

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.



Ming Kei Holdings Limited
明基控股有限公司 *

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8239)

**(1) VERY SUBSTANTIAL ACQUISITION
IN RELATION TO THE ACQUISITION OF
THE ENTIRE EQUITY INTEREST IN
AND SHAREHOLDER'S LOANS TO
PRIMA FINANCE HOLDINGS LIMITED;
AND**

**(2) UNUSUAL PRICE AND
TRADING VOLUME MOVEMENTS**

Joint financial advisers to the Company

 **OPTIMA**
CAPITAL
Optima Capital Limited

 **INCUBUS Corporate Finance Limited**

* for identification purposes only

THE ACQUISITION

On 23 December 2013 (after trading hours of the Stock Exchange), the Company, the Purchaser, the Purchaser's Guarantor, the Vendors and the Vendors' Guarantor entered into the Acquisition Agreement, pursuant to which the Purchaser agreed to acquire, and the Vendors agreed to sell, the Sale Shares and the Sale Loans at a maximum Consideration of HK\$900,000,000. The maximum Consideration is to be satisfied as to (i) a maximum of HK\$100,000,000 by issue of the Promissory Notes; (ii) a maximum of HK\$93,800,000 by way of allotment and issue of the Consideration Shares at the Issue Price; (iii) a maximum of HK\$656,200,000 by way of issue of the Convertible Bonds; and (iv) a maximum of HK\$50,000,000 in cash.

Upon Completion, the Target, which is principally engaged in the short-term money lending business in the PRC through its subsidiaries, the Pawnbrokers Structured Agreements and the Beijing Micro-financing Structured Agreements, will become an indirect wholly-owned subsidiary of the Company and the financial results thereof will be consolidated into the consolidated financial statements of the Group.

Completion is subject to fulfillment or waiver (as the case may be) of certain conditions precedent as set out in the paragraph headed "Conditions precedent" below.

GEM LISTING RULES IMPLICATION

The Acquisition constitutes a very substantial acquisition for the Company pursuant to Rule 19.06(5) of the GEM Listing Rules and is therefore subject to the Shareholders' approval at the SGM by way of voting by poll. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder (including the Purchaser's Guarantor) has a material interest in the Acquisition which is different from other Shareholders, and therefore no Shareholder (including the Purchaser's Guarantor) is required to abstain from voting on the relevant resolutions to be proposed at the SGM in relation to the Acquisition Agreement and the transactions contemplated thereunder. If the Vendors and their respective associates hold any Shares on the date of the SGM, they will be required to abstain from voting on the relevant resolutions to be proposed at the SGM in relation to the Acquisition Agreement and the transactions contemplated thereunder.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) details of the Acquisition Agreement; (ii) financial information of the Group; (iii) financial information of the Target Group; (iv) unaudited pro forma financial information of the Enlarged Group; (v) the notice of the SGM; and (vi) other information as required under the GEM Listing Rules will be despatched to the Shareholders as soon as practicable.

As additional time is required for the Company and the professional parties to prepare the relevant information for inclusion in the circular, the circular is expected to be despatched to the Shareholders on or before 30 April 2014.

UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS

The Board has noted the recent increases in the price and trading volume of the Shares. Save for the entering into of the Acquisition Agreement as disclosed above, having made such enquiry with respect to the Company as is reasonable in the circumstances, the Board confirms that it has not been aware of any other reasons for such increases in the price and trading volume movements of the Shares or of any other information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

As the Acquisition Agreement is subject to a number of conditions precedent, the Acquisition Agreement may or may not become unconditional or be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

INTRODUCTION

Reference is made to (i) the announcement of the Company dated 21 June 2013 in relation to a possible acquisition of a group principally engaged in short-term financing services in the PRC; (ii) the announcement of the Company dated 5 July 2013 in relation to, among other things, the memorandum of understanding dated 5 July 2013 (the “**Memorandum of Understanding**”) entered into between the Purchaser and the Vendors relating to the acquisition of the Target by the Purchaser; (iii) the announcement of the Company dated 16 September 2013 in relation to, among other things, update on negotiation of the Acquisition; and (iv) the announcement of the Company dated 15 October 2013 in relation to the extension of the exclusivity period of the Memorandum of Understanding.

The Board is pleased to announce that after trading hours of the Stock Exchange on 23 December 2013, the Purchaser, the Purchaser's Guarantor, the Company, the Vendors and the Vendors' Guarantor entered into the Acquisition Agreement, pursuant to which the Purchaser agreed to acquire, and the Vendors agreed to sell, the Sale Shares and the Sale Loans at a maximum Consideration of HK\$900 million. Details of the Acquisition Agreement are set out below.

THE ACQUISITION AGREEMENT

Date:	23 December 2013
The Company:	Ming Kei Holdings Limited
The Purchaser:	Star Capital Global Limited, a direct wholly-owned subsidiary of the Company
The Purchaser's Guarantor:	Mr. Wong Wai Sing, an executive Director and the chairman of the Company, being the guarantor of the Purchaser
The Vendors:	<ul style="list-style-type: none">(i) Exuberant Global Limited, a company incorporated in the BVI with limited liability;(ii) Bustling Capital Limited, a company incorporated in the BVI with limited liability; and(iii) Time Prestige Holdings Limited, a company incorporated in the BVI with limited liability
The Vendors' Guarantor:	Mr. Dai Di, the beneficial owner of Exuberant Global, being the guarantor of the Vendors

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendors are investment holding companies and each of the Vendors and their beneficial owner(s) (i.e. the Vendors' Guarantor, Ms. Jin and Mr. Dai Hao) are third parties independent of the Company and its connected persons.

Assets to be acquired

Pursuant to the Acquisition Agreement, the assets to be acquired by the Purchaser are the Sale Shares, representing the entire issued share capital of the Target, and the Sale Loans, representing the shareholder's loans owing by the Target to the Vendors' Guarantor as at the Completion Date. As at the date of the Acquisition Agreement, the Sale Loans amounted to approximately HK\$5,000,000.

For further details of the Target Group, please refer to the section headed "INFORMATION ON THE TARGET GROUP" below.

Consideration

Pursuant to the Acquisition Agreement, the maximum Consideration is HK\$900,000,000, which comprises the Initial Consideration of HK\$564,000,000 and the Earn-out Consideration of HK\$336,000,000, all subject to adjustments.

The Initial Consideration

The Initial Consideration of HK\$564,000,000 (subject to adjustments as described below) shall be apportioned as follows:

- (i) the consideration for the Sale Loans shall be equivalent to the face amount of the Sale Loans as at the Completion Date on a dollar-for-dollar basis; and
- (ii) the balance of the Initial Consideration after deducting (i) above shall be the initial consideration for the Sale Shares.

The Initial Consideration of HK\$564,000,000 (subject to adjustments as described below) shall be satisfied upon Completion by the Company in the following manner:

- (i) as to HK\$50,000,000 by the issue of the Promissory Notes to Exuberant Global or its nominee(s);
- (ii) as to HK\$420,200,000 by allotment and issue of the Convertible Bonds to Exuberant Global, Bustling Capital and Time Prestige respectively or their respective nominee(s) in the amount of HK\$255,630,000, HK\$117,550,000 and HK\$47,020,000 respectively; and
- (iii) as to HK\$93,800,000 by allotment and issue of 174,200,000, 67,000,000 and 26,800,000 Consideration Shares to Exuberant Global, Bustling Capital and Time Prestige respectively or their respective nominee(s) in the amount of HK\$60,970,000, HK\$23,450,000 and HK\$9,380,000 respectively.

The Convertible Bonds in an amount of HK\$131,000,000 issued in (ii) above to Exuberant Global will be held by the Purchaser as a security for the fulfilment of the 2013 Target Profit.

Adjustments to the Initial Consideration

Pursuant to the Acquisition Agreement, on the basis that the 2013 Actual Profit shall be no less than RMB42,333,840 (equivalent to approximately HK\$53,714,286, based on the exchange rate of RMB0.78813 = HK\$1, as referred to in the Acquisition Agreement) (i.e. the 2013 Target Profit), the Initial Consideration shall be HK\$564,000,000. The Acquisition Agreement provides that:

- (i) In the event that the 2013 Actual Profit falls below the 2013 Target Profit, an amount of the Convertible Bonds equivalent to 10.5 times the difference (in absolute amount) between the 2013 Actual Profit and the 2013 Target Profit (the “**2013 Profit Shortfall**”) will continue to be withheld from Exuberant Global or its nominee(s) (subject to a maximum of HK\$131,000,000) (the “**Deferred Convertible Bonds**”). Set out below is the formula of the calculation of the Deferred Convertible Bonds:

The Deferred Convertible Bonds = the 2013 Profit Shortfall \times 10.5

The Convertible Bonds issued to Exuberant Global at Completion and held by the Purchaser as a security for the fulfilment of the 2013 Target Profit will be returned to Exuberant Global after deducting the amount of the Deferred Convertible Bonds.

- (ii) In the event that the 2013 Actual Profit exceeds the 2013 Target Profit, the Convertible Bonds issued to Exuberant Global at Completion and held by the Purchaser as a security for the fulfilment of the 2013 Target Profit will be returned to Exuberant Global and part of the Earn-Out Consideration, in an amount equivalent to 10.5 times the excess of the 2013 Actual Profit over the 2013 Target Profit (the “**2013 Excess Profit**”) will be paid to Exuberant Global or its nominee(s) by the issue of Convertible Bonds (subject to a maximum of HK\$236,000,000, being the maximum principal amount of the Convertible Bonds payable under the Earn-Out Consideration) will be paid to Exuberant Global (the “**Early-paid Earn-Out Convertible Bonds**”). Set out below is the calculation of the Early-paid Earn-Out Convertible Bonds:

Early-paid Earn-Out Convertible Bonds = 2013 Excess Profit \times 10.5

The Earn-out Consideration

Pursuant to the Acquisition Agreement, the Company shall pay the remaining Earn-out Consideration to Exuberant Global equal to:

$$\left(\begin{array}{ccc} 2014 & 2013 & 2013 \text{ Profit Shortfall/} \\ \text{Actual} - & \text{Target} & + 2013 \text{ Excess Profit} \\ \text{Profit} & \text{Profit} & \text{(as the case may be)} \end{array} \right) \times 10.5$$

Provided that for the purpose of this formula, 2013 Profit Shortfall shall not be more than RMB9,832,860 and 2013 Excess Profit shall not be more than RMB17,714,160, and the exchange rate shall be set at RMB0.78813 = HK\$1 (the exchange rate as referred to the Acquisition Agreement), being the mid-rate on 17 December 2013 as announced by the State Administration of Foreign Exchange in its website: <http://www.safe.gov.cn>.

In the event that the result of the above calculation is less than zero, no remaining Earn-out Consideration will be paid and the Deferred Convertible Bonds shall be cancelled and be deemed redeemed at nil consideration. In such event, the Initial Consideration will be effectively deducted by the same amount of Deferred Convertible Bonds.

In the event that the result of the above calculation is equal to zero, no remaining Earn-out Consideration will be paid but the Deferred Convertible Bonds will be returned to Exuberant Global. In such event, the total Consideration will be HK\$564,000,000.

In the event that the result of the above calculation is more than zero, apart from the payment of the remaining Earn-out Consideration based on the above calculation, the Deferred Convertible Bonds (if any) shall be returned to Exuberant Global.

The Earn-out Consideration (if any) shall be paid in the following priority:

- (i) up to HK\$236,000,000 (subject to the available remaining balance after the issue of the Early-paid Earn-Out Convertible Bonds) by allotment and issue of the Convertible Bonds to Exuberant Global or its nominee(s);
- (ii) up to HK\$50,000,000 by cash to Exuberant Global or its nominee(s); and
- (iii) up to HK\$50,000,000 by the issue of the Promissory Notes to Exuberant Global or its nominee(s).

Basis of the Consideration

The Consideration was determined after arm's length negotiations between the Company and the Vendors, and taking into account a number of factors including the 2013 Target Profit, the historical performance of the Target Group, the business growth and profitability of the Target Group, as well as the prospect of the short-term money lending business in the PRC. In addition, the Initial Consideration represents a price-earnings multiple of 10.5 times of the 2013 Target Profit of not less than RMB42,333,840 (equivalent to approximately HK\$53,714,286, based on the exchange rate of RMB0.78813 = HK\$1 as referred to in the Acquisition Agreement), which in turn represents a growth rate of approximately 25.9% over the net profit from continuing operation attributable to the equity holders of the Target for the year ended 31 December 2012. It is noted that the price-earnings multiple of 10.5 times is within the range of comparable companies engaged in the similar business in Hong Kong and the PRC which are listed on the Stock Exchange shown as follows:

	Trading price-earnings multiple as at 20 December 2013
Credit China Holdings Limited (stock code: 8207) (“Credit China”)	7.04
Flying Financial Service Holdings Limited (stock code: 8030) (“Flying Financial”)	8.01
Oi Wah Pawnshop Credit Holdings Limited (stock code: 1319) (“Oi Wah”)	12.24
China Huirong Financial Holdings Limited (stock code: 1290) (“China Huirong”)	14.01
Differ Group Holding Company Limited (stock code: 8056) (“Differ Group”)	23.56

(Source: Bloomberg and the respective annual reports or prospectuses of the comparable companies)

The comparable companies were selected based on the following criteria: (i) the shares of the companies are listed on the Stock Exchange; (ii) the companies engage in pawn loan business; and (iii) the companies reported positive earnings as shown in their latest published audited annual reports or prospectuses. Although Oi Wah is principally engaged in the pawn loan business in Hong Kong which may not be directly comparable to the Target Group, the business scope and nature of Oi Wah are substantially similar to that of the Target Group and it is considered that Oi Wah should be included in the comparable companies analysis.

However, even if Oi Wah is excluded in the analysis, it is noted that the price-earnings multiple of 10.5 times represented by the Consideration is within the range represented by Credit China, Flying Financial, China Huirong and Differ Group as at 20 December 2013 as shown above. On this basis, the Board considers that if taking into account the above factors, in particular, the growth potential that the Target Group may achieve, the Consideration is fair and reasonable.

The Consideration Shares

The Consideration Shares represent (i) approximately 40.86% of the existing issued share capital of the Company; and (ii) approximately 9.58% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares upon full conversion of the Convertible Bonds at the initial Conversion Price. The Consideration Shares shall rank *pari passu* with all other Shares in issue as at the date of the allotment and shall be entitled to all dividends, other distributions, interests and entitlements. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The allotment and issue of the Consideration Shares are subject to the approval by the Shareholders at the SGM.

The Vendors undertake to and covenants with the Purchaser that, it will not, within the period commencing on the Completion Date and ending on the date falling six months after the Completion Date, transfer or otherwise dispose of or create any encumbrance or other rights in respect of the Consideration Shares or any interests therein or grant any options or rights in respect of any of the Consideration Shares without prior written approval from the Purchaser.

The Issue Price of HK\$0.35 represents:

- (i) a discount of approximately 29.29% to the closing price of HK\$0.495 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 17.45% to the average of the closing prices of HK\$0.424 per Share for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 15.87% to the average of the closing prices of HK\$0.416 per Share for the last ten consecutive trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 12.90% over the net asset value per Share attributable to the Shareholders of approximately HK\$0.31 as at 30 September 2013.

The Issue Price was determined with reference to the above-mentioned net asset value per Share attributable to the Shareholders.

The Convertible Bonds

The principal terms of the Convertible Bonds are summarised below:

Issuer:	the Company
Principal amount:	Up to HK\$656,200,000
Interest:	non-interest bearing
Maturity:	5 years from the date of issue
Security:	unsecured
Conversion right:	The holder(s) of the Convertible Bonds shall have the rights to convert the whole or the part (in multiples of HK\$1,000,000) of the outstanding principal amount of the Convertible Bonds into the Conversion Shares at any time from the seventh day after the date of issue of the auditors' certificate in relation to the 2013 Actual Profit and up to the seventh day prior to the maturity date of the Convertible Bonds.
Conversion Restriction:	The holder(s) of the Convertible Bonds shall not have the right to convert the Convertible Bonds to the extent that immediately after such conversion (i) there will not be sufficient public float of the Shares as required under the GEM Listing Rules; or (ii) the holder of the Convertible Bonds together with parties acting in concert with it will, in aggregate, control or be interested in 30% or such percentage of the voting rights of the Company which the holder of the Convertible Bonds would be obliged to make a general offer under the Takeovers Code.

Conversion Price:	HK\$0.35 per Conversion Share, subject to anti-dilutive adjustments upon the occurrence of any of the following events: (i) consolidation or subdivision or reclassification of Shares; (ii) capitalization of profits or reserves; (iii) capital distribution; (iv) rights issues or grant of options or warrants to subscribe for Shares; or (v) issue of new Shares or convertible or exchangeable securities at less than a certain rate of the then current market price of the Shares.
Ranking:	The Conversion Shares, when allotted and issued, shall rank <i>pari passu</i> in all respects with all other existing Shares in issue on the date of the conversion notice and shall be entitled to all dividends, other distributions, interests and entitlements.
Transferability:	Subject to the compliance with the GEM Listing Rules and other applicable laws and regulations, the Convertible Bonds may be transferred or assigned by the holder(s) of the Convertible Bonds in whole or in part in multiples of HK\$1,000,000 to any party provided that no transfer or assignment of the Convertible Bonds shall be made to any connected person of the Company (save and except for the associates of the holder(s) of the Convertible Bonds) without the prior consent of the Company.
Redemption:	Unless previously converted, the Company shall pay 105% of the outstanding principal amount under the Convertible Bonds to the holder(s) of the Convertible Bonds on the maturity date of the Convertible Bonds.
Repurchase:	The Company or any of its subsidiaries may at any time prior to the maturity date repurchase the Convertible Bonds at any price as mutually agreed between the Company or its relevant subsidiary and the holder(s) of the Convertible Bonds. The Convertible Bonds repurchased will be cancelled forthwith.

Event of Default:

Customary events of default

Upon the occurrence of an event of default, subject to a special resolution passed by a majority of not less than three-fourths of votes cast by the holder(s) of the Convertible Bonds at a meeting of the holder(s) of the Convertible Bonds or a written resolution signed by the holder(s) of Convertible Bonds which amounted to three-fourths of the then outstanding principal amounts of the Convertible Bonds, the Convertible Bonds shall become immediately repayable at a redemption premium calculated with reference to an annual rate of return of 6%.

Interest shall be chargeable on any amount outstanding from the Convertible Bonds from the date of the event of default until the actual date of payment.

Voting rights:

The Convertible Bonds shall not carry any voting rights.

Listing:

No application will be made by the Company for the listing of the Convertible Bonds on the Stock Exchange. Application will be made by the Company to the GEM Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

The initial Conversion Price of HK\$0.35 per Conversion Share (which is same as the Issue Price) represents:

- (i) a discount of approximately 29.29% to the closing price of HK\$0.495 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 17.45% to the average of the closing prices of HK\$0.424 per Share for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 15.87% to the average of the closing prices of HK\$0.416 per Share for the last ten consecutive trading days up to and including the Last Trading Day; and

- (iv) a premium of approximately 12.90% over the net asset value per Share attributable to the Shareholders of approximately HK\$0.31 as at 30 September 2013.

Based on the initial Conversion Price of HK\$0.35 per Conversion Share, the Convertible Bonds are convertible into a maximum of 1,874,857,141 Conversion Shares, which represent (i) approximately 285.85% of the existing issued share capital of the Company; and (ii) approximately 66.99% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares upon full conversion of the Convertible Bonds at the initial Conversion Price.

Given the conversion restriction provided under the terms of the Convertible Bonds as set out above, the allotment and issue of the Conversion Shares will not result in a change of control of the Company.

The Promissory Notes

The principal terms of the Promissory Notes are summarised as follows:

Issuer:	The Company
Principal amount:	Up to HK\$100,000,000
Interest:	8% per annum
Maturity:	5 years from the date of issue
Transferability:	The Promissory Notes may be assigned or transferred by the holder(s) of the Promissory Notes to any party in whole or in part (in multiples of HK\$1,000,000) of its outstanding principal amount provided that the transfer or assignment of the Promissory Notes to any connected person of the Company (save and except for the associates of the holder(s) of the Promissory Notes) shall be in compliance with the GEM Listing Rules.
Redemption:	The Company shall have the right at any time prior to the maturity date of the Promissory Notes redeem the outstanding principal amount of Promissory Notes in whole or in part (in multiples of HK\$1,000,000).

Non-competition

The Vendors undertake that each of the Vendors and their respective associates (i) will not make use of the company name of the Target Group to conduct any business related to the Target Group's business after the Completion Date; and (ii) will not within a period commencing from the Completion Date and up to 31 December 2014, without the prior consent of the Target Group, make use of any confidential information of the Target Group in relation to business know-how, and information on any agents, business partners and customers of the Target Group to conduct any business that will compete with the business of the Target Group, in particular, the Vendors and their respective associates shall not actively solicit customers of the Target Group.

Conditions precedent

Completion is conditional upon the satisfaction or waiver (as the case may be) of the following conditions:

- (i) the Purchaser having been satisfied with the results of the due diligence review on the financial and operational aspects of the Target Group;
- (ii) all necessary consents and approvals required to be obtained on the part of the Vendors in respect of Acquisition having been obtained;
- (iii) all necessary consents and approvals required to be obtained on the part of the Purchaser in respect of the Acquisition having been obtained;
- (iv) a BVI legal opinion and a Cayman Islands legal opinion having been issued by the BVI legal adviser and the Cayman Islands legal adviser appointed by the Purchaser in the form and substance to the reasonable satisfaction of the Purchaser relating to the Acquisition Agreement;
- (v) a PRC legal opinion having been issued by the PRC legal adviser appointed by the Purchaser (in form and substance satisfactory to the Purchaser) relating to the Acquisition Agreement, the PRC subsidiaries of the Target, the Pawnbrokers Structured Agreements, the Beijing Micro-financing Structured Agreements, the Sale Shares, and the registration of the Pawnbrokers Equity Pledge Agreements and the Beijing Micro-financing Equity Pledge Agreement with the administration for industry and commerce;
- (vi) the despatch of a circular of the Company relating to the Acquisition in accordance with the GEM Listing Rules;

- (vii) the Shareholders having passed the ordinary resolution(s) to approve the Acquisition Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Promissory Notes, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares and the Consideration Shares) at a special general meeting of the Company;
- (viii) the GEM Listing Committee having approved the listing of, and permission to deal in, the Conversion Shares and the Consideration Shares;
- (ix) the warranties set out in the Acquisition Agreement being true and accurate in all material respect and not misleading;
- (x) the Purchaser having been satisfied that there has not been any material adverse change on any member of the Target Group since the date of the Acquisition Agreement;
- (xi) trading of the Shares on the Stock Exchange not having been suspended for more than seven consecutive Business Days (save for any suspension relating to the Acquisition Agreement, trading halt and the price volatility of the Shares); and
- (xii) the Pawnbrokers Equity Pledge Agreements and the Beijing Micro-financing Equity Pledge Agreement having been registered by the Vendors with the administration for industry and commerce.

The Purchaser may in its absolute discretion at any time waive the conditions set out in (i), (ii), (ix) and (x) above by notice in writing and the Vendors may in their absolute discretion at any time waive the condition (iii) and (xi) above by notice in writing. Neither the Purchaser nor the Vendors may waive any of the conditions set out in (iv), (v), (vi), (vii), (viii) and (xii) above.

As at the date of this announcement, the Purchaser and the Vendors have no intention to waive any of the above waivable conditions and the condition set out in (xii) above has been satisfied.

If any of the above conditions is not fulfilled or waived (as the case may be) by 4:00 p.m. on 31 May 2014 or such other date as the Purchaser, the Purchaser's Guarantor, the Company, the Vendors and the Vendors' Guarantor may agree in writing, the Acquisition Agreement shall terminate and neither party shall have any further obligations towards the other thereunder except for antecedent breach.

Completion

Subject to the fulfillment or waiver (as the case may be) of the above conditions, Completion will take place on the Completion Date. Upon Completion, the Target will become an indirect wholly-owned subsidiary of the Company. Based on the Structured Agreements and the legal opinion prepared by the PRC Legal Adviser, PricewaterhouseCoopers, the reporting accountants of the Company on the financial information of the Target Group, concurs with the views of the Directors and the management of the Target Group that the Target Group controls the Pawnbrokers and Beijing Micro-financing upon the effective date of the Structured Agreements and therefore the financial results of the Target Group (including the financial results of the Pawnbrokers and Beijing Micro-financing) will be consolidated into the consolidated financial statements of the Group upon Completion under the HKFRS.

There is no provision in the Acquisition Agreement in relation to appointment of nominees by the Vendors or their respective beneficial owners as Director(s). As at the date of this announcement, the Company has no intention to appoint any of the Vendors and their respective beneficial owner(s) as Director(s).

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structures of the Company (i) as at the date of this announcement; (ii) immediately after the allotment and issue of the Consideration Shares; (iii) immediately after the allotment and issue of the Consideration Shares and the Conversion Shares upon full conversion of the Convertible Bonds at the initial Conversion Price taking into account the Initial Consideration; (iv) immediately after the allotment and issue of the Consideration Shares and the Conversion Shares upon full conversion of the Convertible Bonds at the initial Conversion Price taking into account the Initial Consideration and the maximum Earn-out Consideration; and (v) immediately after the allotment and issue of the Consideration Shares and the Conversion Shares upon conversion of the Convertible Bonds to the extent that the Vendors will be interested in 29% of the entire issued share capital of the Company:

	(i) As at the date of this announcement		(ii) Immediately after the allotment and issue of the Consideration Shares		(iii) Immediately after the allotment and issue of the Consideration Shares and the Conversion Shares upon full conversion of the Convertible Bonds taking into account the Initial Consideration (Note 3)		(iv) Immediately after the allotment and issue of the Consideration Shares and the Conversion Shares upon full conversion of the Convertible Bonds taking into account the Initial Consideration and the maximum Earn-out Consideration (Note 3)		(v) Immediately after the allotment and issue of the Consideration Shares and the Conversion Shares upon conversion of the Convertible Bonds to the extent that the Vendors will be interested in 29% of the entire issued share capital of the Company	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Mr. Lau Kim Hung, Jack ("Mr. Lau") and his associates (Note 1)	120,000,000	18.29	120,000,000	12.99	120,000,000	5.65	120,000,000	4.29	120,000,000	12.99
Mr. Wong Wai Sing and his associate (Note 2)	112,076	0.02	112,076	0.01	112,076	0.01	112,076	0.00	112,076	0.01
Exuberant Global	-	-	174,200,000	18.86	904,571,428	42.58	1,578,857,142	56.41	174,135,000	18.85
Bustling Capital	-	-	67,000,000	7.25	402,857,142	18.96	402,857,142	14.40	66,975,000	7.25
Time Prestige	-	-	26,800,000	2.90	161,142,857	7.58	161,142,857	5.76	26,790,000	2.90
The Vendors	-	-	268,000,000	29.01	1,468,571,427	69.12	2,142,857,141	76.57	267,900,000	29.00
Public Shareholders	535,768,208	81.69	535,768,208	57.99	535,768,208	25.22	535,768,208	19.14	535,768,208	58.00
Total	655,880,284	100.00	923,880,284	100.00	2,124,451,711	100.00	2,798,737,425	100.00	923,780,284	100.00

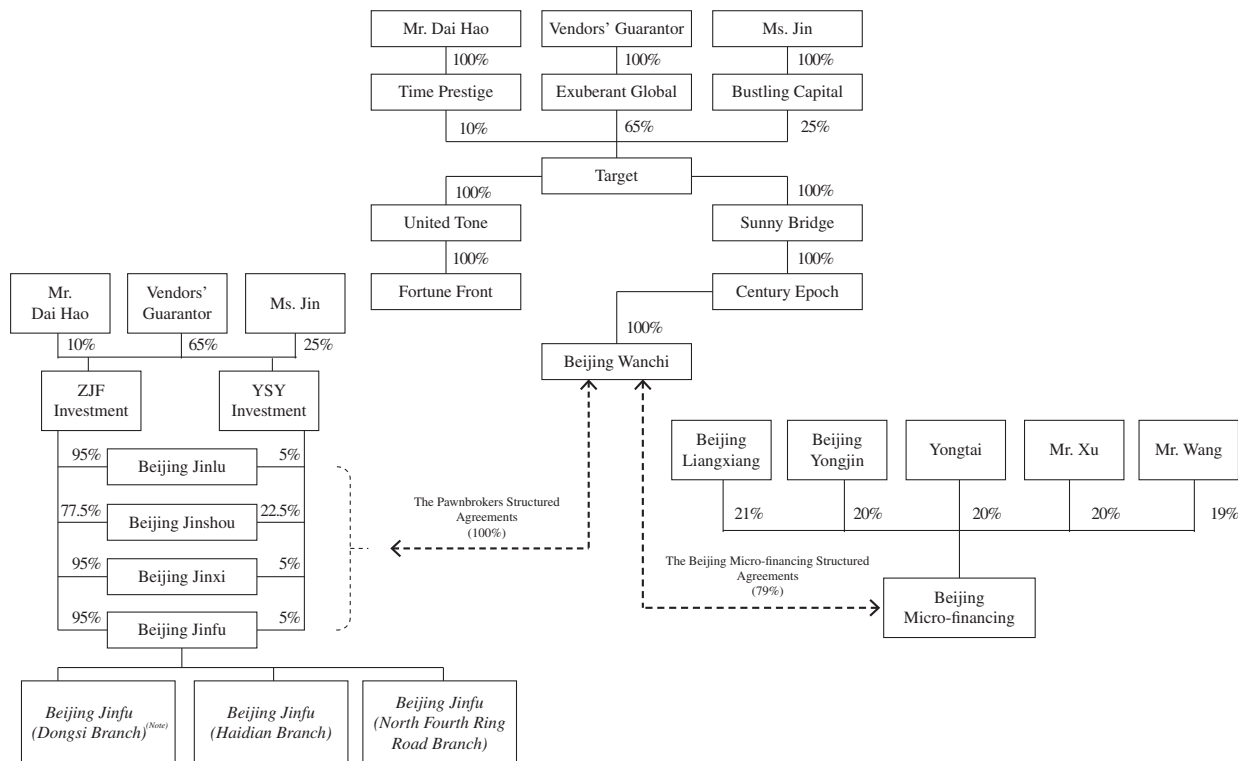
Notes:

- Mr. Lau, a substantial Shareholder, is the beneficial owner of 23,900,000 Shares and is interested in 96,100,000 Shares, through Vitasmart Limited, a company wholly and beneficially owned by him. Ms. Chan Yiu Kan, Katie ("Ms. Chan") is the spouse of Mr. Lau. Mr. Lau and Ms. Chan are respectively the father-in-law and mother-in-law of Mr. Tsang Ho Ka, Eugene, a non-executive Director and vice-chairman of the Company.

- 2 Mr. Wong Wai Sing, an executive Director and the chairman of the Company, is the beneficial owner of 36,400 Shares and is interested in 75,676 Shares, through Ming Kei International Holding Company Limited, a company wholly and beneficially owned by him.
- 3 These columns are for illustration purpose only.

INFORMATION ON THE TARGET GROUP

The group structure of the Target Group is as follows:



Note: Beijing Jinfu (Dongs Branch) is currently under application to the relevant authorities in the PRC to change its name to 北京市金福典当有限责任公司四季青分公司 (Beijing City Jinfu Pawning Company Limited (Sijiqing Branch)*).

The Target, United Tone, Sunny Bridge, Fortune Front and Century Epoch

The Target is an investment holding company incorporated in the Cayman Islands on 19 June 2012 with limited liability and is beneficially owned as to 65% by Exuberant Global, 25% by Bustling Capital and 10% by Time Prestige. Exuberant Global, Bustling Capital and Time Prestige are wholly and beneficially owned by the Vendors' Guarantor, Ms. Jin and Mr. Dai Hao respectively. The Target holds the entire equity interests in United Tone and Sunny Bridge, the intermediate holding companies both incorporated in the BVI on 23 May 2012 with limited liability. United Tone and Sunny Bridge have no other material interests apart from their respective holdings of the entire equity interests in Fortune Front, an investment

holding company incorporated in Hong Kong on 28 December 2011 with limited liability, and Century Epoch, an investment holding company incorporated in Hong Kong on 16 May 2012 with limited liability. As at the date of this announcement, both Fortune Front and Century Epoch do not have any business operation.

Beijing Wanchi

Beijing Wanchi is a wholly-foreign-owned enterprise established in the PRC on 28 September 2012 with limited liability with registered capital of HK\$3 million. Its scope of business covers computer software, network information technology development, technical consultation, technical services, technology promotion, technology transfer, technical training, sales of self-developed software products, investment consultation, economic and trade consultation, corporate management consultation, business information consulting, corporate image planning (excluding those requiring the obtaining of administrative permits). It is wholly and beneficially owned by Century Epoch.

Beijing Wanchi commenced the provision of entrusted loan services and financial consultancy services in Beijing in October 2012. Further details on the entrusted loan services and financial consultancy services are set out in the paragraphs headed “Entrusted loan services” and “Financial consultancy services” below.

Apart from the above-mentioned principal activities, Beijing Wanchi is entitled to (i) all economic benefits and risks arising from the business of the Pawnbrokers through the Pawnbrokers Structured Agreements; and (ii) 79% economic benefits and risks arising from the business of Beijing Micro-financing through the Beijing Micro-financing Structured Agreements. Details of the Pawnbrokers Structured Agreements and the Beijing Micro-financing Structured Agreements are set out under the paragraphs headed “The Pawnbrokers Structured Agreements” and “The Beijing Micro-financing Structured Agreements” below.

The Pawnbrokers

The Pawnbrokers comprise Beijing Jinfu, Beijing Jinlu, Beijing Jinshou and Beijing Jinxi, and are principally engaged in the provision of pawn loan services in Beijing, the PRC.

Beijing Jinfu

Beijing Jinfu is a company established in the PRC on 6 September 2002 with limited liability with registered capital of RMB40 million (equivalent to approximately HK\$50 million) and is owned as to 95% by ZJF Investment and 5% by YSY Investment. Beijing Jinfu established three branch companies in Beijing, namely, Beijing Jinfu (Dongsu Branch), Beijing Jinfu (Haidian Branch) and Beijing Jinfu (North Fourth Ring Road Branch).

Beijing Jinlu

Beijing Jinlu is a company established in the PRC on 30 November 2005 with limited liability with registered capital of RMB15 million (equivalent to approximately HK\$18.75 million) and is owned as to 95% by ZJF Investment and 5% by YSY Investment.

Beijing Jinshou

Beijing Jinshou is a company established in the PRC on 21 October 2005 with limited liability with registered capital of RMB40 million (equivalent to approximately HK\$50 million) and is owned as to 77.5% by ZJF Investment and 22.5% by YSY Investment.

Beijing Jinxi

Beijing Jinxi is a company established in the PRC on 19 April 2007 with limited liability with registered capital of RMB15 million (equivalent to approximately HK\$18.75 million) and is owned as to 95% by ZJF Investment and 5% by YSY Investment.

Beijing Micro-financing

Beijing Micro-financing is a company established in the PRC on 16 December 2009 with limited liability with registered capital of RMB50 million (equivalent to approximately HK\$62.5 million) and is owned as to 21% by Beijing Liangxiang, 20% by Yongtai (a company wholly and beneficially owned by the Dai Family), 20% by Beijing Yongjin, 20% by Mr. Xu (a director of Beijing Micro-financing and ex-management of the Pawnbrokers) and 19% by Mr. Wang. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the equity shareholders of Beijing Micro-financing and their respective beneficial owner(s) are third parties independent of the Company and its connected persons. It is principally engaged in the provision of micro-financing services.

The Structured Agreements

Background

According to 外商投資產業指導目錄 (the Catalogue for the Guidance of Foreign Investment[#]) jointly promulgated by the MOC and the National Development and Reform Commission (中華人民共和國國家發展和改革委員會) on 24 December 2011, foreign investments in the pawn loan business and the micro-financing business are neither restricted

nor prohibited. Reasons for the adoption of the Structured Agreements by the Target Group to conduct the pawn loan business and the micro-financing business are as follows:

Pawn loan services business

The pawn loan business is subject to, among other things, the licensing requirements under the Pawning Measures. The Pawning Measures do not explicitly permit foreign invested companies (including those from Hong Kong, Macau and Taiwan) to operate a pawn loan business in the PRC. According to Article 71 of the Pawning Measures, rules and regulations governing the investment by foreign invested companies in the pawn loan business in the PRC will be separately promulgated by the MOC together with other competent authorities. However, as at the date of this announcement, (i) no relevant rules and regulations governing the investment by foreign invested companies in the pawn loan business in the PRC have been announced by the MOC or any other competent authorities; and (ii) there is no administrative licensing regime for foreign invested companies to participate in the pawnbroking industry in Beijing and no approval can be granted and no pawn operation business licences can be issued to such foreign invested companies.

Micro-financing services business

According to Article 22 of 北京市小額貸款公司試點實施辦法 (the Implementation Measures for the Pilot Operation of Micro-financing Companies in Beijing[#]), shareholders of micro-financing companies established in Beijing shall be PRC domestic natural persons, enterprise legal persons or other social organizations and the largest shareholder shall be the PRC domestic natural persons, enterprise legal persons or other social organisations of the county where such companies are established. Therefore, the shareholders of Beijing Micro-financing shall be the PRC domestic natural persons, enterprise legal persons or other social organisations of Beijing and foreign investors are not allowed to directly invest in Beijing Micro-financing.

As advised by the PRC Legal Adviser, under current practice, foreign investors are not allowed to invest by means of equity investment in any pawn loan companies in the PRC or micro-financing companies in Beijing. As such, (i) Beijing Wanchi, each of the Pawnbrokers, ZJF Investment and YSY Investment and the Dai Family entered into the relevant Pawnbrokers Structured Agreements to enable the financial results of the Pawnbrokers and the entire economic benefits and risks of the businesses of the Pawnbrokers to flow onto Beijing Wanchi; and (ii) Beijing Wanchi, Beijing Micro-financing and the Majority Shareholders (Beijing Micro-financing) entered into the relevant Beijing Micro-financing Structured Agreements to enable 79% of the financial results of Beijing Micro-financing and 79% of the economic benefits and risks of the business of Beijing Micro-financing to flow onto Beijing Wanchi.

The Target Group confirmed that the use of the Structured Agreements was solely for addressing the above-mentioned foreign ownership restriction. Beijing Wanchi undertakes that in the event it is permissible under the relevant PRC rules and regulations for Beijing Wanchi to engage in the pawn loan services business or micro-financing services business in future, Beijing Wanchi shall exercise the options under the Pawnbrokers Exclusive Option Agreements or the Beijing Micro-financing Exclusive Option Agreement as soon as practicable and the relevant Structured Agreements shall be terminated.

Summary of the Structured Agreements

(i) The Pawnbrokers Structured Agreements

Set out below are the details of each of the Pawnbrokers Structured Agreements:

The Pawnbrokers Exclusive Service Agreements

Beijing Wanchi and each of the Pawnbrokers have entered into the Pawnbrokers Exclusive Service Agreements, pursuant to which, with effect from 1 August 2013, each of the Pawnbrokers agreed to engage Beijing Wanchi on an exclusive basis to provide operation and management services in connection with the business of the relevant Pawnbroker in the PRC, including but not limited to assisting in formulating the management models and operation plans, structuring and standardising the management systems, and formulating the market development plans for the relevant Pawnbroker, providing the relevant Pawnbroker with market and customer resources information, conducting market research for the relevant Pawnbroker, and conducting training for the staff of the relevant Pawnbroker. Pursuant to the Pawnbrokers Exclusive Service Agreements, the Pawnbrokers may not engage any other third party to provide similar services without the prior written consent of Beijing Wanchi.

In consideration of the provision of the aforementioned services by Beijing Wanchi, each of the Pawnbrokers agreed, subject to compliance with the PRC laws and regulations, to pay to Beijing Wanchi the fees equivalent to the total profits before income tax as audited in accordance with the HKFRS after deducting all relevant costs and reasonable expenses in connection with the business operation of the relevant Pawnbroker. The relevant Pawnbroker shall bear all bank charges incurred as a result of the fee payment to Beijing Wanchi. Beijing Wanchi shall receive all the economic benefits and bear all the economic risks of the relevant Pawnbroker and may provide financial support to the relevant Pawnbroker if it encounters operational losses or difficulties. Under such circumstances, Beijing Wanchi has the right to decide whether the Pawnbroker concerned should continue operations and the Pawnbroker concerned should unconditionally agree to the decision made by Beijing Wanchi for such purpose. The Pawnbrokers Exclusive Service Agreements have a term of 10 years beginning from their effective date (i.e. 1 August 2013) and shall be renewed automatically for another 10 years upon every expiration of the term unless terminated by Beijing Wanchi with a 30-day written notice to the other parties or all the equity interests in or assets of the Pawnbrokers are transferred to Beijing Wanchi and/or its nominee(s).

The Pawnbrokers Exclusive Option Agreements

Beijing Wanchi, ZJF Investment, YSY Investment, the Dai Family and each of the Pawnbrokers have entered into the Pawnbrokers Exclusive Option Agreements, pursuant to which, with effect from 1 August 2013, ZJF Investment and YSY Investment irrevocably and unconditionally granted to Beijing Wanchi the exclusive rights to acquire or to nominate persons to acquire all or part of the equity interests in and/or assets of the relevant Pawnbroker at the minimum consideration as permitted by the PRC laws and regulations. If the PRC laws and regulations are silent in this regard, the price will be set at the nominal price of RMB1. Subject to compliance with the relevant PRC laws and regulations, Beijing Wanchi may exercise the options at any time and in any manner at its sole discretion. In the event it is permissible under the relevant PRC rules and regulations for Beijing Wanchi to directly engage in the pawn loan services business in future, Beijing Wanchi shall exercise the options under the Pawnbrokers Exclusive Option Agreements as soon as practicable and the Pawnbrokers Structured Agreements shall be terminated.

Pursuant to the Pawnbrokers Exclusive Option Agreements, each of the Pawnbrokers may not, without the prior written consent of Beijing Wanchi, declare or distribute any dividends to its shareholders. ZJF Investment, YSY Investment and the Dai Family shall procure each of the Pawnbrokers not to declare or distribute such dividends. In addition, ZJF Investment, YSY Investment and the Dai Family have undertaken to assign or transfer at no cost to Beijing Wanchi any and all of the dividends declared and distributed at any time or any interest received by them by virtue of their holding of the equity interests in the Pawnbrokers. Furthermore, ZJF Investment, YSY Investment and the Dai Family have undertaken to assign or transfer at no cost to Beijing Wanchi any of the proceeds or consideration received from the sales or disposal of the equity interests in the Pawnbrokers (including the aforesaid consideration to be paid by Beijing Wanchi to them upon exercise of the options under the Pawnbrokers Exclusive Option Agreements).

The Pawnbrokers Exclusive Option Agreements became effective on 1 August 2013 and will expire on the date on which all the equity interests or assets of the Pawnbrokers are transferred to Beijing Wanchi and/or its nominee(s) pursuant to the Pawnbrokers Exclusive Option Agreements.

The Pawnbrokers Proxy Agreements

Beijing Wanchi, ZJF Investment, YSY Investment, the Dai Family and each of the Pawnbrokers have entered into the Pawnbrokers Proxy Agreements, pursuant to which, with effect from 1 August 2013, Beijing Wanchi or its nominee(s) is irrevocably and

unconditionally authorised to exercise shareholders' rights in the relevant Pawnbroker. These rights include, among other things, (i) proposing to convene and attending the meetings of shareholders of the relevant Pawnbroker and signing the minutes or resolutions thereof; exercising as equity holder the voting rights on all matters requiring shareholders' consideration and approval, including but not limited to nomination, appointment and removal of directors, supervisors and senior management of the relevant Pawnbroker, and execution and filing of documents to the relevant authorities and the company registry; (ii) passing resolutions on the disposal of the assets of the relevant Pawnbroker; (iii) passing resolutions on the dissolution and liquidation of the relevant Pawnbroker, forming a liquidation committee and exercising the rights and powers of the committee, including but not limited to dealing with the assets of the relevant Pawnbroker; (iv) deciding on transfer or disposal of the equity interests held by ZJF Investment and YSY Investment in the relevant Pawnbroker; (v) instructing the directors and legal representatives of the relevant Pawnbroker to follow its instruction; and (vi) other shareholders' rights under applicable PRC laws and rules and the article of association of the relevant Pawnbroker.

Moreover, pursuant to the Pawnbrokers Proxy Agreements, each of ZJF Investment and YSY Investment has signed a power of attorney, with effect from 1 August 2013, in favour of Beijing Wanchi and any of its designated director, successor or liquidator to exercise their respective shareholders' rights in the relevant Pawnbroker under the article of association of the relevant Pawnbroker and applicable laws, and such power of attorney shall be valid within the term of the relevant Pawnbrokers Proxy Agreement.

Pursuant to the Pawnbrokers Proxy Agreements, Beijing Wanchi or its nominee(s) may exercise such shareholders' rights without the prior consultation with ZJF Investment, YSY Investment or the Dai Family. Further, ZJF Investment, YSY Investment or the Dai Family shall not exercise such shareholders' rights without the prior written consent of Beijing Wanchi.

In the event that Beijing Wanchi decides to liquidate or dissolve any of the Pawnbrokers pursuant to the shareholders' rights granted to it under the Pawnbrokers Proxy Agreements, ZJF Investment, YSY Investment and the Dai Family guarantee that they shall procure the relevant Pawnbroker to coordinate with the liquidator in completing all relevant liquidation procedures, and shall transfer to Beijing Wanchi all the remaining assets of the relevant Pawnbroker at no cost. ZJF Investment, YSY Investment and the Dai Family shall fully coordinate with the execution and performance of all the procedures and documents for the purpose of the liquidation and the transfer of assets.

The Pawnbrokers Proxy Agreements became effective on 1 August 2013 and will expire on the date on which all the equity interests in or assets of the Pawnbrokers are transferred to Beijing Wanchi and/or its nominee(s).

The Pawnbrokers Equity Pledge Agreements

Beijing Wanchi, ZJF Investment, YSY Investment, the Dai Family and each of the Pawnbrokers have entered into the Pawnbrokers Equity Pledge Agreements, pursuant to which, with effect from 1 August 2013, the first priority security interests (the “**Pledged Pawnbrokers Equity Interests**”) over the equity interests in the Pawnbrokers were granted to Beijing Wanchi for guaranteeing the performance of the Pawnbrokers Exclusive Service Agreements, the Pawnbrokers Exclusive Option Agreements and the Pawnbrokers Proxy Agreements.

Pursuant to the Pawnbrokers Equity Pledge Agreements, upon the non-performance or breach of any of the terms of the Pawnbrokers Structured Agreements, Beijing Wanchi is entitled to exercise its rights to sell all or part of the Pledged Pawnbrokers Equity Interests and shall receive the proceeds therefrom on the first priority basis. In addition, Beijing Wanchi shall be entitled to all income derived from the Pledged Pawnbrokers Equity Interests, including but not limited to, dividends, share of profits and any other benefits.

The Pawnbrokers Equity Pledge Agreements provide that none of the Pledged Pawnbrokers Equity Interests may be transferred or be pledged without prior written consent of Beijing Wanchi, and that any such transfer or pledge of the Pledged Equity Interests shall be deemed invalid.

The Pawnbrokers Equity Pledge Agreements became effective on 1 August 2013 (subject to the registrations of the Pledged Pawnbrokers Equity Interests in the register of members of the Pawnbrokers which have been completed as at the date of this announcement) and shall be terminated upon the performance by each of the Pawnbrokers and/or the registered shareholders of the Pawnbrokers (i.e. ZJF Investment, YSY Investment and the Dai Family) (as the case may be) in full of all of their obligations under or termination of each of the Pawnbrokers Exclusive Service Agreements, the Pawnbrokers Exclusive Option Agreements and the Pawnbrokers Proxy Agreements, or the repayment by whom of all damages arising from their breaches of the Pawnbrokers Structured Agreements, or Beijing Wanchi having exercised its options under the Pawnbrokers Exclusive Option Agreements and obtained all the equity interests in or assets of the Pawnbrokers.

Succession and protection of the Target Group’s interest in the event of death, bankruptcy or divorce of the registered shareholders of the Pawnbrokers

The registered shareholders of the Pawnbrokers (i.e. ZJF Investment and YSY Investment) and the Dai Family warrant to Beijing Wanchi that they have made or

executed (or procured their ultimate shareholders and directors (if applicable) to make and execute) proper arrangements and all necessary documents, to ensure that their successors, guardians, creditors, spouses or other persons which may obtain the registered equity interests in the Pawnbrokers will not hinder or impede the performance of the Pawnbrokers Structured Agreements in the event that they pass away, become incapacitated, go bankrupt, liquidate (if applicable), get divorced or encounter any other circumstances which may affect the exercise of their shareholders' rights.

In addition, each member of the Dai Family undertakes and warrants that he/she will ensure that his/her wills, divorce agreements and debt agreements will be subject to the Pawnbrokers Structured Agreements, so that in the event of any change to the shareholding in the Pawnbrokers due to his/her death, bankruptcy, divorce, or other circumstances, prior to the exercise of the options by Beijing Wanchi under the Pawnbrokers Exclusive Option Agreements, the Pawnbroker Structured Agreements shall prevail over his/her wills, divorce agreements and debt agreements.

Further, each of the Pawnbrokers Structured Agreements contains a provision which sets out that the respective agreement shall be legally binding on the legal assignees or heirs of the parties thereto.

Settlement of the potential dispute arising from the Pawnbrokers Structured Agreements

Each of the Pawnbrokers Structured Agreements will cease to have effect when Beijing Wanchi has exercised its options under the Pawnbrokers Exclusive Option Agreements (and such equity interests in the Pawnbroker(s) have been duly registered under the name of Beijing Wanchi and/or its nominee(s) with the relevant administration of industry and commerce in the PRC) and/or all the assets of the Pawnbrokers are transferred to Beijing Wanchi and/or its nominee(s). When a dispute arises under any of the Pawnbrokers Structured Agreements, the relevant parties thereto shall settle the dispute through negotiation in an amicable manner. If the dispute cannot be settled within thirty days from the date on which the dispute arises, any party to the relevant Pawnbrokers Structured Agreement shall have the right to refer the dispute to the China International Economic and Trade Arbitration Commission (Beijing branch) for arbitration. The decision by such arbitration shall be final and binding on the parties concerned. Subject to the PRC laws, the arbitrators may grant a verdict and award remedies to Beijing Wanchi including (i) remedies over equity interests in land or other assets of the Pawnbroker concerned; (ii) injunctive relief, such as injunction that requires the Pawnbroker concerned to operate certain business or to transfer its assets; and (iii) winding-up of the Pawnbroker concerned. In addition, each of the Pawnbrokers Structured Agreements contains provisions to the effect that courts of competent

jurisdiction are empowered to grant interim remedies in support of the arbitration: (a) before formation of an arbitral tribunal under China International Economic and Trade Arbitration Commission (Beijing branch); or (b) where appropriate, courts of (1) Hong Kong, (2) the place of incorporation of the Target (i.e. the Cayman Islands); (3) the place of establishment of the Pawnbrokers (i.e. Beijing, PRC); and (4) the place(s) where the Target's or the Pawnbrokers' principal assets are located shall have jurisdictions for such limited purpose.

However, the PRC Legal Adviser has warned that under the PRC laws, the arbitral tribunal has no power to grant injunctive relief or winding up order of the Pawnbrokers. In addition, interim remedies or enforcement order granted by overseas courts such as courts of Hong Kong and courts of the Cayman Islands may not be recognizable or enforceable in the PRC.

Effect and validity of the Pawnbrokers Structured Agreements

The PRC Legal Adviser advised that (i) the Pawnbrokers Structured Agreements, taken as a whole, enable the financial results of the Pawnbrokers and the economic benefits and risks of the businesses of the Pawnbrokers to flow onto Beijing Wanchi; (ii) except that some of the dispute resolution provisions under the Pawnbrokers Structured Agreements may not be enforceable as mentioned under the paragraph "Settlement of potential dispute arising from the Pawnbrokers Structured Agreements" above, each of the Pawnbrokers Structured Agreements is legal, valid and enforceable and binding upon the parties thereto, and the Pawnbrokers Structured Agreements as a whole comply with the PRC laws, rules and regulations, as well as the articles of association of the Pawnbrokers, and that Beijing Wanchi could exercise the right to acquire part of or the entire equity interests in and/or assets of the Pawnbrokers if it is allowed by the relevant PRC laws and regulations in future; and (iii) the Pawnbrokers Structured Agreements would not be deemed as "concealing illegal intentions with a lawful form" and void under the PRC Contract Law. Accordingly, the reporting accountants of the Company on the financial information of the Target Group has confirmed that the financial position and operating results of the Pawnbrokers are included in the consolidated financial statements of the Target Group. However, the PRC Legal Adviser has also advised that there is a possibility that the MOC or other competent authorities may have different opinions on the interpretation of applicable PRC regulations and may not agree that the Pawnbrokers Structured Agreements comply with the PRC licensing, registration or other legal or regulatory requirements, with existing policies or with requirements or policies that may be adopted in future, and the authorities may deny the validity, effectiveness and enforceability of the Pawnbrokers Structured Agreements.

Having taken into account (i) the terms of the Pawnbrokers Structured Agreements; (ii) the opinion from the PRC Legal Adviser in respect of the Pawnbrokers Structured Agreements; and (iii) the opinion from the reporting accountants of the Company, the Board considers that the contractual arrangement under the Pawnbrokers Structured Agreements which enables the financial results of the Pawnbrokers and the economic benefits and risks of its business to flow onto Beijing Wanchi is fair and reasonable.

(ii) The Beijing Micro-financing Structured Agreements

Set out below are the details of each of the Beijing Micro-financing Structured Agreements:

The Beijing Micro-financing Exclusive Service Agreement

Beijing Wanchi, the Majority Shareholders (Beijing Micro-financing) and Beijing Micro-financing have entered into the Beijing Micro-financing Exclusive Service Agreement, pursuant to which, with effect from 1 January 2013, the Majority Shareholders (Beijing Micro-financing) agreed to engage Beijing Wanchi on an exclusive basis to provide operation and management services in connection with the business of Beijing Micro-financing in the PRC, including but not limited to assisting in formulating the management models and operation plans, structuring and standardising the management systems and formulating the market development plans for Beijing Micro-financing, providing Beijing Micro-financing with the market and customer resources information, conducting market research for Beijing Micro-financing, and conducting training for the staff of Beijing Micro-financing. Pursuant to the Beijing Micro-financing Exclusive Service Agreement, Beijing Micro-financing may not engage any other third party to provide similar services without the prior written consent of Beijing Wanchi.

In consideration of the provision of the aforementioned services by Beijing Wanchi, the Majority Shareholders (Beijing Micro-financing) agreed, subject to compliance with the PRC laws and regulations, to pay to Beijing Wanchi the fees equivalent to 79% of the total profits after income tax of Beijing Micro-financing as audited in accordance with the HKFRS. The Majority Shareholders (Beijing Micro-financing) shall bear all bank charges incurred as a result of the fee payment to Beijing Wanchi. Beijing Wanchi shall receive the economic benefits and bear the economic risks related to the 79% of the total shares of Beijing Micro-financing and may provide financial support to Beijing Micro-financing if Beijing Micro-financing encounters operational losses or difficulties. Under such circumstances, Beijing Wanchi has the right to decide whether Beijing Micro-financing should continue operations and the Majority Shareholders (Beijing Micro-financing) should unconditionally agree and procure Beijing

Micro-financing to unconditionally agree to the decision made by Beijing Wanchi for such purpose. The Beijing Micro-financing Exclusive Service Agreement has a term of 10 years beginning from its effective date (i.e. 1 January 2013) and shall be renewed automatically for another 10 years upon every expiration of the term unless terminated by Beijing Wanchi with a 30-day written notice to the Majority Shareholders (Beijing Micro-financing) or all the equity interest held by the Majority Shareholders (Beijing Micro-financing) in Beijing Micro-financing (i.e. 79% of the equity interest in Beijing Micro-financing) is transferred to Beijing Wanchi and/or its nominee(s).

The Beijing Micro-financing Exclusive Option Agreement

Beijing Wanchi, the Majority Shareholders (Beijing Micro-financing) and Beijing Micro-financing have entered into the Beijing Micro-financing Exclusive Option Agreement, pursuant to which, with effect from 1 January 2013, the Majority Shareholders (Beijing Micro-financing) irrevocably and unconditionally granted to Beijing Wanchi the exclusive right to acquire or to nominate persons to acquire all or part of 79% equity interest in Beijing Micro-financing (i) at the consideration equivalent to the then fair value of 79% equity interest in Beijing Micro-financing; or (ii) at the consideration as agreed by negotiation between Beijing Wanchi and the Majority Shareholders (Beijing Micro-financing). Subject to compliance with the relevant PRC laws and regulations, Beijing Wanchi may exercise the options at any time and in any manner at its sole discretion. In the event it is permissible under the relevant PRC rules and regulations for Beijing Wanchi to directly engage in the micro-financing services business in future, Beijing Wanchi shall exercise the option under the Beijing Micro-financing Exclusive Option Agreement as soon as practicable and the Beijing Micro-financing Structured Agreements shall be terminated.

Pursuant to the Beijing Micro-financing Exclusive Option Agreement, Beijing Micro-financing may not, without the prior written consent of Beijing Wanchi, declare or distribute any dividends to the Majority Shareholders (Beijing Micro-financing). The Majority Shareholders (Beijing Micro-financing) shall procure Beijing Micro-financing not to declare or distribute such dividends. In addition, the Majority Shareholders (Beijing Micro-financing) have undertaken to assign or transfer at no cost to Beijing Wanchi any and all of the dividends declared and distributed at any time or any interest received by them by virtue of their holding of the equity interest in Beijing Micro-financing. Furthermore, the Majority Shareholders (Beijing Micro-financing) have undertaken to assign or transfer at no cost to Beijing Wanchi any of the proceeds or consideration received from the sales or disposal of their equity interest held in Beijing Micro-financing (including the aforesaid consideration to be paid by Beijing Wanchi to the Majority Shareholders (Beijing Micro-financing) upon exercise of the option under the Beijing Micro-financing Exclusive Option Agreement).

The Beijing Micro-financing Exclusive Option Agreement became effective on 1 January 2013 and will expire on the date on which 79% equity interest in Beijing Micro-financing is transferred to Beijing Wanchi and/or its nominee(s).

The Beijing Micro-financing Proxy Agreement

Beijing Wanchi, the Majority Shareholders (Beijing Micro-financing) and Beijing Micro-financing have entered into the Beijing Micro-financing Proxy Agreement, pursuant to which, with effect from 1 January 2013, Beijing Wanchi or its nominee(s) is irrevocably and unconditionally authorised to exercise shareholders' rights of the Majority Shareholders (Beijing Micro-financing) in Beijing Micro-financing. These rights include, among other things, (i) proposing to convene and attending the meetings of shareholders of Beijing Micro-financing and signing the minutes or resolutions thereof; exercising as equity holder voting rights of the Majority Shareholders (Beijing Micro-financing) on all matters requiring shareholders' consideration and approval including but not limited to nomination, appointment and removal of directors, supervisors and senior management of Beijing Micro-financing, and execution and filing of documents to the relevant authorities and the company registry; (ii) passing resolutions on the disposal of the assets of Beijing Micro-financing; (iii) passing resolutions on the dissolution and liquidation of Beijing Micro-financing, forming a liquidation committee and exercising the rights and powers of the committee, including but not limited to dealing with the assets of Beijing Micro-financing; (iv) deciding on transfer or disposal of the equity interest in Beijing Micro-financing held by the Majority Shareholders (Beijing Micro-financing); (v) instructing the directors and legal representatives of Beijing Micro-financing to follow its instructions; and (vi) other shareholders' rights of the Majority Shareholders (Beijing Micro-financing) under applicable PRC laws and rules and the article of association of Beijing Micro-financing.

Moreover, pursuant to the Beijing Micro-financing Proxy Agreement, each of the Majority Shareholders (Beijing Micro-financing) has signed a power of attorney, with effect from 1 January 2013, in favour of Beijing Wanchi, any of its designated director, successor or liquidator, to exercise their respective shareholders' rights in Beijing Micro-financing under the article of association of Beijing Micro-financing and applicable laws, and such power of attorney shall be valid within the term of such Beijing Micro-financing Proxy Agreement.

Pursuant to the Beijing Micro-financing Proxy Agreement, Beijing Wanchi or its nominee(s) may exercise such shareholders' rights of the Majority Shareholders (Beijing Micro-financing) without the prior consultation with the Majority Shareholders (Beijing Micro-financing). Further, the Majority Shareholders (Beijing Micro-financing) shall not exercise such shareholders' rights without the prior written consent of Beijing Wanchi.

In the event that Beijing Wanchi decides to liquidate or dissolve Beijing Micro-financing pursuant to the shareholders' rights granted to it under the Beijing Micro-financing Proxy Agreement, the Majority Shareholders (Beijing Micro-financing) guarantee that they shall procure Beijing Micro-financing to pass the resolutions relating to the liquidation and dissolution at the shareholders' meeting and coordinate with the liquidator in completing all relevant liquidation procedures, and shall transfer to Beijing Wanchi 79% of the remaining assets of Beijing Micro-financing at no cost. The Majority Shareholders (Beijing Micro-financing) shall fully coordinate with the execution and performance of all the procedures and documents for the purpose of the liquidation and the transfer of assets.

The Beijing Micro-financing Proxy Agreement became effective on 1 January 2013 and will expire on the date on which 79% equity interest in Beijing Micro-financing is transferred to Beijing Wanchi and/or its nominee(s).

The Beijing Micro-financing Equity Pledge Agreement

Beijing Wanchi, the Majority Shareholders (Beijing Micro-financing) and Beijing Micro-financing have entered into the Beijing Micro-financing Equity Pledge Agreement, pursuant to which, with effect from 1 January 2013, the first priority security interest (the “**Pledged Micro-financing Equity Interest**”) over 79% equity interest in Beijing Micro-financing was granted to Beijing Wanchi for guaranteeing the performance of the Beijing Micro-financing Exclusive Service Agreement, the Beijing Micro-financing Exclusive Option Agreement and the Beijing Micro-financing Proxy Agreement.

Pursuant to the Beijing Micro-financing Equity Pledge Agreement, upon the non-performance or breach of any of the terms of the Beijing Micro-financing Structured Agreements, Beijing Wanchi is entitled to exercise its rights to sell all or part of the Pledged Micro-financing Equity Interest and shall receive the proceeds therefrom on the first priority basis. In addition, Beijing Wanchi shall be entitled to all income derived from the Pledged Micro-financing Equity Interest, including but not limited to, dividends, share of profits and any other benefits.

The Beijing Micro-financing Equity Pledge Agreement provides that none of the Pledged Micro-financing Equity Interest may be transferred or be pledged without prior written consent of Beijing Wanchi, and that any such transfer or pledge of the Pledged Micro-financing Equity Interest shall be deemed invalid.

The Beijing Micro-financing Equity Pledge Agreement became effective on 1 January 2013 (subject to the registrations of the Pledged Micro-financing Equity Interest in the register of members of Beijing Micro-financing which have been completed as at the date of this announcement) and shall be terminated upon the performance by the Majority Shareholders (Beijing Micro-financing) and Beijing Micro-financing in full of all of their obligations under or termination of each of the Beijing Micro-financing Exclusive Service Agreement, the Beijing Micro-financing Exclusive Option Agreement and the Beijing Micro-financing Proxy Agreement, or the repayment by whom of all damages arising from their breaches of the Beijing Micro-financing Structured Agreements, or Beijing Wanchi having exercised its option under the Beijing Micro-financing Exclusive Option Agreement and obtained 79% equity interest in Beijing Micro-financing.

Succession and protection of the Target Group's interest in the event of death, bankruptcy or divorce of the Majority Shareholders (Beijing Micro-financing)

The Majority Shareholders (Beijing Micro-financing) warrant to Beijing Wanchi that they have made or executed (or procured their ultimate shareholders and directors (if applicable) to make and execute) proper arrangements and all necessary documents, to ensure that their successors, guardians, creditors, spouses or other persons which may obtain the registered equity interest in Beijing Micro-financing will not hinder or impede the performance of the Beijing Micro-financing Structured Agreements in the event that they pass away, become incapacitated, go bankrupt, liquidate (if applicable), get divorced or encounter other circumstances which may affect the exercise of their shareholders' rights.

In addition, each of Mr. Wang and Mr. Xu undertakes and warrants that their respective wills, divorce agreements and debt agreements will be subject to the Beijing Micro-financing Structured Agreement, so that in the event of any change to the shareholding in Beijing Micro-financing due to his death, bankruptcy, divorce, or other circumstances, prior to the exercise of the option by Beijing Wanchi under the Beijing Micro-financing Exclusive Option Agreement, the Beijing Micro-financing Structured Agreements shall prevail over his wills, divorce agreements and debt agreements.

Further, each of the Beijing Micro-financing Structured Agreements contains a provision which sets out that the respective agreement shall be legally binding on the legal assignees or heirs of the parties thereto.

Settlement of potential dispute arising from the Beijing Micro-financing Structured Agreements

Each of the Beijing Micro-financing Structured Agreements will cease to have effect when Beijing Wanchi has exercised its option under the Beijing Micro-financing Exclusive Option Agreement and the 79% equity interest in Beijing Micro-financing has been duly registered under the name of Beijing Wanchi and/or its nominee(s) with the relevant administration of industry and commerce in the PRC. When a dispute arises under any of the Beijing Micro-financing Structured Agreements, the relevant parties thereto shall settle the dispute through negotiation in an amicable manner. If the dispute cannot be settled within thirty days from the date on which the dispute arises, any party to the relevant Beijing Micro-financing Structured Agreement shall have the right to refer the dispute to the China International Economic and Trade Arbitration Commission (Beijing branch) for arbitration. The decision by such arbitration shall be final and binding on the parties concerned. Subject to the PRC laws, the arbitrators may grant a verdict and award remedies to Beijing Wanchi including: (i) remedies over equity interest in or land or other assets of Beijing Micro-financing; (ii) injunctive relief, such as injunction that requires Beijing Micro-financing to operate certain business or to transfer its assets; and (iii) winding-up of Beijing Micro-financing. In addition, the Beijing Micro-financing Structured Agreements also contain provisions to the effect that courts of competent jurisdiction are empowered to grant interim remedies in support of the arbitration: (a) before formation of an arbitral tribunal under China International Economic and Trade Arbitration Commission (Beijing branch); or (b) where appropriate, courts of (1) Hong Kong, (2) the place of incorporation of the Target (i.e. the Cayman Islands); (3) the place of establishment of Beijing Micro-financing (i.e. Beijing, the PRC); and (4) the place(s) where the Target's or Beijing Micro-financing's principal assets are located shall have jurisdictions for such limited purpose.

However, the PRC Legal Adviser has warned that under the PRC laws, the arbitral tribunal has no power to grant injunctive relief or winding up order of Beijing Micro-financing. In addition, interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC.

Effect and validity of the Beijing Micro-financing Structured Agreements

The PRC Legal Adviser advised that (i) Beijing Micro-financing Structured Agreements, taken as a whole, enable 79% of the financial results of Beijing Micro-financing and 79% of the economic benefits and risks of its business to flow onto Beijing Wanchi; (ii) except that some of the dispute resolution provisions in the Beijing Micro-financing Structured Agreements may not be enforceable as mentioned under the paragraph “Settlement of potential dispute arising from the Beijing Micro-financing Structured Agreements” above, each of the Beijing Micro-financing Structured Agreements is legal, valid and enforceable and binding upon the parties thereto, and the Beijing Micro-financing Structured Agreements as a whole comply with the PRC laws, rules and regulations, as well as the article of association of Beijing Micro-financing, and that Beijing Wanchi could exercise the right to acquire part of or all the 79% equity interest in Beijing Micro-financing if it is allowed by the relevant PRC laws and regulations in future; and (iii) the Beijing Micro-financing Structured Agreements would not be deemed as “concealing illegal intentions with a lawful form” and void under the PRC Contract Law. Accordingly, the reporting accountants of the Company on the financial information of the Target Group has confirmed that the financial position and operating results of Beijing Micro-financing have been included in the consolidated financial statements of the Target Group since the date of the Beijing Micro-financing Structured Agreements. However, the PRC Legal Adviser has also advised that there is a possibility that the MOC or other competent authorities may have different opinions on the interpretation of applicable PRC regulations and may not agree that these agreements under the Beijing Micro-financing Structured Agreements comply with the PRC licensing, registration or other legal or regulatory requirements, with existing policies or with requirements or policies that may be adopted in future, and the authorities may deny the validity, effectiveness and enforceability of the Beijing Micro-financing Structured Agreements.

Having taken into account (i) the terms of the Beijing Micro-financing Structured Agreements; (ii) the opinion from the PRC Legal Adviser in respect of the Beijing Micro-financing Structured Agreements; and (iii) the opinion from the reporting accountants of the Company, the Board considers that the contractual arrangement under the Beijing Micro-financing Structured Agreements which enables 79% of the financial results of Beijing Micro-financing and the economic benefits and risks of its business to flow onto Beijing Wanchi is fair and reasonable.

Measures to mitigate potential conflict of interests between the Target Group and the registered shareholders of the Pawnbrokers, the Dai Family and the Majority Shareholders (Beijing Micro-financing)

Pursuant to the Pawnbrokers Exclusive Option Agreements and the Beijing Micro-financing Exclusive Option Agreement respectively, ZJF Investment, YSY Investment, the Dai Family and the Majority Shareholders (Beijing Micro-financing), irrevocably undertake that, without Beijing Wanchi's prior written consent (i) they shall not sell, transfer, enter into mortgage on, or dispose of, in any way, the equity interests they hold in the Pawnbrokers or Beijing Micro-financing (as the case may be) respectively, or allow any encumbrances thereupon, except the pledge with respect to the Pledged Pawnbrokers Equity Interests or the Pledged Beijing Micro-financing Equity Interest (as the case may be) as set out under the Pawnbrokers Equity Pledge Agreements and the Beijing Micro-financing Equity Pledge Agreement; and (ii) they shall not appoint or remove any directors, supervisors or any other management who shall be appointed by the shareholders of the Pawnbrokers or Beijing Micro-financing (as the case may be). However, once requested by Beijing Wanchi, they shall appoint or employ the person designated by Beijing Wanchi as the director or senior management personnel of the Pawnbrokers or Beijing Micro-financing (as the case may be).

In addition, each of the registered shareholders of the Pawnbrokers, the members of the Dai Family (as the ultimate shareholders of the Pawnbrokers) and the Majority Shareholders (Beijing Micro-financing) has executed in blank an authorisation letter (as appended to the Pawnbrokers Exclusive Option Agreements and Beijing Micro-financing Exclusive Option Agreement respectively) with respect to its/his/her shareholding in the Pawnbrokers or Beijing Micro-financing (as the case may be). Pursuant to the aforesaid authorisation letter, each of such shareholders has irrevocably authorised any representatives as nominated by Beijing Wanchi to execute the transfer of its/his/her respective equity interests in and/or assets of the Pawnbrokers or Beijing Micro-financing (as the case may be) to any other persons or entities as directed by and at the sole discretion of Beijing Wanchi. The Target Group will keep all these executed authorisation letters and in the event that any of such shareholders fails to discharge its/his/her obligations under the Structured Agreements, the Target Group may procure Beijing Wanchi to sign and date the respective authorisation letter and nominate a representative to execute the share transfer agreement or asset transfer agreement (as the case may be) on behalf of such shareholder in default.

Pawn loan services

The Pawnbrokers have commenced the provision of pawn loan services in Beijing since September 2002. There are seven pawnbroking chain outlets in Beijing, namely, Beijing Jinfu, Beijing Jinfu (Dongsi Branch), Beijing Jinfu (Haidian Branch), Beijing Jinfu (North Fourth Ring Road Branch), Beijing Jinlu, Beijing Jinshou and Beijing Jinxi. As advised by the PRC Legal Adviser, the Pawnbrokers have obtained all necessary permits to engage in the pawn loan business in Beijing.

The Pawnbrokers offer three major types of pawn loans including (i) real estate pawn loans; (ii) chattels (being tangible movable or immovable property except real estate) pawn loans; and (iii) other property pawn loans (involving properties such as jewellery, luxury watches and electronic devices) to individuals and corporate customers. The term of a pawn loan is mutually determined by the customer and the Pawnbrokers and shall not exceed six months in accordance with the Pawning Measures. According to the Pawning Measures, the interest rate charged on a pawn loan must not exceed the six-month PBOC benchmark RMB lending rate of the financial institutions as discounted by the pawn loan period. In addition to interest, the Pawnbroker may charge its customers with a monthly comprehensive premium at a percentage of the amount of loan granted as adjusted based on the level of risks that may potentially be involved within the limit permitted by the Pawning Measures. The maximum amount of pawn loan(s) granted to a customer shall not exceed 25% of the registered capital of a pawn loan operator and shall not exceed certain specified loan-to-collateral ratio.

Micro-financing services

Beijing Micro-financing commenced the provision of micro-financing services (including provision of credit loans (or unsecured loans) and guaranteed loans services) in Beijing in December 2009. As advised by the PRC Legal Adviser, Beijing Micro-financing has obtained all necessary permits to engage in the provision of micro-financing services in Beijing.

Interest on micro-financing services shall not be less than 0.9 time and shall not be more than four times of the relevant PBOC benchmark RMB lending rate. The maximum amount of micro-financing loan(s) granted to a customer shall not exceed 3% of the net capital of Beijing Micro-financing.

Entrusted loan services

Beijing Wanchi commenced the provision of entrusted loan services in Beijing in October 2012. The entrusted loan is made to customers through a commercial bank, as trustee, using funds which have been provided and entrusted to the commercial bank from Beijing Wanchi for such purpose. The trustee bank receives a fixed agency fee and collects principal and interest on behalf of Beijing Wanchi, and Beijing Wanchi bears the risk of any borrower default. The interest charged by Beijing Wanchi as the trustor should be within four times that of the relevant PBOC benchmark rate.

As advised by the PRC Legal Adviser, the Target Group is not restricted under the relevant PRC laws and regulations from engaging in the provision of entrusted loan services and no licence, permit or approval is required by the Target Group to do so.

Financial consultancy services

Beijing Wanchi commenced the provision of financial consultancy services in Beijing in October 2012. It assists customers to obtain the required financing, exploring financing solutions and introducing appropriate financing providers to help them to secure funds. If appropriate, Beijing Wanchi may recommend its customers to apply for pawn loans, entrusted loans or the micro-financing services from the Target Group. The customer is required to pay a consultation fee to Beijing Wanchi which is calculated with reference to the proposed financing amount. The amount of the consultation fee and the payment schedule is negotiated with the customer on a case-by-case basis.

As advised by the PRC Legal Adviser, the Target Group is not restricted under the relevant PRC laws and regulations from engaging in the provision of financial consultancy services and no licence, permit or approval is required by the Target Group to do so.

Financial information of the Target Group

Set out below is the unaudited consolidated financial information of the Target Group for the two years ended 31 December 2012 (*Note 1*) as prepared in accordance with the HKFRS:

	For the year ended 31 December			
	2012		2011	
	(Unaudited)		(Unaudited)	
	RMB'000	HK\$'000	RMB'000	HK\$'000
<i>Revenue derived from business involving the use of the Structured Agreements</i>				
Pawn loan services business	67,404	84,255	81,489	101,861
<i>Revenue derived from other business not involving the use of the Structured Agreements</i>				
Financial consultancy service	1,469	1,836	–	–
Entrusted loan services business	28	35	–	–
Profit from continuing operation before tax	45,108	56,385	48,026	60,033
Profit from continuing operation after tax	33,616	42,020	36,060	45,075
(Loss)/profit from discontinuing operation before tax (<i>Note 2</i>)	(466)	(583)	6,972	8,715
(Loss)/profit from discontinuing operation after tax	(507)	(634)	5,189	6,486
			As at	
			31 December 2012	
			(Unaudited)	
			RMB'000	HK\$'000
Net assets			206,639	258,299

Notes:

1. The above financial information does not include the financial results of Beijing Micro-financing as the date of the Beijing Micro-financing Structured Agreements became effective on 1 January 2013.
2. The discontinued operation represents the pawn loan business of 天津市金福典當有限責任公司 (Tianjin City Jinfu Pawning Company Limited*) (“**Tianjin Jinfu**”) and 哈爾濱市金福典當行有限責任公司 (Harbin City Jinfu Pawning Company Limited*) (“**Harbin Jinfu**”), which were previously owned by the Dai Family through ZJF Investment and YSY Investment with an effective equity holding of 100% and 85.37% respectively. The Dai Family disposed of its respective equity interest in Tianjin Jinfu and Harbin Jinfu to a third party in August 2012. There were no gains from the discontinuation.

Financial information of Beijing Micro-financing

The Target Group obtained 79% effective control over Beijing Micro-financing only on 1 January 2013. As such, the financial information of Beijing Micro-financing was not consolidated in the financial results of the Target Group for the two years ended 31 December 2012. Set out below is the audited financial information of Beijing Micro-financing for the two years ending 31 December 2012 as prepared in accordance with the generally accepted accounting principles in the PRC and audited by a PRC auditor:

	For the year ended 31 December		2011	
	2012		(Audited)	
	<i>RMB'000</i>	<i>HK\$'000</i>	<i>RMB'000</i>	<i>HK\$'000</i>
Profit from continuing operation before tax	9,182	11,478	6,004	7,505
Profit from continuing operation after tax	6,845	8,556	4,467	5,584
			As at	
			31 December 2012	
			(Audited)	
			<i>RMB'000</i>	<i>HK\$'000</i>
Net assets			62,160	77,700

REASONS FOR THE ACQUISITION

The Group is principally engaged in (i) property investments; and (ii) coal trading business between the PRC and Indonesia.

The Group has recorded losses for the last five consecutive financial years. For the two years ended 31 March 2012 and 2013, the Group recorded the consolidated loss for the year from the continuing operations of approximately HK\$35.6 million and HK\$25.2 million respectively. In view of the unsatisfactory performance of the Group and as part of the business plan as stated in the annual report of the Company for the year ended 31 March 2013, the Group has been exploring and evaluating new businesses and investment opportunities which could be of good potential and/or long-term benefits to the Group and the Shareholders.

To this end, the Company has identified the Target Group as an appropriate acquisition target to the Group and the Directors are of the view that the Acquisition would allow the Group to diversify into a new line of business with significant growth potential.

According to the statistics published by National Bureau of Statistics of the PRC, the nominal gross domestic products of the PRC in 2012 amounted to approximately RMB51.9 trillion (equivalent to approximately HK\$64.9 trillion), representing an increase of approximately 9.7% as compared to 2011. Due to the robust economic growth in the PRC, the financing demand in the PRC has experienced a marked increase and the short-term money lending business in the PRC is set for its growing path. According to a research report prepared by Euromonitor International Ltd., (i) the total pawn loan value in the PRC in 2012 amounted to approximately RMB276.5 billion (equivalent to approximately HK\$345.6 billion), representing an increase of approximately 13.6% as compared to 2011; (ii) the total outstanding amount of micro loans in the PRC in 2012 amounted to approximately RMB592.1 billion (equivalent to approximately HK\$740.1 billion, representing an increase of approximately 51.2% as compared to 2011. As mentioned in the paragraph headed “INFORMATION ON THE TARGET GROUP” above, the Target Group has commenced its pawn loan business since 2002 and according to the above-mentioned report, the Target Group is the fourth largest pawn loan provider in Beijing in terms of the total registered capital in 2012. With a view to extend its business scope, the Target Group commenced the provision of entrusted loan services and financial consultation services in October 2012. The Directors believe the Target Group is well-positioned to capitalise on the potential market growth for the short-term money lending business in Beijing and are optimistic about the long-term development of the short-term money lending business in Beijing, the implementation of business plan of the Target Group catering for the needs of the customers as well as the growth and prospects of the businesses of the Target Group.

Moreover, according to the unaudited consolidated financial results of the Target Group (details of which are set out in the paragraph headed “Financial information of the Target Group” above), for the year ended 31 December 2012, the Target Group recorded a net profit from continuing operation of approximately RMB33.6 million (equivalent to approximately HK\$42.0 million). The Target Group has been profit making over the past three financial years. Taking into account the established scale of the operation of the Target Group and its continuous growth potential, the Company considers that the Acquisition provides an excellent investment opportunity for the Group to enhance its revenue sources, improve its financial results and provide better return to the Shareholders in the long run.

Having considered the above factors, the Board considers that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

RISK FACTORS

The Target Group’s pawn loan services business and micro-financing services business in the PRC are conducted through the Pawnbrokers and Beijing Micro-financing respectively. The Target Group has not had any direct equity ownership in the Pawnbrokers and Beijing Micro-financing and has relied on the Structured Agreements to control, operate, and be entitled to the economic benefits and risks arising from, the respective businesses of the Pawnbrokers and Beijing Micro-financing as at the date of this announcement. However, there are risks involved with the operations of the Target Group’s pawn loan services business and micro-financing services business under the Structured Agreements.

There is no assurance that the Structured Agreements could comply with future changes in the regulatory requirements in the PRC and the PRC government may determine the Structured Agreements do not comply with applicable regulations

According to 外商投資產業指導目錄 (the Catalogue for the Guidance of Foreign Investment[#]) jointly promulgated by the MOC and the National Development and Reform Commission (中華人民共和國國家發展和改革委員會) on 24 December 2011, foreign investments in the pawn loan business and the micro-financing business are neither restricted nor prohibited.

The pawn loan business is subject to, among other things, the licensing requirements under the Pawning Measures. The Pawning Measures do not explicitly permit foreign invested companies (including those from Hong Kong, Macau and Taiwan) to operate a pawn loan business in the PRC. According to Article 71 of the Pawning Measures, rules and regulations governing the investment by foreign invested companies in the pawn loan business in the PRC will be separately promulgated by the MOC together with other competent authorities. However, as at the date of this announcement, (i) no relevant rules and regulations governing the investment by foreign invested companies in the pawn loan business in the PRC have been announced by the MOC or any other competent authorities; and (ii) there is no administrative licensing regime for foreign invested companies to participate in the pawnbroking industry in Beijing.

According to Article 22 of 北京市小額貸款公司試點實施辦法 (the Implementation Measures for the Pilot Operation of Micro-financing Companies in Beijing[#]), shareholders of micro-financing companies established in Beijing shall be the PRC domestic natural persons, enterprise legal persons or other social organizations and the largest shareholder shall be the PRC domestic natural persons, enterprise legal persons or other social organisations of the county where such companies are established. Therefore, the shareholders of Beijing Micro-financing shall be the PRC domestic natural persons, enterprise legal persons or other social organisations of Beijing and foreign investors are not allowed to directly invest in Beijing Micro-financing.

Subject to the above-mentioned restrictions under the PRC laws and regulations on foreign investment in pawn loan services business or micro-financing services business, the Target Group has entered into the Structured Agreements under which all economic interests and risks arising from the business of the Pawnbrokers and 79% economic interest and risks arising from the business of Beijing Micro-financing are transferred to Beijing Wanchi by means of management and operation fees payable by the Pawnbrokers and Beijing Micro-financing to Beijing Wanchi respectively. As the Target Group currently cannot be granted any required licence (such as the pawn operations business license), the Target can only rely on the Pawnbrokers or Beijing Micro-financing to hold and maintain such necessary licenses to operate the pawn loan or micro-financing business in the PRC.

Despite the fact that the Structured Agreements have not been and are not currently interfered or objected by any PRC regulatory authorities, the PRC Legal Adviser has advised that there is a possibility that the MOC or other competent authorities may have different opinions on the interpretation of the relevant regulations and would not agree that the Structured Agreements comply with the current PRC laws, regulations or rules or those that may be adopted in future, and the authorities may deny the validity, effectiveness and enforceability of the Structured Agreements.

Therefore, though the PRC Legal Adviser has advised that the Structured Agreements are legal, valid and enforceable and binding upon the parties thereto as at the date of this announcement, there is no assurance that the PRC government will not determine the Structured Agreements to be in violation of the PRC laws or regulations, including but not limited to the Pawning Measures and 北京市小額貸款公司試點實施辦法 (the Implementation Measures for the Pilot Operation of Micro-financing Companies in Beijing[#]) in future. To the best knowledge of the Directors, if the Structured Agreements are considered to be in breach of any existing or future PRC laws or regulations or governmental policies, the relevant regulatory authorities would have broad discretion in dealing with such violations and may impose the following actions, including but not limited to:

- (i) imposing economic penalties;
- (ii) restricting the Target Group's entitlement to revenues;
- (iii) restricting or discontinuing the operations of the Pawnbrokers and Beijing Micro-financing;
- (iv) revoking the business licences and/or certificates of the Pawnbrokers and Beijing Micro-financing;
- (v) imposing additional conditions or requirements in respect of the Structured Agreements which the Target Group may not be able to comply with and as a result of which may have to terminate the Structured Agreements;
- (vi) requiring the Target Group to restructure the relevant ownership structure or operations; and
- (vii) taking other regulatory or enforcement actions that could adversely affect the businesses of the Target Group.

Any of these actions could have a material adverse impact on the Target Group's businesses, financial condition and results of operations.

The Structured Agreements may not be as effective in providing the Target Group with the control over and entitlement to the economic interests in the Pawnbrokers and Beijing Micro-financing as direct ownership

The Structured Agreements may not be as effective in providing the Target Group with control and entitlement to the economic interests over the Pawnbrokers and Beijing Micro-financing as direct ownership. If the Target Group had direct ownership of the Pawnbrokers and Beijing Micro-financing, the Target Group would be able to directly exercise its rights as a shareholder to effect changes in the board of directors of the Pawnbrokers and Beijing Micro-financing, which could further effect changes at the management level, subject to any applicable fiduciary obligation. However, under the Structured Agreements, the Target Group can only look to and rely on the Pawnbrokers and Beijing Micro-financing and their respective registered shareholders, as well as the members of Dai Family, to perform their contractual obligations under the Structured Agreements such that the Target Group can exercise effective control over the Pawnbrokers and Beijing Micro-financing. The registered shareholders of the Pawnbrokers and the Majority Shareholders (Beijing Micro-financing) may not act in the best interests of the Target Group or may not perform their obligations under the Structured Agreements. The Target Group expects the above risks will continue to exist throughout the period in which the Target Group intends to operate the pawn loan services business or the micro-financing services business through the Structured Agreements. The Target Group may replace the registered shareholders of the Pawnbrokers and the Majority Shareholders (Beijing Micro-financing) by its nominees pursuant to the Structured Agreements. However, if any dispute relating to the Structured Agreements remains unresolved, the Target Group will have to enforce its rights under the Structured Agreements and seek to interpret the terms of the Structured Agreements in accordance with the PRC laws and will be thereby subject to uncertainties in the PRC legal system.

In addition, the Target Group has not purchased any insurance to cover the risks relating to the enforcement of the Structured Agreements, due to the unavailability of such insurance product in the market at the moment.

As set out in each of the Structured Agreements, the Structured Agreements are governed by the PRC laws. When a dispute arises under any of the Structured Agreements, the relevant parties thereto shall settle the dispute through negotiation in an amicable manner. In case the dispute is not resolved, the parties to the dispute may have to rely on legal remedies under the PRC laws. The Structured Agreements provide that dispute will be submitted to the China International Economic and Trade Arbitration Commission (Beijing Branch) for arbitration. The decision of such arbitration is final and binding on the parties to the dispute.

As advised by the PRC Legal Adviser, although under the Structured Agreements, arbitrators may grant remedies *in rem* over the shares and/or assets of Pawnbrokers or Beijing Micro-financing (as the case may be), injunctive relief (e.g. for the conduct of business or to compel the transfer of assets) or winding up order of the Pawnbrokers or Beijing Micro-financing (as the case may be) under the Structured Agreements. Under the PRC laws, the arbitrators may not award remedies over the shares and/or assets of the Pawnbrokers or Beijing Micro-financing (as the case may be), injunctive relief and/or winding up order of the Pawnbrokers or Beijing Micro-financing (as the case may be) as interim remedies in favour of the Target Group and even if an award is granted in favour of the Target Group, the Target Group may not be able to obtain such remedies, injunctive relief or winding up order. Further, the Target Group may not be able to prevent the Pawnbrokers and Beijing Micro-financing and/or the registered shareholders of the Pawnbrokers, the Majority Shareholders (Beijing Micro-financing) and Beijing Liangxiang from ceasing business, transferring assets or prejudicing the interests of the Target Group under the Structured Agreements before an arbitral award is granted. Since the legal environment in the PRC is different from that in Hong Kong and other jurisdictions, the uncertainties in the PRC legal system could limit the ability of the Target Group to enforce the Structured Agreements at all times. There is no assurance that such arbitration result will be in favour of the Target Group and/or that there will not be any difficulties in enforcing the specific performance or injunctive relief and claiming damages by the Target Group.

In the event of non-compliance with such award, enforcement measures may be sought from the court which may or may not support the award of an arbitral body when deciding whether to take enforcement measures. The PRC Legal Adviser is also of the view that, even though the Structured Agreements provide that courts of Hong Kong and the Cayman Islands may grant and/or enforce interim remedies or in support of arbitration, such interim remedies (even if so granted by the courts of Hong Kong or the Cayman Islands in favour of an aggrieved party) may not be recognised or enforced by the PRC courts. As a result, Beijing Wanchi may not be able to obtain sufficient remedies in a timely manner, and its ability to exert effective control over the Pawnbrokers and Beijing Micro-financing and the conduct of the pawn loan business and micro-financing business could be materially and adversely affected.

Any limitation or inability to enforce the Structured Agreements or any arbitral awards granted in relation thereto or prevent the transfer, mortgage or other dealings in the assets of the Pawnbrokers and Beijing Micro-financing which may prejudice the interests of the Target Group under the Structured Agreements could disrupt the business of the Target Group and have a material adverse impact on the Target Group's business, prospects and results of operation.

Therefore, the Structured Agreements may not be as effective as direct ownership in providing the Target Group with control over the Pawnbrokers and Beijing Micro-financing.

Potential conflicts of interest between the Target Group and the Pawnbrokers and Beijing Micro-financing and their respective registered shareholders exist and whether the registered shareholders and directors of the Pawnbrokers and Beijing Micro-financing will act completely in the interest of the Target Group is outside the control of the Target Group

The Target Group relies on the Structured Agreements to exercise control over and to draw the economic benefits from the Pawnbrokers and Beijing Micro-financing, which are the parties directly holding the effective licences to conduct the pawn loan services business and the micro-financing services business in the PRC. The Pawnbrokers and Beijing Micro-financing are legally held by ZJF Investment, YSY Investment, the Majority Shareholders (Beijing Micro-financing) and Beijing Liangxiang respectively. The Vendors' Guarantor, Mr. Dai Hao and Ms. Jin are the ultimate shareholders of the Pawnbrokers. Ms. Jin is a director of the Target. The Target Group provides no incentives to the Vendors' Guarantor, Mr. Dai Hao, ZJF Investment, YSY Investment and the Majority Shareholders (Beijing Micro-financing) for the purpose of encouraging them to act in the best interests of Target Group. The Target Group may acquire all the equity interests from the Pawnbrokers and Beijing Micro-financing owned by the Vendors' Guarantor, Mr. Dai Hao, ZJF Investment, YSY Investment and the Majority Shareholders (Beijing Micro-financing) to obtain direct ownership in the Pawnbrokers and Beijing Micro-financing at any time pursuant to the Pawnbrokers Exclusive Option Agreements and the Beijing Micro-financing Exclusive Option Agreement respectively. As a director of the Target, Ms. Jin has a duty of loyalty and care to the Target Group under the laws of the Cayman Islands. In addition, the Dai Family and ZJF Investment, YSY Investment and the Majority Shareholders (Beijing Micro-financing) have executed the Pawnbrokers Proxy Agreements and the Beijing Micro-financing Proxy Agreement respectively to appoint Beijing Wanchi (or its nominees) to vote on their behalves and exercise all voting rights as shareholders of the Pawnbrokers and Beijing Micro-financing. However, any of the Pawnbrokers, Beijing Micro-financing, the Dai Family, ZJF Investment, YSY Investment and the Majority Shareholders (Beijing Micro-financing) may breach the Structured Agreements in the event of conflicts of interest or deterioration of their relationships with the Target Group, the results of which may have a material adverse impact on the Target Group's business, prospects and results of operation.

It is not assured that if conflicts arise, the registered shareholders of the Pawnbrokers, the Dai Family and the Majority Shareholders (Beijing Micro-financing) will act in the best interests of Beijing Wanchi or that the conflicts will be resolved in favour of Beijing Wanchi. If any of ZJF Investment, YSY Investment, the members of the Dai Family and the Majority Shareholders (Beijing Micro-financing) fails to perform its/his/her obligations under the respective Structured Agreements, the Target Group may have to rely on legal remedies under the PRC laws through legal proceedings, which may be expensive, time-consuming and disruptive to the Target Group's operations and will be subject to uncertainties as discussed above.

The Target Group may lose the ability to use and enjoy the assets held by the Pawnbrokers and Beijing Micro-financing that are important to the business operations if the Pawnbrokers and Beijing Micro-financing declare bankruptcy or become subject to a dissolution or liquidation proceeding

The Pawnbrokers hold the pawn operation business licences and the special industry licences whereas Beijing Micro-financing has received the consent letter from Beijing Municipal Bureau of Financial Work (北京市金融工作局) with respect to its establishment and business operation. These licences and consent letter are important to the business operations of the Target Group. The Structured Agreements with the registered shareholders of the Pawnbrokers, the Dai Family and the Majority Shareholders (Beijing Micro-financing) contain terms that specifically obligate them to ensure the valid existence of the Pawnbrokers and Beijing Micro-financing. However, in the event that any of such shareholders or the members of the Dai Family breaches this obligation and voluntarily liquidates the Pawnbrokers and Beijing Micro-financing, or the Pawnbrokers or Beijing Micro-financing declares bankruptcy and all or part of their assets become subject to liens or rights of third-party creditors or are otherwise dissolved, the Target Group may be unable to continue part or all of its business operations, which could materially and adversely affect its businesses, financial condition and results of operations. Furthermore, if any of the Pawnbrokers and Beijing Micro-financing undergoes a voluntary or involuntary liquidation proceeding, the registered shareholders, the Dai Family or unrelated third-party creditors may claim rights to some or all of these assets, thereby hindering the Target Group's ability to operate the pawn loan business and micro-financing business, which could materially and adversely affect the businesses, financial condition and results of operations of the Target Group.

The Structured Agreements may be subject to scrutiny of the PRC tax authorities and additional tax may be imposed

The Structured Agreements may be subject to scrutiny of the PRC tax authorities and additional tax may be imposed on the Target Group. The Target Group may face adverse tax consequences if the PRC tax authorities determine that the Structured Agreements were not entered into based on arm's length negotiations. If the PRC tax authorities determine that the Structured Agreements were not entered into on an arm's length basis, they may adjust the income and expenses of the Target Group for the PRC tax purposes which could result in higher tax liabilities on the Target Group.

Each of the Structured Agreements was negotiated and executed based on an equal standing and reflects the true commercial intentions of the parties thereto. Beijing Wanchi provides consulting and management services in relation to the operations of the Pawnbrokers and Beijing Micro-financing. Relevant service charges are commensurate with the functions

performed by Beijing Wanchi. In addition, to the best knowledge of the directors of the Target Group, the Target Group was not aware that any other publicly-listed companies in the PRC which had adopted similar contractual arrangement had been challenged by the relevant tax authorities of the PRC that the contractual arrangement was not entered into on an arm's-length basis. However, the Target Group is not in a position to predict the actions to be taken by the relevant tax authorities of the PRC. The operation results of the Target Group may be materially and adversely affected if the tax liabilities of the Pawnbrokers and Beijing Micro-financing or that of Beijing Wanchi increase significantly or if they are required to pay interest on late payments.

The above-mentioned risks may materially and adversely affect the validity, effectiveness and enforceability of the control of Beijing Wanchi (and ultimately the Target Group) over the Pawnbrokers and Beijing Micro-financing and their respective registered shareholders. Any inability of Beijing Wanchi, or limitation of Beijing Wanchi's ability to enforce the Structured Agreements with the Pawnbrokers and Beijing Micro-financing and their respective registered shareholders, as well as the Dai Family, or to take any legal remedies under the PRC law could disrupt the businesses of the Target Group and may have a material adverse effect on the financial position, results of operations and prospects of the Target Group.

In view of the above-mentioned risks relating to the Structured Agreements, in the event that the PRC government issues administrative licensing regime for foreign invested enterprises to participate in the pawnbroking industry and/or the restriction for foreign invested enterprises to invest in the micro-financing business in the PRC is released, such that Beijing Wanchi and/or its subsidiaries or branch companies is/are allowed to engage in the pawn loan services business or the micro-financing services business, Beijing Wanchi will exercise its respective options under the Pawnbrokers Exclusive Option Agreements and Beijing Micro-financing Exclusive Option Agreement to acquire all or part of the equity interests in the Pawnbrokers and Beijing Micro-financing as soon as practicable.

Beijing Wanchi's ability to acquire the entire equity interests in or assets of the Pawnbrokers and the 79% equity interest in Beijing Micro-financing may be subject to various limitations.

The Target Group conducts the pawn loan business and the micro-financing business in the PRC through the Structured Agreements and will unwind the Structured Agreements when it is permissible under the relevant PRC rules and regulations for Beijing Wanchi to engage in the pawn loan services business or micro-financing services business in the PRC in future. However, the acquisition of the entire equity interests in or the assets of the Pawnbrokers and the acquisition of the 79% equity interest in Beijing Micro-financing may only be conducted to the extent as permitted by the applicable PRC laws and will be subject to necessary

approvals and relevant procedures under applicable PRC laws. In addition, the above-mentioned acquisitions may be subject to a minimum price limitation (such as an appraised value for the entire equity interests in or all assets of the Pawnbrokers and the 79% equity interest in Beijing Micro-financing) or other limitations as imposed by applicable PRC laws, and may also be subject to substantial costs. The registered shareholders of the Pawnbrokers, the Dai Family and the Majority Shareholders (Beijing Micro-financing) have undertaken that if Beijing Wanchi or its nominee(s) or any of them are required to pay any consideration in relation to the acquisition, such price will be reimbursed to Beijing Wanchi or its nominee(s) at no cost.

A substantial amount of costs, expenses and time may be involved in transferring the ownership of the Pawnbrokers and Beijing Micro-financing if Beijing Wanchi chooses to exercise the options to acquire all or part of the equity interests in the Pawnbrokers and Beijing Micro-financing under the Pawnbrokers Exclusive Option Agreements and the Beijing Micro-financing Exclusive Option Agreement

The Pawnbrokers Exclusive Option Agreements and the Beijing Micro-financing Exclusive Option Agreement provide Beijing Wanchi or its nominee(s) with exclusive and irrevocable options to acquire all or part of the equity interests in the Pawnbrokers and Beijing Micro-financing held by ZJF Investment, YSY Investment and the Majority Shareholders (Beijing Micro-financing) respectively at a consideration and each of ZJF Investment, YSY Investment and the Majority Shareholders (Beijing Micro-financing) shall transfer such consideration to Beijing Wanchi at no cost. However, other costs (if any), expenses and time may be involved in transferring the ownership of the Pawnbrokers and Beijing Micro-financing. If these costs, expenses and time are substantial, it may have a material adverse impact on Target Group's businesses, prospects and results of operation.

NOTIFIABLE TRANSACTIONS AND DISCLOSURE PURSUANT TO THE GEM LISTING RULES

Although the provision of pawn loan services, micro-financing services and entrusted loan services to the customers are in the ordinary course of business of the Target Group, these loans do not fall under the definition of "ordinary and usual course of business" under Rule 19.04(8) of the GEM Listing Rules. In this connection, upon Completion, the loans provided by the Target Group to its customers may constitute notifiable transactions for the Company under Chapter 19 of the GEM Listing Rules and subject to the relevant notification, announcement and shareholders' approval requirements (where applicable). Further, the loan services provided by the Target Group to its customers may trigger a general disclosure obligation pursuant to Rule 17.15 to Rule 17.17A of the GEM Listing Rules and subject to the relevant announcement and reporting requirements, in the event that the relevant advances to an entity by the Target Group individually exceeds 8% under the assets ratio as defined in Rule 19 of the GEM Listing Rules.

The Group will put in place procedures to ensure that the requirements of the GEM Listing Rules, including those relating to Chapter 17 and Chapter 19 above will be complied with.

GEM LISTING RULES IMPLICATION

The Acquisition constitutes a very substantial acquisition for the Company pursuant to Rule 19.06(5) of the GEM Listing Rules and is therefore subject to the Shareholders' approval at the SGM by way of voting by poll. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder (including the Purchaser's Guarantor) has a material interest in the Acquisition which is different from other Shareholders, and therefore no Shareholder (including the Purchaser's Guarantor) is required to abstain from voting on the relevant resolution(s) to be proposed at the SGM in relation to the Acquisition Agreement and the transactions contemplated thereunder. If the Vendors and their respective associates hold any Shares on the date of the SGM, they will be required to abstain from voting on the relevant resolution(s) to be proposed at the SGM in relation to the Acquisition Agreement and the transactions contemplated thereunder.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) details of the Acquisition Agreement; (ii) financial information of the Group; (iii) financial information of the Target Group; (iv) unaudited pro forma financial information of the Enlarged Group; (v) the notice of the SGM; and (vi) other information as required under the GEM Listing Rules will be despatched to the Shareholders as soon as practicable.

As additional time is required for the Company and the professional parties to prepare the relevant information for inclusion in the circular, the circular is expected to be despatched to the Shareholders on or before 30 April 2014.

UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS

The Board has noted the recent increases in the price and trading volume of the Shares. Save for the entering into of the Acquisition Agreement as disclosed above, having made such enquiry with respect to the Company as is reasonable in the circumstances, the Board confirms that it has not been aware of any other reasons for such increases in the price and trading volume movements of the Shares or of any other information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

As the Acquisition Agreement is subject to a number of conditions precedent, the Acquisition Agreement may or may not become unconditional or be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“2013 Actual Profit”	the audited consolidated net profit after tax of the Target Group attributable to the equity holders of the Target for the year ending 31 December 2013 as prepared in accordance with the HKFRS and accounting policies of the Target Group, and does not take into account any expenses relating to the Acquisition which should be borne by the Group and any costs allocation from the Group after the Completion, any exceptional items or profit generated from the business other than the existing business of the Target Group
“2013 Target Profit”	the target profit given by the Vendors that the audited consolidated net profit after tax of the Target Group attributable to the equity holders of the Target for the financial year ending 31 December 2013 will not be less than RMB42,333,840 (equivalent to approximately HK\$53,714,286, based on the exchange rate of RMB0.78813 = HK\$1) as prepared in accordance with the HKFRS and accounting policies of the Target Group, and does not take into account any expenses relating to the Acquisition which should be borne by the Group and any costs allocation from the Group after the Completion, any exceptional items or profit generated from the business other than the existing business of the Target Group
“2014 Actual Profit”	the audited consolidated net profit after tax of the Target Group attributable to the equity holders of the Target for the year ending 31 December 2014 as prepared in accordance with the HKFRS and accounting policies of the Target Group, and does not take into account any expenses relating to the Acquisition which should be borne by the Group and any costs allocation from the Group after the Completion, any exceptional items or profit generated from the business other than the existing business of the Target Group

“Acquisition”	acquisition of the Sale Shares and the Sale Loans by the Purchaser pursuant to the Acquisition Agreement
“Acquisition Agreement”	the conditional sale and purchase agreement dated 23 December 2013 entered into between the Purchaser, the Purchaser’s Guarantor, the Company, the Vendors and the Vendors’ Guarantor in relation to the Acquisition
“associate(s)”	has the meanings ascribed to it under the GEM Listing Rules
“Beijing Jinfu”	北京市金福典當有限責任公司 (Beijing City Jinfu Pawning Company Limited*), a company established in the PRC with limited liability
“Beijing Jinfu (Dongsi Branch)”	北京市金福典當有限責任公司東四分公司 (Beijing City Jinfu Pawning Company Limited (Dongsi Branch)*), which is currently under application to the relevant authorities in the PRC to change its name to 北京市金福典當有限責任公司四季青分公司 (Beijing City Jinfu Pawning Company Limited (Sijiqing Branch)*) and is a branch company established under Beijing Jinfu
“Beijing Jinfu (Haidian Branch)”	北京市金福典當有限責任公司海澱分公司 (Beijing City Jinfu Pawning Company Limited (Haidian Branch)*), a branch company established under Beijing Jinfu
“Beijing Jinfu (North Fourth Ring Road Branch)”	北京市金福典當有限責任公司北四環分公司 (Beijing City Jinfu Pawning Company Limited (North Fourth Ring Road Branch)*), a branch company established under Beijing Jinfu
“Beijing Jinlu”	北京金祿典當有限責任公司 (Beijing Jinlu Pawning Company Limited*), a company established in the PRC with limited liability
“Beijing Jinshou”	北京市金壽典當有限責任公司 (Beijing City Jinshou Pawning Company Limited*), a company established in the PRC with limited liability

“Beijing Jinxi”	北京市金禧典當有限責任公司 (Beijing City Jinxi Pawning Company Limited*), a company established in the PRC with limited liability
“Beijing Liangxiang”	北京良鄉經濟開發區實業總公司 (Beijing Liangxiang Economic Development Zone Enterprise Holding Company Limited*), a company established in the PRC with limited liability and a PRC State-owned enterprise under Liangxiang Economic Development Zone
“Beijing Micro-financing”	北京中金福小額貸款有限責任公司 (Beijing Zhongjinfu Micro-financing Company Limited*), a company incorporated in the PRC with limited liability
“Beijing Micro-financing Equity Pledge Agreement”	an equity pledge agreement, with effect from 1 January 2013, entered into among Beijing Wanchi, the Majority Shareholders (Beijing Micro-financing) and Beijing Micro-financing, pursuant to which first priority security interests have been created over 79% equity interest in Beijing Micro-financing by the Majority Shareholders (Beijing Micro-financing) in favour of Beijing Wanchi
“Beijing Micro-financing Exclusive Option Agreement”	an exclusive option agreement, with effect from 1 January 2013, entered into among Beijing Wanchi, the Majority Shareholders (Beijing Micro-financing) and Beijing Micro-financing, pursuant to which the Majority Shareholders (Beijing Micro-financing) irrevocably granted to Beijing Wanchi or its nominee(s) the exclusive rights to acquire all or part of the 79% equity interest in Beijing Micro-financing
“Beijing Micro-financing Exclusive Service Agreement”	an exclusive management and consultation service agreement, with effect from 1 January 2013, entered into among Beijing Wanchi, the Majority Shareholders (Beijing Micro-financing) and Beijing Micro-financing, pursuant to which the Majority Shareholders (Beijing Micro-financing) granted the exclusive right to Beijing Wanchi to provide management and consultation services to Beijing Micro-financing for managing its business

“Beijing Micro-financing Proxy Agreement”	a proxy agreement, with effect from 1 January 2013, entered into by Beijing Wanchi, the Majority Shareholders (Beijing Micro-financing) and Beijing Micro-financing, pursuant to which Beijing Wanchi or its nominee(s) were authorized by the Majority Shareholders (Beijing Micro-financing) to exercise their respective shareholders’ rights in Beijing Micro-financing
“Beijing Micro-financing Structured Agreements”	collectively, the Beijing Micro-financing Equity Pledge Agreement, the Beijing Micro-financing Exclusive Option Agreement, the Beijing Micro-financing Exclusive Service Agreement and the Beijing Micro-financing Proxy Agreement
“Beijing Wanchi”	北京萬馳科技有限公司 (Beijing Wanchi Technology Company Limited*), a wholly-foreign-owned enterprise established in the PRC with limited liability
“Beijing Yongjin”	北京永進基業科技孵化器有限公司 (Beijing Yongjin Jiye Technology Incubator Company Limited*), a company established in the PRC with limited liability
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Bustling Capital”	Bustling Capital Limited, a company incorporated in the BVI with limited liability and wholly and beneficially owned by Ms. Jin
“BVI”	British Virgin Islands
“Century Epoch”	Century Epoch Holdings Limited, a company incorporated in Hong Kong with limited liability

“Company”	Ming Kei Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued Shares of which are listed on GEM (stock code: 8239)
“Completion”	completion of the Acquisition
“Completion Date”	any date which falls within five Business Days following the date on which the last of the conditions precedent as set out in the Acquisition Agreement has been fulfilled or waived (as the case may be)
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Consideration”	the consideration for the Sale Shares and the Sale Loans under the Acquisition Agreement
“Consideration Shares”	268,000,000 new Shares to be issued by the Company to the Vendors at the Issue Price as part of the Consideration
“Conversion Price”	HK\$0.35 per Conversion Share for the Convertible Bonds (subject to adjustments)
“Conversion Shares”	a maximum of 1,874,857,141 new Shares which may fall to be allotted and issued upon conversion of the Convertible Bonds at the initial Conversion Price
“Convertible Bonds”	the convertible bonds to be issued by the Company to the Vendors as part of the Consideration
“Dai Family”	collectively, the Vendors’ Guarantor, Ms. Jin and Mr. Dai Hao
“Director(s)”	director(s) of the Company
“Earn-out Consideration”	a maximum consideration of HK\$336 million (subject to adjustments) which may be paid by the Company to Exuberant Global or its nominee(s), as more particularly set out in the paragraph headed “Consideration”

“Enlarged Group”	the Group as enlarged by the Target Group immediately after Completion
“Exuberant Global”	Exuberant Global Limited, a company incorporated in the BVI with limited liability and wholly and beneficially owned by the Vendors’ Guarantor
“Fortune Front”	Fortune Front Investments Limited, a company incorporated in Hong Kong with limited liability
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	the GEM Listing Committee of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Consideration”	an initial consideration of HK\$564 million (subject to adjustments) to be paid by the Company to the Vendors, as more particularly set out in the paragraph headed “Consideration”
“Issue Price”	the issue price of HK\$0.35 per Consideration Share
“Last Trading Day”	23 December 2013, being the date of the Acquisition Agreement
“Macau”	the Macau Special Administrative Region of the PRC
“Majority Shareholders (Beijing Micro-financing)”	collectively, Yongtai, Beijing Yongjin, Mr. Xu and Mr. Wang, being the registered shareholders collectively holding 79% equity interest in Beijing Micro-financing
“MOC”	Ministry of Commerce of the PRC (中華人民共和國商務部)

“Mr. Dai Hao”	Mr. Dai Hao, the brother of the Vendors’ Guarantor and the beneficial owner of Time Prestige
“Mr. Wang”	Mr. Wang Feng
“Mr. Xu”	Mr. Xu Ya Liang
“Ms. Jin”	Ms. Jin Yu, the spouse of Mr. Dai Hao and the beneficial owner of Bustling Capital
“Pawnbrokers”	collectively, Beijing Jinfu, Beijing Jinlu, Beijing Jinshou and Beijing Jinxi and each a “Pawnbroker”
“Pawnbrokers Equity Pledge Agreements”	four equity pledge agreements, each with effect from 1 August 2013, entered into among Beijing Wanchi, ZJF Investment, YSY Investment, the Dai Family and each of the Pawnbrokers, respectively, pursuant to which first priority security interests have been created over each Pawnbroker by ZJF Investment and YSY Investment in favour of Beijing Wanchi
“Pawnbrokers Exclusive Option Agreements”	four exclusive option agreements, each with effect from 1 August 2013, entered into among Beijing Wanchi, ZJF Investment, YSY Investment, the Dai Family and each of the Pawnbrokers, respectively, pursuant to which ZJF Investment and YSY Investment irrevocably granted to Beijing Wanchi or its nominee(s) the exclusive rights to acquire all or part of the equity interests in and/or assets of the respective Pawnbrokers
“Pawnbrokers Exclusive Service Agreements”	four exclusive management and consultation service agreements, each with effect from 1 August 2013, entered into among Beijing Wanchi and each of the Pawnbrokers, respectively, pursuant to which each of the Pawnbrokers granted the exclusive rights to Beijing Wanchi to provide management and consultation services to each of the Pawnbrokers for managing its businesses

“Pawnbrokers Proxy Agreements”	four proxy agreements, each with effect from 1 August 2013, entered into by Beijing Wanchi, ZJF Investment, YSY Investment, the Dai Family and each of the Pawnbrokers, respectively, pursuant to which Beijing Wanchi or its nominee(s) were authorised by ZJF Investment and YSY Investment to exercise their respective shareholders’ rights in the Pawnbrokers
“Pawnbrokers Structured Agreements”	collectively, the Pawnbrokers Equity Pledge Agreements, the Pawnbrokers Exclusive Option Agreements, the Pawnbrokers Exclusive Service Agreements and the Pawnbrokers Proxy Agreements
“Pawning Measures”	典當管理辦法 (the Measures for the Administration of Pawning [#]) issued by the MOC and the Ministry of Public Security of the PRC on 9 February 2005 and came into effect on 1 April 2005
“PBOC”	the People’s Bank of China
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“PRC Legal Adviser”	Jingtian & Gongcheng Attorneys at Law, the PRC legal adviser to the Company as to the PRC laws
“Promissory Notes”	the promissory notes to be issued by the Company to Exuberant Global in the principal amount of up to HK\$100,000,000 as part of the Consideration
“Purchaser”	Star Capital Global Limited, a company incorporated in the BVI with limited liability, a direct wholly-owned subsidiary of the Company
“Purchaser’s Guarantor”	Mr. Wong Wai Sing, an executive Director and the chairman of the Company, who is the guarantor of the Purchaser pursuant to the Acquisition Agreement

“Sale Loans”	the shareholder’s loans owing by the Target to Exuberant Global as at the Completion Date
“Sale Shares”	an aggregate of 100 shares of the Target, representing the entire issued share capital of the Target
“SGM”	the special general meeting of the Company to be held for the Shareholders to consider and, if thought fit, approve the Acquisition Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Structured Agreements”	collectively, the Pawnbrokers Structured Agreements and the Beijing Micro-financing Structured Agreements
“Sunny Bridge”	Sunny Bridge Investments Limited, a company incorporated in the BVI with limited liability
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Target”	Prima Finance Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the entire equity interest of which are owned by the Vendors
“Target Group”	the Target and its subsidiaries, as well as the Pawnbrokers and with effect from 1 January 2013, Beijing Micro-financing
“Time Prestige”	Time Prestige Holdings Limited, a company incorporated in the BVI with limited liability and wholly and beneficially owned by Mr. Dai Hao
“United Tone”	United Tone Investments Limited, a company incorporated in the BVI with limited liability

“Vendors”	together, Exuberant Global, Bustling Capital and Time Prestige, being the vendors collectively holding the entire equity interest in the Target and each a “Vendor”
“Vendors’ Guarantor”	Mr. Dai Di, the beneficial owner of Exuberant Global
“Yongtai”	永泰房地產(集團)有限公司 (Yongtai Real Estate (Group) Company Limited*), a company established in the PRC with limited liability
“YSY Investment”	雲水月投資管理(北京)有限公司 (Yun Shui Yue Investment Management (Beijing) Company Limited*), a company established in the PRC with limited liability
“ZJF Investment”	中金福(北京)投資管理有限責任公司 (Zhong Jinfu (Beijing) Investment Management Company Limited*), a company established in the PRC with limited liability
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

By Order of the Board
Ming Kei Holdings Limited
Wong Wai Sing
Chairman and Executive Director

Hong Kong, 23 December 2013

As at the date of this announcement, the executive Directors are Mr. Wong Wai Sing, Mr. Ho Pui Tin, Terence and Mr. Han Jianli, the non-executive Director is Mr. Tsang Ho Ka, Eugene, and the independent non-executive Directors are Mr. Kwok Kam Tim, Mr. Du Hui and Mr. Chen Yihua.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.

This announcement will remain on the GEM website on the “Latest Company Announcements” page for at least 7 days from the date of its posting and the Company’s website at www.mingkeiholdings.com.

For ease of reference and unless otherwise specified in this announcement, sums in HK\$ and RMB in this announcement is translated at the rate RMB1.0 = HK\$1.25. This does not mean that HK\$ could be converted into RMB, or vice versa, based on such exchange rate.

** for identification purpose only*

The English titles of the PRC laws and regulations are translations of their Chinese titles and included herein for identification purpose only and should not be regarded as the official English translation of such Chinese titles or words. If there is any inconsistency between the English translations and the Chinese titles, the Chinese titles shall prevail.