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## SUMMARY

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

*There are risks associated with any investment in companies listed on the Stock Exchange. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.*

### OVERVIEW

Our Group is principally engaged in the insurance and MPF schemes brokerage business. We negotiate and arrange contracts of insurance and MPF schemes in Hong Kong as the agent of our customers, i.e. the policyholders, and advise on matters related to insurance. In pursuing the insurance brokerage business, CFS commenced business in 1993, for carrying on long term (including linked long term) and general insurance business, and to provide independent advisory services in connection with insurance products. In October 1998, our Group started our brokerage business of Investment-linked Assurance Scheme (“ILAS”), an insurance policy of the “linked long term” class as defined in the First Schedule, Part 2 of the ICO, through CFS. In December 1999, our Group commenced MPF schemes brokerage business to tap into the unexplored market of MPF which was launched in December 2000. CFS is a corporate member of PIBA and corporate intermediary of MPFA. We carry on our business under the Trademarks (, CONVOY, 康宏理财, 康宏 and ) through a non-exclusive licence granted by CTL, a wholly-owned subsidiary of CFG. Our Directors believe that the Listing will be definitely conducive to the further enhancement of our Group’s image and our onward development in the insurance and MPF schemes brokerage market in the future.

### REGULATORY FRAMEWORK

The self-regulatory system for insurance intermediaries, i.e., insurance agents and brokers, is supported by legislation which is contained in Part X of the ICO. Under section 65 of the ICO, a person is prohibited from holding himself out as an insurance broker unless he is properly appointed or authorised. A person intending to act as an insurance broker shall either seek authorisation from the IA or apply to become a member of a body of insurance brokers approved by the IA. The appointment of any person as a consultant by an insurance broker is subject to the confirmation and registration of the IA or the relevant approved body of insurance brokers (as the case may be).

Under this self-regulatory system, CFS is approved as an insurance broker by PIBA, which is in turn approved by the IA as a body of insurance brokers and all of its Consultants have obtained the confirmation and registration of PIBA before their appointment by CFS as the Consultants.

On the other hand, the SFC has clarified in the SFC Circular that, among others, as a general rule, the SFC considers that insurance intermediaries who are promoting, offering or selling ILAS to the public are neither obliged nor permitted to be licensed under the SFO. As a result, an insurance broker may arrange with his/her customers to purchase authorised ILAS without the need for registration as an investment adviser or an investment representative under the SFO. Therefore, CFS is not required and in fact is not licensed by the SFC. Our Company is advised by its legal advisers as to

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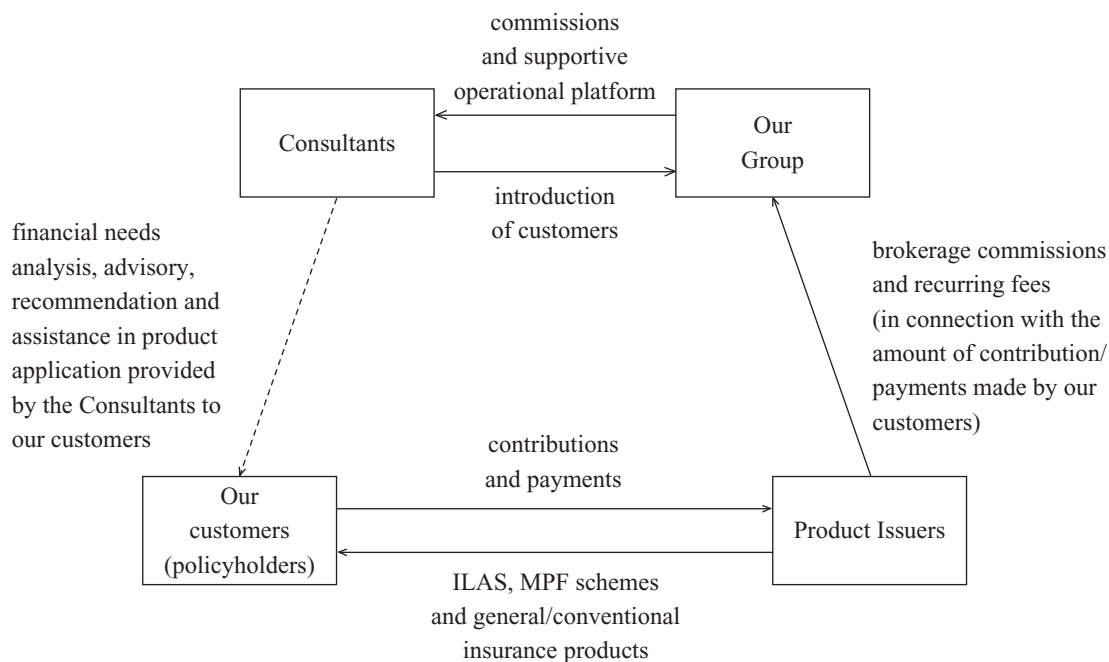
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Hong Kong law that their view are in line with the view of the SFC under the SFC Circular that, as a general rule, insurance intermediaries who are dealing solely in ILAS and other insurance products are neither obliged nor permitted to be licensed under the SFO.

### OUR BUSINESS MODEL

The simplified diagram below illustrates our existing business model:



Note : The solid lines represent either payment of money or contractual relationship between the parties. The dotted line represents provision of services.

CFS establishes business relationships with the Product Issuers by entering into the broker agreements. Our customers are policyholders whom the Consultants provide services to. Our Group delivers our services to the customers through the Consultants. In conducting the business, the Consultants will (i) conduct financial needs analysis for customers who need long term insurance products and schemes (including ILAS); and (ii) advise or make recommendations to the customers concerning the selection by them of the underlying funds of ILAS. Our customers will pay contributions to the Product Issuers directly. The Product Issuers, which developed the insurance products, would remunerate our Group on a commission and recurring fee basis for services provided by our Group to the customers.

The majority of our business is being generated from referrals, recurring business from existing customers and the remaining is from direct marketing. Referrals, recurring business from existing customers and direct marketing accounted for approximately 47.4%, 34.3% and 18.3% of the business of our Group for the year ended 31 December 2009 respectively.

Being an independent insurance broker, our Group has certain competitive advantages in respect of the services we provide as shown under the paragraph headed “Competitive advantages of an independent insurance broker” in the section headed “Industry overview” and the paragraph headed “Our competitive advantages” in the section headed “Business” in this prospectus.

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### Our products

ILAS or Investment-linked Assurance Scheme is the major contracts of insurance on which our Group provides advisory services and from which over 99% of our Group's revenue for the three years ended 31 December 2007, 2008 and 2009 was generated. As a supplement, our Group also acts as an independent broker for general and conventional insurance products and MPF schemes in the course of providing advisory services to the customers.

The following table sets out a breakdown of our revenue for the Track Record Period:

	Year ended 31 December					
	2007		2008		2009	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
ILAS .....	633,873	99.66	552,943	99.76	451,637	99.14
Other insurance products .....	1,743	0.27	410	0.07	3,391	0.74
MPF schemes .....	452	0.07	930	0.17	559	0.12
Total .....	<u>636,068</u>	<u>100.00</u>	<u>554,283</u>	<u>100.00</u>	<u>455,587</u>	<u>100.00</u>

Our Directors believe that among all products and schemes we promote, ILAS is the most popular choice as it is believed to be one of the most effective insurance products to achieve our customers' objectives. A brief study of the popularity of ILAS in Hong Kong is set out under the paragraph headed "Development of ILAS in Hong Kong" in the section headed "Industry overview" in this prospectus. Our Group is not involved in the underwriting of any product or scheme we promote.

### Relationship with Consultants

The Consultants, except for licensed trainees, are not employed by CFS, but CFS has entered into contracts for services on the basis that they are providing exclusive insurance and MPF schemes brokerage services in Hong Kong to CFS. Unlike insurance agents engaged by authorised insurers in Hong Kong, the Consultants have no contractual relationship with and are independent of the Product Issuers. Both the Consultants and our Group are responsible for the advisory services provided to customers and potential customers. The Consultants promote, arrange and negotiate contracts of insurance and MPF schemes with the customers independently in accordance with all applicable codes, rules, laws and regulations of the relevant regulatory bodies and Government authorities in Hong Kong and are remunerated on a commission basis by CFS for the insurance products and MPF schemes which they have successfully arranged.

All Consultants have contractually undertaken under their respective contracts for services entered into with CFS that they will only carry on their activities on behalf of our Group for which they are licensed. All Consultants are registered with PIBA as technical representatives of CFS. There were 1,023 Consultants and they represented the largest team licensed to market ILAS in Hong Kong as at the Latest Practicable Date. There were 751 Consultants who were registered with both PIBA and MPFA as representatives of CFS as at the Latest Practicable Date, representing approximately 73.4% of the teams of Consultants.

In addition, although our Group may be subject to civil liabilities and/or disciplinary actions of regulatory authorities (such as PIBA) if there is any misconduct by the Consultants in selling ILAS, the Consultants will indemnify our Group from and against all actions, claims, proceedings, costs, damages and expenses which may be levied, brought, incurred or made against our Group by any customer and potential customer in respect of or arising out of the provision of the services by the

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Consultants pursuant to contracts for services between the Consultants and CFS. Details of the indemnity provided by the Consultants are set out under the paragraph headed “Our business model” in the section headed “Business” in this prospectus.

### **Relationship with the Product Issuers**

Our Group’s business relationships with various ILAS Issuers, who are independent of us, are formed on the basis of the terms of business and/or conditions issued by the ILAS Issuers to our Group. The broker agreements entered into between CFS and the ILAS Issuers have no expiry date and can be terminated subject to one month’s advance notice and/or under certain circumstances. Through provision of relevant advices, our Group is entitled to receive brokerage commission income from the Product Issuers for business referrals and introductions as a result of arrangement of insurance products and/or MPF schemes to customers. Our Directors believe that it is the industry norm that commission is paid by the Product Issuers to the brokers. Although Product Issuers are not treated as customers by our Group, we actually recorded accounts receivable and bear credit risk from the Product Issuers rather than the policyholders. For details of the broker agreements, please refer to the paragraph headed “Establishment of business relationships with Product Issuers” in the section headed “Business” in this prospectus.

As at the Latest Practicable Date, our Group had built up a network with not less than 12 ILAS Issuers and seven MPF Providers and certain other Product Issuers, and formed strategic partnerships in promotion, marketing and sale of insurance products and MPF schemes.

The top five ILAS Issuers of our Group in terms of commission income, together accounted for approximately 98.5%, 96.9% and 97.1% respectively of our Group’s revenue for the three years ended 31 December 2007, 2008 and 2009. Each of our top five Product Issuers issues ILAS themselves. Four of the top five ILAS Issuers of our Group are Zurich International Life Limited, Friends Provident International Limited, Standard Life (Asia) Limited and Generali International Limited. The largest ILAS Issuer of our Group, in terms of commission income, accounted for approximately 50.9%, 48.2% and 43.7% respectively of our Group’s revenue for the three years ended 31 December 2007, 2008 and 2009. For further details of our Group’s risk of concentration of ILAS Issuers for commission income, please refer to the paragraph headed “We rely on our top five ILAS Issuers for a significant portion of our revenue, and we anticipate such dependence to continue in the near future” in the section headed “Risk factors” in this prospectus.

### **Relationship with our customers**

Our customers are policyholders whom the Consultants provide services to. Our Directors believe that it is the industry norm that the independent insurance brokers treat the policyholders as their customers. Our Group primarily provides advices to our customers through the Consultants as to the selection of suitable insurance products and/or MPF schemes which are provided by the Product Issuers to assist the customers to achieve their needs, who in turn enter into policy contracts with the Product Issuers. The policy contracts are issued by the Product Issuers. As an insurance broker, our Group is required under the ICO to act for the interest of policyholders and potential policyholders. Through provision of relevant advices, our Group is entitled to receive brokerage commission income from the Product Issuers for business referrals and introductions as a result of arrangement of insurance products and/or MPF schemes to customers. From another point of view, the customers pay such

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commission to our Group indirectly as all such costs would be eventually deducted from the customers' contribution.

Although brokerage commission income and recurring fees are paid to us by the Product Issuers, our Directors consider that such arrangement (as described in the diagram above in this section) will not lead to conflicts despite commission income is paid by the Product Issuers because (i) our focus is to provide advices and information to our customers according to their objectives, needs and concerns; and (ii) our Group is dedicated to provide a comprehensive and quality choice of various products to the customers through maintaining business relationships with various Product Issuers and performing due diligence on their products, to enable the customers to make informed decision as to their choice of product(s). Our Directors believe that the aforementioned relationships among customers, authorised insurers, insurance brokers and consultants are common across the insurance brokerage industry in Hong Kong.

In the event that inappropriate products are recommended and purchased by the customers, our Group will need to bear the liabilities, subject to the indemnity provided by the relevant Consultants under the contracts for services. The Product Issuers will bear the liabilities when the products themselves have defects or there are misrepresentations in the Product Issuers' documentations for the products. Please refer to the paragraph headed "Our customers" in the section headed "Business" in this prospectus for further details.

### Internal control of our Group

With the aim of developing and strengthening our compliance and internal control mechanisms, our Group has established and implemented risk management and internal control systems, policies and procedures, with reference to the requirements of the PIBA and the OCI. Our Group has engaged a firm of certified public accountants to perform an internal control review on our Group's internal control system. Details of the above are disclosed under the paragraph headed "Long established and comprehensive internal control system" in the section headed "Business" in this prospectus.

### OUR REVENUE MODEL

Our Group is entitled to receive one-off brokerage commission income and recurring fee income from various Product Issuers for brokering the sale of their products. The following table sets out the amount of one-off brokerage commission income and recurring fee income for the Track Record Period:

	2007		2008		2009	
	HKS'000	Percentage of total	HKS'000	Percentage of total	HKS'000	Percentage of total
One-off brokerage commission income . . . . .	625,615	98%	540,309	97%	439,582	96%
Recurring fee income . . . . .	10,453	2%	13,974	3%	16,005	4%
<b>Total</b> . . . . .	<u>636,068</u>		<u>554,283</u>		<u>455,587</u>	

During the Track Record Period, most of our Group's revenue was attributable to one-off brokerage commission income derived from sale of (i) ILAS; (ii) general and conventional insurance products; and (iii) MPF schemes. There was no significant fluctuation in the one-off brokerage commission income and recurring fee income respectively as a percentage of total commission income

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of our Group during the Track Record Period. The one-off brokerage commission income and recurring fee income receivable in respect of ILAS and general and conventional insurance products are normally settled within 45 days upon receiving the commission statements. The income derived from the MPF schemes includes up-front commission and recurring management fee which are receivable upon the execution of the MPF schemes and periodically as agreed with the MPF Providers with reference to the underlying asset value of the MPF schemes.

Our Group records accounts receivable due from the Product Issuers and our profit margin depends on, among others, the commission rates offered by the Product Issuers rather than the policyholders. Commission income is payable by the Product Issuers to our Group who may default their payment obligation to our Group even the customers paid the premiums to the Product Issuers. Accordingly, our Group is subject to the credit risk and bankruptcy risk from the Product Issuers.

(i) ILAS business

For each of the three years ended 31 December 2007, 2008 and 2009, the revenue of our Group attributable to the one-off brokerage commission income and recurring fee income derived from the sale of ILAS amounted to approximately HK\$633.9 million, HK\$552.9 million and HK\$451.6 million, representing approximately 99.7%, 99.8% and 99.1% of our Group's total revenue respectively. The one-off brokerage commission income and recurring fee income of ILAS are calculated generally as a percentage of the total premium of policy. The ILAS Issuers deliver their commission statements to our Group on a regular basis, such as weekly and monthly. Upon receiving the commission statements by our Group, the relevant ILAS Issuers would generally pay the one-off brokerage commission and recurring fee income to our Group within 45 days. Our Group recognises the income on an accrual basis upon receipt of the commission statements as confirmations from the ILAS Issuers.

*Commission clawback*

Pursuant to the terms of the broker agreements entered into between our Group and the ILAS Issuers, the commission paid by the ILAS Issuers in relation to Regular-savings ILAS to our Group is subject to commission clawback, which applies solely to Regular-savings ILAS, by the ILAS Issuers on a pro-rata basis over an indemnified period. The indemnified period for commission clawback is generally from 6 months to 24 months. If a customer terminates his/her Regular-savings ILAS policy a number of months after the date of execution of his/her insurance policy and such termination falls within the indemnified period, our Group is entitled to retain the commission for a portion of such number of months over the relevant indemnified period and shall refund any excess of the commission already received to the Product Issuers. All commission clawback occurred in the same financial year is immediately debited in our Group's revenue. Pursuant to the contract for services entered into between each of the Consultants and CFS, the Consultants are required to bear part of the commission clawback based on a ratio of the Consultants' commission entitlement to our Group's brokerage commission income derived from the sale of Regular-savings ILAS. Our Group therefore has made an estimation of the expected cash outflows related to commission clawback for the business in the indemnified period which is subject to commission clawback with reference to a model which is established and developed by our Group (and which in our Directors' opinion is objective and consistent).

The amount of estimated commission clawback as at 31 December 2006, 2007 and 2008 were approximately HK\$4.1 million, HK\$5.1 million and HK\$8.0 million, representing approximately

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1.1%, 0.8% and 1.4% of the revenue of our Group for each of the three years ended 31 December 2008. These estimated sums were set aside at the end of each financial year to prepare for actual commission clawback which may occur subsequently within the indemnified period. The corresponding actual clawback occurred and borne by our Group in 2007, 2008 and 2009 which relates to revenue generated from the previous year, was approximately HK\$3.3 million, HK\$4.3 million and HK\$6.7 million respectively. For further details, please refer to the paragraph headed “Commission clawback” in the section headed “Financial information” in this prospectus.

As at 31 December 2009, our Group had estimated commission clawback of approximately HK\$5.9 million to account for the probable commission clawback in relation to the business accomplished and indemnified by our Group in the years prior to 31 December 2009.

Our Directors believe that our Group has objectively estimated the extent and the possibility of occurrence of commission clawback and the amount of estimated commission clawback has been prudently, consistently and fairly reflected in the financial statements.

### (ii) Conventional and general insurance business

For the three years ended 31 December 2007, 2008 and 2009, the revenue of our Group attributable to one-off brokerage commission income and recurring fee income derived from the sale of general and conventional insurance products amounted to approximately HK\$1.7 million, HK\$0.4 million and HK\$3.4 million, representing approximately 0.27%, 0.07% and 0.74% of our Group’s total revenue respectively. The one-off brokerage commission income and recurring fee income are calculated as a percentage of the premium of each policy and are usually receivable from the Product Issuers on a monthly basis.

### (iii) MPF schemes business

For the three years ended 31 December 2007, 2008 and 2009, the revenue of our Group attributable to brokerage commission income and recurring fee income derived from the sale of MPF schemes amounted to HK\$0.5 million, HK\$0.9 million and HK\$0.6 million, representing approximately 0.07%, 0.17% and 0.12% of our Group’s total revenue respectively. The brokerage commission income and recurring fee income are calculated as a percentage of the asset value of the MPF schemes and are usually receivable from the MPF Providers on a monthly basis. Our Group recognises the income upon the commencement of a MPF scheme.

## OUR COMPETITIVE ADVANTAGES

We attribute our success to several principal competitive advantages which will enable us to maintain our prominent position in the market and bolster our future prospects. These competitive advantages include:

- The largest number of consultants licensed to market ILAS in Hong Kong
- Quality, competence and independence of the Consultants
- The Development Model
- Young and experienced management
- Stable senior members of the Consultants

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- Relationship with Product Issuers
- Variety of ILAS, general and conventional insurance products and MPF schemes to satisfy customers' needs
- Brand name recognition in insurance brokerage industry
- Long established and comprehensive internal control system

For further details of our competitive advantages, please refer to the paragraph headed "Our competitive advantages" in the section headed "Business" in this prospectus.

### **OUR BUSINESS STRATEGIES**

The corporate mission of our Group is to establish the largest distribution network of insurance products and MPF schemes with general recognition of being independent, professional and value adding to the general public in Hong Kong.

Having considered the market potential of the insurance and MPF schemes brokerage industry and evaluated our Group's existing market position and strengths, our Group intends to achieve our business objectives through implementing the following strategic plans:

- Enhancement of quality of the Consultants
- Expansion of the size of the teams of the Consultants
- Expansion and promotion of ILAS, MPF schemes and other insurance business
- Exploration of merger and acquisition opportunities and business collaboration with well-established companies
- Addition and extension of further services and distribution channels

For further details of our strategies, please refer to the paragraph headed "Our business strategies" in the section headed "Business" in this prospectus.



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### OUR TRADING RECORD

#### Summary of combined results of our Group

The following is a summary of our Group's combined audited results for the Track Record Period which has been extracted from the accountants' report set out in Appendix I to this prospectus. The combined audited results were prepared on the assumption that the current structure of our Group had been in existence throughout the Track Record Period and in accordance with the basis set out in the accountants' report contained in Appendix I to this prospectus.

	Year ended 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
<b>REVENUE</b> .....	636,068	554,283	455,587
Other income and gains, net .....	2,734	207	208
Commission expenses .....	(362,850)	(322,915)	(253,538)
Staff costs .....	(51,517)	(63,569)	(44,909)
Depreciation .....	(14,733)	(16,484)	(16,735)
Commission clawback .....	(4,217)	(7,286)	(4,651)
Other expenses .....	(81,056)	(106,638)	(88,882)
<b>PROFIT BEFORE TAX</b> .....	124,429	37,598	47,080
Income tax expense .....	(23,035)	(6,088)	(8,966)
<b>PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE OWNER OF OUR COMPANY</b> .....	101,394	31,510	38,114
<b>DIVIDEND PAID BY A SUBSIDIARY OF OUR COMPANY</b> .....	100,000	7,500	72,000

### RISK FACTORS

Our Directors consider that the business and operations of our Group and the Share Offer are subject to a number of risk factors, which can be categorised into (i) risks relating to our Group; (ii) risks relating to our industry; (iii) risks relating to the global economic downturn; (iv) risks relating to the Share Offer; and (v) risks relating to statements made in this prospectus. These risks are set out in the section headed "Risk factors" in this prospectus, the headings of which are as follows:

#### (i) Risks relating to our business

- We recorded a decreasing revenue during the Track Record Period and decreases in net profit and net profit margin in 2008 and 2009 as compared to 2007
- We are highly concentrating on limited types of insurance products
- A large portion of our revenue is originated from one-off commission income and the recurrence of sale from our existing customers is not guaranteed
- The investment-linked business, which our Group's business belongs to, is volatile
- Our operating results may fluctuate due to market acceptance for our Group's services
- We rely on business relationships with ILAS Issuers
- We rely on our top five ILAS Issuers for a significant portion of our revenue, and we anticipate such dependence to continue in the near future

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- We rely on our management team and teams of Consultants and their team leaders for carrying on our operations
- The Consultants may not have sufficient financial resources to provide indemnity to our Group against actions which may be brought against our Group by any customer and potential customer in respect of services provided by the Consultants
- We may be exposed to risks on potential computer system failure and disruptions
- We may be exposed to risks on probable commission clawback
- We may be exposed to risks in relation to compliance standards
- Failure to obtain registrations and/or licences from the relevant authorities could adversely affect our operations
- Misconduct of the Consultants is difficult to detect and deter
- Possible mis-selling by the Consultants
- We may not be able to implement our future plans successfully
- Our historical dividends may not be indicative of our future dividends

**(ii) Risks relating to our industry**

- Our business depends on the macro-economic situation of Hong Kong
- We operate in a highly competitive industry

**(iii) Risks relating to the global economic downturn**

**(iv) Risks relating to the Share Offer**

- There has been no prior public market for our Shares, and the liquidity, market price and trading volume of our Shares may be volatile
- The market price of our Shares may be volatile
- Purchasers of our Shares will experience immediate dilution and may experience further dilution if we issue additional Shares in the future
- Future sales by our existing Shareholders of a substantial number of our Shares in the public market could materially and adversely affect the prevailing market price of our Shares
- Impact of granting options under the Share Option Scheme

**(v) Risks relating to statements made in this prospectus**

- Certain facts and other statistics in this prospectus are derived from various official government sources and may not be reliable

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### STATISTICS OF THE SHARE OFFER

	<u>Based on an Offer Price of HK\$1.00 per Share</u>	<u>Based on an Offer Price of HK\$1.20 per Share</u>
Market capitalisation of the Shares <sup>(1)</sup> .....	HK\$400 million	HK\$480 million
Price/earnings multiple <sup>(2)</sup> .....	10.5 times	12.6 times
Unaudited pro forma adjusted combined net tangible asset value per Share <sup>(3)</sup> .....	HK32.7 cents	HK37.7 cents

*Notes:*

- (1) The market capitalisation is calculated on the basis of Offer Price and 400,000,000 Shares in issue and to be issued immediately following the completion of the Share Offer, but takes no account of any Share which may be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme, or any Shares which may fall to be allotted and issued or repurchased by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to under the paragraph headed "Written resolutions of the sole shareholder of our Company passed on 23 June 2010" in Appendix V to this prospectus.
- (2) The calculation of the price/earnings multiple on a pro forma fully diluted basis is based on the earnings per Share for the year ended 31 December 2009 at the respective Offer Prices of HK\$1.00 per Share and HK\$1.20 per Share and on the assumption that the Share Offer has taken place since 1 January 2009 with a total number of 400,000,000 Shares in issue since 1 January 2009.
- (3) The unaudited pro forma adjusted combined net tangible asset value per Share is arrived at after making the adjustments referred to under the paragraph headed "Unaudited pro forma adjusted combined net tangible assets" in the section headed "Financial information" in this prospectus and the 400,000,000 Shares as referred in Note 1 above.

### OUR DIVIDEND POLICY

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

During the three years ended 31 December 2007, 2008 and 2009, CFS declared a dividend of a total sum of approximately HK\$100.0 million, HK\$7.5 million and HK\$72.0 million, respectively, to its then sole shareholder, namely, CFG. There can be no assurance that in the future we will pay dividends at a similar level to the past or at all, and potential investors should be aware that the amount of dividends we paid in the past should not be used as a reference or basis which future dividends are determined. The payment and the amount of dividends in the future will depend on various factors, including but not limited to, the results of operations, cash flows, financial position, statutory and regulatory restrictions on the payment of dividends by us and future prospects.

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

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### USE OF NET PROCEEDS FROM THE SHARE OFFER

Our Directors intend to apply the net proceeds from the Share Offer to finance our capital expenditure and business expansion, strengthen our capital base and improve our overall financial position. Based on the Offer Price of HK\$1.10 per Offer Share (being the mid-point of the indicative Offer Price range between HK\$1.00 and HK\$1.20 per Offer Share), the net proceeds from the Share Offer, after deducting underwriting commission and estimated expenses payable by us in connection thereto, are estimated to be approximately HK\$94 million. We presently intend to apply such net proceeds from the Share Offer as follows:

- as to approximately HK\$25 million or approximately 26.6% of the net proceeds from the Share Offer, will be used for enhancement of the quality of the Consultants through offering of (i) various external and internal continuous professional training programs; (ii) subsidies on recognised professional qualification courses; and (iii) incentives in recruitment of Consultants from other professions and countries, and expansion of the teams of Consultants through (a) offering of incentives in speeding up the organic growth under the Development Model; and (b) organising recruitment functions targeting individuals from different market sectors and other countries;
- as to approximately HK\$25 million or approximately 26.6% of the net proceeds from the Share Offer, will be used for expansion and promotion of ILAS, MPF schemes and other insurance businesses by (i) increasing promotional and marketing spending in our ILAS, MPF schemes and other insurance businesses to the general public; and (ii) offering sales incentive and promotional events to the Consultants;
- as to approximately HK\$25 million or approximately 26.6% of the net proceeds from the Share Offer, will be used for exploration of merger and acquisition opportunities and business collaboration with well-established companies, where no target or potential business collaboration with well-established companies had been identified as at the Latest Practicable Date;
- as to approximately HK\$15 million or approximately 16.0% of the net proceeds from the Share Offer, will be used for addition and extension of further services and distribution channels by developing an on-line application system and a comprehensive information management system and expanding our distribution network to e-marketing and direct-marketing channels; and
- as to approximately HK\$4 million or approximately 4.2% of the net proceeds from the Share Offer, will be used for working capital and other general corporate purposes.

If the Offer Price is finally determined at the highest end of the indicative Offer Price range between HK\$1.00 and HK\$1.20 per Offer Share, the net proceeds from the Share Offer will increase by approximately HK\$10 million to approximately HK\$104 million. In such event, our Directors intend to apply such additional net proceeds for the above usages on a pro-rata basis.

If the Offer Price is finally determined at the lowest end of the indicative Offer Price range between HK\$1.00 and HK\$1.20 per Offer Share, the net proceeds from the Share Offer will reduce by approximately HK\$10 million to approximately HK\$84 million. In such event, our Directors intend to reduce the intended use of proceeds for the above stated purposes on a pro-rata basis and we will finance such shortfall by internal cash resources and/or additional bank borrowings, as and when appropriate.

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To the extent that the net proceeds from the Share Offer are not immediately required for the above purposes or if we are unable to effect any part of our future development plans as intended, we may hold such funds in short-term deposits with licensed banks and/or authorised financial institutions in Hong Kong for so long as it is in our best interest. We will also disclose the same in the relevant annual report.