The following is the text of a report, prepared for the purpose of incorporation in this document, received from the Company's reporting accountants, [●], Certified Public Accountants, Hong Kong.

[●]

The Directors
China Success Finance Group Holdings Limited

[●]
[●]

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information relating to China Success Finance Group Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the consolidated statements of financial position of the Group as at 31 December 2010, 2011 and 2012 and 31 May 2013, and the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Group, for each of the years ended 31 December 2010, 2011 and 2012 and the five months ended 31 May 2013 (the "Relevant Periods"), together with the explanatory notes thereto (the "Financial Information"), for inclusion in the document of the Company dated [●] 2013 (the "[●]").

The Company was incorporated in the Cayman Islands on 12 January 2012 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised), of the Cayman Islands. Pursuant to a group reorganisation completed on 17 September 2012 (the "Reorganisation") as detailed in the section headed "Reorganisation" in the [●], the Company became the holding company of the companies now comprising the Group, details of which are set out in Note 1(b) of Section B below. The Company has not carried on any business since the date of its incorporation save for the aforementioned Reorganisation.

As at the date of this report, no audited financial statements have been prepared for the Company and Double Chance Developments Limited ("Double Chance") as they are investment holding companies and not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation.

All companies comprising the Group have adopted 31 December as their financial year end date. Details of the companies comprising the Group that are subject to audit during the Relevant Periods and the names of the respective auditors are set out below. The statutory financial statements of these companies were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") or the relevant accounting rules and regulations applicable to enterprises in the People's Republic of China ("PRC").

Name of company	**Financial period**	**Auditors**
China Success Finance Holdings Limited ("Success Finance")	Year ended 31 December 2012	Angus Ho & Company, Certificate Public Accountants, Hong Kong
Foshan Success Asset Management Co., Ltd. ("Success Asset") 佛山市集成資產管理有限公司 (Formerly known as Foshan Shunde Yinhe Electric Car Co., Ltd. 佛山市順德銀河電動車有限公司) (note i)	Years ended 31 December 2010 and 2011	Guangdong Dezheng Certified Public Accountants Ltd. (note i) 廣東德正有限責任會計師事務所
	Year ended 31 December 2012	BDO China Guangdong Shu Lun Pan CPAs Co., Ltd. Foshan Branch (note i) 立信羊城會計師事務所有限公司佛山分公司
Guangdong Success Finance Guarantee Co., Ltd. ("Success Guarantee") 廣東集成融資擔保有限公司 (note i)	Year ended 31 December 2010	Foshan Zhonglian Certified Public Accountants (note i) 佛山市眾聯會計師事務所有限公司
	Year ended 31 December 2011 and 2012	BDO China Guangdong Shu Lun Pan CPAs Co., Ltd. Foshan Branch (note i) 立信羊城會計師事務所有限公司佛山分公司

Notes:

(i) The official names of these companies are in Chinese. The English translation is for reference only.

The directors of the Company have prepared the consolidated financial statements of the Group for the Relevant Periods (the "Underlying Financial Statements") in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Underlying Financial Statements for each of the years ended 31 December 2010, 2011 and 2012 and the five months ended 31 May 2013 were audited by [●] in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information has been prepared by the directors of the Company for inclusion in the [●] in connection with [●].

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the [●], and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to form an opinion on the Financial Information based on our procedures performed in accordance with [●]. We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to 31 May 2013.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report and on the basis of preparation set out in Note 1(b) of Section B below, a true and fair view of the state of affairs of the Group as at 31 December 2010, 2011 and 2012 and 31 May 2013 and the Group's consolidated results and cash flows for the Relevant Periods then ended.

CORRESPONDING FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Group comprising the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the five months ended 31 May 2012, together with the notes thereon (the "Corresponding Financial Information"), for which the directors are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

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

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

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

A FINANCIAL INFORMATION

1 CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Section B	**Year ended 31 December**			**Five months ended 31 May**	
	Note	**2010**	**2011**	**2012**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Revenue	3	35,111	53,528	57,138	22,070	22,071
Other revenue	4	7,034	9,720	16,172	7,374	2,712
		42,145	63,248	73,310	29,444	24,783
Impairment and provision (charged)/written back	5(a)	1,528	(2,993)	3,147	665	(343)
Operating expenses		(10,250)	(14,441)	(16,906)	(7,556)	(14,298)
		(8,722)	(17,434)	(13,759)	(6,891)	(14,641)
Profit from operations		33,423	45,814	59,551	22,553	10,142
Share of profits of associates	12	—	—	132	—	2,957
Share of profits/(losses) of a joint venture	13	1,850	619	(345)	(287)	—
Net gain from disposal of a joint venture	13	—	—	2,379	—	—
Profit before taxation	5	35,273	46,433	61,717	22,266	13,099
Income tax	6	(9,500)	(11,928)	(14,062)	(3,889)	(3,420)
Profit for the year/period		25,773	34,505	47,655	18,377	9,679
Attributable to:						
Equity shareholders of the Company		25,773	34,505	47,655	18,377	9,580
Non-controlling interests		—	—	—	—	99
Profit for the year/period		25,773	34,505	47,655	18,377	9,679
Basic and diluted earnings per share (RMB per share)	9	0.09	0.12	0.16	0.06	0.03

The accompanying notes form part of the Financial Information.

2 CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December			Five months ended 31 May	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Profit for the year/period	25,773	34,505	47,655	18,377	9,679
Other comprehensive income for the year/period					
Exchange differences on translation of financial statements of entities outside the PRC	—	—	2	—	(150)
Total comprehensive income for the year/period	25,773	34,505	47,657	18,377	9,529
Attributable to:					
Equity shareholders of the Company	25,773	34,505	47,657	18,377	9,430
Non-controlling interests	—	—	—	—	99
Total comprehensive income for the year/period	25,773	34,505	47,657	18,377	9,529

The accompanying notes form part of the Financial Information.

3 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Section B	As at 31 December			As at 31 May
	Note	**2010**	**2011**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Equipment	10	970	1,152	916	831
Interest in associates	12	—	—	37,959	40,916
Interest in a joint venture	13	35,436	36,055	—	—
Other non-current assets	14	1,582	643	55,261	55,407
Pledged bank deposits	15	60,432	94,633	82,731	106,706
Deferred tax assets	20(c)	774	—	—	—
Total non-current assets		99,194	132,483	176,867	203,860
Current assets					
Pledged bank deposits	15	93,785	96,376	103,337	99,227
Trade and other receivables	16	62,350	17,707	25,491	17,039
Bank deposit with original maturity over three months		—	—	—	35,000
Cash and bank deposits	17	133,128	166,577	163,155	114,569
Total current assets		289,263	280,660	291,983	265,835
Current liabilities					
Receipts in advance		1,425	975	1,838	1,113
Accruals and other payables	18	8,384	6,685	4,477	8,380
Customer pledged deposits received	19	61,901	20,764	2,600	2,100
Current tax liabilities	20(a)	3,398	2	3,777	1,237
Liabilities from guarantees	21	28,699	33,532	30,678	27,607
Total current liabilities		103,807	61,958	43,370	40,437
Net current assets		185,456	218,702	248,613	225,398
Total assets less current liabilities		284,650	351,185	425,480	429,258

The accompanying notes form part of the Financial Information.

	Section B	As at 31 December			As at 31 May
	Note	**2010**	**2011**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities					
Customer pledged deposits received	19	41,783	19,923	9,980	1,550
Liabilities from guarantees	21	8,168	11,688	7,679	4,434
Deferred tax liabilities	20(c)	—	370	2,213	2,963
		49,951	31,981	19,872	8,947
Net Assets		234,699	319,204	405,608	420,311
Capital and reserves					
Share capital	22(a)	200,000	250,000	—	—
Reserves	22	34,699	69,204	401,634	416,238
Total equity attributable to equity shareholders of the Company		234,699	319,204	401,634	416,238
Non-controlling interests		—	—	3,974	4,073
Total Equity		234,699	319,204	405,608	420,311

The accompanying notes form part of the Financial Information.

4 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Section B Note	Attributable to equity shareholders of the Company								
		Share capital	Capital reserve	Surplus reserve	Regulatory reserve	Exchange reserve	Retained earnings	Total	Non-controlling interests	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		22(a)	22(c)	22(d)	22(e)	22(f)				
As at 1 January 2010		200,000	—	1,983	—	—	6,943	208,926	—	208,926
Profit for the year		—	—	—	—	—	25,773	25,773	—	25,773
Surplus reserve appropriation		—	—	3,295	—	—	(3,295)	—	—	—
As at 31 December 2010		200,000	—	5,278	—	—	29,421	234,699	—	234,699
As at 1 January 2011		200,000	—	5,278	—	—	29,421	234,699	—	234,699
Profit for the year		—	—	—	—	—	34,505	34,505	—	34,505
Capital injection		50,000	—	—	—	—	—	50,000	—	50,000
Regulatory reserve appropriation		—	—	—	31,585	—	(31,585)	—	—	—
Surplus reserve appropriation		—	—	4,659	—	—	(4,659)	—	—	—
As at 31 December 2011		250,000	—	9,937	31,585	—	27,682	319,204	—	319,204
As at 1 January 2012		250,000	—	9,937	31,585	—	27,682	319,204	—	319,204
Profit for the year		—	—	—	—	—	47,655	47,655	—	47,655
Exchange differences on translation of financial statements of entities outside the PRC		—	—	—	—	2	—	2	—	2
Total comprehensive income for the year		—	—	—	—	2	47,655	47,657	—	47,657
Arising from Reorganisation		(250,000)	288,747	—	—	—	(3,974)	34,773	3,974	38,747
Regulatory reserve appropriation		—	—	—	11,294	—	(11,294)	—	—	—
Surplus reserve appropriation		—	—	6,352	—	—	(6,352)	—	—	—
As at 31 December 2012		—	288,747	16,289	42,879	2	53,717	401,634	3,974	405,608

The accompanying notes form part of the Financial Information.

		Attributable to equity shareholders of the Company								
	Section B Note	**Share capital**	**Capital reserve**	**Surplus reserve**	**Regulatory reserve**	**Exchange reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		22(a)	22(c)	22(d)	22(e)	22(f)				
As at 1 January 2013		—	288,747	16,289	42,879	2	53,717	401,634	3,974	405,608
Profit for the period		—	—	—	—	—	9,580	9,580	99	9,679
Exchange differences on translation of financial statements of entities outside the PRC		—	—	—	—	(150)	—	(150)	—	(150)
Total comprehensive income for the period		—	—	—	—	(150)	9,580	9,430	99	9,529
Waiver of loans from the Owners	25(c)(iii)	—	5,174	—	—	—	—	5,174	—	5,174
Regulatory reserve appropriation		—	—	—	5,293	—	(5,293)	—	—	—
As at 31 May 2013		—	293,921	16,289	48,172	(148)	58,004	416,238	4,073	420,311
(Unaudited)										
As at 1 January 2012		250,000	—	9,937	31,585	—	27,682	319,204	—	319,204
Profit for the period		—	—	—	—	—	18,377	18,377	—	18,377
Regulatory reserve appropriation		—	—	—	2,837	—	(2,837)	—	—	—
As at 31 May 2012		250,000	—	9,937	34,422	—	43,222	337,581	—	337,581

The accompanying notes form part of the Financial Information.

5 CONSOLIDATED CASH FLOW STATEMENTS

	Section B	Year ended 31 December			Five months ended 31 May	
	Note	**2010**	**2011**	**2012**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Operating activities						
Profit before taxation		35,273	46,433	61,717	22,266	13,099
Adjustments for:						
Depreciation	5(c)	1,227	578	513	298	129
Impairment and provision (written back)/ charged	5(a)	(1,528)	2,993	(3,147)	(665)	343
Dividend income from unlisted securities	4	(50)	(105)	—	—	—
Investment income	4	—	—	(2,888)	—	—
Share of profits of an associate	12	—	—	(132)	—	(2,957)
Share of (profits)/losses of a joint venture	13	(1,850)	(619)	345	287	—
Net gain from disposal of a joint venture	13	—	—	(2,379)	—	—
Net loss on disposal of equipment and investment property	5(c)	208	2	9	—	—
Unrealised foreign exchange gain		—	—	—	—	(92)
Interest income from bank deposits	4	(1,853)	(1,145)	(2,501)	(1,721)	(2,284)
Changes in working capital:						
(Increase)/decrease in pledged bank deposits		8,530	(36,792)	4,941	12,279	(19,865)
(Increase)/decrease in restricted customer pledged deposits		—	(40,687)	28,107	8,195	8,930
(Increase)/decrease in trade and other receivables		8,921	3,964	(4,361)	(8,588)	16,525
Increase in other non-current assets		(46)	(61)	(318)	(252)	(146)
Increase/(decrease) in receipts in advance		40	(450)	863	286	(725)
Decrease in customer pledged deposits received		(30,155)	(62,997)	(28,107)	(8,195)	(8,930)
Increase/(decrease) in accruals and other payables		1,696	(5,618)	1,225	1,582	3,903
Increase/(decrease) in deferred income		3,120	6,386	(5,485)	(1,797)	(6,659)
Cash generated from/(used in) operating activities		23,533	(88,118)	48,402	23,975	1,271
PRC income tax paid	20(a)	(7,892)	(14,180)	(8,444)	(2,012)	(5,210)
Net cash generated from/(used in) operating activities		15,641	(102,298)	39,958	21,963	(3,939)

The accompanying notes form part of the Financial Information.

	Section B	**Year ended 31 December**			**Five months ended 31 May**	
	Note	**2010**	**2011**	**2012**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Investing activities						
Payments on acquisition of associates	12	—	(4,000)	(37,827)	—	—
Payments for purchase of available-for-sale financial assets	4(b)	—	—	(60,000)	—	—
Payments for purchase of equipment and property		(111)	(761)	(54,586)	(27,147)	(44)
Proceeds from disposal of investment property		28,448	—	—	—	—
Interest received		1,853	1,145	2,501	566	749
Redemption of available-for-sale financial assets	4(b)	—	—	60,000	—	—
Investment income	4	—	—	2,888	—	—
Proceeds from disposal of unlisted securities	14(i)	—	1,000	—	—	—
Proceeds from disposal of an associate	12	—	4,000	—	—	—
Proceeds from disposal of a joint venture	13	—	—	30,949	—	—
Dividends received from unlisted securities		50	105	—	—	—
Bank deposit with original maturity over three months		—	—	—	—	(35,000)
Dividends received from a joint venture		—	—	7,140	7,140	—
Net repayments from/(advances to) related parties	25(h)	6,338	39,652	3,910	(116,310)	—
Net cash generated from/(used in) investing activities		36,578	41,141	(45,025)	(135,751)	(34,295)

The accompanying notes form part of the Financial Information.

	Section B	**Year ended 31 December**			**Five months ended 31 May**	
	Note	**2010**	**2011**	**2012**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Financing activities						
Capital injection	22(a)	—	50,000	—	—	—
Capital contribution arising from reorganisation	1(b)	—	—	39,233	—	—
Payments for [●] costs		—	—	(5,562)	(1,000)	(6,538)
Net advances from/(repayments to) related parties	25(g)/ 25(h)	—	3,919	(3,919)	—	5,174
Net cash generated from/(used in) financing activities		—	53,919	29,752	(1,000)	(1,364)
Net increase/(decrease) in cash and cash equivalents		52,219	(7,238)	24,685	(114,788)	(39,598)
Cash and cash equivalents at the beginning of the year/period		80,909	133,128	125,890	125,890	150,575
Effect of foreign exchange rate changes		—	—	—	—	(58)
Cash and cash equivalents at the end of the year/period	17	133,128	125,890	150,575	11,102	110,919

The accompanying notes form part of the Financial Information.

B NOTES TO THE FINANCIAL INFORMATION

1 Significant accounting policies

(a) *Statement of compliance*

The Financial Information set out in this report has been prepared in accordance with HKFRSs, which collective term includes Hong Kong Accounting Standards ("HKASs") and related interpretations, promulgated by the HKICPA. Further details of the significant accounting policies adopted are set out in the remainder of this Section B.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Financial Information, the Group has adopted all applicable new and revised HKFRSs to the Relevant Periods, except for any new standards or interpretations that are not yet effective for the accounting period beginning 1 January 2013. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning 1 January 2013 are set out in Note 27.

The Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the [●].

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

The Corresponding Financial Information for the five months ended 31 May 2012 has been prepared in accordance with the same basis and accounting policies adopted in respect of the Financial Information.

(b) *Basis of preparation and presentation*

The Group is principally engaged in the provision of guarantees and consultancy services in the PRC. During the Relevant Periods, the Group's guarantees and consultancy businesses were conducted through Success Guarantee which was owned by five individual owners, namely Mr. Zhang Tiewei, Mr. He Darong, Mr. Xu Kaiying, Mr. Pang Haoquan and Mr. Chen Guoxian (together referred to as the "Owners") prior to the Reorganisation. As detailed in the section headed "Reorganisation" in the [●], the Group underwent a reorganisation to rationalise its structure in preparation for the [●] of the Company's shares on The [●] of Hong Kong Limited ("[●]").

As part of the Reorganisation, Success Finance, an indirectly wholly-owned dormant subsidiary of the Company acquired the entire interests in Success Asset from its previous owners for an aggregate cash consideration of RMB123,529,000. For the purpose of financing the acquisitions of the equity interests in Success Asset by Success Finance, the Owners advanced loans in the aggregate amount of RMB equivalent of 132,233,000 to Success Finance (which were funded proportionately by the Owners based on their respective equity ownership interests in Success Guarantee). The loans were waived by the Owners with effect from 31 December 2012.

The entire equity interests of Success Guarantee were acquired by Success Asset from the Owners for an aggregate cash consideration of RMB275,000,000. Success Asset was incorporated on 23 June 2004 as a Sino-foreign joint venture limited liability company and was owned as to 59.26% by Foshan Yinhe Motor-cycle Group Co., Ltd. ("Yinhe Motor"), a company controlled by Mr. Zhang Tiewei during the Relevant Periods, 13.81% by Daihing Industrial Trading Development Company Limited ("Daihing") and 26.93% by AXLE Co. Ltd. ("AXLE") prior to the Reorganisation. Success Asset was a dormant company with no substantive operations and had no material assets and liabilities as at the date of its acquisition by Success Finance, except for cash and cash equivalents held amounted to RMB123,529,000. The RMB275,000,000 cash consideration in respect of the acquisition of Success Guarantee by Success Asset was funded by the existing cash and cash equivalents held by Success Asset and the proceeds from the subscription of 1% of the equity interest in Success Asset by Foshan Shunde Zhongcheng Joint Investments Management Co., Ltd. ("Shunde Zhongcheng") for a cash consideration of RMB182,000,000. Shunde Zhongcheng, which was established by the Owners under the laws of the PRC on 31 August 2012, was funded and owned based on the proportionate share ownerships the Owners had in Success Guarantee prior to the Reorganisation.

Upon the acquisition of Success Guarantee by Success Asset on 17 September 2012, the Company became the ultimate holding company of the Group; and Double Chance, Success Finance and Success Asset became the intermediate holding companies of Success Guarantee, the Group's sole operating company. All of the Company's direct and indirect subsidiaries are wholly-owned except for Success Asset, which is owned as to 99% by Success Finance and 1% by Shunde Zhongcheng following the subscription of 1% of equity interest in Success Asset as mentioned above.

As the Company, Double Chance, Success Finance and Success Asset (together, the "Inserting Companies") are either newly incorporated or dormant companies that had no substantive operations prior to the Reorganisation and the Reorganisation was undertaken for the sole purpose of effecting the Group's restructuring and the [●] of the Group's guarantees and consultancy business, which was conducted solely through Success Guarantee during the Relevant Periods, no business combination has occurred. Success Guarantee was owned by the Owners in the same proportionate share of ownerships before and after the Reorganisation and there were no changes in the economic substance of the ownership and the business of Success Guarantee. The Reorganisation only involved inserting the companies with no substantive operations as new holding companies of Success Guarantee. Accordingly, the Reorganisation has been accounted for using a principle similar to that for a reverse acquisition as set out in HKFRS 3, Business combinations, with Success Guarantee treated as the acquirer for accounting purposes. The Financial Information has been prepared and presented as a continuation of the financial statements of Success Guarantee with the assets and liabilities of Success Guarantee recognised and measured at their historical carrying amounts prior to the Reorganisation. All material intra-group transactions and balances have been eliminated on consolidation.

For the purpose of the Financial Information, the net liabilities of RMB486,000 held by the Inserting Companies at the commencement of Reorganisation, plus the proceeds received from Owners of RMB132,233,000 and the proceeds received from subscription of 1% of the equity interest in Success Asset of RMB182,000,000, less the cash consideration of RMB275,000,000 paid to the Owners as part of the acquisition of Success Guarantee, has been recorded by the Group as a capital contribution of RMB38,747,000 arising from the Reorganisation. The non-controlling interest of RMB3,974,000, representing 1% equity interest held by Shunde Zhongcheng in Success Asset was recorded as an equity transaction between the Owners and the Group and a reclassification of the amount from total equity attributable to the equity shareholders of the Company to non-controlling interest.

As at the date of this report, the Company has direct and indirect interests in the following subsidiaries, all of which are private companies. The particulars of these subsidiaries are set out below:

Name of company	Place and date of incorporation/ establishment	Registered capital/issued and fully paid up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal Activities
Double Chance	BVI 8 February 2012	USD1	100%	—	Investment holding
Success Finance	Hong Kong 18 November 2011	HKD10,000	—	100%	Investment holding
Success Asset	the PRC 23 June 2004	RMB125,270,000	—	99%	Investment holding
Success Guarantee	the PRC 26 December 1996	RMB250,000,000	—	99%	Provision of financial guarantee services in the PRC

(c) ***Basis of measurement***

The Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand except when otherwise indicated. The measurement basis used in the preparation of the Financial Information is the historical cost basis.

(d) ***Use of estimates and judgements***

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

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

(e) ***Subsidiaries and non-controlling interests***

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

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

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statements of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statements of profit or loss and the consolidated statements of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year/period between non-controlling interests and the equity shareholders of the Company.

In the Company's statements of financial position, the investment in a subsidiary is stated at cost less impairment losses (see Note 1(k)).

(f) ***Associates and joint ventures***

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the Financial Information under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 1(k)(i)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year/period are recognised in the consolidated statements of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statements of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 1(g)).

(g) ***Other investments in debt and equity securities***

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are as follows:

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in Note 1(s)(iii) and (iv).

Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated at amortised cost less impairment losses (see Note 1(k)).

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the statements of financial position at cost less impairment losses (see Note 1(k)).

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve, except foreign exchange gains and losses resulting from changes in the amortised cost of monetary items such as debt securities which are recognised directly in profit or loss. Dividend income from these investments is recognised in profit or loss in accordance with the policy set out in Note 1(s)(iii) and, where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss in accordance with the policy set out in Note 1(s)(iv). When these investments are derecognised or impaired (see Note 1(k)), the cumulative gain or loss is reclassified from equity to profit or loss.

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(h) ***Investment property***

Investment properties are buildings which are owned or held under a leasehold interest (see Note 1(j)) to earn rental income and/or for capital appreciation.

Investment properties are measured at cost less accumulated depreciation and impairment losses. Any gain or loss arising from disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in Note 1(s)(v).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see Note 1(j)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases.

(i) ***Equipment***

Items of equipment are stated at cost less accumulated depreciation and impairment losses (see Note 1(k)(ii)).

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

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

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

	Estimated useful life
Motor vehicles	4-5 years
Office and other equipment	3-5 years

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

(j) ***Leased assets***

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

(i) *Classification of assets leased to the Group*

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, except property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see Note 1(h)).

(ii) *Operating lease charges*

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

(k) ***Impairment of assets***

(i) *Impairment of investments in debt and equity securities and other receivables*

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

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

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

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For investments in subsidiaries, associates and joint ventures (including those recognised using the equity method (see Note 1(f)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 1(k)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with Note 1(k)(ii).

— For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

— For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

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

— For available-for-sale securities, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

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

(ii) *Impairment of other assets*

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

— Equipment; and

— Investment property.

If any such indication exists, the asset's recoverable amount is estimated.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— *Recognition of impairment losses*

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

— *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year/period in which the reversals are recognised.

(l) ***Trade and other receivables***

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

(m) ***Other payables***

Other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with Note 1(q), other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) ***Cash and cash equivalents***

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

(o) ***Employee benefits***

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

Pursuant to the relevant laws and regulations of the PRC, the Group's subsidiaries in the PRC have joined defined contributions for the employees, such as basic pension scheme, housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes contributions to the above mentioned schemes at the applicable rates based on the amounts stipulated by the government organisation. The contributions are capitalised as part of the cost of assets or charged to profit or loss on an accrual basis.

(p) ***Income tax***

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

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

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

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

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

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

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

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

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

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

    — the same taxable entity; or

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

(q) ***Financial guarantees issued***

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within liabilities from financial guarantees. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with Note 1(r) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in deferred income in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(r) ***Provisions and contingent liabilities***

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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

(s) ***Revenue recognition***

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) *Guarantee fee income*

The amount of the guarantee is recognised when guarantee contracts have been made whereby the related guarantee obligation has been accepted, the economic benefits associated with the guarantee contracts will probably flow in, and the amount of revenue associated with guarantee contracts can be measured reliably. The fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income and is amortised in profit or loss over the term of the guarantee as guarantee fee income.

(ii) *Rendering of services*

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue from the rendering of services is recognised by reference to the stage of completion of the transaction based on the services performed to date as a percentage of the total services to be performed.

When the outcome of a transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the costs incurred that it is probable be recoverable.

(iii) *Dividends*

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(iv) *Interest income*

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

(v) *Rental income from operating leases*

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(vi) *Government grants*

Government grants are recognised in the statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the assets and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(t) ***Translation of foreign currencies***

Foreign currency transactions during the year/period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

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

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(u) ***Related parties***

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

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

(ii) has significant influence over the Group; or

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

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

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third party.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person indentified in (a).

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

(v) ***Segment reporting***

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

For the Relevant Periods, the directors have determined that the Group has only one single business component/reportable segment as the Group is principally engaged in providing financial guarantees and financial consultancy service which is the basis to allocate resources and assess performance of the Group.

The Company is an investment holding company and the principal place of the Group's operation is in the PRC. For the purpose of segment information disclosures under HKFRS 8, the Group regarded the PRC as its country of domicile. All the Group's revenue and non-current assets are principally attributable to the PRC, being the single geographical region.

2 Accounting judgement and estimates

In the process of applying the Group's accounting policies, the key sources of estimation uncertainty are as follows:

(a) ***Provision of financial guarantee losses***

The Group makes reasonable estimate on expense required to fulfil the relevant obligation of financial guarantee contracts when the Group computes the provisions of financial guarantee losses. Such estimation is made based on the available information as at the end of each reporting period and is determined by the Group's practical experience, default history of the business, taking into consideration of industry information and market data. It is possible that the practical experience and default history is not indicative of future loss on the financial guarantees issued. Any increase or decrease in the provision would affect profit or loss in future years.

(b) ***Impairment of trade and other receivables***

As described in Note 1(k), trade and other receivables that are measured at amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. If any such evidence exists, impairment loss is provided. Objective evidence of impairment includes observable data that comes to the attention of the Group about loss events such as a significant decline in the estimated future cash flow of an individual debtor or the portfolio of debtors, and significant changes in the financial condition that have an adverse effect on the debtor. If there is an indication that there has been a change in the factors used to determine the provision for impairment, the impairment loss recognised in prior years is reversed or additional impairment charge is required.

(c) ***Deferred tax assets***

Deferred tax assets arising from deductible temporary differences are recognised to the extent that it is probable that future taxable income will be available against which deductible temporary differences and tax losses can be utilised. The outcome of their actual utilisation may be different.

3 Revenue

The principal activities of the Group are the provision of guarantees and financial consultancy services. The amount of each significant category of revenue recognised is as follows:

	Year ended 31 December			**Five months ended 31 May**	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Income from financial guarantees	34,352	40,616	45,137	19,164	18,714
Income from litigation guarantees	298	1,528	405	130	259
Income from performance guarantees	461	378	602	228	267
Income from financial consultancy services	—	11,006	10,994	2,548	2,831
Total	35,111	53,528	57,138	22,070	22,071

The Group's customer base is diversified and no single client with whom transactions have exceeded 10% of the Group's revenue. As at 31 December 2010, 2011 and 2012 and 31 May 2012 and 2013, the percentage of the Group's largest single client's revenue was 6.14%, 4.31%, 4.36%, 4.53% (unaudited) and 6.80% respectively; while the percentage of the Group's top 5 clients' revenue was 13.82%, 11.59%, 14.17%, 12.38% (unaudited) and 13.97%, respectively.

4 **Other revenue**

		Year ended 31 December			**Five months ended 31 May**	
	Note	**2010**	**2011**	**2012**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Government grants	(a)	4,140	8,243	10,615	5,653	339
Interest income from bank deposits		1,853	1,145	2,501	1,721	2,284
Dividend income from unlisted securities		50	105	—	—	—
Investment income	(b)	—	—	2,888	—	—
Rental income from investment property		990	—	—	—	—
Others		1	227	168	—	89
Total		7,034	9,720	16,172	7,374	2,712

(a) Success Guarantee received funding supporting mainly from Ministry of Industry and Information Technology of the PRC, Ministry of Finance and Foshan Municipal Bureau of Economy and Trade. The entitlements of the government grants were under the discretion of the relevant government bureaux. The amount of the government grants were determined with reference to the average outstanding financial guarantee amount provided by the Group. The purpose of the government grants was to granting financial assistance to small and medium enterprises.

(b) Success Guarantee entered into an entrusted investment agreement with Guangdong Finance Trust Company Limited ("Yuecai Trust"), an unrelated party, on 12 July 2012. According to the agreement, Yuecai Trust was entrusted to invest in debt securities of RMB60,000,000; and the principal and return of the entrusted investment were not guaranteed. The principal of entrusted investment was fully redeemed in December 2012. During the entrusted period, Success Guarantee had received investment income totalling RMB2,888,000.

5 Profit before taxation

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

(a) ***Impairment and provision — charged/(written back)***

		Year ended 31 December			Five months ended 31 May	
	Note	**2010**	**2011**	**2012**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Provision charged/(written back) for guarantees issued	21(a)	(2,296)	1,967	(1,378)	(665)	343
Impairment provision charged/(written back) for						
— trade receivables	16(b)(i)	768	1,026	(1,916)	—	—
— other receivables	16(b)(ii)	—	—	147	—	—
Total		(1,528)	2,993	(3,147)	(665)	343

(b) ***Staff costs***

	Year ended 31 December			Five months ended 31 May	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Salaries, wages and other benefits	2,659	3,037	3,756	1,698	2,210
Contributions to defined contribution retirement plan	135	166	212	70	75
	2,794	3,203	3,968	1,768	2,285

(c) ***Other items***

		Year ended 31 December			Five months ended 31 May	
	Note	**2010**	**2011**	**2012**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Depreciation		1,227	578	513	298	129
Operating lease charges in respect of leasing of properties		534	578	635	253	345
Auditors' remuneration		64	69	167	129	157
Net loss on disposal of equipment and investment property		208	2	9	—	—
[●] costs	(i)	—	1,200	3,283	2,042	9,076
Net foreign exchange loss/(gain)		—	—	681	7	(88)

(i) The transaction costs were charged by the professional parties in connection with the [●]. These costs were charged to profit or loss except to the extent that costs directly attributable to the [●] (Note 16).

6 Income tax in the consolidated statements of profit or loss and other comprehensive income

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

	Year ended 31 December			Five months ended 31 May	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Current tax					
Provision for PRC income tax for the year/period	8,015	10,784	12,219	3,982	2,670
Deferred tax					
Origination and reversal of temporary differences	1,485	1,144	1,843	(93)	750
Total	9,500	11,928	14,062	3,889	3,420

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

	Year ended 31 December			Five months ended 31 May	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Profit before taxation	35,273	46,433	61,717	22,266	13,099
Notional tax on profit before taxation, calculated at the rates applicable in the jurisdictions concerned	8,818	11,608	15,591	5,567	3,343
Reversal of deferred tax liabilities	—	—	(1,785)	(1,785)	—
Effect of non-taxable income	(12)	(26)	(33)	—	—
Effect of non-deductible expenses	694	346	289	107	77
Income tax expense	9,500	11,928	14,062	3,889	3,420

(i) Pursuant to the rules and regulations of Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

(ii) No provision for Hong Kong Profits Tax has been made for the subsidiary located in Hong Kong as the subsidiary has not derived any income subject to Hong Kong Profits Tax during the Relevant Periods.

(iii) According to the PRC Corporate Income Tax ("CIT") Law that took effect on 1 January 2008, the Group's PRC subsidiaries are subject to PRC income tax at the statutory tax rate of 25%.

(iv) Pursuant to the CIT Law and its related regulations, non-PRC-resident enterprises are levied withholding tax at 10% (unless reduced by tax treaties/arrangements) on dividends receivable from PRC enterprises for profits earned since 1 January 2008. Distributions of earnings generated prior to 1 January 2008 are exempt from such withholding tax. As a part of the continuing evaluation of the Group's dividend policy, management considered that for the purpose of business development, the undistributed earnings from 1 January 2008 of Success Guarantee amounted to RMB62,303,000 as at 31 May 2013 will not be distributed in the foreseeable future. As such, no deferred tax liabilities were recognised in respect of the PRC withholding tax.

7 Directors' remuneration

Details of directors' remuneration of the Group are as follows:

	Year ended 31 December 2010				
	Director's fees	**Salaries allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Zhang Tiewei (張鐵偉)	—	—	—	—	—
Mr. Li Bin (李斌)	—	152	—	7	159
Non-executive directors					
Mr. He Darong (何達榮)	—	—	—	—	—
Mr. Xu Kaiying (徐凱英)	—	—	—	—	—
Mr. Pang Haoquan (龐浩泉)	—	126	—	6	132
Independence non-executive directors					
Mr. Tsang Hung Kei (曾鴻基)	—	—	—	—	—
Mr. Au Tien Chee Arthur (區天旂)	—	—	—	—	—
Mr. Xu Yan (許彥)	—	—	—	—	—
	—	278	—	13	291

	Year ended 31 December 2011				
	Director's fees	Salaries allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Zhang Tiewei (張鐵偉)	—	—	—	—	—
Mr. Li Bin (李斌)	—	183	—	8	191
Non-executive directors					
Mr. He Darong (何達榮)	—	—	—	—	—
Mr. Xu Kaiying (徐凱英)	—	—	—	—	—
Mr. Pang Haoquan (龐浩泉)	—	122	—	5	127
Independence non-executive directors					
Mr. Tsang Hung Kei (曾鴻基)	—	—	—	—	—
Mr. Au Tien Chee Arthur (區天旂)	—	—	—	—	—
Mr. Xu Yan (許彥)	—	—	—	—	—
	—	305	—	13	318

	Year ended 31 December 2012				
	Director's fees	Salaries allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Zhang Tiewei (張鐵偉)	—	—	—	—	—
Mr. Li Bin (李斌)	—	229	—	9	238
Non-executive directors					
Mr. He Darong (何達榮)	—	—	—	—	—
Mr. Xu Kaiying (徐凱英)	—	—	—	—	—
Mr. Pang Haoquan (龐浩泉)	—	—	—	—	—
Independence non-executive directors					
Mr. Tsang Hung Kei (曾鴻基)	—	—	—	—	—
Mr. Au Tien Chee Arthur (區天旂)	—	—	—	—	—
Mr. Xu Yan (許彥)	—	—	—	—	—
	—	229	—	9	238

	Five months ended 31 May 2012 (Unaudited)				
	Director's fees	Salaries allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Zhang Tiewei (張鐵偉)	—	—	—	—	—
Mr. Li Bin (李斌)	—	128	—	3	131
Non-executive directors					
Mr. He Darong (何達榮)	—	—	—	—	—
Mr. Xu Kaiying (徐凱英)	—	—	—	—	—
Mr. Pang Haoquan (龐浩泉)	—	—	—	—	—
Independence non-executive directors					
Mr. Tsang Hung Kei (曾鴻基)	—	—	—	—	—
Mr. Au Tien Chee Arthur (區天旂)	—	—	—	—	—
Mr. Xu Yan (許彥)	—	—	—	—	—
	—	128	—	3	131

	Five months ended 31 May 2013				
	Director's fees	Salaries allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Zhang Tiewei (張鐵偉)	—	—	—	—	—
Mr. Li Bin (李斌)	—	150	—	4	154
Non-executive directors					
Mr. He Darong (何達榮)	—	—	—	—	—
Mr. Xu Kaiying (徐凱英)	—	—	—	—	—
Mr. Pang Haoquan (龐浩泉)	—	—	—	—	—
Independence non-executive directors					
Mr. Tsang Hung Kei (曾鴻基)	—	—	—	—	—
Mr. Au Tien Chee Arthur (區天旂)	—	—	—	—	—
Mr. Xu Yan (許彥)	—	—	—	—	—
	—	150	—	4	154

8 Individuals with highest emoluments

Of the five individuals with highest emolument, there are two, two, one, one and one directors during the years ended 31 December 2010, 2011 and 2012 and the five months ended 31 May 2012 and 2013, respectively whose emoluments are disclosed in Note 7. The aggregate of the emoluments in respect of the other individuals are as follows:

	Year ended 31 December			Five months ended 31 May	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Salaries and other emoluments	336	450	680	352	402
Contributions to defined contribution retirement plan	19	22	31	12	15
	355	472	711	364	417

The emoluments of the non-director individuals with the highest emoluments are within the following bands:

	Year ended 31 December			Five months ended 31 May	
	2010	**2011**	**2012**	**2012**	**2013**
				(Unaudited)	
Nil-HK$1,000,000	3	3	4	4	4

During the Relevant Periods, there were no amounts paid or payable by the Group to the director or any of the highest paid individuals set out in Note 7 and 8 above as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director waives any remuneration during the Relevant Periods.

9 Basic and diluted earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the respective years/periods and on the assumption that 300,000,000 ordinary shares were in issue throughout the Relevant Periods comprising 10,000 ordinary shares in issue as at [●], 299,990,000 ordinary shares to be issued pursuant to [●] under the section headed "Statutory and general information" in Appendix IV to the [●].

	Year ended 31 December			Five months ended 31 May	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Profit attributable to the equity shareholders of the Company	25,773	34,505	47,655	18,377	9,580
Number of ordinary shares in issue for the purpose of basic earnings per share (thousands)	300,000	300,000	300,000	300,000	300,000
Basic earnings per share (RMB per share)	0.09	0.12	0.16	0.06	0.03

There were no dilutive potential ordinary shares during the Relevant Periods, and therefore, diluted earnings per share are the same as the basic earnings per share.

10 **Equipment**

	Motor vehicles	Office and other equipment	Total equipment
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
As at 1 January 2010	1,826	475	2,301
Additions	—	111	111
As at 31 December 2010 and 1 January 2011	1,826	586	2,412
Additions	671	90	761
Disposals	—	(48)	(48)
As at 31 December 2011 and 1 January 2012	2,497	628	3,125
Additions	—	286	286
Disposals	—	(173)	(173)
As at 31 December 2012 and 1 January 2013	2,497	741	3,238
Additions	—	44	44
Disposals	—	(6)	(6)
As at 31 May 2013	2,497	779	3,276
Accumulated depreciation:			
As at 1 January 2010	(690)	(231)	(921)
Charge for the year	(421)	(100)	(521)
As at 31 December 2010 and 1 January 2011	(1,111)	(331)	(1,442)
Charge for the year	(456)	(121)	(577)
Written back on disposals	—	46	46
As at 31 December 2011 and 1 January 2012	(1,567)	(406)	(1,973)
Charge for the year	(373)	(140)	(513)
Written back on disposals	—	164	164
As at 31 December 2012 and 1 January 2013	(1,940)	(382)	(2,322)
Charge for the period	(67)	(62)	(129)
Written back on disposals	—	6	6
As at 31 May 2013	(2,007)	(438)	(2,445)
Net book value:			
As at 31 December 2010	715	255	970
As at 31 December 2011	930	222	1,152
As at 31 December 2012	557	359	916
As at 31 May 2013	490	341	831

11 Investment property

	Note	Total
		RMB'000
Cost:		
As at 1 January 2010		33,272
Disposals	(a)	(33,272)
As at 31 December 2010, 31 December 2011, 31 December 2012 and 31 May 2013		—
Accumulated depreciation:		
As at 1 January 2010		(3,910)
Charge for the year		(706)
Disposals		4,616
As at 31 December 2010, 31 December 2011, 31 December 2012 and 31 May 2013		—
Net book value:		
As at 31 December 2010, 31 December 2011, 31 December 2012 and 31 May 2013		—

(a) The investment property was disposed of to a related party on 29 September 2010 with amount of RMB28,500,000 (Note 25(c)).

12 Interest in associates

	As at 31 December			As at 31 May
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	—	—	37,959	40,916

The following list contains only the particulars of associates, all of which are unlisted corporate entities, which principally affected the results or assets of the Group:

				Proportion of ownership interest		
Name of associates	**Form of business structure**	**Place of incorporation and operation**	**Registered capital**	**Group's effective interest**	**Held by a subsidiary**	**Principal activity**
Foshan Chancheng Success Micro Credit Co., Ltd. 佛山市禪城集成小額貸款有限公司* ("Success Credit") (i)	Incorporated	The PRC	RMB 200,000,000	18%	18.18%	Small credit financing
Foshan Success Credit Rating Co., Ltd. 佛山市集成資信評估有限公司* ("Success Credit Rating") (ii)	Incorporated	The PRC	RMB 10,000,000	40%	40%	Credit rating

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

(i) Interest in Success Credit was acquired on 18 December 2012. Success Guarantee has significant influence in Success Credit by appointing 3 of 9 representatives in the board of directors.

(ii) Interest in Success Credit Rating was acquired by Success Guarantee on 25 August 2011 and was disposed of to a related party on 23 November 2011 at book value amounted to RMB4,000,000 (Note 25(c)). During this period, Success Credit Rating was dormant and no business activities occurred.

Summary financial information of Success Credit:

	Period from 18 December 2012 to 31 December 2012		Five months ended 31 May 2013	
	100 per cent	**Group's effective interest**	**100 per cent**	**Group's effective interest**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	2,278	410	24,522	4,414
Expenses	(1,552)	(279)	(8,255)	(1,486)
Net profit for the period	726	131	16,267	2,928

	As at 31 December 2012		As at 31 May 2013	
	100 per cent	**Group's effective interest**	**100 per cent**	**Group's effective interest**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	45,352	8,162	43,849	7,892
Current assets	266,235	47,918	284,911	51,279
Current liabilities	(102,792)	(18,501)	(103,698)	(18,664)
Total shareholders' equity	208,795	37,579	225,062	40,507

Interest in Success Credit was acquired by Success Guarantee at totalling consideration of RMB37,827,000 on 18 December 2012, of which 9.09% was acquired from a related party (Note 25(c)). Revenue and profit for the period ended 31 December 2012 represented the income of Success Credit since the date of acquisition.

13 Interest in a joint venture

	As at 31 December			As at 31 May
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	35,436	36,055	—	—

Details of the Group's interest in the joint venture are as follows:

Name of the joint venture	Form of business structure	Place of incorporation and operation	Registered capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by a subsidiary	Principal activity
Success Futures Co., Ltd. 集成期貨有限公司* ("Success Futures")	Incorporated	The PRC	RMB 55,000,000	51%	51%	Futures brokerage

* The official name of this company is in Chinese. The English translation is for reference only.

Summary financial information of the joint venture:

	Year ended 31 December 2010		Year ended 31 December 2011		Period ended 26 October 2012	
	100 per cent	Group's effective interest	100 per cent	Group's effective interest	100 per cent	Group's effective interest
Revenue	51,231	26,128	43,163	22,013	35,357	18,032
Expenses	(47,604)	(24,278)	(41,949)	(21,394)	(36,033)	(18,377)
Net profit/(loss) for the year/period	3,627	1,850	1,214	619	(676)	(345)

	As at 31 December 2010		As at 31 December 2011	
	100 per cent	Group's effective interest	100 per cent	Group's effective interest
Non-current assets	13,112	6,687	25,024	12,762
Current assets	479,010	244,295	363,175	185,219
Current liabilities	(422,639)	(215,546)	(317,502)	(161,926)
Total shareholders' equity	69,483	35,436	70,697	36,055

Success Futures is a joint venture which operates under a joint control arrangement over the economic activities of Success Futures between the Group and two other shareholders. Pursuant to the joint control agreement, all decision about the relevant activities of the joint venture require the unanimous consent of the parties sharing control. Any party with joint control of the arrangement can prevent any of the other parties, or a group of the parties, from making unilateral decisions without its consent.

Interest in Success Futures was disposed to a related party of the Group on 26 October 2012 for a cash consideration of RMB30,949,000 (Note 25(c)).

14 Other non-current assets

		As at 31 December			As at 31 May
	Note	**2010**	**2011**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted securities, at cost	(i)	1,000	—	—	—
Prepayments to a related party	(ii)	—	—	54,300	54,300
Deferred expenses		285	91	196	358
Prepayments and deposits		297	552	765	749
		1,582	643	55,261	55,407

(i) The investment was disposed to a related party at its carrying value amounted to RMB1,000,000 in August 2011 (Note 25(c)).

(ii) On 6 April 2012, Success Guarantee entered into an agreement with Foshan Success Finance Group Co., Ltd. ("Foshan Finance"). On 12 October 2012, Success Asset entered into a tripartite agreement with Foshan Finance and a third party, who is a constructor. These agreements are related to acquisition of properties from Foshan Finance by Success Guarantee and Success Asset at a total consideration of RMB54,300,000. The properties are floors of a commercial building located in Foshan, the PRC, and will be held for own use by the Group. According to the agreements, Foshan Finance acts as the representative to lead the whole tender and development process, while the construction of the commercial building is subcontracted to the constructor by Foshan Finance. The properties will be transferred to the Group upon the expected date of completion of the construction in 2016. Success Guarantee prepaid RMB27,000,000 to Foshan Finance as consideration. The other consideration of RMB27,300,000 was paid by Success Asset directly to the constructor on behalf of Foshan Finance under the tripartite agreement. In the event that the Group revokes the agreements as a result of Foshan Finance's failure or delay in the transfer of the premises, the aforesaid prepayments are fully refundable from Foshan Finance together with a default interests of 10% per annum (Note 25(h)(i)).

The prepayments of RMB20,893,000 and RMB27,300,000 was refunded by Foshan Finance and the constructor respectively on 23 October 2013 (Note 28(a)).

15 Pledged bank deposits

	As at 31 December			As at 31 May
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current	60,432	94,633	82,731	106,706
Current	93,785	96,376	103,337	99,227
	154,217	191,009	186,068	205,933

Pledged bank deposits represent the deposits pledged to banks for the financial guarantees that the Group provides to the customers for their borrowing from banks.

16 **Trade and other receivables**

		As at 31 December			As at 31 May
	Note	**2010**	**2011**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade debtors	(i)	—	—	1,484	1,721
Payments on behalf of customers	(ii)/(iii)/(iv)	16,042	20,194	25,044	16,110
		16,042	20,194	26,528	17,831
Less: allowance for doubtful debts	16(b)(i)	(10,674)	(11,700)	(7,330)	(7,330)
Trade receivables		5,368	8,494	19,198	10,501
Amounts due from related parties	25(h)(i)	43,612	3,960	50	50
Other receivables (Net of impairment provision (Note 16(b)(ii))	(iii)/(iv)	13,055	4,435	2,528	1,791
Receivables		62,035	16,889	21,776	12,342
Prepaid [●] costs	5(c)(i)	—	—	2,550	3,003
Deferred expenses		315	818	1,165	1,694
Total		62,350	17,707	25,491	17,039

(i) The amounts represented service fee income receivables from customers.

(ii) Payments on behalf of customers represented payment made by the Group to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurred because the customers fail to make payment when due in accordance with the terms of the corresponding debt instruments. Payments on behalf of customers were interest bearing and the Group holds certain collaterals over certain customers.

(iii) On 21 December 2012, payments on behalf of customers amounted to RMB10,911,000 (net of impairment provision of RMB5,447,000) and other receivable amounted to RMB2,653,000 (net of impairment provision of RMB295,000) were factored without recourse to China Cinda Assets Management Co., Ltd ("Cinda") at RMB13,905,000 and RMB2,505,000, respectively. Net gain on factoring of RMB2,846,000 was recognised as written back of impairment provision for the year ended 31 December 2012 as set out in Note 5(a). Receivables from Cinda amounted to RMB13,905,000 and RMB2,505,000 were recorded as "Payments on behalf of customers" and "Other receivables" respectively as at 31 December 2012. The aggregate amount of RMB16,410,000 was fully settled in January 2013.

(iv) As at 31 December 2010 and 2011, payments on behalf of customers amounted to RMB2,115,000 and RMB1,873,000 (net of impairment provision of RMB8,844,000 and RMB9,086,000), and other receivables amounted to RMB2,653,000 and RMB2,653,000 (net of impairment provision of RMB6,395,000 and RMB6,395,000), respectively, were pledged as deposits to a related party for guarantee referral services provided (Note 25(f)). The pledged receivables were released pursuant to a supplementary agreement entered into between the related party and Success Guarantee on 10 October 2012. On 21 December 2012, certain aforesaid payments on behalf of customers amounted to RMB1,132,000 (net of impairment provision of RMB3,586,000) and other receivable amounted to RMB2,653,000 (net of impairment provision of RMB295,000), together with other payments on behalf of customers were factored without recourse to Cinda at RMB16,410,000 as mentioned in Note 16(iii).

(a) ***Ageing analysis***

As of the end of each reporting period, the ageing analysis of trade receivables (net of allowance for doubtful debts), based on the guarantee income recognition date or advance payment date, is as follows:

		As at 31 December			As at 31 May
	Note	**2010**	**2011**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 month		—	498	803	—
Over 1 month but less than 3 months		—	55	15,855	50
Over 3 months but less than 1 year		1,691	3,919	2,540	8,592
More than 1 year		14,351	15,722	7,330	9,189
		16,042	20,194	26,528	17,831
Less: allowance for doubtful debts	16(b)(i)	(10,674)	(11,700)	(7,330)	(7,330)
Total		5,368	8,494	19,198	10,501

(b) ***Impairment of trade and other receivables***

Impairment losses in respect of trade and other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against debtors directly (see Note 1(k)).

(i) *The movement in the allowance for trade receivables during the Relevant Periods is as follows:*

		Year ended 31 December			Five months ended 31 May
	Note	**2010**	**2011**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/ period		9,906	10,674	11,700	7,330
Charged	5(a)	768	1,026	1,077	—
Written back on non-recourse factoring	5(a)	—	—	(2,993)	—
Written off on non-recourse factoring		—	—	(2,454)	—
At the end of the year/ period		10,674	11,700	7,330	7,330

At 31 December 2010, 2011 and 2012 and 31 May 2013, the Group's debtors of RMB12,861,000, RMB16,749,000, RMB7,330,000 and RMB7,330,000 respectively, were individually determined to be impaired. The individually impaired receivables related to customers or other parties that were in financial difficulties and management assessed that the receivables are not expected to be recovered. Consequently, specific allowances for the doubtful debts were recognised with consideration of fair value of collateral.

(ii) *The movement in the allowance for other receivables during the Relevant Periods is as follows:*

		Year ended 31 December			Five months ended 31 May
	Note	**2010**	**2011**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period		6,395	6,395	6,395	6,100
Charged	5(a)	—	—	147	—
Written off on non-recourse factoring		—	—	(442)	—
At the end of the year/period		6,395	6,395	6,100	6,100

At 31 December 2010, 2011 and 2012 and 31 May 2013, the Group's other receivables of RMB9,045,000, RMB9,045,000, RMB6,100,000 and RMB6,100,000 respectively were individually determined to be impaired. The individually impaired receivables related to debtors that were in financial difficulties and management assessed that the receivables are not expected to be fully recovered. Consequently, specific allowances for the doubtful debts were recognised with consideration of fair value of those debtors' own assets.

(c) ***Trade receivables to customers that are not impaired***

The ageing analysis of trade debtors and payments on behalf of customers that are neither individually nor collectively considered to be impaired are as follows:

	As at 31 December			As at 31 May
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Neither past due nor impaired	—	—	15,389	1,721
Less than 3 months past due	—	553	1,950	—
More than 3 months but less than 12 months past due	1,692	—	1,859	6,921
More than 12 months	1,489	2,892	—	1,859
	3,181	3,445	19,198	10,501

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

17 **Cash and bank deposits**

		As at 31 December			**As at 31 May**
	Note	**2010**	**2011**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Demand deposits and term deposits with banks with original maturity less than three months		133,088	125,801	150,514	110,867
Cash in hand		40	89	61	52
Cash and cash equivalents in the consolidated cash flow statement		133,128	125,890	150,575	110,919
Restricted customer pledged deposits	(i)	—	40,687	12,580	3,650
Cash and bank deposits in the statement of financial position		133,128	166,577	163,155	114,569

Pursuant to the Implementing Rules for the Administration of Financial Guarantee Companies promulgated by the People's Government of the Guangdong Province on 27 September 2010 and the Notice on Regulating the Management of Customer Pledged Deposits of Financial Guarantee Institutions announced by the Joint Committee for the Regulation of the Financial Guarantee Industry on 15 April 2012, the Group is required to set up certain arrangements to manage the customers' pledged deposits by 31 March 2011. The arrangements include: (a) enter into tripartite custodian agreement among lending bank, customer and the Group for ensuring the entrustment of lending bank to manage the deposits; (b) deposit the pledged deposit received from the customer into a designated custodian bank account; and (c) such deposit is not available for use by the Group.

In order to comply with the aforesaid rules and regulations, the Group had set up internal guidelines which were adopted by the Group in May 2012. However, the aforesaid rules and regulations are not enforceable to banks and the Group could not enter into tripartite custodian arrangement with certain lending banks. As at 31 December 2012 and 31 May 2013, customer pledged deposits of RMB1,550,000 and RMB1,550,000 respectively were deposited into a designated bank account under two tripartite custodian arrangements. For those guarantee services without setting up tripartite custodian arrangements, the Group has maintained the restricted customer pledged deposits received in the Group's bank accounts. As at 31 December 2011 and 2012 and 31 May 2013, the restricted customer pledged deposits received were maintained as follows:

	As at 31 December		As at 31 May
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Designated custodian bank accounts	—	1,550	1,550
The Group's bank accounts	40,687	11,030	2,100
	40,687	12,580	3,650

For the purpose of the consolidated cash flow statements, the restricted customer pledged deposits received by the Group have been excluded from cash and cash equivalents and cash flow from operating activities since 31 March 2011.

18 Accruals and other payables

		As at 31 December			As at 31 May
	Note	**2010**	**2011**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due to related parties	25(h)(ii)	—	3,919	—	—
Other accruals and payables	(i)	8,384	2,766	4,477	8,380
Total		8,384	6,685	4,477	8,380

(i) Other accruals and payables are expected to be settled or recognised as income within one year and are repayable on demand.

19 Customer pledged deposits received

	As at 31 December			As at 31 May
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current	41,783	19,923	9,980	1,550
Current	61,901	20,764	2,600	2,100
Total	103,684	40,687	12,580	3,650

Customer pledged deposits received represent deposits received from customers as collateral security for the financial guarantees issued by the Group. These deposits will be refunded to the customers upon expiry of the corresponding guarantee contracts.

20 **Income tax in the consolidated statements of financial position**

(a) ***Current tax liabilities:***

		Year ended 31 December			Five months ended 31 May
	Note	**2010**	**2011**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period		3,275	3,398	2	3,777
Provision for PRC income tax for the year/period	6(a)	8,015	10,784	12,219	2,670
PRC income tax paid		(7,892)	(14,180)	(8,444)	(5,210)
At the end of the year/period		3,398	2	3,777	1,237

(b) ***Deferred tax assets and liabilities recognised:***

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

Deferred tax arising from:	**Deferred income**	**Provision of financial guarantee losses**	**Impairment provision for trade and other receivables**	**Accrued expenses**	**Share of profits of a joint venture and an associate**	**Government grants**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2010	6,868	(5,073)	4,075	43	(1,384)	(2,270)	2,259
Credited/(charged) to profit or loss	780	(977)	192	18	(463)	(1,035)	(1,485)
As at 31 December 2010 and 1 January 2011	7,648	(6,050)	4,267	61	(1,847)	(3,305)	774
Credited/(charged) to profit or loss	1,596	(1,105)	257	323	(154)	(2,061)	(1,144)
As at 31 December 2011 and 1 January 2012	9,244	(7,155)	4,524	384	(2,001)	(5,366)	(370)
Credited/(charged) to profit or loss	(1,371)	597	(1,166)	480	2,001	(2,384)	(1,843)
As at 31 December 2012 and 1 January 2013	7,873	(6,558)	3,358	864	—	(7,750)	(2,213)
Credited/(charged) to profit or loss	(1,664)	(217)	—	1,988	(772)	(85)	(750)
As at 31 May 2013	6,209	(6,775)	3,358	2,852	(772)	(7,835)	(2,963)

(c) ***Reconciliation to the consolidated statements of financial position***

	As at 31 December			As at 31 May
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets recognised on the consolidated statements of financial position	774	—	—	—
Deferred tax liabilities recognised on the consolidated statements of financial position	—	(370)	(2,213)	(2,963)
	774	(370)	(2,213)	(2,963)

21 **Liabilities from guarantees**

		As at 31 December			As at 31 May
	Note	**2010**	**2011**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current liabilities					
— Deferred income		22,425	25,291	23,815	20,401
— Provision of guarantee losses	(a)	6,274	8,241	6,863	7,206
		28,699	33,532	30,678	27,607
Non-current liabilities					
— Deferred income		8,168	11,688	7,679	4,434
		36,867	45,220	38,357	32,041

(a) ***Provision of guarantee losses***

		Year ended 31 December			Five months ended 31 May
	Note	**2010**	**2011**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period		8,570	6,274	8,241	6,863
Charge/(written back) for the year/period	5(a)	(2,296)	1,967	(1,378)	343
At the end of the year/period		6,274	8,241	6,863	7,206

22 **Share capital and reserves**

(a) ***Share capital***

	As at 31 December			As at 31 May
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	200,000	200,000	250,000	—
Capital injection	—	50,000	—	—
Arising from reorganisation	—	—	(250,000)	—
At the end of the year/period	200,000	250,000	—	—

As set out in Note 1(b) of Section B, the Company was incorporated in the Cayman Island on 12 January 2012 as an exempted company with limited liability with an authorised share capital of HKD8,000,000 comprising 800,000,000 ordinary shares of HKD0.01 each. For the purpose of the Financial Information, the share capital at 31 December 2010 and 2011 represented the share capital of Success Guarantee. As at 31 December 2012 and 31 May 2013, the share capital represented 10,000 ordinary shares of the Company of HKD0.01 each, which were allotted and issued at par.

(b) ***Dividends***

No dividends were paid to the equity shareholders of companies now comprising the Group during the Relevant Periods.

(c) ***Capital reserve***

The capital reserve represents the difference between the nominal value of share capital of the Company and the paid-up capital of Success Guarantee, plus the net assets acquired from the Inserting Companies pursuant to the Reorganisation.

(d) ***Surplus reserve***

Surplus reserve comprises statutory surplus reserve and discretionary surplus reserve.

The entities established in the PRC are required to appropriate 10% of its net profit, as determined under the China Accounting Standards for Business Enterprises (2006) and other relevant regulations issued by the Ministry of Finance of the PRC ("MOF"), to the statutory surplus reserve until the balance reaches 50% of the registered capital.

Subject to the approval of equity holders of the entities established in the PRC, statutory surplus reserves may be used to net off with accumulated losses, if any, and may be converted into capital, provided that the balance of statutory surplus reserve after such capitalisation is not less than 25% of the registered capital.

After making the appropriation to the statutory surplus reserve, the Group may also appropriate its net profit to the discretionary surplus reserve upon approval by shareholders. Subject to the approval of shareholders, discretionary surplus reserves may be used to make good previous years' losses, if any, and may be converted into capital.

(e) ***Regulatory reserve***

According to the Interim Measures for the Administration of Financial Guarantee Companies ("Interim Measures") issued at 8 March 2010 by the relevant government authorities in the PRC, financial guarantee companies shall establish unearned premium reserve equal to 50% of guarantee premium recognised during the year/period, and indemnification reserve of no less than 1% of the outstanding guarantee balances undertaken by the entities established in the PRC, which had a grace period till 31 March 2011. The Group started to accrue the required amounts set by relevant government authorities less the provision of financial guarantee losses as regulatory reserve from 2011. According to the details implementation guidance No. 149 issued by the People's Government of Guangdong Province on the Interim Measures, the use of the aforementioned regulatory reserve is subject to further guidance from the Financial Work Office of People's Government of Guangdong Province.

(f) ***Exchange reserve***

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations with functional currency other than RMB. The reserve is dealt with in accordance with the accounting policies set out in Note 1(t).

(g) ***Distributability of reserves***

The aggregate amounts of reserves available for distribution to equity shareholders of the Company, at 31 December 2010, 2011 and 2012 and 31 May 2013 were RMB29,421,000, RMB27,682,000, RMB53,717,000 and RMB58,004,000, respectively. Management considered that for the purpose of business development, the undistributed retained earnings of Success Guarantee of RMB62,997,000 as at 31 May 2013 will not be distributed in the foreseeable future.

(h) ***Capital management***

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for equity shareholders and benefits for other stakeholders, by pricing products and services commensurate with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure, monitors the return on capital, and makes adjustments to the capital structure in light of changes in economic conditions.

There were no changes in the Group's approach to capital management during the Relevant Periods.

Particularly, the Group monitors regularly the residual balance of outstanding guarantees for single customers and multiples of the total outstanding guarantees in relation to net assets and paid-in capital of Success Guarantee, so as to keep the capital risk within an acceptable limit. The decision to manage the net assets and registered capital of Success Guarantee to meet the needs of developing guarantee business rests with the directors.

During the Relevant Periods, multiples of the total outstanding guarantees in relation to net assets and paid-in capital of Success Guarantee are as follows:

		As at 31 December			As at 31 May
	Note	**2010**	**2011**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Outstanding guarantees		1,066,548	1,544,533	1,483,497	1,539,109
Net assets of Success Guarantee	(i)	250,828	340,130	346,624	366,341
Registered/paid-in capital of Success Guarantee	(i)	200,000	250,000	250,000	250,000
Multiples of					
- net assets		4.25	4.54	4.28	4.20
- paid-in capital		5.33	6.18	5.93	6.16

(i) The amounts of net assets and registered/paid in capital as at 31 December 2010, 2011 and 2012 are extracted from the audited PRC statutory financial statements of Success Guarantee. The amount as at 31 May 2013 is extracted from the unaudited PRC management accounts of Success Guarantee.

23 Financial risk management and fair values

Exposure to credit, market and liquidity risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practice used by the Group to manage these risks are described below.

(a) *Credit risk*

Credit risk primarily arises from the possibility that a customer or counterparty in the transaction may default, leading to losses. Credit risk is primarily attributable to unexpired financial guarantees (Note 24(a)) issued by the Group. The Group has entered into financial guarantee contracts in which it has guaranteed the banks the repayment of loans entered into by customers of the Group. The Group has the obligation to compensate banks for the losses they would suffer if customers fail to repay.

The Group's risk management committee under the leadership of the executive director is tasked with organising and coordinating the Group's risk management and internal control. The committee is comprised of the Group's internal personnel, including general manager of Success Guarantee, two vice general managers of Success Guarantee, risk control director of Success Guarantee and an administrative secretary. The committee is responsible for (i) designing and implementation of overall risk management internal control policies and procedures and establishing appropriate risk appetite; (ii) designing and execution of due diligence procedures; (iii) reviewing the creditworthiness of customers before submitting to the executive director for final approval.

The Group has taken measures to identify credit risks arising from financial guarantees issued. The Group manages credit risk at every stage along the financial guarantee approval process, including pre-transaction, in-transaction and post-transaction monitoring processes. The Group conducts due diligence and evaluates customers by internal credit assessment system during the pre-approval process. Financial guarantees issuance is subject to approval of the Group's risk management committee and the executive Director.

The project managers assigned to each case monitor the post-transaction status of the customers. Each manager is responsible for a number of customers. They visit the customers regularly to understand their operation and financial status by checking their financial reports, sale contracts, sale invoices, value added tax filing documents, utility bills and bank statements and others relevant documents.

(i) *Risk concentration*

When a certain number of clients undertake the same business activities, stay in the same geographical locations, or bear similar economic features for their industries, their ability to fulfil contracts will be affected by the same economic changes. Concentration of credit risk reflects the sensitivity of the Group's operating results to specific industries or geographical locations. As the Group mainly operates its businesses in Guangdong Province of the PRC, there exists a certain level of geographical concentration risk for its guarantee portfolios in that it might be affected by changes in the local economic conditions.

The Group has certain level of concentration of exposure to manufacturing and processing industry in respect of total maximum guarantees issued at 31 December 2010, 2011 and 2012 and 31 May 2013. The maximum exposure to credit risk in respect of these guarantees at 31 December 2010, 2011 and 2012 and 31 May 2013 is as follows:

	Total maximum guarantees issued as at 31 December						**As at 31 May**	
	2010		**2011**		**2012**		**2013**	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%
Manufacturing and processing	873,265	81%	1,185,160	76%	1,081,295	72%	993,610	64%
Wholesale and retailing	73,240	7%	102,844	7%	129,812	8%	132,546	9%
Construction and installation	7,642	1%	42,464	3%	96,780	7%	94,510	6%
Financial services	32,250	3%	71,500	5%	60,700	4%	183,500	11%
Tourism and service sector	41,331	4%	38,360	2%	44,065	3%	47,906	3%
Real estate	10,763	1%	20,000	1%	7,500	1%	8,000	1%
Transportation	3,275	1%	9,101	1%	6,073	1%	8,022	1%
Others	24,782	2%	75,104	5%	57,272	4%	71,015	5%
Total	1,066,548	100%	1,544,533	100%	1,483,497	100%	1,539,109	100%

(ii) *Guarantee loss assessment*

The Group makes provision on guarantees issued if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the guarantees or group of guarantees that can be reliably estimated.

Basis of provision against the outstanding guarantee value

The Group assesses (either individually or collectively) the contingent liabilities arise from its outstanding guarantee value in accordance with HKFRS 37 and HKFRS 39. If it is determined that the Group has a legal or constructive obligation arising as a result of past event (i.e. contingent liabilities) and if it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimated can be made, then a "provision of guarantee losses" is recognised and the loss is recognised in the statement of profit or loss. The provisions are determined by using individual and collective assessments for the outstanding guarantees as at the end of the reporting period. Provisions are stated at the present value of the expenditure expected to settle the obligation.

For all non financial guarantees (i.e. performance and litigation guarantees) and those financial guarantees which are considered individually significant, the Group performs individual credit evaluation on the customers to determine whether the Group has a legal or constructive obligation arising as a result of past event (i.e. contingent liabilities).

The historical default rate, loss rate and economy cycle are considered by the Group to be indicators of losses from its financial guarantee business. Default rate is the rate at which guarantee holders default on the guaranteed loans amount that they owe. Loss rate is the rate at which loss incurred by the Group for the defaulted amounts.

For those financial guarantees that are not considered individually significant and those financial guarantees that have been individually assessed, but for which there is no objective evidence of losses, the Group adopts a methodology to collectively assess whether there is objective evidence that losses on group of financial guarantees are already incurred. For the purposes of a collective evaluation of losses, financial guarantees are grouped on the basis of similar risk characteristics and use a methodology which utilized a statistical analysis of historical trends of probability of default and amount of consequential loss, as well as an adjustment of observable data that reflects the current economic and credit environment and judgment on inherent loss based on management's historical experience.

If it is probable that an outflow of economic benefits will be required to settle the obligation arising from the individual and collective assessments, provisions will be recognised as liabilities in the consolidated balance sheet item "Liabilities from guarantees" and the losses are included in "Impairment and provision (charged) / written back" in the consolidated statements of profit or loss.

Basis of provision of impairment for "payment on behalf of customers"

When customers default on settling the loans advanced from banks, the Group is required to honor the guarantee contracts and required to settle the loans on behalf of customer. Accordingly, the Group records the "Payments on behalf of customer" as "trade receivables".

The Group performs individual credit assessments for those recorded trade receivables. If there is objective evidence of impairment of trade receivables, the loss is measured as the excess of its carrying amount over the present value of the estimated future cash inflows, discounted at the original effective interest rate. The calculation of the present value of the estimated future cash flows focuses on individual customer's financial status and information specific to the customers, including cash flows generated from operation or insurance claims, foreclosure less costs for obtaining and selling the collateral, and any customers' pledged cash deposit received.

For those trade receivables that have been individually assessed, but for which there is no objective evidence of losses, the Group groups these receivables on the basis of similar risk characteristics and collectively assessed for losses. The collective assessment utilizes a statistical analysis of historical trends of probability of default and amount of consequential loss, as well as an adjustment of observable data that reflects the current economic and credit environment and judgment on inherent loss based on management's historical experience.

The losses arising from individual and collective assessments are deducted from the carrying value of the "trade receivable" on the balance sheet and the losses are included in "Impairment and provision (charged) / written back" in the consolidated statements of profit or loss.

The Group's other credit risk is attributable to bank deposits and security deposits. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The bank deposits and security deposits of the Group are mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

(b) ***Market risk***

Market risk arises when the adverse changes in market prices (interest rates, exchange rates, as well as equity prices and other prices) lead to losses from the Group's on-balance sheet and off-balance sheet businesses. The Group's market risk mainly arises from currency risk and interest rate risk.

(i) *Currency risk*

The Group's businesses are principally conducted in RMB and most of the Group's monetary assets and liabilities are denominated in RMB. Accordingly, the directors considered the Group's exposure to foreign currency risk is not significant during the Relevant Periods.

On the other hand, RMB is not a freely convertible currency and the PRC government may at its discretion restrict to foreign currencies for current account transactions in the future. Changes in the foreign exchange control system may prevent the Group from satisfying sufficient foreign currency demands and the Group may not be able to pay dividend in foreign currencies to its equity shareholders.

(ii) *Interest risk*

The Group is principally engaged in providing guarantee services. Its interest rate risk arises primarily from deposits with banks. Deposits with banks are mainly at floating rates stipulated by the People's Bank of China. The Group's interest rate profile is monitored by management and the directors consider that the Group's exposure to market risk for changes in interest rate is not significant during the Relevant Periods.

(c) ***Liquidity risk***

Management regularly monitors the Group's liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term. The following tables show the remaining contractual maturities at the end of the each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay:

	Contractual undiscounted cash outflows as at 31 December 2010						
	Carrying amount	**Contractual undiscounted cash outflows**	**Repayable on demand**	**Within six months**	**One year or less but over six months**	**Two years or less but over one year**	**Five years or less but over two years**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-derivatives financial liabilities							
Receipts in advance	1,425	1,425	1,425	—	—	—	—
Accruals and other payables	8,384	8,384	8,375	9	—	—	—
Customer pledged deposits received	103,684	103,684	805	35,759	25,337	18,812	22,971
Total	113,493	113,493	10,605	35,768	25,337	18,812	22,971
Guarantees							
Maximum guarantees exposure	1,066,548	1,066,548	24,387	340,943	354,045	137,273	209,900

	Contractual undiscounted cash outflows as at 31 December 2011						
	Carrying amount	**Contractual undiscounted cash outflows**	**Repayable on demand**	**Within six months**	**One year or less but over six months**	**Two years or less but over one year**	**Five years or less but over two years**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-derivatives financial liabilities							
Receipts in advance	975	975	975	—	—	—	—
Accruals and other payables	6,685	6,685	4,886	1,799	—	—	—
Customer pledged deposits received	40,687	40,687	2,950	9,114	8,700	15,781	4,142
Total	48,347	48,347	8,811	10,913	8,700	15,781	4,142
Guarantees							
Maximum guarantees exposure	1,544,533	1,544,533	74,850	552,879	457,551	128,789	330,464

	Contractual undiscounted cash outflows as at 31 December 2012						
	Carrying amount	Contractual undiscounted cash outflows	Repayable on demand	Within six months	One year or less but over six months	Two years or less but over one year	Five years or less but over two years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-derivatives financial liabilities							
Receipts in advance	1,838	1,838	1,838	—	—	—	—
Accruals and other payables	4,477	4,477	2,459	2,018	—	—	—
Customer pledged deposits received	12,580	12,580	—	1,500	1,100	8,430	1,550
Total	18,895	18,895	4,297	3,518	1,100	8,430	1,550
Guarantees							
Maximum guarantees exposure	1,483,497	1,483,497	57,272	430,175	502,900	342,386	150,764

	Contractual undiscounted cash outflows as at 31 May 2013						
	Carrying amount	Contractual undiscounted cash outflows	Repayable on demand	Within six months	One year or less but over six months	Two years or less but over one year	Five years or less but over two years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-derivatives financial liabilities							
Receipts in advance	1,113	1,113	1,113	—	—	—	—
Accruals and other payables	8,380	8,380	2,515	5,865	—	—	—
Customer pledged deposits received	3,650	3,650	—	1,200	900	—	1,550
Total	13,143	13,143	3,628	7,065	900	—	1,550
Guarantees							
Maximum guarantees exposure	1,539,109	1,539,109	71,015	552,706	410,114	287,284	217,990

(d) ***Fair values***

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2010, 2011 and 2012 and 31 May 2013.

(e) ***Estimation of fair value***

The following summarizes the major methods and assumptions used in estimating the fair value of financial instruments.

(i) *Trade and other receivables*

Trade receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the balance sheet date.

(ii) *Guarantees issued*

The fair value of guarantees issued is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

(iii) *Interest rated used for determining fair value*

The market interest rated adopted for determining the fair value of trade and other receivables are ranging from 3.38% to 3.55%, 2.72% to 3.04%, 2.91% to 3.23% and 2.87% to 3.16% as at 31 December 2010, 2011 and 2012 and 31 May 2013, respectively.

24 **Commitments**

(a) ***Guarantees issued***

At the end of each reporting period, the total maximum guarantees issued are as follows:

	As at 31 December			As at 31 May
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial guarantees	1,023,661	1,411,183	1,367,725	1,409,594
Litigation guarantees	24,387	74,850	57,272	71,015
Performance guarantees	18,500	58,500	58,500	58,500
Total	1,066,548	1,544,533	1,483,497	1,539,109

The total maximum guarantees issued represent the maximum potential loss that would be recognised if counterparties failed completely to perform as contracted.

(b) ***Operating leases commitment***

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

	As at 31 December			As at 31 May
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	562	499	135	436
After 1 year but less than 5 years	473	58	111	72
Total	1,035	557	246	508

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of 1-3 years, at the end of which period all terms are renegotiated. The lease does not include contingent rentals.

25 **Material related party transactions**

(a) ***Name and relationship with related parties***

During the Relevant Periods, transactions with the following parties are considered as related parties:

Name of related party	***Relationship***
Mr. Zhang Tiewei	One of the Owners
Mr. He Darong	One of the Owners
Mr. Xu Kaiying	One of the Owners
Mr. Pang Haoquan	One of the Owners
Mr. Chen Guoxian	One of the Owners
Mr. Yuan Chen	Vice general manager of Success Guarantee
Foshan Finance* (佛山市集成金融集團有限公司)	A company of which 100% interest is held by Mr. Zhang Tiewei, Mr. Xu Kaiying and Mr. Pang Haoquan
Success Futures	Joint venture of the Group, which ceased to be the related party from 26 October 2012
Success Credit Rating	Associate of the Group, during the period from 25 August 2011 to 23 November 2011

Name of related party	***Relationship***
Success Credit	Associate of the Group since 18 December 2012
Success Investment Holdings Co., Ltd.* ("Success Holdings") (集成投資控股有限公司)	A company of which 100% interest is held by Mr. Zhang Tiewei, Mr. Xu Kaiying and Mr. Pang Haoquan
Guangdong Jiayou Electric Co., Ltd.* ("Guangdong Jiayou") (廣東嘉友電器有限公司)	A company of which 100% interest is held by Mr. Zhang Tiewei, Mr. Xu Kaiying, Mr. Pang Haoquan and Success Holdings
Yinhe Motor* (廣東銀河摩托車集團有限公司)	A company of which 100% interest is held by Mr. He Darong, Mr. Chen Guoxian, Success Holdings and Guangdong Jiayou
Guangdong Success Insurance Brokers Co., Ltd.* ("Success Insurance") (廣東集成保險經紀有限公司)	A company of which 60% interest is held by Foshan Finance
Foshan Tiefeng Industrial Investment Co., Ltd.* ("Foshan Tiefeng") (佛山市鐵豐實業投資有限公司)	A company of which 90% interest is held by Mr. He Darong
Foshan Gree Electric Appliances Sale Co., Ltd.* ("Gree Electric") (佛山市格力電器銷售有限公司)	A company of which 50% interest is held by Success Holdings
Foshan Dacheng Investment Co., Ltd.* ("Foshan Dacheng") (佛山市大成投資有限公司)	A company of which 100% interest is held by Mr. Zhang Tiewei, Mr. Pang Haoquan, Mr. Xu Kaiying and Foshan Finance during the period from 23 Jan 2011 to 18 Jun 2012
Foshan Shunde Jiayou Tianzhi Investment Co., Ltd.* ("Shunde Jiayou") (佛山市順德嘉友天旨投資有限公司)	A company of which 68% interest is indirectly held by the Owners
Foshan Xiansheng Steel Trading Co., Ltd.* ("Xiansheng Steel") (佛山市顯盛鋼鐵貿易有限公司)	A company of which 60% interest is held by the spouse of Mr. Chen Guoxian

* The English translation of the names is for reference only. The official names of the entities are in Chinese.

(b) ***Key management personnel remuneration***

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

	Year ended 31 December			Five months ended 31 May	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Salaries allowances and other benefits	613	844	909	450	519
Contributions to defined contribution retirement plan	33	42	40	45	52
	646	886	949	495	571

(c) ***Related parties transactions***

	Note	Year ended 31 December			Five months ended 31 May	
		2010	**2011**	**2012**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Management fee paid to Foshan Finance		—	2,100	900	900	—
Disposal of interest in an associate to Foshan Finance	(i)	—	4,000	—	—	—
Disposal of interest in a joint venture to Foshan Finance		—	—	30,949	—	—
Prepayments to Foshan Finance for acquiring property	14(ii)/28(a)	—	—	54,300	27,000	—
Disposal of investment property to Success Holdings		28,500	—	—	—	—
Disposal of investment in unlisted securities to Mr. Pang Haoquan		—	1,000	—	—	—
Cash dividends received from Success Futures		—	—	7,140	7,140	—
Acquisition of an associate from Yinhe Motor		—	—	18,913	—	—
Acquisition of a vehicle from Success Futures		—	94	—	—	—
Maintenance service rendered by Guangdong Jiayou		—	—	250	250	—
Miscellaneous purchased from Guangdong Jiayou		—	—	131	131	—
Guarantee fee income from Foshan Tiefeng		—	148	320	267	—
Guarantee fee income from Shunde Jiayou		—	4	22	9	9
Guarantee fee income from Xiansheng Steel		—	148	409	257	—
Waiver of loans from the Owners	(ii)/(iii)	—	—	132,233	—	5,174

(i) The associate was jointly set up with Foshan Finance on 25 August 2011.

(ii) Pursuant to the reorganisation, the proceed received from the Owners of RMB132,233,000 were waived on 31 December 2012.

(iii) In order to finance [●], the Owners advanced loans to Success Finance with an aggregate amount of RMB5,174,000 on 28 March 2013. The loans were waived by them with effect from 31 May 2013.

(d) ***Guarantees provided to related parties***

During the Relevant Periods, the Group issued guarantees to entities owned by the Owners as follows:

	Year ended 31 December			Five months ended 31 May
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guarantees provided for				
— Shunde Jiayou	—	1,667	1,667	1,667
— Foshan Tiefeng	—	18,000	18,000	—
— Xiansheng Steel	—	18,000	18,000	—

(e) ***Guarantees provided by related parties***

The guarantees provided by the Owners to the Group as the end of each reporting period were as follows:

		Year ended 31 December			As at 31 May
	Note	**2010**	**2011**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Zhang Tiewei	(i)	—	—	50,000	—
Three of the Owners	(ii)	—	—	53,400	31,600

(i) The guarantee provided by Mr. Zhang Tiewei had been released on 1 March 2013.

(ii) In 2012, Mr. Zhang Tiewei, Mr. Xu Kaiying and Mr. Pang Haoquan entered into an agreement with a bank to provide guarantee for the financial guarantees issued by the Group. The maximum guarantees amount with the bank during the year ended 31 December 2012 and the five months ended 31 May 2013 were RMB62,000,000 and RMB61,000,000, respectively.

(f) ***Guarantees referral service***

On 20 December 2010, Success Guarantee entered into a loan arrangement agreement with Foshan Dacheng for guarantee services rendered to those customers who borrow money from China Development Bank ("CDB"). Pursuant to the loan arrangement agreement, Foshan Dacheng as a legal borrower would apply for bank borrowings from CDB on behalf of the referred customers (the "User(s)"). Success Guarantee would provide financial guarantees to CDB for the bank borrowings and would charge guarantee fee to the User. Foshan Dacheng should not bear any default risk of the User.

In practice, Foshan Dacheng, the User and CDB sign a tripartite loan agreement for bank borrowing, and Success Guarantee enters into the guarantee contract with CDB. As Foshan Dacheng is also a party of the loan agreement, there may be risk that Foshan Dacheng be liable for the borrowing if the User or Success Guarantee default the repayment of the bank borrowing.

In order to mitigate Foshan Dacheng's exposure to the credit risk, Success Guarantee is required to deposit certain amounts of cash into the bank account of Foshan Dacheng as loan arrangement deposits. Success Guarantee and Foshan Dacheng subsequently entered into a pledged deposit agreement of which Success Guarantee would pledged certain receivables to Foshan Dacheng as loan arrangement deposits instead of cash.

The loan arrangement agreement and pledged deposit agreement were renewed with similar terms on 2 December 2011. The new loan arrangement agreement was expired on 1 December 2012. The new pledged deposit agreement was terminated pursuant to a supplementary agreement entered into between Foshan Dacheng and Success Guarantee on 10 October 2012.

As at 31 December 2010 and 2011, payments on behalf of customers amounted to RMB2,115,000 and RMB1,873,000 (net of impairment loss of RMB8,844,000 and RMB9,086,000), and other receivables amounted to RMB2,653,000 and RMB2,653,000 (net of impairment loss of RMB6,395,000 and RMB6,395,000), respectively, were pledged as deposits to Foshan Dacheng according to the pledged deposit agreement.

Guarantee fee income received from the Users for guarantee services referred by Foshan Dacheng is as follows:

	Year ended 31 December			**Five months ended 31 May**	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Guarantee fee income	764	2,929	2,582	603	—

(g) ***Advances to/from related parties***

During the Relevant Periods, Success Guarantee made/received certain fund transfers to/from certain related parties. All of such fund transfers bear no interest and are repayable upon demand. The directors confirmed that these transactions would cease upon [●]. Maximum amounts of advances to related parties outstanding during the Relevant Periods are as follows:

	Year ended 31 December			**Five months ended 31 May**	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Mr. Zhang Tiewei	100	100	1,913	—	1,979
Mr. Xu Kaiying	—	—	937	—	970
Mr. Pang Haoquan	—	—	900	—	931
Mr. He Darong	—	—	1,000	—	1,035
Mr. Chen Guoxian	—	—	250	—	259
Mr. Yuan Chen	50	50	50	50	50
Success Holdings	131,280	193,272	162,060	162,060	—
Yinhe Motor	38,487	—	—	—	—
Guangdong Jiayou	7,310	—	—	—	—
Success Insurance	50	50	50	50	—
Total	177,277	193,472	167,160	162,160	5,224

(h) ***Balances with other related parties***

At each of the end of each reporting period, the Group had the following balances with related parties:

(i) *Amounts due from related parties*

		As at 31 December			**As at 31 May**
	Note	**2010**	**2011**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Foshan Finance	14(ii)/28(a)	—	—	54,300	54,300
Xiansheng Steel		—	—	101	—
Success Holdings		43,412	3,860	—	—
Success Insurance		50	50	—	—
Mr. Zhang Tiewei		100	—	—	—
Mr. Yuan Chen		50	50	50	50
Total		43,612	3,960	54,451	54,350

(ii) *Amounts due to related parties*

	As at 31 December			As at 31 May
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Foshan Dacheng	—	3,919	—	—

Balances with these related parties are unsecured. Except for the amounts due from Foshan Finance, the balances with these related parties are interest free and have no fixed repayment terms.

26 **The Company's statement of financial position**

The Company was incorporated in the Cayman Island on 12 January 2012 as an exempted company with limited liability with an authorised share capital of HKD8,000,000, comprising 800,000,000 ordinary shares of HKD0.01 each. One share was allotted and issued at par on 12 January 2012. Additional 9,999 shares were allotted and issued on 16 January 2012. As at 31 December 2012 and 31 May 2013, financial information of the Company is as follows:

	As at 31 December	As at 31 May
	2012	**2013**
	RMB'000	*RMB'000*
Non-current assets		
Investment in a subsidiary	110	110
Current assets		
Other receivables	—	84
Current liabilities		
Accruals and other payables	—	296
Net current liabilities	—	212
Total assets less current liabilities	110	(102)
Net assets / (liabilities)	110	(102)
Capital and reserves		
Share capital	—	—
Reserves	110	(102)
Total Equity	110	(102)

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

27 Possible impact of amendments, new standards and interpretations issued but not yet effective for the Relevant Periods

Up to the date of issue of the Financial Information, the HKICPA has issued a number of amendments and new standards which are not yet effective for the Relevant Periods and which have not been adopted in the Financial Information. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 32, *Financial instruments: Presentation — Offsetting financial assets and financial liabilities*	1 January 2014
Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*	1 January 2014
Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*	1 January 2014
HK(IFRIC) 21, *Levies*	1 January 2014
HKFRS 9, *Financial instruments*	1 January 2015

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

28 Subsequent events

(a) ***Refund of the prepayment***

In respect of the acquisition of floors of a commercial building located in Foshan as described in Note 14(ii), on 21 October 2013, Success Guarantee entered into a supplementary agreement with Foshan Finance, and Success Asset entered into a supplementary tripartite agreement with Foshan Finance and the constructor. Pursuant to these supplementary agreements, Foshan Finance and the constructor agreed to refund RMB20,893,000 and RMB27,300,000, respectively to the Group. The supplementary agreements also stipulates that upon the premises becoming transferable according to the relevant PRC rules and regulations and the issue of the relevant acknowledgement notices by Foshan Finance, the Group is required to pay the balance of the consideration of RMB48,193,000 to Foshan Finance within 10 days from the receipt of the acknowledgement notices. In the event that the Group revokes the agreements as a result of Foshan Finance's failure or delay in the transfer of the premises, the remaining prepayments of RMB6,107,000 will be fully refundable from Foshan Finance together with a default interest payment of 10% per annum. The aggregate sum of prepayment of RMB48,193,000 was refunded to the Group on 23 October 2013.

(b) ***[●]***

[●]

(c) ***Share option scheme***

The Company has conditionally adopted share option schemes (the "Share Option Schemes") on 18 October 2013. The principal terms of the Share Option Schemes are set out in Section D and E of Appendix IV of the [●]. No share option was granted as at the date of this report.

C SUBSEQUENT FINANCIAL STATEMENTS AND DIVIDENDS

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to 31 May 2013. No dividend or distribution has been declared or made by any companies comprising the Group in respect of any period subsequent to 31 May 2013.

Yours faithfully,

[●]
Certified Public Accountants
Hong Kong