at                 |
|---|------|-----------------------|-------------------------|-----------------------|-----------------------|
|   | Note | 2011                  | 2012                    | 2013                  | 31 May                |
|   |      | HK\$'000              | HK\$'000                | HK\$'000              | 2014                  |
|   |      |                       |                         |                       | HK\$'000              |
| <b>ASSETS</b>                               |      |                       |                         |                       |                       |
| <b>Non-current assets</b>                   |      |                       |                         |                       |                       |
| Property, plant and equipment               | 8    | 951                   | 753                     | 2,645                 | 2,110                 |
| Loans receivable                            | 10   | 53,815                | 158,766                 | 168,690               | 171,866               |
| Deposits                                    | 12   | —                     | 3,499                   | 1,104                 | —                     |
| <b>Total non-current assets</b>             |      | <u>54,766</u>         | <u>163,018</u>          | <u>172,439</u>        | <u>173,976</u>        |
| <b>Current assets</b>                       |      |                       |                         |                       |                       |
| Loans receivable                            | 10   | 143,493               | 513,784                 | 596,538               | 443,294               |
| Interest receivables                        | 11   | 2,907                 | 8,471                   | 9,521                 | 9,607                 |
| Prepayments, deposits and other receivables | 12   | 3,262                 | 5,809                   | 1,124                 | 2,865                 |
| Repossessed asset                           | 15   | —                     | —                       | 17,313                | —                     |
| Pledged bank deposits                       | 13   | —                     | 285,667                 | —                     | —                     |
| Cash and cash equivalents                   | 14   | 192,405               | 42,318                  | 56,891                | 34,987                |
| <b>Total current assets</b>                 |      | <u>342,067</u>        | <u>856,049</u>          | <u>681,387</u>        | <u>490,753</u>        |
| <b>Total assets</b>                         |      | <u><u>396,833</u></u> | <u><u>1,019,067</u></u> | <u><u>853,826</u></u> | <u><u>664,729</u></u> |

|  | Note  | As at 31 December |                  |                 | As at            |
|--|-------|-------------------|------------------|-----------------|------------------|
|  |       | 2011              | 2012             | 2013            | 31 May           |
|  |       | HK\$'000          | HK\$'000         | HK\$'000        | 2014             |
|  |       |                   |                  |                 | HK\$'000         |
| <b>EQUITY</b>                                |       |                   |                  |                 |                  |
| <b>Capital and reserves</b>                  |       |                   |                  |                 |                  |
| <b>attributable to the Company's</b>         |       |                   |                  |                 |                  |
| <b>equity holder</b>                         |       |                   |                  |                 |                  |
| Combined capital                             | 16    | 1,001             | 1,001            | 1,001           | 1,001            |
| Retained earnings                            |       |                   |                  |                 |                  |
| - Proposed dividend                          | 25    | —                 | —                | 80,000          | —                |
| - Others                                     |       | 34,920            | 58,319           | 22,837          | 34,746           |
| <b>Total equity</b>                          |       | <u>35,921</u>     | <u>59,320</u>    | <u>103,838</u>  | <u>35,747</u>    |
| <b>LIABILITIES</b>                           |       |                   |                  |                 |                  |
| <b>Current liabilities</b>                   |       |                   |                  |                 |                  |
| Accruals and other payables                  | 17    | 632               | 3,577            | 10,742          | 9,036            |
| Tax payable                                  |       | 1,525             | 1,393            | 5,768           | 8,587            |
| Bank and other borrowings                    | 18    | —                 | 456,940          | 317,466         | 293,761          |
| Amount due to the controlling shareholder    | 28(b) | 358,755           | 497,837          | 416,012         | 317,598          |
| <b>Total liabilities</b>                     |       | <u>360,912</u>    | <u>959,747</u>   | <u>749,988</u>  | <u>628,982</u>   |
| <b>Total equity and liabilities</b>          |       | <u>396,833</u>    | <u>1,019,067</u> | <u>853,826</u>  | <u>664,729</u>   |
| <b>Net current liabilities</b>               |       | <u>(18,845)</u>   | <u>(103,698)</u> | <u>(68,601)</u> | <u>(138,229)</u> |
| <b>Total assets less current liabilities</b> |       | <u>35,921</u>     | <u>59,320</u>    | <u>103,838</u>  | <u>35,747</u>    |



## (B) COMBINED STATEMENTS OF COMPREHENSIVE INCOME

|   | Note | Year ended 31 December |                  |                  | Five months ended 31 May               |                  |
|---|------|------------------------|------------------|------------------|--|------------------|
|   |      | 2011<br>HK\$'000       | 2012<br>HK\$'000 | 2013<br>HK\$'000 | 2013<br>HK\$'000<br><i>(Unaudited)</i> | 2014<br>HK\$'000 |
| Revenue   | 19   | 31,189                 | 57,548           | 121,240          | 49,934                                 | 41,348           |
| Other income/(loss)   | 19   | 2,299                  | (199)            | 2,137            | 7                                      | 4                |
| Administrative expenses   | 20   | (12,214)               | (28,548)         | (59,290)         | (26,818)                               | (17,583)         |
| Finance costs - net   | 22   | —                      | (713)            | (10,156)         | (597)                                  | (9,041)          |
| <b>Profit before income tax</b>   |      | 21,274                 | 28,088           | 53,931           | 22,526                                 | 14,728           |
| Income tax expense  | 23   | (3,171)                | (4,689)          | (9,413)          | (2,837)                                | (2,819)          |
| <b>Profit and total<br/>comprehensive income for<br/>the year/period attributable<br/>to equity holder of the<br/>Company</b> |      | <u>18,103</u>          | <u>23,399</u>    | <u>44,518</u>    | <u>19,689</u>                          | <u>11,909</u>    |
| Earnings per share —<br>Basic and diluted   | 24   | <u>N/A</u>             | <u>N/A</u>       | <u>N/A</u>       | <u>N/A</u>                             | <u>N/A</u>       |
| Dividend  | 25   | <u>—</u>               | <u>—</u>         | <u>80,000</u>    | <u>—</u>                               | <u>—</u>         |

## (C) COMBINED STATEMENTS OF CHANGES IN EQUITY

|  | Combined<br>capital<br><i>HK\$'000</i> | Retained<br>earnings<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|--|--|---|--------------------------|
| <b>Balance at 1 January 2011</b>                 | 1,001                                  | 16,817                                  | 17,818                   |
| <b>Total comprehensive income for the year</b>   |  |   |                          |
| Profit for the year                              | <u>—</u>                               | <u>18,103</u>                           | <u>18,103</u>            |
| <b>Balance at 31 December 2011</b>               | <u>1,001</u>                           | <u>34,920</u>                           | <u>35,921</u>            |
| <b>Balance at 1 January 2012</b>                 | 1,001                                  | 34,920                                  | 35,921                   |
| <b>Total comprehensive income for the year</b>   |  |   |                          |
| Profit for the year                              | <u>—</u>                               | <u>23,399</u>                           | <u>23,399</u>            |
| <b>Balance at 31 December 2012</b>               | <u>1,001</u>                           | <u>58,319</u>                           | <u>59,320</u>            |
| <b>Balance at 1 January 2013</b>                 | 1,001                                  | 58,319                                  | 59,320                   |
| <b>Total comprehensive income for the year</b>   |  |   |                          |
| Profit for the year                              | <u>—</u>                               | <u>44,518</u>                           | <u>44,518</u>            |
| <b>Balance at 31 December 2013</b>               | <u>1,001</u>                           | <u>102,837</u>                          | <u>103,838</u>           |
| <b>Balance at 1 January 2014</b>                 | 1,001                                  | 102,837                                 | 103,838                  |
| <b>Total comprehensive income for the period</b> |  |   |                          |
| Profit for the period                            | <u>—</u>                               | <u>11,909</u>                           | <u>11,909</u>            |
| <b>Transactions with owners</b>                  |  |   |                          |
| Dividend paid ( <i>Note 25</i> )                 | <u>—</u>                               | <u>(80,000)</u>                         | <u>(80,000)</u>          |
| <b>Balance at 31 May 2014</b>                    | <u>1,001</u>                           | <u>34,746</u>                           | <u>35,747</u>            |
| <b>(Unaudited)</b>                               |  |   |                          |
| <b>Balance at 1 January 2013</b>                 | 1,001                                  | 58,319                                  | 59,320                   |
| <b>Total comprehensive income for the period</b> |  |   |                          |
| Profit for the period                            | <u>—</u>                               | <u>19,689</u>                           | <u>19,689</u>            |
| <b>Balance at 31 May 2013</b>                    | <u>1,001</u>                           | <u>78,008</u>                           | <u>79,009</u>            |

## (D) COMBINED STATEMENTS OF CASH FLOWS

|   | Note | Year ended 31 December |                  |                 | Five months ended 31 May |                  |
|---|------|------------------------|------------------|-----------------|--------------------------|------------------|
|   |      | 2011                   | 2012             | 2013            | 2013                     | 2014             |
|   |      | HK\$'000               | HK\$'000         | HK\$'000        | HK\$'000                 | HK\$'000         |
| <i>(Unaudited)</i>  |      |                        |                  |                 |                          |                  |
| <b>Cash flows from operating activities</b>                         |      |                        |                  |                 |                          |                  |
| Cash (used in)/generated from operations                            | 26   | (62,292)               | (506,027)        | (130,154)       | (107,154)                | 130,795          |
| Purchase of loan from a financial institution                       | 15   | —                      | —                | (13,911)        | (13,911)                 | —                |
| Proceeds from disposal of repossessed asset                         | 15   | —                      | —                | —               | —                        | 17,313           |
| Loan interest received  |      | 29,887                 | 51,984           | 118,683         | 49,021                   | 41,262           |
| Interest paid   |      | —                      | (4,761)          | (22,863)        | (9,813)                  | (9,041)          |
| Hong Kong profits tax paid  |      | (3,356)                | (4,822)          | (5,038)         | —                        | —                |
| Net cash (used in)/generated from operating activities              |      | <u>(35,761)</u>        | <u>(463,626)</u> | <u>(53,283)</u> | <u>(81,857)</u>          | <u>180,329</u>   |
| <b>Cash flows from investing activities</b>                         |      |                        |                  |                 |                          |                  |
| Purchase of property, plant and equipment                           |      | (22)                   | (121)            | (2,869)         | (39)                     | (172)            |
| Proceeds from disposal of property, plant and equipment             |      | 1                      | —                | —               | —                        | 54               |
| Bank interest received  |      | 122                    | 58               | 3               | 1                        | 4                |
| Net cash generated from/(used in) investing activities              |      | <u>101</u>             | <u>(63)</u>      | <u>(2,866)</u>  | <u>(38)</u>              | <u>(114)</u>     |
| <b>Cash flows from financing activities</b>                         |      |                        |                  |                 |                          |                  |
| Increase/(decrease) in an amount due to the Controlling Shareholder |      | 209,680                | 139,082          | (81,825)        | (28,806)                 | (98,414)         |
| Repayments of bank and other borrowings                             |      | —                      | (23,310)         | (487,782)       | (42,408)                 | (342,463)        |
| Proceeds from bank and other borrowings                             |      | —                      | 480,251          | 348,308         | 150,286                  | 318,758          |
| (Increase)/decrease in pledged bank deposits                        |      | —                      | (285,667)        | 285,667         | (7,676)                  | —                |
| Bank interest received from pledged bank deposits                   |      | —                      | 3,246            | 6,354           | 3,439                    | —                |
| Dividend paid to the Controlling Shareholder                        |      | —                      | —                | —               | —                        | (80,000)         |
| Net cash generated from/(used in) financing activities              |      | <u>209,680</u>         | <u>313,602</u>   | <u>70,722</u>   | <u>74,835</u>            | <u>(202,119)</u> |
| <b>Net increase/(decrease) in cash and cash equivalents</b>         |      |                        |                  |                 |                          |                  |
| Cash and cash equivalents at beginning of the year/period           |      | 174,020                | (150,087)        | 14,573          | (7,060)                  | (21,904)         |
|   |      | <u>18,385</u>          | <u>192,405</u>   | <u>42,318</u>   | <u>42,318</u>            | <u>56,891</u>    |
| <b>Cash and cash equivalents at end of the year/period</b>          |      |                        |                  |                 |                          |                  |
|   | 14   | <u>192,405</u>         | <u>42,318</u>    | <u>56,891</u>   | <u>35,258</u>            | <u>34,987</u>    |

**(II) NOTES TO THE FINANCIAL INFORMATION****1 General information**

The Company was incorporated in the Cayman Islands on 20 January 2014 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised), of the Cayman Islands. The address of the Company's registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company and its subsidiaries now comprising the Group are principally engaged in money lending business of providing property mortgage loans and unsecured personal loans in Hong Kong (the "Listing Business"). The controlling shareholder of the Listing Business is Ms. Jin Xiaoqin (the "Controlling Shareholder").

The Financial Information is presented in thousands of Hong Kong dollar ("HK\$"), unless otherwise stated.

**2 Group reorganisation**

Prior to the incorporation of the Company and the completion of the reorganisation as described below, the Listing Business was mainly carried out by Global International Credit Limited ("GIC"), a company incorporated in Hong Kong.

In preparation of the initial public offering and listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited, the Group underwent a group reorganisation (the "Reorganisation"), pursuant to which the companies engaged in the Listing Business were transferred to the Company. The Reorganisation involved the following:

- (a) On 20 January 2014, the Company was incorporated in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. One ordinary share were allotted and issued at par to the Controlling Shareholder.
- (b) On 20 January 2014, GIC (Overseas) Holdings Limited ("GIC (Overseas)") was incorporated in the British Virgin Islands ("BVI") as a wholly-owned subsidiary of the Company.
- (c) On 20 January 2014, GITI (Overseas) Limited ("GITI (Overseas)") was incorporated in the BVI as a wholly-owned subsidiary of the Company.
- (d) On 24 November 2014, by means of share swap, the Controlling Shareholder transferred the entire issued share capital of the Company to Blossom Spring Global Limited ("Blossom Spring"), a company wholly-owned by the Controlling Shareholder in consideration of and exchange for the allotment and issue a total of 1 share in Blossom Spring, credited as fully paid at par to the Controlling Shareholder.

- (e) On 24 November 2014, by means of share swap, Spring Asset Investments Limited (“Spring Asset”), a company wholly-owned by the Controlling Shareholder, transferred the entire issued share capital of GIC to GIC (Overseas) in consideration of and exchange for (i) the allotment and issue of a total of 100 shares in GIC (Overseas), credited as fully paid at par to the Company; (ii) the allotment and issue of a total of 10,000 shares in the Company credited as fully paid to Blossom Spring; and (iii) the allotment and issue of a total of 100 shares in Blossom Spring, credited as fully paid to the Controlling Shareholder.
- (f) On 24 November 2014, by means of share swap, the Controlling Shareholder transferred the entire issued share capital of Global International Technology Investment Limited (“GITI”), a company wholly-owned by the Controlling Shareholder, to GITI (Overseas) in consideration of and exchange for (i) the allotment and issue of a total of 100 shares in GITI (Overseas), credited as fully paid at par to the Company; (ii) the allotment and issue a total of 10,000 shares in the Company credited as fully paid to Blossom Spring; and (iii) the allotment and issue of a total of 100 share in Blossom Spring, credited as fully paid to the Controlling Shareholder.
- (g) on 24 November 2014, the amount due to the Controlling Shareholder of HK\$390,000,000 was capitalised by (i) GIC allotted and issued 100 additional shares to GIC (Overseas); (ii) GIC (Overseas) allotted and issued 100 shares in GIC (Overseas), credited as fully paid to the Company; and (iii) the Company allotted and issued 37,979,999 shares, credited as fully paid to Blossom Spring.

Upon completion of the Reorganisation, the Company has become the holding company of the other companies comprising the Group. The ultimate holding company of the Company is Blossom Spring.

Upon the completion of the Reorganisation and as at the date of this report, the Company had direct or indirect interests in the following subsidiaries:

| Name of subsidiary      | Date of incorporation | Place of incorporation | Share capital   | Effective interest held by the Group | Principal activities | Name of statutory auditor |      |      |
|-------------------------|-----------------------|------------------------|-----------------|--------------------------------------|----------------------|---------------------------|------|------|
|                         |                       |                        |                 |                                      |                      | 2011                      | 2012 | 2013 |
| <b>Directly held:</b>   |                       |                        |                 |                                      |                      |                           |      |      |
| GIC (Overseas)          | 20 January 2014       | BVI                    | US\$Nil         | 100%                                 | Investment holding   | (a)                       | (a)  | (a)  |
| GITI (Overseas)         | 20 January 2014       | BVI                    | US\$Nil         | 100%                                 | Investment holding   | (a)                       | (a)  | (a)  |
| <b>Indirectly held:</b> |                       |                        |                 |                                      |                      |                           |      |      |
| GIC                     | 25 September 2008     | Hong Kong              | HK\$391,000,000 | 100%                                 | Property mortgage    | (b)                       | (b)  | (b)  |
| GITI                    | 13 April 2011         | Hong Kong              | HK\$1,000       | 100%                                 | Investment holding   | (c)                       | (c)  | (c)  |

All companies now comprising the Group have adopted 31 December as the financial year end date.

*Notes:*

- (a) No audited financial statements were issued as they are not required to issue audited financial statements under the statutory requirement of their respective places of incorporation.
- (b) PricewaterhouseCoopers, Certified Public Accountants, Hong Kong.
- (c) Y.M. Law, Certified Public Accountants, Hong Kong.

### 3 **Basis of presentation**

Immediately prior to and after the Reorganisation, the Listing Business, which is mainly conducted through GIC, was held by the Controlling Shareholder. Pursuant to the Reorganisation, the Listing Business was transferred to and held by the Company. As the Company has not been involved in any business prior to the Reorganisation and does not meet the definition of a business, the Reorganisation is merely a reorganisation of the Listing Business with no change in management of such business and the ultimate shareholder remains the same. Accordingly, the combined financial information of the companies now comprising the Group is presented using the carrying value of the Listing Business under the Controlling Shareholder for all the periods presented, or since the respective dates of incorporation/establishment of the combining entities, or acquisition, whichever is earlier. For the purpose of this report, the Financial Information of the Group has been prepared on a basis in accordance with the principles of the Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” issued by HKICPA.

Apart from the Listing Business, the Controlling Shareholder also engaged in another business principally engaged in the design and development of motorcycles and engines and manufacturing business in the PRC (the “Other Business”). The relevant results, assets and liabilities of the Other Business were excluded throughout the Relevant Periods as they are not related to the Listing Business and managed separately from the Listing Business.

Intercompany balances in which the Group borrowed from the Controlling Shareholder and advanced the same amount to an entity engaged in the Other Business are not relevant to the financial performance and position of the Group and have been excluded from this report. The remaining balances have been presented as an amount due to the Controlling Shareholder.

### 4 **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Financial Information has been prepared in accordance with HKFRSs and under the historical cost convention.

#### 4.1.1 *Basis of preparation*

The preparation of Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in Note 6.

At 31 December 2011, 2012 and 2013 and 31 May 2014, the Group's current liabilities exceeded its current assets by HK\$18,845,000, HK\$103,698,000, HK\$68,601,000 and HK\$138,229,000, respectively. Current liabilities of the Group included an amount due to the Controlling Shareholder of HK\$358,755,000, HK\$497,837,000, HK\$416,012,000 and HK\$317,598,000, which are repayable on demand, as at 31 December 2011, 2012 and 2013, and 31 May 2014, respectively. Subsequent to the end of the reporting period, on 24 November 2014, an amount due to the Controlling Shareholder of HK\$390,000,000 was capitalised (Note 30 (ii)). Taking into account of the fact that the Controlling Shareholder has agreed to provide the Group with continuing financial support and has no intention to call for repayment of HK\$390,000,000, which was subsequently capitalised (Note 30(ii)), the directors considered the Group will have adequate financial resources to support its operations and will be able to meet its liabilities as and when they fall due within the next twelve months and therefore have prepared the Financial Information on a going concern basis.

#### 4.1.2 *Changes in accounting policy and disclosures*

##### (a) New standards and interpretations not yet adopted

The following are the new standards and amendments to standards and interpretations that are effective for annual periods beginning on or after 1 June 2014, and have not been applied in preparing the Financial Information:

|                                    |   | <b>Effective for<br/>accounting<br/>periods<br/>beginning on<br/>or after</b> |
|------------------------------------|---|---|
| HKAS 19 (Amendment)                | Employee benefits   | 1 July 2014   |
| HKFRS 7 and HKFRS 9<br>(Amendment) | Mandatory effective date of HKFRS 9 and<br>transition disclosures | 1 January 2018  |
| HKFRS 9                            | Financial instruments   | 1 January 2018  |
| Additions to HKFRS 9               | Financial instruments — financial liabilities                     | 1 January 2018  |
| HKFRS 14                           | Regulatory deferral accounts                                      | 1 January 2016  |
| HKFRS 15                           | Revenue from contracts with customers                             | 1 January 2017  |
| HKFRSs (Amendment)                 | Annual improvements 2012 cycle                                    | 1 July 2014   |
| HKFRSs (Amendment)                 | Annual improvements 2013 cycle                                    | 1 July 2014   |

The Group plans to adopt the above new and revised standards, amendments and interpretations to the standards when they become effective. The Group has already commenced an assessment of the related impact of adopting the above new standards, amendments and interpretations to existing standards and is in the process of assessing their impact on future accounting periods.

## 4.2 *Consolidation*

### 4.2.1 *Subsidiaries*

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

## 4.3 *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the entities now comprising the Group that makes strategic decisions.

## 4.4 *Foreign currency translation*

### (a) *Functional and presentation currency*

Items included in the Financial Information 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 Financial Information are presented in Hong Kong dollars ("HK\$"), which is the Company's functional and the Group's presentation currency.

### (b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the combined statement of comprehensive income.

Foreign exchange gains and losses that relate to pledged time deposits and cash and cash equivalents are presented in the combined statement of comprehensive income within 'finance costs'.

## 4.5 *Property, plant and equipment*

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.



Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the combined statement of comprehensive income during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

|                                     |  |
|-------------------------------------|--|
| — Furniture, fixtures and equipment | 4-5 years  |
| — Motor vehicles                    | 4 years  |
| — Leasehold improvements            | Shorter of remaining lease terms or useful lives |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 4.6).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the combined statement of comprehensive income.

#### 4.6 *Impairment of non-financial assets*

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### 4.7 *Financial assets*

The Group classifies its financial assets into loans and receivables. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise loans receivable, interest receivables, deposits and other receivables, pledged bank deposits and cash and cash equivalents in the combined statement of financial position (Notes 4.10, 4.11, 4.12 and 4.13 respectively).

Regular way purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

#### 4.8 *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the combined statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

#### 4.9 *Impairment of financial assets at amortised cost*

For assets carried at amortised cost, the Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- (a) Significant financial difficulty of the borrower;
- (b) A breach of contract, such as a default or delinquency in interest or principal payments;
- (c) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- (d) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- (e) The disappearance of an active market for that financial asset because of financial difficulties; or
- (f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - (i) adverse changes in the payment status of borrowers in the portfolio; and

- (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the combined statement of comprehensive income.

#### 4.10 *Loans receivable*

Loans receivable are property mortgage loans and unsecured personal loans granted to customers in the ordinary course of business. If collection of loans receivable is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Loans receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

#### 4.11 *Interest receivables*

Interest receivables are interests derived from property mortgage loans and unsecured personal loans granted to customers in the ordinary course of business.

Interest receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

#### 4.12 *Prepayments, deposits and other receivables*

Prepayments, deposits and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

#### 4.13 *Cash and cash equivalents*

In the combined statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

#### 4.14 *Other payables*

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### 4.15 *Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the combined statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

#### 4.16 *Borrowing costs*

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### 4.17 *Current and deferred income tax*

The tax expense for the period comprises current tax and deferred tax. Tax is recognised in the combined statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

##### (a) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) *Deferred income tax*

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the combined financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**4.18 *Employee benefits***

(a) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) *Pension obligations*

For employees in Hong Kong, the Group has a defined contribution plan. The Group pays contributions to trustee-administered pension funds on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employment costs when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

4.19 *Provisions*

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

4.20 *Repossessed assets*

Repossessed assets are initially recognised at the lower of their fair value less costs to sell and the amortised cost of the related outstanding loans on the date of repossession, and the related loans and advances together with the related impairment allowances are derecognised from the combined statement of financial position. Subsequently, repossessed assets are measured at cost less impairment.

4.21 *Revenue recognition*

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities.

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

*Interest income*

Interest income is recognised and accrued using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

*Referral income*

The Group refers clients to other money lending companies. For referral services, revenue is recognised in the accounting period in which the service is rendered.

**4.22 Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the combined statement of comprehensive income on a straight-line basis over the period of the lease.

**4.23 Combined Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

**4.24 Dividend distribution**

Dividend distribution to the Company's shareholder is recognised as a liability in the Group's Financial Information in the period in which the dividends are approved by the Company's shareholder.

**5 Financial risk management****5.1 Financial risk factors**

The Group's activities expose it to various types of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

**(a) Foreign exchange risk**

The Group is exposed to foreign exchange risk arising primarily from currency exposures with respect to Renminbi ("RMB"). Foreign exchange risk arises from recognised assets. The Group currently does not hedge its foreign exchange exposure.

As at 31 December 2011, 2012 and 2013, and 31 May 2014 if RMB had strengthened/weakened by 1% against HK\$ with all other variables held constant, post-tax profit for the years ended 31 December 2011, 2012 and 2013, and for the five months ended 31 May 2014 would have been approximately HK\$949,000, HK\$2,385,000, HK\$Nil and HK\$Nil higher/lower, respectively, mainly as a result of foreign exchange gains/losses on translation of RMB-denominated bank balances and pledged bank deposits.

(b) *Cash flow and fair value interest rate risk*

The Group's interest rate risk arises from its loans receivable (Note 10), pledged bank deposits (Note 13), cash and cash equivalents (Note 14) and bank and other borrowings (Note 18). Except for cash and cash equivalents and bank and other borrowings, which are entitled to interest at variable rate, and exposes the Group to cash flow interest rate risk, loans receivable and pledged bank deposits are issued at fixed rates.

As at 31 December 2011, if market interest rates had been 1% higher/lower with all other variables held constant, post-tax profits for the year ended 31 December 2011 would have been HK\$1,607,000 higher/lower, respectively. As at 31 December 2012 and 2013 and 31 May 2014, if market interest rates had been 1% higher/lower with all other variables held constant, post-tax profits for the years ended 31 December 2012 and 2013 and for the five months ended 31 May 2014 would have been approximately HK\$3,779,000, HK\$2,176,000 and HK\$2,161,000 lower/higher, respectively.

(c) *Credit risk*

The Group's credit risk arises from cash and cash equivalents, pledged bank deposits, loans receivable, interest receivables and deposits and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The carrying amount of these balances represents the Group's maximum exposure to credit risk in relation to financial assets which are stated as follows:

|   | As at 31 December |                  |                | As at            |
|---|-------------------|------------------|----------------|------------------|
|   | 2011              | 2012             | 2013           | 31 May           |
|   | HK\$'000          | HK\$'000         | HK\$'000       | 2014<br>HK\$'000 |
| Loans receivable (Note 10)                  | 197,308           | 672,550          | 765,228        | 615,160          |
| Interest receivables (Note 11)              | 2,907             | 8,471            | 9,521          | 9,607            |
| Deposits and other receivables<br>(Note 12) | 3,171             | 6,842            | 2,101          | 1,974            |
| Pledged bank deposits (Note 13)             | —                 | 285,667          | —              | —                |
| Cash and cash equivalents (Note 14)         | 192,405           | 42,318           | 56,891         | 34,987           |
|   | <u>395,791</u>    | <u>1,015,848</u> | <u>833,741</u> | <u>661,728</u>   |



As at 31 December 2011, 2012 and 2013, and 31 May 2014, all of the Group's cash at bank and pledged bank deposits are deposited in major financial institutions located in Hong Kong, which the Group's management believes are of high credit quality.

As at 31 December 2011, 2012 and 2013, and 31 May 2014, loans receivable of HK\$176,000, HK\$10,694,000, HK\$93,143,000 and HK\$25,923,000, respectively, and interest receivables of HK\$1,132,000, HK\$4,699,000, HK\$5,944,000 and HK\$6,461,000, respectively, were past due but not impaired. These related to a number of third party customers for whom there was no recent history of default. The directors of the Company are of the opinion that no provision for impairment on individual loan is necessary for these balances as there has not been a significant change in credit quality and the respective principal and/or interest that had been overdue were still fully secured by the fair value of collateral at their respective prevailing market price. Accordingly, these balances are still considered fully recoverable.

The Group manages and analyses the credit risk for each of their new and existing clients before standard payment terms and conditions are offered. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The Group holds collateral against loans receivable in the form of mortgages over property. Majority of the collateral are residential properties, commercial properties and industrial properties and all of the collaterals are located in Hong Kong. Individual risk limits are set based on the value of collaterals provided by customers and internal or external ratings in accordance with limits set by the directors. The utilisation of credit limits is regularly monitored. The credit quality classification of loans receivable and their respective interest receivables using the Group's credit rating system is set out in the table below:

| Loans receivable               | As at 31 December |                |                | As at          |
|--------------------------------|-------------------|----------------|----------------|----------------|
|                                | 2011              | 2012           | 2013           | 31 May         |
|                                | HK\$'000          | HK\$'000       | HK\$'000       | 2014           |
|                                |                   |                |                | HK\$'000       |
| Gross loans receivable amount: |                   |                |                |                |
| Performing                     | 197,308           | 672,940        | 768,215        | 618,147        |
| Doubtful                       | —                 | —              | —              | —              |
| Loss                           | <u>345</u>        | <u>400</u>     | <u>9,833</u>   | <u>9,833</u>   |
| Total                          | <u>197,653</u>    | <u>673,340</u> | <u>778,048</u> | <u>627,980</u> |
| Individual assessment:         |                   |                |                |                |
| Performing                     | —                 | —              | —              | —              |
| Doubtful                       | —                 | —              | —              | —              |
| Loss                           | <u>(345)</u>      | <u>(400)</u>   | <u>(9,833)</u> | <u>(9,833)</u> |
| Total                          | <u>(345)</u>      | <u>(400)</u>   | <u>(9,833)</u> | <u>(9,833)</u> |

| Loans receivable                   | As at 31 December |              |                | As at          |
|------------------------------------|-------------------|--------------|----------------|----------------|
|                                    | 2011              | 2012         | 2013           | 31 May         |
|                                    | HK\$'000          | HK\$'000     | HK\$'000       | 2014           |
|                                    |                   |              |                | HK\$'000       |
| Gross loans receivable amount:     |                   |              |                |                |
| Collective assessment:             |                   |              |                |                |
| Performing                         | —                 | (390)        | (2,987)        | (2,987)        |
| Doubtful                           | —                 | —            | —              | —              |
| Loss                               | —                 | —            | —              | —              |
| Total                              | <u>—</u>          | <u>(390)</u> | <u>(2,987)</u> | <u>(2,987)</u> |
|                                    |                   |              |                |                |
| Interest receivables               |                   |              |                |                |
|                                    | As at 31 December |              |                | As at          |
|                                    | 2011              | 2012         | 2013           | 31 May         |
|                                    | HK\$'000          | HK\$'000     | HK\$'000       | 2014           |
|                                    |                   |              |                | HK\$'000       |
| Gross interest receivables amount: |                   |              |                |                |
| Performing                         | 2,907             | 8,471        | 9,521          | 9,607          |
| Doubtful                           | —                 | —            | —              | —              |
| Loss                               | <u>46</u>         | <u>46</u>    | <u>57</u>      | <u>57</u>      |
| Total                              | <u>2,953</u>      | <u>8,517</u> | <u>9,578</u>   | <u>9,664</u>   |
|                                    |                   |              |                |                |
| Individual assessment:             |                   |              |                |                |
| Performing                         | —                 | —            | —              | —              |
| Doubtful                           | —                 | —            | —              | —              |
| Loss                               | <u>(46)</u>       | <u>(46)</u>  | <u>(57)</u>    | <u>(57)</u>    |
| Total                              | <u>(46)</u>       | <u>(46)</u>  | <u>(57)</u>    | <u>(57)</u>    |
|                                    |                   |              |                |                |
| Collective assessment:             |                   |              |                |                |
| Performing                         | —                 | —            | —              | —              |
| Doubtful                           | —                 | —            | —              | —              |
| Loss                               | <u>—</u>          | <u>—</u>     | <u>—</u>       | <u>—</u>       |
| Total                              | <u>—</u>          | <u>—</u>     | <u>—</u>       | <u>—</u>       |

The Group considers the loans and interest receivables as doubtful if the repayment of principal and/or of interest has been overdue for more than 3 months and principal, accrued interest and/or future interest may not be fully secured by the fair value of collateral at its prevailing market price. The Group considers the loans and interest receivables as loss if the repayment of principal and/or of interest has been overdue for more than 6 months and the collection of principal and/or of interest in full is improbable. The Group estimates and recognises individual impairment losses for the loans and interest receivables considered as 'doubtful' and 'loss', taking account of the fair values of the collateral at prevailing market prices are inadequate to cover the loans receivable. Except for the loans and interest receivables of HK\$391,000, HK\$446,000, HK\$9,890,000 and HK\$9,890,000 as at 31 December 2011, 2012 and 2013, and 31 May 2014, respectively, all principal and interests which had been overdue were fully secured by the fair value of collateral at their respective market price.

The Group performs collective assessment of the loans and interest receivables by grouping together all its receivables with similar credit risk characteristics. The impairment review is carried out on all those loans and interest receivables based on the historical impairment rates. The historical impairment rate is arrived at taking the average of the most recent 3 years of the percentage of impairment loss to the total loans and interest receivables as at the respective years ended 31 December 2011, 2012 and 2013, and five months ended 31 May 2014. The historical impairment rate for the years ended 31 December 2011, 2012 and 2013, and five months ended 31 May 2014 were Nil%, 0.06%, 0.39% and 0.49%, respectively.

In general, the loan officers of the Group propose to management of the Company on a monthly basis the amount of provision to be made.

In majority of cases, the Group grants loans with a loan-to-value ratio of no more than 70% of the value in the valuation report of the property for first property mortgage, and where it is subordinated property mortgage, the aggregate lending (Group's loan aggregated with all prior mortgage loans) of no more than 70% of the value of the underlying property. Approval from a director of GIC, a credit manager and a credit officer is needed for loans granted with a loan-to-value ratio that exceeds 70%. The directors and senior management of the Company meet regularly to review the loan to value ratio and when (1) there is a significant change in the property price index in Hong Kong; or (2) when loans are renewed. The directors and senior management of the Company consider that the credit risk arising from the loans and interest receivables is significantly mitigated by the property held as collateral, with reference to the market value of the property which were valued by independent third party valuers as at 31 December 2011, 2012 and 2013, and 31 May 2014.

Revenue from the top five customers constituted approximately 32.5%, 36.7%, 26.9% and 25.5% of the Group's revenue for the years ended 31 December 2011, 2012 and 2013, and five months ended 31 May 2014, respectively. They accounted for approximately 39.9%, 37.1%, 28.1% and 19.5% of the gross mortgage loans receivable balances as at 31 December 2011, 2012 and 2013, and 31 May 2014, respectively.

(d) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of credit facility. Cash flow forecasting is performed by management. The Group monitors its rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn borrowing facilities at all times so that the Group does not breach borrowing limits on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal financial position ratio targets and, if applicable external regulatory or legal requirements.

The Group has undrawn borrowing facilities of HK\$Nil, HK\$68,160,000, HK\$696,301,000 and HK\$206,239,000 as at 31 December 2011, 2012 and 2013, and 31 May 2014, respectively. All the undrawn borrowing facilities expire within one year and are annual facilities subject to review at various dates during the year/period.

The Group's primary cash requirements, apart from granting loans to customers, are for payment of bank and other borrowings and payment for operating expenses.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

|   | As at 31 December |                |                | As at          |
|---|-------------------|----------------|----------------|----------------|
|   | 2011              | 2012           | 2013           | 31 May         |
|   | HK\$'000          | HK\$'000       | HK\$'000       | 2014           |
|   |                   |                |                | HK\$'000       |
| <b>On demand</b>  |                   |                |                |                |
| Amount due to the Controlling Shareholder ( <i>Note 28(b)</i> ) | 358,755           | 497,837        | 416,012        | 317,598        |
| <b>Within one year</b>  |                   |                |                |                |
| Other payables ( <i>Note 17</i> )                               | 305               | 2,493          | 3,315          | 2,224          |
| Bank and other borrowings ( <i>Note 18</i> )                    | —                 | 456,940        | 317,466        | 293,761        |
|   | <u>359,060</u>    | <u>957,270</u> | <u>736,793</u> | <u>613,583</u> |

5.2 *Capital risk management*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'bank and other borrowings' as shown in the combined statements of financial position) less pledged bank deposits and cash and cash equivalents. Total capital is calculated as 'equity' as shown in the combined statements of financial position, plus the amount due to the Controlling Shareholder as shown in the combined statements of financial position. The Group's strategy remains unchanged, which was to maintain the gearing ratio within 100%, and the gearing ratios and net cash position of the Group as at 31 December 2011, 2012 and 2013, and 31 May 2014 are as follows:

|  | As at 31 December |                |                | As at          |
|--|-------------------|----------------|----------------|----------------|
|  | 2011              | 2012           | 2013           | 31 May         |
|  | HK\$'000          | HK\$'000       | HK\$'000       | 2014           |
|  |                   |                |                | HK\$'000       |
| Bank and other borrowings<br>(Note 18)       | —                 | 456,940        | 317,466        | 293,761        |
| Less: pledged bank deposits<br>(Note 13)     | —                 | (285,667)      | —              | —              |
| Less: cash and cash equivalents<br>(Note 14) | (192,405)         | (42,318)       | (56,891)       | (34,987)       |
| Net debt                                     | <u>(192,405)</u>  | <u>128,955</u> | <u>260,575</u> | <u>258,774</u> |
| Total equity                                 | 35,921            | 59,320         | 103,838        | 35,747         |
| Amount due to the Controlling<br>Shareholder | <u>358,755</u>    | <u>497,837</u> | <u>416,012</u> | <u>317,598</u> |
| Total capital                                | <u>394,676</u>    | <u>557,157</u> | <u>519,850</u> | <u>353,345</u> |
| Gearing ratio                                | <u>N/A</u>        | <u>23.1%</u>   | <u>50.1%</u>   | <u>73.2%</u>   |

### 5.3 Fair value estimation

The fair values of current financial assets and liabilities carried at amortised cost approximate to their carrying amounts.

## 6 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### 6.1 *Critical accounting estimates and assumptions*

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### (a) *Loans and other receivables*

The Group assesses provision for impairment of loans and other receivables based on an estimate of the recoverability of these receivables. Provisions are applied to loans and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of loans and other receivables requires the use of estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables and provision for impairment losses in the period in which such estimate has been changed.

#### (b) *Income taxes*

The Group is subject to income taxes in Hong Kong and significant judgement is required in determining the provision of income taxes. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such determination is made.

## 7 Segment information

During the Relevant Periods, all of the Group's revenues are generated from the Listing Business. Revenue represents interest income earned from loans offered to the Group's customers. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and assessment of the Group's performance, is focused on the operating results of the Group as a whole as the Group's resources are integrated and no discrete financial information is available. Accordingly, no segment analysis or information about the Group's products and services are presented.

All of the Group's revenue from external customers and assets were generated from and located in Hong Kong during the Relevant Periods.

## 8 Property, plant and equipment

|   | <b>Furniture,<br/>fixtures and<br/>equipment</b><br><i>HK\$'000</i> | <b>Motor<br/>vehicles</b><br><i>HK\$'000</i> | <b>Leasehold<br/>improvements</b><br><i>HK\$'000</i> | <b>Total</b><br><i>HK\$'000</i> |
|---|---|--|--|---------------------------------|
| At 1 January 2011                       |   |  |  |                                 |
| Cost                                    | 1,427   | 166  | —  | 1,593                           |
| Accumulated depreciation and impairment | <u>(223)</u>  | <u>(28)</u>                                  | <u>—</u>   | <u>(251)</u>                    |
| Net book amount                         | <u>1,204</u>  | <u>138</u>                                   | <u>—</u>   | <u>1,342</u>                    |
| Year ended 31 December 2011             |   |  |  |                                 |
| Opening net book amount                 | 1,204   | 138  | —  | 1,342                           |
| Additions                               | 22  | —  | —  | 22                              |
| Depreciation                            | (270)   | (41)   | —  | (311)                           |
| Disposal                                | <u>(102)</u>  | <u>—</u>                                     | <u>—</u>   | <u>(102)</u>                    |
| Closing net book amount                 | <u>854</u>  | <u>97</u>                                    | <u>—</u>   | <u>951</u>                      |
| At 31 December 2011                     |   |  |  |                                 |
| Cost                                    | 1,257   | 166  | —  | 1,423                           |
| Accumulated depreciation and impairment | <u>(403)</u>  | <u>(69)</u>                                  | <u>—</u>   | <u>(472)</u>                    |
| Net book amount                         | <u>854</u>  | <u>97</u>                                    | <u>—</u>   | <u>951</u>                      |
| Year ended 31 December 2012             |   |  |  |                                 |
| Opening net book amount                 | 854   | 97   | —  | 951                             |
| Additions                               | 121   | —  | —  | 121                             |
| Depreciation                            | <u>(277)</u>  | <u>(42)</u>                                  | <u>—</u>   | <u>(319)</u>                    |
| Closing net book amount                 | <u>698</u>  | <u>55</u>                                    | <u>—</u>   | <u>753</u>                      |

## APPENDIX I

## ACCOUNTANT'S REPORT

|  | Furniture,<br>fixtures and<br>equipment<br><i>HK\$'000</i> | Motor<br>vehicles<br><i>HK\$'000</i> | Leasehold<br>improvements<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|--|--|--------------------------------------|--|--------------------------|
| At 31 December 2012                        |  |                                      |  |                          |
| Cost                                       | 1,377  | 166                                  | —  | 1,543                    |
| Accumulated depreciation and<br>impairment | <u>(679)</u>   | <u>(111)</u>                         | <u>—</u>                                     | <u>(790)</u>             |
| Net book amount                            | <u>698</u>   | <u>55</u>                            | <u>—</u>                                     | <u>753</u>               |
| Year ended 31 December 2013                |  |                                      |  |                          |
| Opening net book amount                    | 698  | 55                                   | —  | 753                      |
| Additions                                  | 253  | —                                    | 2,616  | 2,869                    |
| Depreciation                               | <u>(291)</u>   | <u>(42)</u>                          | <u>(644)</u>                                 | <u>(977)</u>             |
| Closing net book amount                    | <u>660</u>   | <u>13</u>                            | <u>1,972</u>                                 | <u>2,645</u>             |
| At 31 December 2013                        |  |                                      |  |                          |
| Cost                                       | 1,630  | 166                                  | 2,616  | 4,412                    |
| Accumulated depreciation and<br>impairment | <u>(970)</u>   | <u>(153)</u>                         | <u>(644)</u>                                 | <u>(1,767)</u>           |
| Net book amount                            | <u>660</u>   | <u>13</u>                            | <u>1,972</u>                                 | <u>2,645</u>             |
| Five months ended 31 May 2014              |  |                                      |  |                          |
| Opening net book amount                    | 660  | 13                                   | 1,972  | 2,645                    |
| Additions                                  | 172  | —                                    | —  | 172                      |
| Disposals                                  | —  | (6)                                  | —  | (6)                      |
| Depreciation                               | <u>(149)</u>   | <u>(7)</u>                           | <u>(545)</u>                                 | <u>(701)</u>             |
| Closing net book amount                    | <u>683</u>   | <u>—</u>                             | <u>1,427</u>                                 | <u>2,110</u>             |
| At 31 May 2014                             |  |                                      |  |                          |
| Cost                                       | 1,802  | —                                    | 2,616  | 4,418                    |
| Accumulated depreciation and<br>impairment | <u>(1,119)</u>   | <u>—</u>                             | <u>(1,189)</u>                               | <u>(2,308)</u>           |
| Net book amount                            | <u>683</u>   | <u>—</u>                             | <u>1,427</u>                                 | <u>2,110</u>             |



## 9 Financial instruments by category

|                                | <b>Loans and receivables</b> |                         |                       | <b>As at</b>          |
|--------------------------------|------------------------------|-------------------------|-----------------------|-----------------------|
|                                | <b>As at 31 December</b>     |                         |                       | <b>31 May</b>         |
|                                | <b>2011</b>                  | <b>2012</b>             | <b>2013</b>           | <b>2014</b>           |
|                                | <i>HK\$'000</i>              | <i>HK\$'000</i>         | <i>HK\$'000</i>       | <i>HK\$'000</i>       |
| <b>Assets</b>                  |                              |                         |                       |                       |
| Loans receivable               | 197,308                      | 672,550                 | 765,228               | 615,160               |
| Interest receivables           | 2,907                        | 8,471                   | 9,521                 | 9,607                 |
| Deposits and other receivables | 3,171                        | 6,842                   | 2,101                 | 1,974                 |
| Pledged bank deposits          | —                            | 285,667                 | —                     | —                     |
| Cash and cash equivalents      | <u>192,405</u>               | <u>42,318</u>           | <u>56,891</u>         | <u>34,987</u>         |
| <b>Total</b>                   | <u><u>395,791</u></u>        | <u><u>1,015,848</u></u> | <u><u>833,741</u></u> | <u><u>661,728</u></u> |

|  | <b>Other financial liabilities at amortised cost</b> |                       |                       | <b>As at</b>          |
|--|--|-----------------------|-----------------------|-----------------------|
|  | <b>As at 31 December</b>                             |                       |                       | <b>31 May</b>         |
|  | <b>2011</b>  | <b>2012</b>           | <b>2013</b>           | <b>2014</b>           |
|  | <i>HK\$'000</i>                                      | <i>HK\$'000</i>       | <i>HK\$'000</i>       | <i>HK\$'000</i>       |
| <b>Liabilities</b>                           |  |                       |                       |                       |
| Other payables                               | 305  | 2,493                 | 3,315                 | 2,224                 |
| Bank and other borrowings                    | —  | 456,940               | 317,466               | 293,761               |
| Amount due to the<br>Controlling Shareholder | <u>358,755</u>                                       | <u>497,837</u>        | <u>416,012</u>        | <u>317,598</u>        |
| <b>Total</b>                                 | <u><u>359,060</u></u>                                | <u><u>957,270</u></u> | <u><u>736,793</u></u> | <u><u>613,583</u></u> |

## 10 Loans receivable

|  | As at 31 December |                  |                  | As at            |
|--|-------------------|------------------|------------------|------------------|
|  | 2011              | 2012             | 2013             | 31 May           |
|  | HK\$'000          | HK\$'000         | HK\$'000         | 2014<br>HK\$'000 |
| Loans receivable   | 197,653           | 673,340          | 778,048          | 627,980          |
| Less:  |                   |                  |                  |                  |
| Provision for individual<br>impairment assessment of<br>loans receivable | (345)             | (400)            | (9,833)          | (9,833)          |
| Provision for collective<br>impairment assessment of<br>loans receivable | <u>—</u>          | <u>(390)</u>     | <u>(2,987)</u>   | <u>(2,987)</u>   |
| Loans receivable, net of<br>provision                                    | 197,308           | 672,550          | 765,228          | 615,160          |
| Less: non-current portion  | <u>(53,815)</u>   | <u>(158,766)</u> | <u>(168,690)</u> | <u>(171,866)</u> |
| Current portion  | <u>143,493</u>    | <u>513,784</u>   | <u>596,538</u>   | <u>443,294</u>   |

The Group's loans receivable are denominated in Hong Kong dollars as at 31 December 2011, 2012 and 2013 and 31 May 2014.

Except for loans receivable of HK\$1,574,000, HK\$3,363,000, HK\$3,452,000 and HK\$4,514,000 as at 31 December 2011, 2012 and 2013, and 31 May 2014, respectively, which are unsecured, bear interest and are repayable with fixed terms agreed with customers, loans receivable are secured by collaterals provided by customers, bear interest and are repayable with fixed terms agreed with the customers. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the loans receivables mentioned above.

**APPENDIX I**
**ACCOUNTANT'S REPORT**

|   | As at 31 December |                |                | As at          |
|---|-------------------|----------------|----------------|----------------|
|   | 2011              | 2012           | 2013           | 31 May         |
|   | HK\$'000          | HK\$'000       | HK\$'000       | 2014           |
| Neither past due nor impaired             | 197,132           | 661,856        | 672,085        | 589,237        |
| Not past due but collectively<br>impaired | —                 | 384            | 2,623          | 2,861          |
| Past due but not impaired                 | 176               | 10,694         | 93,143         | 25,923         |
| Past due and collectively<br>impaired     | —                 | 6              | 364            | 126            |
| Individually impaired loans<br>receivable | 345               | 400            | 9,833          | 9,833          |
|   | <u>197,653</u>    | <u>673,340</u> | <u>778,048</u> | <u>627,980</u> |

As at 31 December 2011, 2012 and 2013, and 31 May 2014, loans receivable of HK\$176,000, HK\$10,694,000, HK\$93,143,000 and HK\$25,923,000, respectively, were past due but not impaired. These were related to a number of third party customers for whom there was no recent history of default. Based on past experience, the directors of the Group are of the opinion that no provision for impairment on individual loan is necessary for these balances as there has not been a significant change in credit quality and the respective principal and/or interest that had been overdue were still fully secured by the fair value of collateral at their respective prevailing market price. Accordingly, these balances are still considered to be fully recoverable.

The ageing analysis of these past due but not impaired loans receivable is as follows:

|              | As at 31 December |               |               | As at         |
|--------------|-------------------|---------------|---------------|---------------|
|              | 2011              | 2012          | 2013          | 31 May        |
|              | HK\$'000          | HK\$'000      | HK\$'000      | 2014          |
| 0 — 30 days  | 176               | 128           | 29,059        | 2,840         |
| 31 — 90 days | —                 | 9,837         | 65            | 6,022         |
| Over 90 days | —                 | 729           | 64,019        | 17,061        |
|              | <u>176</u>        | <u>10,694</u> | <u>93,143</u> | <u>25,923</u> |

As at 31 December 2011, 2012 and 2013, and 31 May 2014, loans receivable of HK\$345,000, HK\$400,000, HK\$11,033,000 and HK\$10,433,000 were individually impaired. The amount of the provision was HK\$345,000, HK\$400,000, HK\$9,833,000 and HK\$9,833,000 as at 31 December 2011, 2012 and 2013, and 31 May 2014, respectively. These were related to a number of third party customers for whom the directors are of the view that the collection of these loans receivable were not probable.

Movements on the Group's individual impairment of loans receivable are as follows:

|  | Year ended 31 December |            |              | Five months ended |
|--|------------------------|------------|--------------|-------------------|
|  | 2011                   | 2012       | 2013         | 31 May 2014       |
|  | HK\$'000               | HK\$'000   | HK\$'000     | HK\$'000          |
| At beginning of the year/period  | 345                    | 345        | 400          | 9,833             |
| Provision for individual impairment of loans receivable ( <i>Note 20</i> ) | —                      | 55         | 9,453        | —                 |
| Loans receivable written off during the year as uncollectible              | —                      | —          | (20)         | —                 |
| At end of the year/period  | <u>345</u>             | <u>400</u> | <u>9,833</u> | <u>9,833</u>      |

As at 31 December 2011, 2012 and 2013 and 31 May 2014, collective impairment assessment of loans receivable of HK\$Nil, HK\$390,000, HK\$2,597,000 and HK\$Nil, respectively, were made. The Group performs collective assessment of the loans receivable by grouping together all its loans receivables with similar credit risk characteristics and by applying a historical impairment rate, taking the average of the most recent 3 years of the percentage of impairment loss to the total loans receivable as at the respective years ended 31 December 2011, 2012 and 2013 and five months ended 31 May 2014.

Movements on the Group's collective impairment of loans receivable are as follows:

|  | As at 31 December |          |          | As at  |
|--|-------------------|----------|----------|--------|
|  | 2011              | 2012     | 2013     | 31 May |
|  | HK\$'000          | HK\$'000 | HK\$'000 | 2014   |
| At beginning of the year/period  | —                 | —        | 390      | 2,987  |
| Provision for collective impairment of loans receivable ( <i>Note 20</i> ) | —                 | 390      | 2,597    | —      |
| At end of the year/period  | —                 | 390      | 2,987    | 2,987  |

A maturity profile of the loans receivable as at the end of the reporting periods, based on the maturity date is as follows:

|              | As at 31 December |          |          | As at   |
|--------------|-------------------|----------|----------|---------|
|              | 2011              | 2012     | 2013     | 31 May  |
|              | HK\$'000          | HK\$'000 | HK\$'000 | 2014    |
| Current      | 143,493           | 514,574  | 609,358  | 456,114 |
| 2 to 5 years | 23,561            | 45,396   | 55,313   | 59,744  |
| Over 5 years | 30,599            | 113,370  | 113,377  | 112,122 |
|              | 197,653           | 673,340  | 778,048  | 627,980 |

#### 11 Interest receivables

|  | As at 31 December |          |          | As at  |
|--|-------------------|----------|----------|--------|
|  | 2011              | 2012     | 2013     | 31 May |
|  | HK\$'000          | HK\$'000 | HK\$'000 | 2014   |
| Interest receivables   | 2,953             | 8,517    | 9,578    | 9,664  |
| Less:  |                   |          |          |        |
| Provision for individual impairment assessment of interest receivables | (46)              | (46)     | (57)     | (57)   |
| Interest receivables, net of provision                                 | 2,907             | 8,471    | 9,521    | 9,607  |

The Group's interest receivables are denominated in Hong Kong dollars as at 31 December 2011, 2012 and 2013, and 31 May 2014.

Except for interest receivables of HK\$44,000, HK\$64,000, HK\$77,000 and HK\$41,000 as at 31 December 2011, 2012 and 2013, and 31 May 2014, respectively, which are unsecured and repayable with fixed terms agreed with the customers, interest receivables are secured by collaterals provided by customers and repayable with fixed terms agreed with the customers. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the receivables mentioned above.

|                                     | As at 31 December |              |              | As at        |
|-------------------------------------|-------------------|--------------|--------------|--------------|
|                                     | 2011              | 2012         | 2013         | 31 May       |
|                                     | HK\$'000          | HK\$'000     | HK\$'000     | 2014         |
|                                     |                   |              |              | HK\$'000     |
| Neither past due nor impaired       | 1,775             | 3,772        | 3,577        | 3,146        |
| Past due but not impaired           | 1,132             | 4,699        | 5,944        | 6,461        |
| Gross impaired interest receivables | <u>46</u>         | <u>46</u>    | <u>57</u>    | <u>57</u>    |
|                                     | 2,953             | 8,517        | 9,578        | 9,664        |
| Impaired interest receivables:      |                   |              |              |              |
| Individually impaired               | (46)              | (46)         | (57)         | (57)         |
| Collectively impaired               | <u>—</u>          | <u>—</u>     | <u>—</u>     | <u>—</u>     |
|                                     | <u>2,907</u>      | <u>8,471</u> | <u>9,521</u> | <u>9,607</u> |

As at 31 December 2011, 2012 and 2013, and 31 May 2014, interest receivables of HK\$1,775,000, HK\$3,772,000, HK\$3,577,000 and HK\$3,146,000, respectively, were fully performing.

As at 31 December 2011, 2012 and 2013, and 31 May 2014, interest receivables of HK\$1,132,000, HK\$4,699,000, HK\$5,944,000 and HK\$6,461,000, respectively, were past due but not impaired. These were related to a number of third party customers for whom there was no recent history of default. Based on past experience, the directors of the Group are of the opinion that no provision for impairment on individual loan is necessary for these balances as there has not been a significant change in credit quality and the respective principal and/or interest that had been overdue were still fully secured by the fair value of collateral at their respective prevailing market price. Accordingly, these balances are still considered to be fully recoverable.

The ageing analysis of these interest receivables is as follows:

|              | As at 31 December |              |              | As at        |
|--------------|-------------------|--------------|--------------|--------------|
|              | 2011              | 2012         | 2013         | 31 May       |
|              | HK\$'000          | HK\$'000     | HK\$'000     | 2014         |
| 0 — 30 days  | 304               | 2,219        | 1,277        | 1,392        |
| 31 — 90 days | 146               | 975          | 1,982        | 1,886        |
| Over 90 days | <u>682</u>        | <u>1,505</u> | <u>2,685</u> | <u>3,183</u> |
|              | <u>1,132</u>      | <u>4,699</u> | <u>5,944</u> | <u>6,461</u> |

As at 31 December 2011, 2012 and 2013, and 31 May 2014, interest receivables of HK\$46,000, HK\$46,000, HK\$57,000 and HK\$57,000 were impaired. The amount of the impairment allowance was HK\$46,000, HK\$46,000, HK\$57,000 and HK\$57,000 as at 31 December 2011, 2012 and 2013, and 31 May 2014, respectively. These were related to a number of third party customers for whom the directors are of the view that the collection of these interest receivables were not probable. All these impaired interest receivables aged over 90 days.

Movements on the Group's individual provision for individual impairment of interest receivables are as follows:

|   | Year ended 31 December |           |             | Five      |
|---|------------------------|-----------|-------------|-----------|
|   | 2011                   | 2012      | 2013        | months    |
|   | HK\$'000               | HK\$'000  | HK\$'000    | ended     |
| At beginning of the year/period   | 46                     | 46        | 46          | 31 May    |
| Provision for impairment of<br>interest receivables ( <i>Note 20</i> )  | —                      | —         | 57          | 2014      |
| Interest receivables written-off<br>during the year as<br>uncollectible | <u>—</u>               | <u>—</u>  | <u>(46)</u> | HK\$'000  |
| At end of the year/period   | <u>46</u>              | <u>46</u> | <u>57</u>   | <u>57</u> |

All the interest receivable as at the end of the reporting periods, based on the maturity date, are current.

## 12 Prepayments, deposits and other receivables

|                                       | As at 31 December |              |              | As at        |
|---------------------------------------|-------------------|--------------|--------------|--------------|
|                                       | 2011              | 2012         | 2013         | 31 May       |
|                                       | HK\$'000          | HK\$'000     | HK\$'000     | 2014         |
|                                       |                   |              |              | HK\$'000     |
| Deposits                              | 3,171             | 3,596        | 1,739        | 1,632        |
| Prepayments                           | 91                | 2,466        | 127          | 891          |
| Other receivables                     | —                 | 3,246        | 362          | 342          |
|                                       | <u>3,262</u>      | <u>9,308</u> | <u>2,228</u> | <u>2,865</u> |
| Less: non-current portion of deposits | —                 | (3,499)      | (1,104)      | —            |
|                                       | <u>3,262</u>      | <u>5,809</u> | <u>1,124</u> | <u>2,865</u> |

The Group's deposits and other receivables are denominated in Hong Kong dollars as at 31 December 2011, 2012 and 2013, and 31 May 2014.

All deposits and other receivables are neither past due nor impaired.

## 13 Pledged bank deposits

|   | As at 31 December |                |          | As at    |
|---|-------------------|----------------|----------|----------|
|   | 2011              | 2012           | 2013     | 31 May   |
|   | HK\$'000          | HK\$'000       | HK\$'000 | 2014     |
|   |                   |                |          | HK\$'000 |
| Short-term bank deposit pledged for bank borrowings (Note 18) | —                 | 285,667        | —        | —        |
|   | <u>—</u>          | <u>285,667</u> | <u>—</u> | <u>—</u> |

The pledged bank deposits are denominated in RMB as at 31 December 2012.

## 14 Cash and cash equivalents

|                          | As at 31 December |               |               | As at         |
|--------------------------|-------------------|---------------|---------------|---------------|
|                          | 2011              | 2012          | 2013          | 31 May        |
|                          | HK\$'000          | HK\$'000      | HK\$'000      | 2014          |
|                          |                   |               |               | HK\$'000      |
| Cash at bank and in hand | <u>192,405</u>    | <u>42,318</u> | <u>56,891</u> | <u>34,987</u> |



Except for cash and cash equivalents of HK\$113,647,000, which is denominated in RMB as at 31 December 2011, cash and cash equivalents are denominated in Hong Kong dollars as at 31 December 2011, 2012 and 2013, and 31 May 2014.

#### 15 Repossessed asset

The Group's repossessed asset classified as held for sale is analysed as follows:

|   | As at 31 December |          |               | As at    |
|---|-------------------|----------|---------------|----------|
|   | 2011              | 2012     | 2013          | 31 May   |
|   | HK\$'000          | HK\$'000 | HK\$'000      | 2014     |
|   |                   |          |               | HK\$'000 |
| Repossessed property                        | —                 | —        | 21,161        | —        |
| Less: Provision for impairment<br>(Note 20) | —                 | —        | (3,848)       | —        |
|   | <u>—</u>          | <u>—</u> | <u>17,313</u> | <u>—</u> |

Due to a default by a subordinated property mortgage loan customer (the "Customer") since 2 March 2012, GIC has taken legal action against the Customer to recover the amount since 11 April 2012 and successfully repossessed the mortgaged property on 15 November 2012. The aggregate amount of loans receivable and interest receivables outstanding from the Customer as at 15 November 2012 were HK\$5,800,000 and HK\$1,450,000, respectively.

On 5 February 2013, GIC entered into an agreement with Bank of China (Hong Kong) Limited to possess its first property mortgage of the Customer, at a consideration of HK\$13,911,000. The aggregate amount of the consideration paid and the subordinated property mortgage loan outstanding was HK\$21,161,000.

On 7 January 2014, GIC entered into an agreement with an independent third party to sell the property, at a net consideration, after legal and other expenses, of HK\$17,313,000. Accordingly, a provision for impairment of HK\$3,848,000 was recognised as at 31 December 2013 to reflect the net realisable value of the property. The disposal was completed on 20 February 2014.

#### 16 Combined capital

The Group's combined capital as at each reporting date represents the aggregate of the share capital of all the companies comprising the Group after elimination of inter-company investments.

## 17 Accruals and other payables

|                | As at 31 December |              |               | As at        |
|----------------|-------------------|--------------|---------------|--------------|
|                | 2011              | 2012         | 2013          | 31 May       |
|                | HK\$'000          | HK\$'000     | HK\$'000      | 2014         |
| Accruals       | 327               | 1,084        | 7,427         | 6,812        |
| Other payables | <u>305</u>        | <u>2,493</u> | <u>3,315</u>  | <u>2,224</u> |
|                | <u>632</u>        | <u>3,577</u> | <u>10,742</u> | <u>9,036</u> |

Accruals and other payables are denominated in Hong Kong dollars and the fair value of these balances approximate their carrying amounts as at 31 December 2011, 2012 and 2013, and 31 May 2014.

## 18 Bank and other borrowings

Borrowings are analysed as follows:

|                                 | As at 31 December |                |                | As at          |
|---------------------------------|-------------------|----------------|----------------|----------------|
|                                 | 2011              | 2012           | 2013           | 31 May         |
|                                 | HK\$'000          | HK\$'000       | HK\$'000       | 2014           |
| Bank loans — secured            | —                 | 456,940        | 278,767        | —              |
| Other borrowing — secured       | <u>—</u>          | <u>—</u>       | <u>38,699</u>  | <u>293,761</u> |
| Total bank and other borrowings | <u>—</u>          | <u>456,940</u> | <u>317,466</u> | <u>293,761</u> |

The bank loans bore a weighted average interest at 3.7% and 4.4% per annum as at 31 December 2012 and 2013, and were secured by the following:

- (i) short-term pledged bank deposits of HK\$285,667,000 and HK\$Nil as at 31 December 2012 and 2013, respectively (Note 13);
- (ii) a property held by the sole director of GIC;
- (iii) certain properties mortgaged to GIC for securing loans granted to its customers. The fair value of these properties were HK\$239,879,000 and HK\$143,831,000 as at 31 December 2012 and 2013, respectively; and
- (iv) personal guarantee from the sole director of GIC (Note 28(c)).

As at 31 December 2013 and 31 May 2014, the other borrowing was obtained from an independent third party and bore interest at 7% per annum and was secured by the following:

- (i) certain properties mortgaged to GIC for securing loans granted to its customers. The fair value of these properties were HK\$109,650,000 and HK\$897,879,000 as at 31 December 2013 and 31 May 2014, respectively; and
- (ii) personal guarantee from the sole director of GIC (Note 28(c)).

At 31 December 2011, 2012 and 2013, and 31 May 2014, all bank and other borrowings are denominated in Hong Kong dollars and their carrying amounts approximate to their fair values.

In the opinion of the sole director of GIC, upon listing, item (ii) on other borrowing will be released and will be replaced by the corporate guarantee of the Company.

## 19 Revenue

Revenue represents the interest income earned from the money lending business. Revenue and other income/(loss) recognised during the Relevant Periods are as follows:

|                            | Year ended 31 December |                  |                  | Five months ended 31 May |                  |
|----------------------------|------------------------|------------------|------------------|--------------------------|------------------|
|                            | 2011<br>HK\$'000       | 2012<br>HK\$'000 | 2013<br>HK\$'000 | 2013<br>HK\$'000         | 2014<br>HK\$'000 |
|                            |                        |                  |                  | <i>(Unaudited)</i>       |                  |
| <b>Revenue</b>             |                        |                  |                  |                          |                  |
| Interest income            | <u>31,189</u>          | <u>57,548</u>    | <u>121,240</u>   | <u>49,934</u>            | <u>41,348</u>    |
| <b>Other income/(loss)</b> |                        |                  |                  |                          |                  |
| Bank interest income       | 122                    | 58               | 3                | 1                        | 4                |
| Exchange gains/(losses)    | 2,117                  | (277)            | 449              | —                        | —                |
| Referral income            | —                      | —                | 1,680            | —                        | —                |
| Sundry income              | <u>60</u>              | <u>20</u>        | <u>5</u>         | <u>6</u>                 | <u>—</u>         |
|                            | <u>2,299</u>           | <u>(199)</u>     | <u>2,137</u>     | <u>7</u>                 | <u>4</u>         |

## 20 Expenses by nature

|   | Year ended 31 December |                  |                  | Five months ended 31 May |                  |
|---|------------------------|------------------|------------------|--------------------------|------------------|
|   | 2011<br>HK\$'000       | 2012<br>HK\$'000 | 2013<br>HK\$'000 | 2013<br>HK\$'000         | 2014<br>HK\$'000 |
|   |                        |                  |                  | <i>(Unaudited)</i>       |                  |
| Employee benefit expenses<br>(Note 21)  | 2,568                  | 4,970            | 9,525            | 4,751                    | 3,341            |
| Advertising and marketing<br>expenses   | 4,773                  | 15,151           | 14,349           | 7,089                    | 8,473            |
| Legal and professional fees   | 748                    | 1,084            | 1,587            | 852                      | 697              |
| Auditor's remuneration  | 285                    | 515              | 524              | 225                      | 225              |
| Bank charges  | 70                     | 543              | 1,097            | 586                      | 20               |
| Referral fees   | 561                    | 1,466            | 1,858            | 1,549                    | 128              |
| Depreciation of property,<br>plant and equipment  | 311                    | 319              | 977              | 129                      | 701              |
| Listing expenses  | —                      | —                | 7,007            | —                        | 1,998            |
| Provision for individual<br>impairment assessment of<br>loans receivable (Note 10)        | —                      | 55               | 9,453            | 9,500                    | —                |
| Provision for collective<br>impairment assessment of<br>loans receivable (Note 10)        | —                      | 390              | 2,597            | 587                      | —                |
| Provision for individual<br>impairment assessment of<br>interest receivables<br>(Note 11) | —                      | —                | 57               | 57                       | —                |
| Provision for impairment of<br>repossessed assets<br>(Note 15)                            | —                      | —                | 3,848            | —                        | —                |
| Loss/(gain) on disposal of<br>property, plant and<br>equipment                            | 102                    | —                | —                | —                        | (48)             |
| Operating lease charges   |                        |                  |                  |                          |                  |
| - Hire of motor vehicle<br>(Note 28(a))   | 360                    | 360              | —                | —                        | —                |
| - Land and buildings  | 1,704                  | 1,609            | 3,466            | 1,035                    | 1,387            |
| Other expenses  | 732                    | 2,086            | 2,945            | 458                      | 661              |
| Administrative expenses   | <u>12,214</u>          | <u>28,548</u>    | <u>59,290</u>    | <u>26,818</u>            | <u>17,583</u>    |

## 21 Employee benefit expenses (including directors' emoluments)

|  | Year ended 31 December |                  |                  | Five months ended 31 May |                  |
|--|------------------------|------------------|------------------|--------------------------|------------------|
|  | 2011<br>HK\$'000       | 2012<br>HK\$'000 | 2013<br>HK\$'000 | 2013<br>HK\$'000         | 2014<br>HK\$'000 |
| Salaries and bonus                                       | 2,496                  | 4,845            | 9,282            | 4,646                    | 3,233            |
| Pension costs - defined contribution plans<br>(Note (i)) | <u>72</u>              | <u>125</u>       | <u>243</u>       | <u>105</u>               | <u>108</u>       |
|  | <u>2,568</u>           | <u>4,970</u>     | <u>9,525</u>     | <u>4,751</u>             | <u>3,341</u>     |

(Unaudited)

Note:

- (i) The Group participates in a Mandatory Provident Fund scheme (the "MPF scheme") in accordance with the Mandatory Provident Fund Scheme Ordinance of Hong Kong. Under the rules of the MPF scheme, the employer and its employees in Hong Kong are each required to contribute 5% of their gross earnings with a ceiling of HK\$1,500 per month to the MPF scheme. The only obligation of the Group with respect to the MPF scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in future year.

## (a) Directors' emoluments

The remuneration of every director of the Company for the year ended 31 December 2011 is set out below:

|                            | Fees       | Salaries | Discretionary bonuses | Pension costs | Other benefits | Total      |
|----------------------------|------------|----------|-----------------------|---------------|----------------|------------|
|                            | HK\$'000   | HK\$'000 | HK\$'000              | HK\$'000      | HK\$'000       | HK\$'000   |
| <b>Executive directors</b> |            |          |                       |               |                |            |
| Ms. Wang Yao, Nicole       | 100        | —        | —                     | —             | —              | 100        |
| Ms. Jin Xiaoqin            | <u>—</u>   | <u>—</u> | <u>—</u>              | <u>—</u>      | <u>—</u>       | <u>—</u>   |
|                            | <u>100</u> | <u>—</u> | <u>—</u>              | <u>—</u>      | <u>—</u>       | <u>100</u> |

The remuneration of every director of the Company for the year ended 31 December 2012 is set out below:

|                            | <b>Fees</b>     | <b>Salaries</b> | <b>Discretionary bonuses</b> | <b>Pension costs</b> | <b>Other benefits</b> | <b>Total</b>    |
|----------------------------|-----------------|-----------------|------------------------------|----------------------|-----------------------|-----------------|
|                            | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i>              | <i>HK\$'000</i>      | <i>HK\$'000</i>       | <i>HK\$'000</i> |
| <b>Executive directors</b> |                 |                 |                              |                      |                       |                 |
| Ms. Wang Yao, Nicole       | 100             | —               | —                            | —                    | —                     | 100             |
| Ms. Jin Xiaoqin            | —               | —               | —                            | —                    | —                     | —               |
|                            | <u>100</u>      | <u>—</u>        | <u>—</u>                     | <u>—</u>             | <u>—</u>              | <u>100</u>      |

The remuneration of every director of the Company for the year ended 31 December 2013 is set out below:

|                            | <b>Fees</b>     | <b>Salaries</b> | <b>Discretionary bonuses</b> | <b>Pension costs</b> | <b>Other benefits</b> | <b>Total</b>    |
|----------------------------|-----------------|-----------------|------------------------------|----------------------|-----------------------|-----------------|
|                            | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i>              | <i>HK\$'000</i>      | <i>HK\$'000</i>       | <i>HK\$'000</i> |
| <b>Executive directors</b> |                 |                 |                              |                      |                       |                 |
| Ms. Wang Yao, Nicole       | 1,200           | —               | —                            | —                    | —                     | 1,200           |
| Ms. Jin Xiaoqin            | —               | —               | —                            | —                    | —                     | —               |
|                            | <u>1,200</u>    | <u>—</u>        | <u>—</u>                     | <u>—</u>             | <u>—</u>              | <u>1,200</u>    |

The remuneration of every director of the Company for the period ended 31 May 2013 (unaudited) is set out below:

|                            | <b>Fees</b>     | <b>Salaries</b> | <b>Discretionary bonuses</b> | <b>Pension costs</b> | <b>Other benefits</b> | <b>Total</b>    |
|----------------------------|-----------------|-----------------|------------------------------|----------------------|-----------------------|-----------------|
|                            | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i>              | <i>HK\$'000</i>      | <i>HK\$'000</i>       | <i>HK\$'000</i> |
| <b>Executive directors</b> |                 |                 |                              |                      |                       |                 |
| Ms. Wang Yao, Nicole       | 250             | —               | —                            | —                    | —                     | 250             |
| Ms. Jin Xiaoqin            | —               | —               | —                            | —                    | —                     | —               |
|                            | <u>250</u>      | <u>—</u>        | <u>—</u>                     | <u>—</u>             | <u>—</u>              | <u>250</u>      |

The remuneration of every director of the Company for the period ended 31 May 2014 is set out below:

|                            | Fees            | Salaries        | Discretionary<br>bonuses | Pension<br>costs | Other<br>benefits | Total           |
|----------------------------|-----------------|-----------------|--------------------------|------------------|-------------------|-----------------|
|                            | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i>          | <i>HK\$'000</i>  | <i>HK\$'000</i>   | <i>HK\$'000</i> |
| <b>Executive directors</b> |                 |                 |                          |                  |                   |                 |
| Ms. Wang Yao, Nicole       | 250             | —               | —                        | —                | —                 | 250             |
| Ms. Jin Xiaoqin            | 100             | —               | —                        | —                | —                 | 100             |
|                            | <u>350</u>      | <u>—</u>        | <u>—</u>                 | <u>—</u>         | <u>—</u>          | <u>350</u>      |

During the Relevant Periods, none of the directors of the Company waived their emoluments nor has agreed to waive emoluments for the Relevant Periods.

(b) *Five highest paid individuals*

The five individuals whose emoluments were the highest in the Group include Nil, Nil, 1, Nil and 1 director for the years ended 31 December 2011, 2012 and 2013, and five months ended 31 May 2013 and 2014, respectively, whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 5, 5, 4, 5 and 4 individuals for the years ended 31 December 2011, 2012 and 2013, and five months ended 31 May 2013 and 2014, respectively, are as follows:

|   | Year ended 31 December |                 |                 | Five months<br>ended 31 May |                 |
|---|------------------------|-----------------|-----------------|-----------------------------|-----------------|
|   | 2011                   | 2012            | 2013            | 2013                        | 2014            |
|   | <i>HK\$'000</i>        | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i>             | <i>HK\$'000</i> |
|   |                        |                 |                 | <i>(Unaudited)</i>          |                 |
| Salaries and bonus                            | 1,892                  | 3,117           | 2,630           | 1,935                       | 947             |
| Pension costs — defined<br>contribution plans | <u>50</u>              | <u>64</u>       | <u>49</u>       | <u>24</u>                   | <u>25</u>       |
|   | <u>1,942</u>           | <u>3,181</u>    | <u>2,679</u>    | <u>1,959</u>                | <u>972</u>      |

The above individuals with the highest emoluments are within the following bands:

|                                  | Year ended 31 December                       |  |  | Five months ended<br>31 May                  |  |
|----------------------------------|--|--|--|--|--|
|                                  | 2011<br><i>Number<br/>of<br/>individuals</i> | 2012<br><i>Number<br/>of<br/>individuals</i> | 2013<br><i>Number<br/>of<br/>individuals</i> | 2013<br><i>Number<br/>of<br/>individuals</i> | 2014<br><i>Number<br/>of<br/>individuals</i> |
| Emoluments bands                 |  |  |  |  |  |
| HK\$1 - HK\$500,000              | 3  | 2  | 1  | 4  | 4  |
| HK\$500,001 -<br>HK\$1,000,000   | 2  | 2  | 3  | 1  | —  |
| HK\$1,000,001 -<br>HK\$1,500,000 | —  | 1  | —  | —  | —  |
|                                  | <u>5</u>                                     | <u>5</u>                                     | <u>4</u>                                     | <u>5</u>                                     | <u>4</u>                                     |

## 22 Finance costs - net

|   | Year ended 31 December  |                         |                         | Five months<br>ended 31 May |                         |
|---|-------------------------|-------------------------|-------------------------|-----------------------------|-------------------------|
|   | 2011<br><i>HK\$'000</i> | 2012<br><i>HK\$'000</i> | 2013<br><i>HK\$'000</i> | 2013<br><i>HK\$'000</i>     | 2014<br><i>HK\$'000</i> |
| Interest on secured bank<br>loans                   | —                       | (4,761)                 | (22,856)                | (9,813)                     | —                       |
| Interest on secured other<br>borrowing              | —                       | —                       | (7)                     | —                           | (9,041)                 |
| Exchange gain arising from<br>pledged bank deposits | —                       | 802                     | 6,353                   | 5,777                       | —                       |
| Interest income from pledged<br>bank deposits       | —                       | 3,246                   | 6,354                   | 3,439                       | —                       |
|   | <u>—</u>                | <u>(713)</u>            | <u>(10,156)</u>         | <u>(597)</u>                | <u>(9,041)</u>          |



## 23 Income tax expense

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profit during the Relevant Periods.

|                                  | Year ended 31 December |                  |                  | Five months ended 31 May |                  |
|----------------------------------|------------------------|------------------|------------------|--------------------------|------------------|
|                                  | 2011<br>HK\$'000       | 2012<br>HK\$'000 | 2013<br>HK\$'000 | 2013<br>HK\$'000         | 2014<br>HK\$'000 |
|                                  |                        |                  |                  | <i>(Unaudited)</i>       |                  |
| Hong Kong profits tax            |                        |                  |                  |                          |                  |
| - Current year                   | 3,171                  | 4,581            | 9,411            | 2,837                    | 2,819            |
| - Under-provision in prior years | —                      | 108              | 2                | —                        | —                |
|                                  | <u>3,171</u>           | <u>4,689</u>     | <u>9,413</u>     | <u>2,837</u>             | <u>2,819</u>     |

The tax on the Group's profit before income tax differs from the theoretical amount that would arise as follows:

|   | Year ended 31 December |                  |                  | Five months ended 31 May |                  |
|---|------------------------|------------------|------------------|--------------------------|------------------|
|   | 2011<br>HK\$'000       | 2012<br>HK\$'000 | 2013<br>HK\$'000 | 2013<br>HK\$'000         | 2014<br>HK\$'000 |
|   |                        |                  |                  | <i>(Unaudited)</i>       |                  |
| Profit before income tax                          | 21,274                 | 28,088           | 53,931           | 22,526                   | 14,728           |
| Calculated at Hong Kong profits tax rate of 16.5% | 3,510                  | 4,635            | 8,899            | 3,717                    | 2,430            |
| Under-provision in prior year                     | —                      | 108              | 2                | —                        | —                |
| Income not subject to taxation                    | (369)                  | (96)             | (1,131)          | (983)                    | (1)              |
| Expenses not deductible for tax purposes          | 56                     | 68               | 1,325            | 21                       | 445              |
| Tax effect of temporary difference not recognised | <u>(26)</u>            | <u>(26)</u>      | <u>318</u>       | <u>82</u>                | <u>(55)</u>      |
| Income tax expense                                | <u>3,171</u>           | <u>4,689</u>     | <u>9,413</u>     | <u>2,837</u>             | <u>2,819</u>     |

**24 Earnings per share - Basic and diluted**

No earnings per share information is presented as its inclusion, for the purpose of this Financial Information, is not considered meaningful due to the Reorganisation and the presentation of the results for each of the years ended 31 December 2011, 2012 and 2013, and five months ended 31 May 2013 and 2014 on a combined basis as disclosed in Note 3 above.

**25 Dividend**

During the years ended 31 December 2011 and 2012, and five months ended 31 May 2013 and 2014, no dividend was declared or paid by the companies now comprising the Group.

A dividend in respect of the year ended 31 December 2013 of HK\$8,000 per share (totalling HK\$80,000,000) was proposed and declared on 21 March 2014 and paid on 2 May 2014 to its shareholder by Global International Credit Limited.

The rates of dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

## 26 Cash generated from operations

|  | Year ended 31 December |                  |                  | Five months ended 31 May        |                  |
|--|------------------------|------------------|------------------|---------------------------------|------------------|
|  | 2011<br>HK\$'000       | 2012<br>HK\$'000 | 2013<br>HK\$'000 | 2013<br>HK\$'000<br>(Unaudited) | 2014<br>HK\$'000 |
| Profit before income tax   | 21,274                 | 28,088           | 53,931           | 22,526                          | 14,728           |
| Adjustments for:   |                        |                  |                  |                                 |                  |
| Depreciation ( <i>Note 8</i> )   | 311                    | 319              | 977              | 129                             | 701              |
| Loan interest income<br>( <i>Note 19</i> )   | (31,189)               | (57,548)         | (121,240)        | (49,934)                        | (41,348)         |
| Interest expenses  | —                      | 4,761            | 22,863           | 9,813                           | 9,041            |
| Loss/(gain) on disposal of<br>property, plant and<br>equipment                               | 102                    | —                | —                | —                               | (48)             |
| Bank interest income   | (122)                  | (3,304)          | (6,357)          | (3,440)                         | (4)              |
| Impairment of repossessed<br>asset ( <i>Note 15</i> )  | —                      | —                | 3,848            | —                               | —                |
| Provision for individual<br>impairment assessment of<br>loans receivables ( <i>Note 10</i> ) | —                      | 55               | 9,453            | 9,500                           | —                |
| Provision for collective<br>impairment assessment of<br>loans receivables ( <i>Note 10</i> ) | —                      | 390              | 2,597            | 587                             | —                |
| Provision for individual<br>impairment of interest<br>receivables ( <i>Note 11</i> )         | —                      | —                | 57               | 57                              | —                |
| Changes in working capital:  |                        |                  |                  |                                 |                  |
| Loans receivable   | (53,454)               | (475,687)        | (110,528)        | (99,448)                        | 150,068          |
| Prepayments, deposits and<br>other receivables   | 584                    | (6,046)          | 7,080            | (1,071)                         | (637)            |
| Accrual and other payables   | 202                    | 2,945            | 7,165            | 4,127                           | (1,706)          |
| Cash (used in)/generated<br>from operations  | <u>(62,292)</u>        | <u>(506,027)</u> | <u>(130,154)</u> | <u>(107,154)</u>                | <u>130,795</u>   |

## 27 Commitments

*Operating lease commitments - Group as lessee*

The Group leases its office under non-cancellable operating lease agreements. The lease terms are 2 years, and the lease agreements are renewable at the end of the lease period at market rate.



(b) *Amount due to the Controlling Shareholder*

As at 31 December 2011, 2012 and 2013 and 31 May 2014, the amount due to the Controlling Shareholder was unsecured, interest-free and was repayable on demand. The amount due to the Controlling Shareholder is denominated in Hong Kong dollars.

(c) *Guarantees from related parties*

As at 31 December 2011, 2012 and 2013 and 31 May 2014, bank and other borrowings of the Group were guaranteed by the sole director of GIC, which is also a director of the Company, of HK\$Nil, HK\$585,000,000, HK\$1,185,000,000 and HK\$500,000,000, respectively. In the opinion of the sole director of GIC, upon listing, this guarantee will be released and will be replaced by the corporate guarantee of the Company.

(d) *Key management compensation*

Key management include the directors, and the compensation is included in the directors' emoluments, as disclosed in Note 21(a) above.

## 29 **Litigation**

In July 2014, an Independent third party (the "Plaintiff") filed a claim in the Court of First Instance of the High Court of Hong Kong against one of GIC's customers (the "Customer") as first defendant and GIC as the second defendant, alleging that, in 2013, GIC had not acted in good faith in entering into a mortgage financing arrangement with the Customer since GIC had actual or constructive notice of that borrower's intent to defraud creditors and/or lack of good faith (the "Litigation"). Accordingly, the Plaintiff sought a declaration that the mortgage provided by the Customer to GIC (the "Mortgage") is void and be set aside, the registration of the Mortgage at the Land registry be vacated, damages to be assessed, and interest and costs.

The directors of the Company have sought the opinion of an independent legal counsel in respect of the merits of the case, and have considered that, based on the preliminary advice and tentative views of the legal counsel, the Group has a good prospect of successfully defending the claim. As such, the directors intend to vigorously contest the claim.

Included in loans receivable is an amount due from the Customer of HK\$10,000,000 and HK\$9,400,000 as at 31 December 2013 and 31 May 2014, respectively. The directors reassessed the collectability of this loan with reference to the validity of the Mortgage due to the Litigation and the creditability of the Customer, and considered that an impairment of the outstanding loans receivable amount of HK\$8,800,000 should be recognised in the combined statement of comprehensive income for the year ended 31 December 2013, taking into account of the subsequent loan settlement amount of HK\$600,000 up to the date of this report.

**30 Events after balance sheet date**

Saved as disclosed elsewhere in this report, the following significant events took place subsequent to 31 December 2013:

- (i) on 24 November 2014, the Group completed the Reorganisation, where details were outlined in Note 2 of Section II to this Financial Information.
  
- (ii) by a shareholder's resolution dated 22 November 2014 and conditional on the share premium account of the Company being credited as a result of the issue of new shares pursuant to the proposed offering of the Company's shares, the Company will issue an additional 262,000,000 shares, credited as fully paid, to the existing shareholders of the Company.

**(III) STATEMENT OF FINANCIAL POSITION OF THE COMPANY**

The Company was incorporated on 20 January 2014 in the Cayman Islands with an authorised share capital of 38,000,000 ordinary shares of HK\$0.01 each and has not entered into any significant business transaction other than the Reorganisation. As at 31 May 2014, the Company had an amount due from the holding company of HK\$0.01 and an issued share capital of HK\$0.01.

**(IV) SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 May 2014 up to the date of this report. Save as disclosed in this report, no dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 May 2014.

Yours faithfully,  
**PricewaterhouseCoopers**  
*Certified Public Accountants*  
Hong Kong

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| <b>APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION</b> |
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**A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS**

The following unaudited pro forma statement of adjusted net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Share Offer on the net tangible assets of our Group attributable to the equity holder of our Company as of 31 May 2014 as if the Share Offer had taken place on 31 May 2014.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of our Group as at 31 May 2014 or at any future dates following the Share Offer. It is prepared based on the combined net assets of our Group as at 31 May 2014 as set out in the Accountant's Report of our Group, the text of which is set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted net tangible assets does not form part of the Accountant's Report.

|   | Audited combined net tangible assets of our Group attributable to the equity holder of our Company as at 31 May 2014 <i>(Note 1)</i> | Effect of the Capitalisation of amounts due to the Controlling Shareholders <i>(Note 2)</i> | Estimated net proceeds from Share Offer <i>(Note 3)</i> | Unaudited pro forma adjusted net tangible assets attributable to the equity holder of our Company as at 31 May 2014 | Unaudited pro forma adjusted net tangible assets per Share <i>(Note 4)</i> |
|---|--|---|---|---|--|
|   | <i>HK\$'000</i>  | <i>HK\$'000</i>   | <i>HK\$'000</i>   | <i>HK\$'000</i>   | <i>HK\$</i>  |
| Based on an Offer Price of HK\$1.30 per Share | <u>35,747</u>  | <u>390,000</u>  | <u>115,637</u>  | <u>541,384</u>  | <u>1.35</u>  |
| Based on an Offer Price of HK\$1.60 per Share | <u>35,747</u>  | <u>390,000</u>  | <u>144,737</u>  | <u>570,484</u>  | <u>1.43</u>  |

*Notes:*

- (1) The audited combined net tangible assets attributable to the equity holder of the Company as at 31 May 2014 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited combined net assets of the Group attributable to the equity holder of the Company as at 31 May 2014 of HK\$35,747,000.
- (2) As part of the Reorganisation and as stated in the section headed "History, Development and Corporate Structure" of this listing document, the aggregated amounts due to the Controlling Shareholders amounted to approximately HK\$390,000,000 was capitalised on 24 November 2014.



## APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

- (3) The estimated net proceeds from the Share Offer are based on the indicative Offer Price of HK\$1.30 and HK\$1.60 per Share after deduction of the estimated underwriting fees and other related expenses (excluding listing expenses of approximately HK\$9,005,000 which have been accounted for prior to 31 May 2014) payable by the Company and takes no account of any shares which may fall to be issued upon the exercise of options granted under the Share Option Scheme or any Shares which may be granted and issued or repurchased by our Company pursuant to the General Mandate and the Repurchase Mandate, respectively.
- (4) The unaudited pro forma adjusted net tangible assets per Share has been arrived at after having made the adjustments referred to in the preceding paragraphs and on the basis of a total of 400,000,000 Shares in issue assuming that the Share Offer has been completed on 31 May 2014 but without taking into account any Shares which may fall to be issued upon the exercise of options granted under the Share Option Scheme or any Share which may be allotted and issued or repurchased by the Company pursuant to the General Mandate to Issue Shares or the General Mandate to Repurchase Shares as described in the section headed “Share Capital” in this prospectus.
- (5) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 May 2014.

### B. UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The following unaudited pro forma forecast earnings per share has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Share Offer as if it had taken place on 1 January 2014. This unaudited pro forma forecast earnings per share has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of financial results of the Group for the year ending 31 December 2014 or any future period.

Forecast consolidated profit attributable to equity holders of the Company for the year ending 31 December 2014 <sup>(Note 1)</sup>

Unaudited pro forma forecast earnings per Share based on forecast profit attributable to equity holders of the Company for the year ending 31 December 2014 <sup>(Note 2)</sup>

Not less than HK\$30 million

Not less than HK\$0.075

*Notes:*

- (1) The forecast consolidated profit attributable to equity holders of our Company for the year ending 31 December 2014 is extracted from the section headed “Financial Information — Profit Forecast for the year ending 31 December 2014” in this prospectus. The bases on which the above profit forecast has been prepared are set out in Appendix III to this prospectus. The Directors have prepared the forecast consolidated profit attributable to equity holders of our Company for the year ending 31 December 2014 based on our audited combined results for the five months ended 31 May 2014, the unaudited combined results for the four months ended 30 September 2014 and the forecast of the consolidated results for the remaining three months ending 31 December 2014. The forecast has been prepared on the basis of accounting policies consistent in all material respects with those presently adopted by the Group as set out in Note 4 of Section II of the Accountant’s Report, the text of which is set out in Appendix I to this prospectus.
- (2) The calculation of unaudited pro forma forecast earnings per Share for the year ending 31 December 2014 is based on the forecast combined profit attributable to equity holders of our Company for the year ending 31 December 2014 and on the basis that 400,000,000 Shares were in issue during the entire period and assuming that the Share Offer had been completed on 1 January 2014. The calculation takes no account of any Shares which may be issued upon exercise of the options granted under the Share Option Scheme or any shares which may be allotted and issued or repurchased by our Company pursuant to the General Mandate to Issue Shares or the General Mandate to Repurchase Shares as described in the section headed “Share Capital” in this prospectus.

**C.    REPORT FROM THE REPORTING ACCOUNTANT ON THE UNAUDITED PRO  
FORMA FINANCIAL INFORMATION**

*The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.*



羅兵咸永道

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE  
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDED IN  
A PROSPECTUS**

TO THE DIRECTORS OF GLOBAL INTERNATIONAL CREDIT GROUP LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Global International Credit Group Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 31 May 2014 and unaudited Pro Forma Forecast Earnings Per Share for the year ending 31 December 2014, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated 28 November 2014 (the "Prospectus"), in connection with the proposed initial public offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at 31 May 2014 and the Group's forecast earnings per share for the year ending 31 December 2014 as if the proposed initial public offering had taken place at 31 May 2014 and 1 January 2014, respectively. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information for the period ended 31 May 2014, on which an accountant's report has been published. Information about the Group's forecast of the consolidated profit attributable to equity holders of the Company for the year ending 31 December 2014 has been extracted by the directors from the section headed "Financial Information" in the Prospectus.

**Directors' Responsibility 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 ("HKICPA").

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T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

### **Reporting Accountant's 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 accountant complies with ethical requirements and plans and performs 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 a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity 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 proposed initial public offering at 31 May 2014 or 1 January 2014 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 event or 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 accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

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| <b>APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION</b> |
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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 of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 28 November 2014

*The forecast of the profit and total comprehensive income of our Company for the year ending 31 December 2014 is set out in the paragraph headed “Profit forecast for the year ending 31 December 2014” in the section headed “Financial information” in this prospectus.*

## 1. BASIS AND ASSUMPTIONS

Our Directors have prepared the forecast of the consolidated profit and total comprehensive income of our Company for the year ending 31 December 2014 based on our audited combined result for the five months ended 31 May 2014, the unaudited combined results for the four months ended 30 September 2014 and the forecast of the consolidated results for the remaining three months ending 31 December 2014. Our Directors are not aware of any extraordinary items which have arisen or are likely to arise during the year ending 31 December 2014. The forecast has been prepared on the basis of the accounting policies consistent in all material aspects with those currently adopted by our Group as summarised in the Accountant’s Report, the text of which is set out in Appendix I to this prospectus and is based on the following principal assumptions:

- (i) There will be no material change in the existing political, legal, fiscal, market or economic conditions in Hong Kong, or are otherwise material to our Group’s business;
- (ii) There will be no change in legislation, regulations or rules in Hong Kong, which materially adversely affect its business;
- (iii) There will be no material changes in the bases or rates of taxation in Hong Kong;
- (iv) There will be no material changes in the inflation rates, interest rates or foreign currency exchange rates from those currently prevailing;
- (v) The operations of our Group will not be materially affected or interrupted by any force majeure events or unforeseeable factors or any unforeseeable reasons that are beyond the control of our Directors, including but not limited to occurrence of natural disasters, outbreak of epidemics, terrorists’ attack, labour disputes or serious accidents;
- (vi) There will be no material change in credit policies offered to the customers and granted by the bankers and lenders of our Group during the forecast period;
- (vii) Our Group’s operations, results, and financial position will not be adversely affected by the risk factors described under the “Risk Factors” section of the prospectus;
- (viii) There will be no material and unfavourable changes in the terms and conditions of existing borrowing facilities made available to our Group;
- (ix) There will be no unforeseeable events or unforeseeable factors or any unforeseeable reasons which cause significant decrease in demand of loan products from our Group’s customers; and
- (x) Our Shares will be successfully listed on the Main Board of the Stock Exchange and the net proceeds of the Share Offer will be received in December 2014.

## 2. LETTER

Set out below are texts of letters received by our Directors from (i) PricewaterhouseCoopers, our Reporting Accountant; and (ii) the Sole Sponsor prepared for the purpose of inclusion in this prospectus in connection with the forecast of our combined profit attributable to equity shareholders of our Company for the year ending 31 December 2014.

(i) *Letter from PricewaterhouseCoopers*



羅兵咸永道

The Board of Directors  
Global International Credit Group Limited

Investec Capital Asia Limited

Dear Sirs,

Global International Credit Group Limited (the “Company”)

### **Profit Forecast for Year Ending 31 December 2014**

We refer to the forecast of the combined profit attributable to owners of the Company for the year ending 31 December 2014 (the “Profit Forecast”) set forth in the subsection headed “Profit Forecast for the year ending 31 December 2014” in the section headed “Financial Information” in the prospectus of the Company dated 28 November 2014 (the “Prospectus”).

### **Responsibilities**

The Profit Forecast has been prepared by the directors of the Company based on the audited combined results of the Company and its subsidiaries (collectively referred to as the “Group”) for the five months ended 31 May 2014, the unaudited combined results based on the management accounts of the Group for the four months ended 30 September 2014 and a forecast of the consolidated results of the Group for the remaining three months ending 31 December 2014.

The Company’s directors are solely responsible for the Profit Forecast. It is our responsibility to form an opinion on the accounting policies and calculations of the Profit Forecast based on our procedures.

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*PricewaterhouseCoopers, 22/F Prince’s Building, Central, Hong Kong*  
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

**Basis of opinion**

We carried out our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 “Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness” and with reference to Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company’s directors have properly compiled the Profit Forecast in accordance with the bases and assumptions made by the directors and as to whether the Profit Forecast is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

**Opinion**

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the bases and assumptions made by the directors as set out in Appendix III of the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountant’s report dated 28 November 2014, the text of which is set out in Appendix I of the Prospectus.

Yours faithfully,

**PricewaterhouseCoopers**

Certified Public Accountants

Hong Kong, 28 November 2014

(ii) *Letter from the Sole Sponsor*

*The following is the text of a letter, prepared for inclusion in this prospectus, received by our Directors from the Sole Sponsor, in connection with the forecast of our consolidated profit for the year ending 31 December 2014.*

28 November 2014

The Board of Directors  
Global International Credit Group Limited  
Dear Sirs,

We refer to the forecast of the combined profit attributable to equity holders of Global International Credit Group Limited (the “**Company**”, together with its subsidiaries, hereinafter collectively referred to as the “**Group**”) for the year ending 31 December 2014 (the “**Profit Forecast**”) as set out in the subsection headed “Profit Forecast for the year ending 31 December 2014” in the section headed “Financial Information” in the prospectus issued by the Company dated 28 November 2014 (the “**Prospectus**”).

The Profit Forecast, for which the directors of the Company (the “**Directors**”) are solely responsible, has been prepared by them based on the audited combined results of the Group for the five months ended 31 May 2014, the unaudited combined results of the Group based on management accounts for the four months ended 30 September 2014 and a forecast of the combined results of the Group for the remaining three months ending 31 December 2014.

We have discussed with you the bases and assumptions made by the Directors as set out in page III-1 of the Prospectus upon which the Profit Forecast has been made. We have also considered the letter dated 28 November 2014 addressed to yourselves and ourselves from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, regarding the accounting policies and calculations upon which the Profit Forecast has been made.

On the basis of the information comprising the Profit Forecast and on the basis of the accounting policies and calculations adopted by you and reviewed by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, we are of the opinion that the Profit Forecast, for which you are solely responsible, has been made after due and careful enquiry.

Yours faithfully,  
For and on behalf of  
**Investec Capital Asia Limited**  
**Alexander Tai**  
*Managing Director*  
*Head of Corporate Finance*



*This Appendix contains a summary of the Memorandum and Articles of Association of our Company. As the information set out below is in summary form, it does not contain all of the information that may be important to potential investors.*

Set out below is a summary of certain provisions of the Memorandum of Association and Articles of Association of the Company and certain aspects of Cayman Islands Companies Law.

## **SUMMARY OF THE CONSTITUTION OF THE COMPANY**

### **1 Memorandum of Association**

The Memorandum of Association of the Company was conditionally adopted on 22 November 2014 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix VI in the paragraph headed “Documents available for inspection”.

### **2 Articles of Association**

The Articles of Association of the Company were conditionally adopted on 22 November 2014 and include provisions to the following effect:

#### **2.1 *Classes of Shares***

The share capital of the Company consists of ordinary shares. The capital of the Company at the date of adoption of the Articles is HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each.

#### **2.2 *Directors***

##### **(a) *Power to allot and issue Shares***

Subject to the provisions of the Companies Law and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in

regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Companies Law and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

(b) *Power to dispose of the assets of the Company or any subsidiary*

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Companies Law expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Law and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) *Compensation or payment for loss of office*

Payment to any 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 entitled) must first be approved by the Company in general meeting.

(d) *Loans to Directors*

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) *Financial assistance to purchase Shares*

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

(f) *Disclosure of interest in contracts with the Company or any of its subsidiaries*

No Director or proposed 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 contract or

arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

- (i) the giving to such Director or any of his close associates of any security or indemnity 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;
- (ii) 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 any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer of shares, 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 any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:
  - (A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or
  - (B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

- (v) any contract or arrangement in which the Director or any of his close associates 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.

(g) *Remuneration*

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, 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 less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. 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.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) *Retirement, appointment and removal*

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without

prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). The Company may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed. The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

- (i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;
- (ii) if an order is 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 Directors resolve that his office be vacated;
- (iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;
- (iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;
- (vi) 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) for the time being then in office; or
- (vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) *Borrowing powers*

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) *Proceedings of the Board*

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. 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.

### 2.3 *Alteration to constitutional documents*

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

### 2.4 *Variation of rights of existing shares or classes of shares*

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Law, be varied 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 meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorised representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

### 2.5 *Alteration of capital*

The Company in general meeting may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;
- (b) cancel any 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 subject to the provisions of the Companies Law; and
- (c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Companies Law.

### 2.6 *Special resolution — majority required*

A "special resolution" is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Law, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of 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 and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an “ordinary resolution” is defined in the Articles of Association 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 corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

### ***2.7 Voting rights***

Subject to any special rights, privileges or restrictions 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, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been 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 may vote by any person authorised in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.



At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general 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 pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorisation, including, where a show of hands is allowed, the right to vote individually on a show of hands.

## **2.8 *Annual general meetings***

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other general meeting in that year and shall specify the meeting as such in the notice calling it; and not more than 15 months (or such longer period as the Stock Exchange may authorise) shall elapse between the date of one annual general meeting of the Company and that of the next.

## **2.9 *Accounts and audit***

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Law.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Law or any other relevant law or regulation or as authorised by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the

manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

The Company shall at any annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

#### *2.10 Notice of meetings and business to be conducted thereat*

An annual general meeting and any extraordinary general meeting called for the passing of a special resolution shall be called by not less than 21 days' notice in writing and any other extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be inclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions to be considered at the meeting and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and
- (b) 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% in nominal value of the shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (a) the declaration and sanctioning of dividends;
- (b) the consideration and adoption of the accounts and balance sheets and the reports of the Directors and the auditors and other documents required to be annexed to the balance sheet;
- (c) the election of Directors in place of those retiring;

- (d) the appointment of auditors;
- (e) the fixing of, or the determining of the method of fixing of, the remuneration of the Directors and of the auditors;
- (f) the granting of any mandate or authority to the Directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than 20% (or such other percentage as may from time to time be specified in the Listing Rules) in nominal value of its then existing issued share capital and the number of any securities repurchased pursuant to sub-paragraph (g) below; and
- (g) the granting of any mandate or authority to the Directors to repurchase securities of the Company.

### 2.11 *Transfer of shares*

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, 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. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

- (a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is properly stamped (in circumstances where stamping is required);
- (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;
- (e) the shares concerned are free of any lien in favour of the Company; and

- (f) a fee of such maximum as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 14 days' notice being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

#### ***2.12 Power of the Company to purchase its own shares***

The Company is empowered by the Companies Law and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as cancelled upon the repurchase.

#### ***2.13 Power of any subsidiary of the Company to own shares***

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

#### ***2.14 Dividends and other methods of distribution***

Subject to the Companies Law and Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other moneys payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other moneys payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company 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 Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

### 2.15 *Proxies*

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorised in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months

from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

#### *2.16 Calls on shares and forfeiture of shares*

The Directors may from time to time make calls upon the members of the Company in respect of any moneys unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by instalments and shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share or other moneys due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or instalment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or instalment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

#### ***2.17 Inspection of register of members***

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 14 days' notice being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of such fee not exceeding HK\$2.50 (or such higher amount as may from time to time be permitted under the Listing Rules) as the Directors may determine for each inspection.

#### ***2.18 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, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.



### 2.19 *Rights of minorities in relation to fraud or oppression*

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

### 2.20 *Procedure on liquidation*

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company 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 of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. And if in a winding up 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, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Law, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any 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 of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Law, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

### 2.21 *Untraceable members*

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange 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 for an amount equal to such net proceeds.

**SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION****1 Introduction**

The Companies Law is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Law and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

**2 Incorporation**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 20 January 2014 under the Companies Law. As such, its operations must be conducted mainly outside the Cayman Islands. 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 size of its authorised share capital.

**3 Share Capital**

The Companies Law permits a company to issue ordinary shares, preference shares, 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 of the value of the premia on those shares shall be transferred to an account called the “share premium account”. At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement 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 a 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:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law);
- (d) writing-off the preliminary expenses of the company;
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

- (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

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.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands, 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, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Law, 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 shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. 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 member of the company holding shares. 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.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

#### **4 Dividends and Distributions**

With the exception of section 34 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 in this area, 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 paragraph 3 above for details).

## 5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

## 6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands 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.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

## 7 Disposal of Assets

The Companies Law contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

## 8 Accounting and Auditing Requirements

The Companies Law requires that a company shall cause to be kept proper books of account with respect to:

- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the company; and

(c) the assets and liabilities of the company.

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.

## **9 Register of Members**

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 without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of 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.

## **10 Inspection of Books and Records**

Members of a company will 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.

## **11 Special Resolutions**

The Companies Law provides that a resolution is a special resolution when it has been passed by a majority of not less than two-thirds (or such greater number as may be specified in the articles of association of the company) of such members as, being entitled to do so, vote in person 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. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

## **12 Subsidiary Owning Shares in Parent**

The Companies Law does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

## **13 Mergers and Consolidations**

The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated

company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

#### **14 Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is 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 shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

#### **15 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 shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand 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 shareholders.

#### **16 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, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

**17 Liquidation**

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

**18 Stamp Duty on Transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

**19 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:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- (b) in addition, that no tax to 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:
  - (i) on or in respect of the shares, debentures or other obligations of the Company; or
  - (ii) by way of the 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 is for a period of twenty years from 18 February 2014.

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 executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

**20 Exchange Control**

There are no exchange control regulations or currency restrictions in the Cayman Islands.

**21 General**

Maples and Calder, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of 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 VI. 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/she is more familiar is recommended to seek independent legal advice.



**A. FURTHER INFORMATION ABOUT OUR COMPANY****1. Incorporation**

Our Company was incorporated under the Companies Law in the Cayman Islands, as an exempted company with limited liability on 20 January 2014.

As our Company was incorporated in the Cayman Islands, our operations are subject to the Companies Law and to our constitution which comprises the Memorandum and Articles of our Company. A summary of various sections of the Memorandum and Articles of our Company and certain relevant aspects of the Companies Law is set out in Appendix IV to this prospectus.

Since 25 April 2014, our Company has been registered in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance and has established our principal place of business in Hong Kong at Unit 01, 23/F, World-Wide House, 19 Des Voeux Road, Central, Hong Kong. In connection with such registration requirements of the Companies Ordinance, our Company has appointed Ms. Wang of G/F, House B, 37 Island Road, Repulse Bay, Hong Kong as our agent for acceptance of service on behalf of our Company in Hong Kong.

**2. Changes in authorised and issued share capital of our Company**

The following sets out the changes in the authorised and issued share capital of our Company:

- (i) as at the date of incorporation of our Company on 20 January 2014, the initial authorised share capital of our Company was HK\$380,000 divided into 38,000,000 shares of nominal value of HK\$0.01 each. On the same day, one fully paid subscriber Share was allotted and issued to Mapcal Limited, an Independent Third Party, as the initial subscriber;
- (ii) on 20 January 2014, Mapcal Limited transferred the one Share to Ms. Jin;
- (iii) on 24 November 2014, through a share swap agreement, Ms. Jin transferred her entire issued share capital of our Company to Blossom Spring in consideration for the allotment and issue of a total 1 share in Blossom Spring;
- (iv) on 24 November 2014, through a share swap agreement, Spring Asset transferred its shares in GIC to GIC (Overseas) in consideration for (a) the allotment and issue of 100 shares in GIC (Overseas), credited as fully paid to our Company; (b) the allotment and issue of 10,000 Shares to Blossom Spring credited as fully paid; and (c) the allotment and issue of 100 shares in Blossom Spring credited as fully paid to Ms. Jin;
- (v) on 24 November 2014, through a share swap agreement, Ms. Jin transferred her shares in GITI to GITI (Overseas), in consideration for (a) the allotment and issue of 100 shares in GITI (Overseas), credited as fully paid to our Company; (b) the allotment and issue of 10,000 Shares to Blossom Spring credited as fully paid; and (c) the allotment and issue of 100 shares in Blossom Spring credited as fully paid to Ms. Jin; and

- (vi) on 24 November 2014, our Company allotted and issued 37,979,999 Shares, credited as fully paid to Blossom Spring for the purpose of capitalisation of advances due by GIC to our Controlling Shareholders.

On 24 November 2014, the authorised share capital of our Company was increased from HK\$380,000 to HK\$100,000,000 by the creation of additional 9,962,000,000 Shares.

Assuming that the Share Offer becomes unconditional and the issue of the Shares pursuant to the Share Offer are made, the issued share capital of our Company will be HK\$4,000,000 divided into 400,000,000 Shares fully paid or credited as fully paid. Other than pursuant to any options which may be granted under Share Option Scheme, the exercise of the general mandate to issue shares referred to in the section headed “Written resolutions of our sole Shareholder passed on 22 November 2014” below, there is no present intention to issue any part of the authorised but unissued share capital of our Company and, without prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed herein, there has been no alteration in the authorised and issued share capital of our Company since its incorporation.

### 3. **Written resolutions of our sole Shareholder passed on 22 November 2014**

By resolutions in writing of our sole Shareholder passed on 22 November 2014:

- (i) conditional upon Listing, the Memorandum and Articles were approved and adopted;
- (ii) conditional upon the conditions as stated in the section headed “Structure of the Share Offer” of this prospectus being satisfied or otherwise waived:
- (a) the Share Offer (including the Public Offer and the Placing) was approved, and that our Directors were authorised to allot and issue the Offer Shares;
- (b) conditional upon the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the issue of the new Shares under the Share Offer, our Directors were authorised to capitalise HK\$2,620,000 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 262,000,000 Shares for allotment and issue to Shareholder(s) whose name(s) appear(s) on the register of members of our Company at the close of business on 24 November 2014 in proportion (as nearly as possible without involving fractions) to their then existing shareholdings in our Company (“**Capitalisation Issue**”);

- (c) the Share Option Scheme was approved and adopted, and our Directors were authorised to grant options thereunder, and to allot and issue such number of Shares pursuant to the exercise of the subscription rights attached to such options, and to take all such steps as may be necessary, desirable or expedient to implement the Share Option Scheme;
- (iii) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to allot, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements in accordance with the Articles, or pursuant to the exercise of any options under the Share Option Scheme, Shares with an aggregate nominal value not exceeding 20% of the aggregate nominal value of the share capital in issue of our Company immediately following the completion of the Share Offer and the Capitalisation Issue; such mandate to remain in effect until whichever is the earliest of (a) the conclusion of the next annual general meeting of our Company; (b) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held; or (c) the passing of an ordinary resolution of our Shareholders at a general meeting revoking, varying or renewing such mandate;
- (iv) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase on the Stock Exchange, Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal value of the share capital in issue of our Company immediately following completion of the Share Offer and the Capitalisation Issue (excluding such Shares which may be issued upon the exercise of the options to be granted under the Share Option Scheme), such mandate to remain in effect until whichever is the earliest of (a) the conclusion of the next annual general meeting of our Company; (b) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held; or (c) the passing of an ordinary resolution of our Shareholders at a general meeting revoking, varying or renewing such mandate;
- (v) the general unconditional mandate as stated in paragraph (iv) above was extended by the addition to the aggregate nominal value of the share capital in issue of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the authority granted as stated in paragraph (iv) above.

#### 4. Reorganisation of our Group

The companies comprising our Group underwent the Reorganisation in preparation for the Listing. For information relating to the Reorganisation, please refer to the section headed “History, development and corporate structure — Reorganisation” of this prospectus.

## 5. Changes in share capital of our subsidiaries

Subsidiaries of our Company are listed in the Accountant's Report set out in Appendix I to this prospectus.

Save as set out above and disclosed in the section headed "History, development and corporate structure" of this prospectus, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

## 6. Repurchase by our Company of our own securities

This paragraph contains information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of our own securities. Subject to certain restrictions, the Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their own securities on the Stock Exchange, the most important of which are summarised below.

### (i) *Shareholders' approval*

The Listing Rules provide that all proposed repurchases of securities by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the Shareholders in general meeting, either by way of a specific approval of a specific transaction, or by way of a general mandate.

*Note:* Pursuant to the written resolutions passed by our sole Shareholder on 22 November 2014, a general unconditional mandate has been given to our Directors authorising them to exercise all powers of our Company to repurchase on the Stock Exchange, Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal value of the share capital in issue of our Company immediately following completion of the Share Offer and the Capitalisation Issue (excluding such Shares which may be issued upon the exercise of the options to be granted under the Share Option Scheme) (the "*Share Repurchase Mandate*"). The Share Repurchase Mandate will expire (i) at the conclusion of the next annual general meeting of our Company, or (ii) the date by which the next annual general meeting of our Company is required by any applicable laws or the Articles to be held, or (iii) the passing of an ordinary resolution by our Shareholders in a general meeting revoking or varying the authority given to our Directors, whichever is the earliest.

### (ii) *Source of funds*

Any repurchases must be financed out of funds legally available for the purpose in accordance with the Listing Rules, the Memorandum and the Articles and the applicable laws and regulations of the Cayman Islands.

A listed company may not repurchase its own 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.

(iii) *Reasons for repurchases*

Our Directors believe that it is in the best interests of our Company and the Shareholders for our Directors to have general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or the earnings per Share. Repurchases of Shares will only be made if our Directors believe that such repurchases will benefit our Company and the Shareholders.

(iv) *Funding of repurchase*

Under the laws of the Cayman Islands, any repurchases by our Company may be made either (a) out of profits of our Company; or (b) out of the proceeds of a fresh issue of Shares made for the purpose of the purchase; or (c) out of capital, if so authorised by the Articles and subject to the provisions of the Companies Law of the Cayman Islands; or, (d) in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company.

Our Directors do not propose to exercise the Share Repurchase Mandate to such an extent that would have a material adverse effect on the working capital position of our Company or the gearing levels which, in the opinion of our Directors, are appropriate for our Company from time to time.

(v) *Trading restrictions*

Our Company may not issue or announce a proposed issue of Shares for a period of 30 days immediately following a repurchase of Shares, without the prior approval of the Stock Exchange. Our Company is also prohibited from repurchasing Shares on the Stock Exchange if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. Our Company is required to procure that the broker appointed by it to effect a repurchase of Shares discloses to the Stock Exchange such information with respect to the repurchases as the Stock Exchange may request. Our Company also shall not purchase its Shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which the Shares were traded on the Stock Exchange.

(vi) *Status of repurchased shares*

All repurchased Shares (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those Shares must be cancelled and destroyed. Under Cayman law, a company's repurchased shares shall be treated as cancelled and the amount of the company's issued share capital shall be reduced by the aggregate par value of the repurchased shares accordingly although the authorised share capital of the company will not be reduced.

(vii) *Suspension of repurchases*

Pursuant to the Listing Rules, our Company may not make any repurchases of Shares after inside information has come to its knowledge until the information is made publicly available. In particular, under the requirements of the Listing Rules in force as of the date hereof, during the period of one month immediately preceding the earlier of: (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half year, quarterly or any other interim period (whether or not required by the Listing Rules); and (b) the deadline for our Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and in each case ending on the date of the results announcement, our Company may not repurchase Shares on the Stock Exchange unless the circumstances are exceptional. In addition, the Stock Exchange may prohibit a repurchase of the Shares on the Stock Exchange if our Company has breached the Listing Rules.

(viii) *Procedural and reporting requirements*

As required by the Listing Rules, repurchases of Shares on the Stock Exchange or otherwise must be reported to the Stock Exchange no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the Stock Exchange business day following any day on which our Company may make a purchase of Shares, reporting the total number of Shares purchased the previous day, the purchase price per Share or the highest and lowest prices paid for such purchases, where relevant. In addition, our Company's annual report is required to disclose details regarding repurchases of Shares made during the year, including a monthly analysis of the number of Shares repurchased, the purchase price per Share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate price paid.

(ix) *General*

None of the Directors nor, to the best of their knowledge and having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules), have any present intention, if the Share Repurchase Mandate is exercised, 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 Share Repurchase Mandate in accordance with the Listing Rules, the Articles and the applicable laws and regulations of the Cayman Islands.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (as defined in the Takeovers Code), depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any other consequences which would arise under the Takeovers Code as a consequence of any repurchases of Shares pursuant to the Share Repurchase Mandate.

Our Company is prohibited from knowingly purchasing securities on the Stock Exchange from a core connected person (as defined in the Listing Rules) and a core connected person is prohibited from knowingly selling his/her securities to our Company.

No core connected persons (as defined in the Listing Rules) of the Company have notified us of intention to sell securities to our Company and such persons have undertaken not to sell any such securities to our Company, if the Share Repurchase Mandate is exercised.

## **B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY**

### **1. Summary of material contracts of our Group**

The contracts below (not being contracts entered into in the ordinary course of business) have been entered into by our Company or our subsidiaries within the two years preceding the date of this prospectus and are, or may be, material:


- (a) a limited liability company quota purchase agreement dated 20 December 2013 entered into between Global International Technology Investment Limited as seller and Global International Technology Holding Limited as purchaser and pursuant to which Global International Technology Investment Limited agreed to sell, and Global International Technology Holding Limited agreed to purchase, 70% of the corporate capital in Engines Engineering Srl at a consideration of €10,915,000;
- (b) a share swap agreement dated 24 November 2014 entered into between Ms. Jin Xiaoqin (金曉琴), Blossom Spring Global Limited, Spring Asset Investments Limited, GIC (Overseas) Holdings Limited and Global International Credit Group Limited pursuant to which Spring Asset Investments Limited transferred 10,000 shares in Global International Credit Limited to GIC (Overseas) Holdings Limited in consideration for (i) the allotment and issue of 100 shares in GIC (Overseas) Holdings Limited credited as fully paid to Global International Credit Group Limited; (ii) the allotment and issue of 10,000 shares in Global International Credit Group Limited to Blossom Spring Global Limited credited as fully paid to Blossom Spring Global Limited; and (iii) the allotment and issue of 100 shares in Blossom Spring Global Limited credited as fully paid to Ms. Jin Xiaoqin (金曉琴);
- (c) a share swap agreement dated 24 November 2014 entered into between Ms. Jin Xiaoqin (金曉琴), Blossom Spring Global Limited, GITI (Overseas) Limited and Global International Credit Group Limited pursuant to which Ms. Jin Xiaoqin (金曉琴) transferred 1,000 shares in Global International Technology Investment Limited to GITI (Overseas) Limited, in consideration for (i) the allotment and issue of 100 shares in GITI (Overseas) Limited credited as fully paid to Global International Credit Group Limited; (ii) the allotment and issue of 10,000 shares in Global International Credit Group Limited credited as fully paid to Blossom Spring Global Limited; and (iii) the allotment and issue of 100 shares in Blossom Spring Global Limited credited as fully paid to Ms. Jin Xiaoqin (金曉琴);

- (d) a deed of waiver and capitalisation of loan dated 24 November 2014 entered into between Ms. Jin Xiaoqin (金曉琴), Global International Credit Limited, GIC (Overseas) Holdings Limited, Global International Credit Group Limited and Blossom Spring Global Limited, pursuant to which, Ms. Jin agreed to waive and relinquish all her rights, interests, claims and remedy in and to the shareholder's loan in the amount of HK\$390,000,000, which shall be settled by (i) the allotment and issue of 100 shares in Global International Credit Limited to GIC (Overseas) Holdings Limited credited as fully paid; (ii) the allotment and issue of 100 shares in GIC (Overseas) Holdings Limited to Global International Credit Group Limited credited as fully paid; and (iii) the allotment and issue of 37,979,999 shares in Global International Credit Group Limited to Blossom Spring Global Limited credited as fully paid.
- (e) a deed of indemnity dated 22 November 2014 given by Ms. Jin Xiaoqin (金曉琴) and Blossom Spring Global Limited in favour of Global International Credit Group Limited (for itself and as trustee for each of its subsidiaries) in respect of, among others, taxation and property matters referred to in the sub-section headed "Estate duty, tax and other indemnities" in this Appendix;
- (f) a deed of non-competition undertakings dated 22 November 2014 entered into by Ms. Jin Xiaoqin (金曉琴) and Blossom Spring Global Limited in favour of Global International Credit Group Limited (for itself and as trustee for all other members of the Group), pursuant to which each of Ms. Jin Xiaoqin (金曉琴) and Blossom Spring Global Limited has given certain non-competition undertakings, as referred to in the paragraph headed "Relationship with Controlling Shareholders — Deed of Non-competition undertakings" of this prospectus; and
- (g) the Public Offer Underwriting Agreement.

## 2. Summary of intellectual property rights of our Group

### (a) Trademarks

As at the Latest Practicable Date, we were the registered proprietor of the following trademarks in Hong Kong:

| Item | Trademark   | Registered Owner | Trademark Number | Class | Registration Period                   |
|------|---|------------------|------------------|-------|---------------------------------------|
| 1.   |  GLOBAL<br>INTERNATIONAL<br>CREDIT LIMITED<br>環球信貸<br>有限公司 | GIC              | 301281267        | 36    | 5 February 2009 to<br>4 February 2019 |



| Item | Trademark  | Registered Owner | Trademark Number | Class | Registration Period               |
|------|--|------------------|------------------|-------|-----------------------------------|
| 2.   | A <br>B      | GIC              | 302581984        | 36    | 18 April 2013 to<br>17 April 2023 |
| 3.   | A <br>B      | GIC              | 302624616        | 36    | 31 May 2013 to<br>30 May 2023     |
| 4.   | A <br>B      | GIC              | 302624634        | 36    | 31 May 2013 to<br>30 May 2023     |
| 5.   | A <br>B      | GIC              | 302644786        | 36    | 20 June 2013 to<br>19 June 2023   |
| 6.   | A <br>B   | GIC              | 302644812        | 36    | 20 June 2013 to<br>19 June 2023   |
| 7.   | A <br>B  | GIC              | 302671777        | 36    | 15 July 2013 to<br>14 July 2023   |
| 8.   | A <br>B  | GIC              | 302694709        | 36    | 5 August 2013 to<br>4 August 2023 |
| 9.   | A <br>B  | GIC              | 302694718        | 36    | 5 August 2013 to<br>4 August 2023 |

(b) *Domain Name*

Our Group has registered the following domain name as at the Latest Practicable Date:

| Item | Domain Name  | Registrant | Expiry Date      |
|------|--|------------|------------------|
| 1.   | <a href="http://www.gic.com.hk">www.gic.com.hk</a> | GIC        | 18 December 2016 |

**C. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS****1. Particulars of Directors' service agreements and letters of appointment**

Our executive Directors, each of Ms. Wang and Ms. Jin has entered into a service agreement with our Company regarding her appointment as executive Director for a term of three years commencing from the Listing Date and shall continue thereafter unless terminated by not less than six months written notice or otherwise in accordance with the service agreement.

According to the terms of the service agreements entered into between our Company and the executive Director, each of the executive Directors will receive a monthly salary of HK\$50,000, which is subject to annual review by our Board and our Remuneration Committee. Each of the executive Directors is also entitled to a discretionary performance bonus as may be determined by the Board upon the recommendation of our Remuneration Committee.

Each of our independent non-executive Directors, Dr. Ng Lai Man, Carmen, Mr. Chan Chi On and Mr. Tang, Warren Louis has signed a letter of appointment dated 22 November 2014 with our Company for a term of three years commencing from the Listing Date and shall continue thereafter unless terminated by not less than three months written notice or otherwise in accordance with the relevant letter of appointment. The annual remuneration payable by our Company to each of our independent non-executive Directors is HK\$240,000 according to the respective letter of appointment.

Our independent non-executive Directors may be entitled to a discretionary performance bonus under the letters of appointment as may be determined by the Board upon the recommendation of our Remuneration Committee.

**2. Directors' remuneration**

- (i) For the three financial years ended 31 December 2011, 2012 and 2013 and the five months ended 31 May 2014, the aggregate amount of the remuneration and benefits in kind (including fees, salaries, pension scheme contributions, discretionary bonuses and other allowances) paid to our Directors by our Group was approximately HK\$100,000, HK\$100,000, HK\$1,200,000 and HK\$350,000, respectively.
- (ii) Pursuant to the current arrangements in force, it is anticipated that, for the financial year ending 31 December 2014, an aggregate amount of approximately HK\$1,110,000 will be payable to our Directors as remuneration and benefits in kind (excluding any commission or discretionary bonus) by our Group.

None of our Directors or any past Directors or the five highest paid individuals of any members of our Group has been paid any sum of money for the three years ended 31 December 2013 and five months ended 31 May 2014 (i) as an inducement to join or upon joining our Company or (ii) for loss of office as a Director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived or agreed to waive any emoluments during the period.

### 3. Disclosure of interests of our Directors in dealings with our Group

None of our Directors or their close associates engaged in any dealing with our Group during the Track Record Period.

### 4. Disclosure of interests and short positions of Directors of our Company in the shares underlying shares and debentures of our Company and associated corporations

Immediately following completion of the Share Offer and the Capitalisation Issue, the interests or short positions of each of our Directors in the share capital, underlying shares and debentures of our Company and our 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 they are 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 referred to therein, once the Shares are listed, or which will be required to be notified to the Company or the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, are as follows:

| <u>Name of Director</u> | <u>Nature of interest</u>                           | <u>Name of corporations</u> | <u>Number of Shares held<sup>(1)</sup></u> | <u>Approximate shareholding percentage</u> |
|-------------------------|---|-----------------------------|--|--|
| Ms. Jin                 | Interest in a controlled corporation <sup>(2)</sup> | Our Company                 | 300,000,000                                | 75%  |

*Notes:*

(1) All interests stated above represent long positions.

(2) Blossom Spring is the registered and beneficial owner of these Shares. The entire issued share capital of Blossom Spring is held by Ms. Jin. Therefore, Ms. Jin is deemed to be interested in all the Shares held by Blossom Spring for the purposes of the SFO.

### 5. Disclosure of interests under the SFO and disclosure of interests for substantial shareholders

So far as our Directors are aware, the following persons (other than a Director or chief executive of our Company) will, immediately following completion of the Share Offer and Capitalisation Issue (but without taking into account of any Shares to be issued pursuant to the exercise of options which may be granted under the Share Option Scheme) have beneficial interests or short positions in any Shares or underlying Shares of our Company which would fall to be disclosed to our Company under

the provisions of Division 2 and 3 of Part XV of the SFO, and/or are expected to 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 any other members of our Company:

| <u>Name</u>                     | <u>Nature of interest</u> | <u>Name of Company</u> | <u>Number of Shares held<sup>(1)</sup></u> | <u>Approximate percentage of shareholding in our Company</u> |
|---------------------------------|---------------------------|------------------------|--|--|
| Blossom Spring <sup>(2)</sup>   | Beneficial owner          | Our Company            | 300,000,000                                | 75%  |
| Mr. Wong Tai Wai <sup>(3)</sup> | Interest of spouse        | Our Company            | 300,000,000                                | 75%  |

*Notes:*

- (1) All interests stated above represent long positions.
- (2) Blossom Spring is the registered and beneficial owner of these Shares. The entire issued share capital of Blossom Spring is held by Ms. Jin. Therefore, Ms. Jin is deemed to be interested in all the Shares held by Blossom Spring for the purposes of the SFO.
- (3) Mr. Wong Tai Wai is the spouse of Ms. Jin. By virtue of the SFO, Mr. Wong Tai Wai is deemed to be interested in the same number of Shares in which Ms. Jin is deemed to be interested.

## 6. Disclaimers

Save as disclosed in this prospectus:

- (i) our Directors are not aware of any person (other than our Directors or the chief executive of our Company) who will, immediately following completion of the Share Offer and the Capitalisation Issue and assuming that the options which may be granted under the Share Option Scheme are not exercised, have an interest and/or a short position in 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 (including interests and/or short positions which they are deemed to have under such provisions of the SFO) or who will, either directly or indirectly, be expected to be interested in 10% or more of 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;
- (ii) none of our Directors or the chief executives of our Company had any interest or short position in any of the Shares, underlying Shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which 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 they are deemed to have under

such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, in each case once the Shares are listed;

- (iii) none of our Directors nor any of the persons whose names are listed in the paragraph headed “Qualifications of experts” under the section in this Appendix was directly or indirectly interested in the promotion of our Company, or has any direct or indirect interest in any assets which had been acquired or disposed of by or leased to our Company or any of its subsidiaries, within the two years immediately preceding the date of this prospectus, or were proposed to be acquired or disposed of by or leased to our Company or any of its subsidiaries;
- (iv) none of our Directors nor any of the persons whose names are listed in the paragraph headed “Qualifications of experts” under the section headed “Other Information” in this Appendix was materially interested in any contract or arrangement subsisting at the date of this prospectus which was significant in relation to the business of our Group;
- (v) none of our Directors nor any of the persons whose names are listed in the paragraph headed “Qualifications of experts” under the section headed “Other Information” in this Appendix has received any agency fee, commissions, discounts, brokerage or other special terms from our Group within the two years immediately preceding the date of this prospectus in connection with the issue or sale of any capital of any member of our Group;
- (vi) 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;
- (vii) save in connection with the Underwriting Agreements, none of the parties listed in the section headed “Qualifications of experts” of this Appendix:
  - (a) were interested legally or beneficially in any securities of any member of our Group; and
  - (b) had any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (viii) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)); and
- (ix) None of the experts named in the paragraph headed “Qualification of experts” under the section headed “Other information” in this Appendix has any shareholders in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

## D. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme approved by a resolution of our sole Shareholder passed on 22 November 2014. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

### 1. Purposes of the Share Option Scheme

The purpose of the Share Option Scheme is to provide incentives and to recognise and acknowledge the contributions which the Eligible Participants (defined in paragraph 2 below) have made or may make to our Group. The Share Option Scheme will provide the Eligible Participants with the opportunity to own a personal stake in our Company with a view to motivating the Eligible Participants and/or attracting and retaining or otherwise maintaining on-going relationship with the Eligible Participants whose contributions are, will be or are likely to be beneficial to the long term growth of our Group.

### 2. Who may join

Our Directors (which include a duly authorised committee thereof) may, at its absolute discretion, invite any person belonging to any of the following classes of participants (“**Eligible Participants**”), to take up options (the “**Options**”) to subscribe for Shares:

- (i) any director (whether executive or non-executive or independent non-executive), employee (whether full time or part time), officer, consultant, customer, supplier, agent, partner or adviser of or contractor to our Group or any entity in which our Company or any subsidiary holds any interest (“**Invested Entity**”);
- (ii) any discretionary trust the discretionary objects of which include any director (whether executive or non-executive or independent non-executive), employee (whether full time or part time), officer, consultant, customer, supplier, agent, partner or adviser of or contractor to our Group or any Invested Entity; and
- (iii) any corporation wholly-owned by any person mentioned in clause (i) above.

The eligibility of any of the above persons to the grant of any Option shall be determined by the Board from time to time on the basis of his contribution (whether past, present or future) to the development and growth of our Group. Our Company shall be entitled to cancel any Option granted to grantee but not exercised if such grantee fails to meet the eligibility criteria determined by our Board after an Option is granted but before it is exercised.

### 3. Price of Shares

The subscription price per Share under the Share Option Scheme (the “**Subscription Price**”) shall be a price determined by our Directors, but shall not be less than the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of the offer of grant, which must be a Business Day (as defined below);
- (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet for the five Business Days immediately preceding the date of the offer of grant; and
- (iii) the nominal value of a Share.

For the purpose of calculating the Subscription Price under this paragraph, where our Company has been listed for less than five Business Days, the new issue price shall be used as the closing price for any Business Day falling within the period before listing.

A nominal consideration of HK\$1.0 is payable on acceptance of the grant of an option.

### 4. Maximum number of Shares

The total number of Shares which may be issued upon exercise of all options (exclusive of options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of our Group) to be granted under the Share Option Scheme and any other share option scheme of our Company shall not in aggregate exceed 10% of the Shares in issue as at the date of approval of the Share Option Scheme by our Shareholders, unless our Shareholders’ approval has been obtained as described by the next two paragraphs (“**Scheme Mandate Limit**”).

Our Company may seek approval of our Shareholders in general meeting for refreshing the Scheme Mandate Limit such that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company under the limit as refreshed shall not, in aggregate exceed 10% of the total number of Shares in issue as at the date of approval to refresh such limit. Options previously granted under the Share Option Scheme and any other share option schemes (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 whether the refreshed Scheme Mandate Limit has been exceeded. In such a case, our Company shall issue a circular to its shareholders containing the information as required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

The overall 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 share option scheme for the time being of our Company shall not, in aggregate, exceed such number of Shares as equals 30% of the Shares in issue from time to time. No Option may be granted under this Share Option Scheme or any other share option scheme of our Company if it would result in the above-mentioned 30% limit being exceeded.

## 5. Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of our Group (including both exercised or outstanding options) to each Eligible Participant in any 12-month period shall not exceed 1% of the issued Shares from time to time (“**Individual Limit**”).

Notwithstanding the above, 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 Eligible Participant under the Share Option Scheme and any other share option schemes of our Company (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate exceeding 1% of our Shares in issue as at the date of the further grant, 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.

The number and terms (including the Subscription Price) of the Options to be granted to such Eligible Participant shall be fixed before Shareholders’ approval and the date of the Board meeting for proposing such further grant should be taken as the date on which an offer for the grant of options is made to an Eligible Participant, which must be a business day (except Saturdays, Sundays and public holidays) on which the Stock Exchange is open for dealing in securities listed thereon (“**Business Day**”) for the purpose of calculating the Subscription Price.

In such a case, our Company shall issue a circular to our Shareholders containing, amongst other terms, the proposal for further grant, the identity of such Eligible Participant, the number and the terms of the Options to be granted (and options previously granted to such Eligible Participant) and such other information as required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

## 6. Granting options to connected persons

Any grant of an option under the Share Option Scheme to a Director, chief executive or Substantial Shareholder of our Company or any of their respective close associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a grantee of such option).

Where an option is proposed to be granted to a Substantial Shareholder of our Company or an independent non-executive Director, or any of their respective close associates, and where the Shares issued and to be issued upon exercise of all Options granted and to be granted to such person under the Share Option Scheme (including Options exercised, cancelled and outstanding) in the 12-month period up to and including the date on which an offer for the grant of options is made to an Eligible Participant (“**Offer Date**”) in respect of such proposed Option:

- (i) represent in aggregate over 0.1% of the Shares in issue as at such Offer Date, and
- (ii) at such Offer Date have an aggregate value in excess of HK\$5,000,000 based on the closing price of the Shares at such Offer Date,



such proposed grant will be subject to the approval by our Shareholders at a general meeting. The grantee, his/her associates and all other connected persons of our Company must abstain from voting in favour at such general meeting.

Our Company shall issue a circular to our Shareholders explaining the proposed grant, containing:

- (i) the details of the number and terms (including the Subscription Price) of the Option to be granted to each Eligible Participant, which must be fixed before the Shareholders' meeting, and the date of the Board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of such Option) on whether or not to vote in favour of the proposed grant;
- (iii) the information required under Rules 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (iv) the information required under Rule 2.17 of the Listing Rules.

The date of the Board meeting for proposing such grant is to be taken as the Offer Date for the purpose of calculating the Subscription Price. Our Company must comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules.

The requirements for the grant of an Option to a Director or chief executive of our Company set out in Rules 17.04(1), (2) and (3) shall not apply where the proposed grantee is only a proposed Director or chief executive of our Company.

#### **7. Restrictions on times of grant of options**

No offer for the grant of Options (the "Offer") shall be made by the Board after inside information has come to its knowledge until such inside information has been announced pursuant to the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified by our Company to the Stock Exchange in accordance with the Listing Rules (as the case may be)) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for our Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no Option may be granted.

## 8. Exercise of options

An Offer shall remain open for acceptance by an Eligible Participant for a period of 21 days from the Offer Date. An Offer may not be accepted by an Eligible Participant who ceases to be an Eligible Participant after an Offer is made to him but before his acceptance. No Offer shall be capable of or open for acceptance after the date that falls on expiry of 10 years after 22 November 2014 (the “**Termination Date**”).

An Offer shall be made to an Eligible Participant by letter containing the following:

- (i) the name, address and (if appropriate) position of the Eligible Participant;
- (ii) the number of Shares in respect of which the Offer is made and the Subscription Price for such Shares;
- (iii) the period within which the Shares under the Option must be taken up (“**Option Period**”) in respect of which the Offer is made or, as the case may be, the Option Period in respect of separate parcels of Shares comprised in the Offer;
- (iv) the last date by which the Offer must be accepted;
- (v) the procedures for acceptance;
- (vi) the specific conditions, restrictions or limitations (if any) and such other terms and conditions of the Offer as may be imposed by the Board as are not inconsistent with the Share Option Scheme; and
- (vii) a statement requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme.

To accept the Offer, the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant together with a payment in favour of our Company of HK\$1.00 by way of consideration for the grant thereof must be received by our Company at its principal place of business in Hong Kong within the 21-day period mentioned above. Such payment shall in no circumstances be refundable. Upon acceptance, the Option shall be deemed to have been granted and to have taken effect on the Offer Date.

Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares which are 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. To the extent the Offer is not accepted within 21 days from the Offer Date in the manner indicated above, it will be deemed to have been irrevocably declined.

The Board may at its discretion when making an Offer impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in this Scheme as it may think fit (to be stated in the letter containing the Offer), including (without prejudice to the generality of the

foregoing) conditions, restrictions or limitations relating to the achievement of operating or financial targets, the satisfactory performance by an Eligible Participant, the time when the right to exercise the Option in respect of all or some of the Shares the subject of the Option will vest or the minimum period during which the Option must be held by the grantee. Our Company shall be entitled to cancel any Option granted but not exercised if there is a breach of any of such conditions, restrictions or limitations by the grantee.

#### 9. Time of exercise of options and duration of the Share Option Scheme

- (i) An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during an Option Period and prior to the expiry of 10 years from the date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No further Options may be granted more than 10 years after the date of approval of the Share Option Scheme by the Shareholders of our Company (“**the Adoption Date**”);

Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of ten years from the Adoption Date;

- (ii) If the grantee (being an individual) ceasing to be an Eligible Participant by reason of his death before exercising his Option in full, such Option Period shall be deemed to expire six months after the date of such grantee’s death and, if none of the events under this paragraph existed with respect to such grantee at the time of his death, his personal representative(s) may exercise such Option (to the extent not already exercised) in whole or in part in accordance with Clause 9.3 of the Share Option Scheme within such period of six months, provided that where any of the events set out in this paragraph occurs prior to his death or within such period of six months following his death, then his personal representative(s) may so exercise the Option within such of the various periods, and any Option not so exercised shall lapse and determine at the expiry of such six months or any applicable shorter period set out in this paragraph;
- (iii) If the grantee ceasing to be an Eligible Participant for any reason other than as described in section (ii) of this paragraph, then all his Options shall lapse and determine on the date he so ceases (to the extent not already exercised), unless the Board gives notice in writing to the grantee prior to the date of the grantee ceasing to be an Eligible Participant that his Option (to the extent not exercised) may be exercised at any time within such period as set out in the notice from the Board;
- (iv) If in consequence of any general offer made to all the Shareholders (or all such Shareholders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) (including an offer made in the first instance on a condition such that, if it is satisfied, the offeror will have control of our Company) or otherwise, and such offer becomes or is declared unconditional, then our

Directors shall as soon as practicable thereafter notify every grantee accordingly and each grantee shall be entitled at any time within the period of 21 days of the notice given by the offeror, to exercise all of his outstanding Option, and such Option shall, to the extent not having been exercised, lapse and determine upon the expiry of such period;

- (v) If a notice is given by our Company to our Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution for the voluntary winding up of our Company, our Company shall forthwith give notice thereof to every grantee and the grantee shall be entitled by notice in writing to our Company (such notice to be received by our Company not later than four Business Days prior to the proposed Shareholders' meeting) exercise his Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and our Company shall as soon as possible and in any event not later than the day immediately prior to the date of the proposed Shareholders' meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise and all Options shall, to the extent not having been exercised, lapse and determine;
- (vi) If a compromise or arrangement between our Company and our Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies, our Company shall give notice thereof to every grantee (together with a notice of the existence of this paragraph) on the same day as it dispatches to each Shareholder or creditor of our Company a notice summoning the meeting to consider such a compromise or arrangement, and thereupon each grantee shall be entitled by notice in writing to our Company accompanied by the payment for the Subscription Price in respect of his Option (such notice to be received by our Company not later than two Business Days prior to the proposed meeting) exercise his Option (to the extent not already exercised) to its full extent;
- (vii) With effect from the date of such meeting, the rights of all grantees to exercise their respective Options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall, to the extent not having been exercised, thereupon lapse and determine. Our Directors shall endeavour to procure that the Shares issued as a result of the exercise of Options under this paragraph shall for the purposes of such compromise or arrangement form part of the issued share capital of our Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the relevant court having jurisdiction (the "**Court**") (whether upon the terms presented to the Court or upon any other terms as may be approved by such Court), the rights of the grantees to exercise their respective Options shall with effect from the date of the making of the order by the Court be restored in full (but only up to the extent not already exercised) and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any grantee as a result of the aforesaid suspension; and

(viii) Upon the occurrence of any of the events referred to in this sections (iv) to (vii) of this paragraph, our Company may at its discretion and notwithstanding the terms of the relevant Option, also give notice to the grantee that his Option may be exercised at any time within such period as shall be notified by our Company and/or to the extent (not being less than the extent to which it could then be exercised in accordance with its terms) notified by our Company. If our Company issues such notice, the balance of the Options if not exercised shall lapse at the expiry of such period.

#### 10. Lapse of options

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the expiry of the Option Period in respect of such Option in paragraph 9 above;
- (ii) the expiry of any of the periods referred to in paragraph 9 above;
- (iii) the date of commencement of the winding up of our Company;
- (iv) the date on which the grantee sells, transfers, charges, mortgages, encumbrances or creates any interest in favour of any other party, over or in relation to any Option in breach of the rules of the Share Option Scheme;
- (v) the date on which any of the following events, unless otherwise waived by the Board, happens;
  - (a) any liquidator, provisional liquidator, administrator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the assets or undertaking of the grantee (being a corporation) of such Option;
  - (b) the grantee (being a corporation) of such Option has ceased or suspended payment of its debts, become unable to pay its debts (within the meaning of Section 178 of the Companies Ordinance or any similar laws or regulations) or otherwise become insolvent;
  - (c) there is unsatisfied judgment, order or award outstanding against the grantee of such Option;
  - (d) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in this paragraph in respect of the grantee of such Option;
  - (e) a bankruptcy order has been made against the grantee (being an individual), or any director of the grantee (being a corporation) of such Option in any jurisdiction; or

- (f) a petition for bankruptcy has been presented against the grantee (being an individual), or any director of the grantee (being a corporation) of such Option in any jurisdiction;
- (vi) the date on which the grantee commits a breach of any condition, restriction or limitation attached to the grant of any Option, if the Board shall exercise our Company's right to cancel such Option pursuant to paragraph 18 below; or
- (vii) the date on which the Board considers that the grantee fails to meet any eligibility criteria set out by the Board pursuant to paragraph 2 above, if the Board shall exercise our Company's right to cancel the Option.

#### 11. Reorganisation of Capital Structure

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 any capitalisation issue, rights issue, consolidation, sub-division of Shares or reduction of share capital of our Company, then, in any such case:

- (i) the Board shall instruct the auditors or an independent financial adviser to certify in writing that in their opinion, the adjustment, if any, is fair and reasonable as regards:
  - (a) the number or nominal amount of Shares subject to the Option(s) (insofar as it is/they are unexercised); and/or
  - (b) the Subscription Price; and/or
  - (c) the maximum number of Shares referred to in paragraph 4 above,

and an adjustment as so certified by the auditors or the independent financial adviser shall be made, provided that:

- (d) any such adjustment must give the grantee the same proportion of the issued share capital of our Company as that to which he was previously entitled (as interpreted in accordance with the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005);
- (e) no such adjustment shall be made to the extent that a Share would be issued at less than its nominal value; and
- (f) the issue of Shares as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and

- (ii) in respect of any such adjustment other than any adjustment made on a capitalisation issue such auditors or independent financial adviser must confirm to our Directors in writing that the adjustment satisfies the requirements of the relevant provisions of the Listing Rules (as amended from time to time) and the note thereto and the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issues relating to share option schemes.

Our Company shall, upon receipt of a notice from a grantee, inform the grantee of such alteration and shall either inform the grantee of the adjustment to be made in accordance with the certificate of the auditors or the independent financial adviser obtained by our Company for such purpose or, if no such certificate has yet been obtained, inform the grantee of such fact and instruct the auditors or the independent financial adviser as soon as practicable thereafter to issue a certificate in that regard in accordance with this paragraph.

In giving any certificate under this paragraph, the auditors and the independent financial adviser shall be deemed to be acting as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on our Company and all persons who may be affected thereby for the purposes of this Share Option Scheme.

## 12. Alteration of the Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of the Board, save that:

- (i) the provisions of the Share Option Scheme relating to matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of any grantees or prospective grantees except with the prior sanction of an ordinary resolution of our Company in general meeting;
- (ii) any alteration to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of the Options granted prior to such alteration shall be approved by the Shareholders in a general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme;
- (iii) the amended terms of the Share Option Scheme or the amended Options shall continue to comply with Chapter 17 of the Listing Rules; and
- (iv) any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by our Shareholders in a general meeting.

## 13. Administration of the Board

The Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to this Scheme or the interpretation of its rules or its effect shall (save as otherwise provided therein) be final and binding on all persons who may be affected thereby.

**14. Rights are personal to grantee**

An Option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a grantee shall entitle our Company to cancel any Option or part thereof granted to such grantee.

**15. Time of acceptance and restriction on exercise of options**

An Option may be accepted by an Eligible Participant within 21 days from the date of the offer of grant of the option. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than ten years from the date of grant of the option subject to the provisions for early termination thereof.

Unless otherwise determined by our Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

**16. Ranking of Shares**

Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Memorandum and Articles of Association of our Company 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 re-opening of the register of members) (the “**Exercise Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions (including distributions made upon the liquidation of our Company) 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 and issued 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.

**17. Termination of the Share Option Scheme**

Our Company may, by an ordinary resolution at a general meeting or of a resolution of the Board, at any time terminate the operation of the Share Option Scheme and in such event no further Option will be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and any Option granted but not yet exercised prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.



**18. Cancellation of options**

Either the Board or our Shareholders (by an ordinary resolution) shall have the right, at any time and from time to time, with the agreement of the Grantee forthwith to cancel, whether conditionally or unconditionally, any Option granted to the Grantee but not exercised. Cancelled Options may be re-issued after such cancellation has been approved, provided that re-issued Options shall only be granted in compliance with the terms of the Share Option Scheme. For the avoidance of doubt, new Options may be issued to an Option holder in place of his cancelled Options only if there are available unissued Options (excluding cancelled Options) within the limit approved by the Shareholders. The Board may also, in its absolute discretion, determine that against cancellation of all or any part of the outstanding Options held by a grantee, a sum shall be paid to the grantee which sum shall be equal to the excess (if any) of the price of the Shares comprised in the outstanding Options or the relevant part thereof calculated at the average of the closing prices of the Shares on the Stock Exchange according to the daily quotations sheet during the five Business Days immediately preceding the date of the cancellation notice over the Subscription Price in aggregate in respect of the Options or any part thereof so cancelled.

**19. Present status of the Share Option Scheme**

The Share Option Scheme is conditional on the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, such Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number being not less than that of the Scheme Mandate Limit.

Application has been made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Shares to be issued within the Scheme Mandate Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme.

As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

**20. 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 options. Our Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

**E. OTHER INFORMATION****1. Estate duty, Tax and other indemnities**

Pursuant to The Revenue (Abolition of Estate Duty) Ordinance 2005 which came into effect on 11 February 2006 in Hong Kong, estate duty ceased to be chargeable in Hong Kong in respect of the estates of persons dying on or after that date. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of Shares whose death occur on or after 11 February 2006.

Dealings in the Shares will be subject to Hong Kong stamp duty. The current ad valorem rate of Hong Kong stamp duty is 0.1% on the higher of the consideration for or the market value of the Shares and it is charged on the purchaser on every purchase and on the seller on every sale of the Shares. A total stamp duty of 0.2% is currently payable on a typical sale and purchase transaction involving the Shares.

The Controlling Shareholders (together the “**Indemnifiers**”) have entered into the Deed of Indemnity with and in favour of our Company (for itself and as trustee for each of its subsidiaries) whereby conditional on the conditions set out in the section headed “Structure of the Share Offer — Conditions of the Public Offer” in this prospectus having been fulfilled, the Indemnifiers have given indemnities in connection with, among other matters:

- (a) any taxation including estate duty falling on any company of our Group in any part of the world in respect of any income, profits gains, transactions or things earned, accrued, received, entered into or occurring on or before the Listing Date;
- (b) any liabilities of whatever nature that may arise out of or from or as a result of or in connection with the business and/or operation of any company of our Group, whether in the ordinary course of the business of our Group or otherwise, on or before the Listing Date;
- (c) all of any of the liabilities in connection with any tax, duty, excise, customs, charges, fees or expenses that may arise or be incurred in the PRC or Hong Kong in the context and/or course of, or in relation to, the operation and/or business of our Group on or before the Listing Date;
- (d) all or any liabilities, damages, costs, charges, fees, expenses and interest (collectively, “**liabilities**”) that may arise or be payable under or in connection with any legal action or proceedings of whatever nature and irrespective of where instituted and whether on going or otherwise of which any company of our Group is involved or is a party of whatever capacity thereto (i) to the extent that such liabilities are not covered by the relevant insurance policies taken out by our Group or any company of our Group; or (ii) to the full extent of such liabilities in the event that neither our Group nor any company of our Group has taken out any insurance policy to cover such liabilities, provided that such legal action or proceedings are commenced, or the cause of action for any subsequent legal action or proceedings that are commenced before or after the Listing Date occurs, before the Listing Date,

save and except that the Indemnifier shall be under no liability under the Deed of Indemnity:

- (i) to the extent that provision has been made for such taxation in the audited consolidated accounts of our Company or the audited accounts of the relevant company of our Group as at 31 May 2014 (the “**Accounts**”);
- (ii) to the extent that such claim arises or is incurred as a consequence of any retrospective change in the law or regulations or practice by the Hong Kong Inland Revenue Department or any other relevant authorities in any part of the world coming into force after the date thereof or to the extent that such claim arises or is increased by an increase in rates of taxation after the date thereof with retrospective effect;
- (iii) to the extent that the liability for such taxation is caused by the act or omission of, or transaction voluntarily effected by, any company of our Group which is carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after the Listing Date;
- (iv) to the extent that such taxation or liability would not have arisen but for any act or omission by any company of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) voluntarily effected without the prior written consent or agreement of the Indemnifier, otherwise than in the ordinary course of business after the date thereof or carried out, made or entered into pursuant to a legally binding commitment created before the Listing Date; and
- (v) to the extent of any provision or reserve made for taxation in the Accounts which is finally established to be an over-provision or an excessive reserve, provided that the amount of any such provision or reserve applied to reduce the Indemnifier’s liability in respect of taxation shall not be available in respect of any such liability arising after 31 May 2014.

Under the Deed of Indemnity, the Indemnifiers have also undertaken to our Company that they will indemnify and at all times keep us fully indemnified, on a joint and several basis, from and against all depletion in or reduction in value of assets, increase in liabilities, losses (including without limitation, confiscation of income and/or assets, suspension of operation), claims, actions, proceedings, demands, orders, notices, liabilities, damages, costs (including legal costs on a full indemnity basis), expenses, interest, fines, penalties, payments and of whatever nature suffered or incurred by any member of our Group directly or indirectly arising out of or in connection with the implementation of the Reorganisation in the preparation for the Listing as more particularly disclosed in the section headed “History, development and corporate structure — Reorganisation” of this prospectus.

## 2. **Litigation**

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, that would have a material adverse effect on our results of operations or financial condition of our Company, save as disclosed in the section headed “Business — Legal Proceedings” in this prospectus.

**3. Sponsor**

Investec has declared its independence pursuant to Rule 3A.07 of the Hong Kong Listing Rules.

Investec has made an application on behalf of our Company to the Listing Division 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 any options which may be granted under the Share Option Scheme).

We have entered into an engagement agreement with Investec, pursuant to which we agreed to pay HK\$4,000,000 to Investec to act as the sole sponsor to our Company in the Listing.

**4. Promoter**

Save as disclosed in this prospectus, within the two years preceding the date of this prospectus, no cash, securities or other benefit had been paid, allotted or given, nor are any such cash, securities or other benefit intended to be paid, allotted or given, to the promoter of our Company in connection with the Share Offer or the related transactions described in this prospectus.

The promoter of our Company is Ms. Jin.

**5. Agency fees or commissions received**

Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of its subsidiaries.

**6. Preliminary expenses**

The preliminary expenses payable by our Company are estimated to be about US\$6,000.

**7. Registration procedures**

The principal register of members of our Company will be maintained in the Cayman Islands by Maples Fund Services (Cayman) Limited and a Hong Kong branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Unless our Directors otherwise agree, all transfers and other documents of title of Shares must be lodged for registration with and registered by our Hong Kong Share Registrar and may not be lodged in the Cayman Islands.

**8. Taxation of holders of Shares**

Dealings in Shares will be subject to Hong Kong stamp duty. The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

Potential holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares.

None of our Company, our Directors or other parties involved in the Share Offer can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

#### 9. Qualifications of experts

The following are the respective qualifications of the experts who have given opinion or advice which are included in this prospectus:

| <b>Name</b>                   | <b>Qualification</b>  |
|-------------------------------|---|
| Investec Capital Asia Limited | a licensed corporation under the SFO to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities for the purposes of the SFO |
| Maples and Calder             | Cayman Islands Attorney-at-law  |
| PricewaterhouseCoopers        | Certified Public Accountants  |
| Anson Wong SC                 | Barrister-at-law in Hong Kong   |
| Bernard Mak                   | Barrister-at-law in Hong Kong   |
| Lester Lee                    | Barrister-at-law in Hong Kong   |
| Ipsos Hong Kong Limited       | Independent market research firm  |

#### 10. Consents of experts

Each of Investec Capital Asia Limited, Maples and Calder, PricewaterhouseCoopers, Mr. Anson Wong SC, Mr. Bernard Mak, Mr. Lester Lee and Ipsos Hong Kong Limited has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or the references to name (as the case may be) included herein in the form and context in which they are respectively included.

#### 11. 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 (WUMP) Ordinance so far as applicable.

**12. Bilingual prospectus**

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectus 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 in case of discrepancies.

**13. No material adverse change**

The Board confirms that there has been no material adverse change in the prospects or financial position or trading position of our Company or our subsidiaries since 31 May 2014 (the date to which the latest audited financial statements of our Company were prepared).

**14. 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 its 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 commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries;
  - (iii) no founders, management or deferred shares of or any debentures in our Company or any of its subsidiaries have been issued or agreed to be issued;
  - (iv) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.
- (b) None of Investec, Maples and Calder, PricewaterhouseCoopers, Mr. Bernard Mak, Mr. Lester Lee, Mr. Anson Wong SC and Ipsos:
- (i) is interested beneficially or non-beneficially in any shares in any member of our Group; or
  - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group.
- (c) No company within our Group is presently listed on any stock exchange or traded on any trading system.

- (d) There has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group within 12 months preceding the date of this prospectus.
- (e) There are no arrangements in existence under which future dividends are to be or agreed to be waived.
- (f) All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.

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| <b>APPENDIX VI    DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES<br/>AND AVAILABLE FOR INSPECTION IN HONG KONG</b> |
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**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) copies of the **WHITE, YELLOW** and **GREEN** Application Forms;
- (b) the written consents referred to in the section headed “Consents of experts” in Appendix V to this prospectus; and
- (c) a copy of each of the material contracts referred to in the paragraph headed “Summary of material contracts of our Group” in Appendix V to this prospectus.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the offices of P.C. Woo & Co. of 12/F, Prince’s Building, 10 Chater Road, Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date which is 14 days from the date of this prospectus:

- (1) the Memorandum and the Articles;
- (2) the Accountant’s Report from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;
- (3) the audited combined financial statements of the companies now comprising our Group for each of the three years ended 31 December 2013 and the five months ended 31 May 2014;
- (4) the report on the unaudited pro forma financial information from PricewaterhouseCoopers, the text of which is set out in Appendix II to this prospectus;
- (5) the letters relating to the profit forecast from PricewaterhouseCoopers and the Sole Sponsor, the texts of which are set out in Appendix III to this prospectus;
- (6) the letter of advice prepared by Maples and Calder, legal advisers to our Company as to Cayman Islands law, summarising certain aspects of Cayman Islands company law referred to in Appendix IV to this prospectus;
- (7) the legal opinion prepared by Mr. Anson Wong SC, barrister-at-law, legal counsel to our Company as to Hong Kong law;



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| <b>APPENDIX VI      DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES<br/>AND AVAILABLE FOR INSPECTION IN HONG KONG</b> |
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- (8) the legal opinions prepared by Mr. Bernard Mak, barrister-at-law, legal counsel to our Company as to Hong Kong law;
- (9) the legal opinion prepared by Mr. Lester Lee, barrister-at-law, legal counsel to our Company as to Hong Kong law;
- (10) the Companies Law;
- (11) the rules of the Share Option Scheme;
- (12) the material contracts referred to in the paragraph headed “Summary of material contracts” of Appendix V to this prospectus;
- (13) the written consents referred to in the paragraph headed “Consents of experts” of Appendix V to this prospectus;
- (14) the service agreements and letters of appointment entered into between our Company and each of our Directors; and
- (15) the Ipsos Report.



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