
CORPORATE HISTORY, DEVELOPMENT AND REORGANISATION

HISTORY AND DEVELOPMENT

Organisation development

The history of our Group can be traced back to 18 March 1993 when Mr. Chan Chi Keung, the founder of our Group and one of the Controlling Shareholders, started his general insurance broker business through CFS.

In December 1994, Mr. Chan Tsz Kin, Ernest and an Independent Third Party each subscribed for 15% of the issued share capital in CFS as enlarged by such subscription.

During 1998, Mr. Wong, Mr. Lee Kwok Yin, Denthur and Ms. Fong joined our Group as key management staff.

Mr. Chan Chi Keung bought back from the said Independent Third Party all his 15% shareholding interests in CFS in October 2000.

In January 2001, Convoy Inc was established and held by Mr. Chan Chi Keung, Mr. Wong, Mr. Lee Kwok Yin, Denthur, Ms. Fong and Mr. Chan Tsz Kin, Ernest as to 23.125%, 23.125%, 23.125%, 23.125% and 7.5% equity interests respectively. As at May 2001, Convoy Inc and Mr. Chan Chi Keung held 99.999999% and 0.000001% equity interest in CFS respectively.

In August 2001, by reference to the audited net asset value of CFS as at 31 December 2000 of HK\$3,203,253.00, Convoy Inc transferred 25,000 shares (representing 2.5% of total issued shares of CFS at the time of the said transfer), 50,000 shares (representing 5% of total issued shares of CFS at the time of the said transfer) and 50,000 shares (representing 5% of total issued shares of CFS at the time of the said transfer) in CFS to three senior management of the teams of Consultants, namely Ms. Chang Hung, Mr. Shin Kin Man and Mr. Ko Tsun Hung, Nelson at the consideration of HK\$162,600.00, HK\$325,200.00 and HK\$325,200.00 respectively. The then directors of CFS considered that this could serve as an incentive to the said transferees.

In April 2002, by reference to the audited net asset value of CFS as at 31 December 2001 of HK\$7,435,667.00, Convoy Inc transferred 29,411, 29,411, 29,411 and 26,470 shares in CFS to four senior management of the teams of Consultants, namely Ms. Lai Wei Tak, Mr. Yuen Ka Kin, Ms. Chu Suk Yee and Mr. Chik Wing Keung at the consideration of HK\$314,936.22, HK\$314,936.22, HK\$314,936.22 and HK\$279,944.50 respectively. Directors of CFS considered that this could serve as an incentive to the said transferees. Also in April 2002, (i) Mr. Ko Tsun Hung, Nelson and Ms. Chang Hung transferred 20,589 and 8,822 shares in CFS respectively to Ms. Ho Sin Yan, Winnie (a senior management of the teams of Consultants), for the consideration of HK\$244,965.86 and HK\$104,963.28 respectively, due to their personal investment decision and arrangement; (ii) Mr. Shin Kin Man transferred 14,706 shares in CFS to Ms. Poon Chung Chi, Rita (a senior management of the teams of Consultants) for the consideration of HK\$174,970.52 due to his personal investment decision and arrangement; and (iii) Ms. Chang Hung and Mr. Shin Kin Man transferred 1,473 and 5,883 shares in CFS respectively to Convoy Inc for the consideration of HK\$17,525.60 and HK\$69,995.34 respectively due to their personal investment decision and arrangement.

Perfect Team was incorporated in BVI on 2 September 2002. On 28 January 2003, Perfect Team issued new shares to Convoy Inc, Mr. Chan Chi Keung, Mr. Shin Kin Man, Mr. Ko Tsun Hung, Nelson, Ms. Chang Hung, Mr. Yuen Ka Kin, Mr. Chik Wing Keung, Ms. Chu Suk Yee, Ms. Lai Wei

CORPORATE HISTORY, DEVELOPMENT AND REORGANISATION

Tak, Ms. Poon Chung Chi, Rita and Ms. Ho Sin Yan, Winnie. After such issue, Convoy Inc became the beneficial owner as to approximately 80.27% and Mr. Chan Chi Keung, Mr. Shin Kin Man, Mr. Ko Tsun Hung, Nelson, Ms. Chang Hung, Mr. Yuen Ka Kin, Mr. Chik Wing Keung, Ms. Chu Suk Yee, Ms. Lai Wei Tak, Ms. Poon Chung Chi, Rita and Ms. Ho Sin Yan, Winnie collectively held beneficially approximately 19.73% of the equity interest in Perfect Team as at 28 January 2003.

CFG was incorporated in BVI on 2 September 2002. In January 2003, shareholders of CFS restructured their respective shareholding. On 28 January 2003, CFG acquired from the then shareholders of CFS (i.e. Ms. Chu Suk Yee, Convoy Inc, Mr. Chan Chi Keung, Ms. Lai Wei Tak, Mr. Yuen Ka Kin, Mr. Chik Wing Keung, Ms. Ho Sin Yan Winnie, Ms. Poon Chung Chi Rita, Ms. Chang Hang, Mr. Shin Kin Man and Mr. Ko Tsun Hung Nelson) the entire equity interests in CFS in consideration of and exchange for CFG allotting and issuing new shares as consideration of such acquisition. As a result of such acquisition, CFS became the wholly-owned subsidiary of CFG (with one share in CFS being held in trust by Mr. Chan Chi Keung in favour of CFG) and CFG was then held by Perfect Team and Winus Holdings Limited (a company incorporated in the BVI which is an indirect wholly-owned subsidiary of Hongkong Chinese Limited and the shares in Hongkong Chinese Limited are listed on the Main Board) (“**Lippo Group Investment Arm**”), following by Lippo Group Investment Arm’s subscription of 1,177,777 new shares in CFG pursuant to a subscription agreement dated 30 January 2003 (the “**Lippo Subscription Agreement**”) for a consideration of HK\$7 million by reference to the net asset value of CFG at the date of the Lippo Subscription Agreement. According to the Lippo Subscription Agreement, (i) for a consideration of HK\$1.00, Lippo Group Investment Arm has also subscribed for and CFG has granted an irrevocable option (the “**Lippo Option**”) to subscribe for up to a maximum number of shares in CFG which equals to 15% of the entire issue share capital in CFG as enlarged by the issue of such number of shares upon the exercise of the Lippo Option with the subscription price being set by reference to the net asset value of CFG at the date of the Lippo Subscription Agreement; (ii) conditionally upon, inter alia, the result of the growth rate (as defined in the Lippo Subscription Agreement) of the forecasted profit of the group companies comprising CFG for the year ending 31 December 2003 over the actual profit of group companies comprising CFG for the financial year ended 31 December 2002, Perfect Team or Lippo Group Investment Arm (as the case may be) may exercise its right (the “**Purchase Right**”) to purchase from Lippo Group Investment Arm or Perfect Team (as the case may be) for a consideration of HK\$1.00 the number of shares in CFG held by Lippo Group Investment Arm or Perfect Team (as the case may be) as calculated under the formula set out in the Lippo Subscription Agreement provided that the maximum number of shares in CFG to be transferred thereunder is 7.8% of 6,138,604 shares in CFG; and (iii) conditional upon the financial performance as particularly described in the Lippo Subscription Agreement, further new shares in CFG might be allotted to Lippo Group Investment Arm by way of capitalisation issue by CFG in accordance with terms of the Lippo Subscription Agreement (the “**Capitalisation Issue**”). After the said subscription of 1,177,777 shares in CFG, Perfect Team and Lippo Group Investment Arm held approximately 80.00% and approximately 20.00% of the then entire issued share capital in CFG respectively.

In April 2003, Lippo Group Investment Arm increased its shareholdings in CFG from approximately 20.00% to approximately 23.25% by further subscription of 249,722 new shares in CFG that were allotted and issued at par by way of capitalisation issue by CFG in accordance with the Capitalisation Issue. In October 2003, by reference to the then unaudited consolidated net asset value of CFG as at 30 September 2003, Perfect Team transferred approximately 2.72% and 5.99% of the total issued share capital in CFG respectively to Holly Bright Limited and Global Rise Development Limited (collectively the “**Independent Investors**”) for the consideration of HK\$2,247,048.25 and

CORPORATE HISTORY, DEVELOPMENT AND REORGANISATION

HK\$4,952,943.75 respectively. Holly Bright Limited is a company incorporated in the British Virgin Islands with limited liability. Mr. Lo Kwok Keung (盧國強), the sole beneficial owner and the sole director of Holly Bright Limited as at the date of the said transfer, is a Hong Kong merchant and an Independent Third Party. Global Rise Development Limited is a company incorporated in the British Virgin Islands with limited liability. Ms. Yuen Fung Ting (袁鳳婷), the sole beneficial owner and sole director of Global Rise Development Limited as at the date of the said transfer, is a Hong Kong merchant and an Independent Third Party. Mr. Lo Kwok Keung and Ms. Yuen Fung Ting got to know CFG and its subsidiaries due to their friendship with some members of management of CFS and they made their said respective investments in CFG after they understood from the said members of management of CFS that CFG would like to broaden its shareholders base at that time and after their respective arm's length negotiations and discussions with Perfect Team.

In May 2004, as the aforesaid growth rate was favourable to Perfect Team, Perfect Team exercised the Purchase Right to purchase 30,693 shares in CFG from Lippo Group Investment Arm for a consideration of HK\$1.00 and on the same date, Lippo Group Investment Arm exercised the Lippo Option to subscribe for 1,083,283 new shares in CFG for a consideration of HK\$4,661,043.47 so that immediately after such two transactions, Lippo Group Investment Arm increased its shareholdings in CFG from approximately 23.25% to approximately 34.34%. In May 2007, with a view to consolidate its investments in CFG, Convoy Inc purchased from Lippo Group Investment Arm all their shares held in CFG (representing 34.34% of the then entire issued share capital in CFG) for a consideration of HK\$85,000,000 by reference to unaudited consolidated net profit of CFG for the financial year ended 31 December 2006.

In December 2007, with a view to consolidate its investments in CFG, Convoy Inc purchased from the Independent Investors all their respective shares held in CFG (representing 2.31% and 5.10% of the then entire issued share capital in CFG respectively) for the consideration of HK\$2,496,723.08 and HK\$5,503,276.92 respectively by reference to unaudited consolidated net profit of CFG for the financial year ended 31 December 2006.

In preparation for the Listing, we underwent the Reorganisation whereby our Company became the ultimate holding company of all companies comprising our Group. Details of the Reorganisation are set out under the paragraph headed "Corporate Reorganisation" in Appendix V to this prospectus. As at the Latest Practicable Date, Convoy Inc and Perfect Team held 43.8% and 56.2% of the total issued share capital in CFG, respectively.

Business development

In March 1993, CFS commenced its insurance brokerage business in Hong Kong. There was only a small number of staff at that time. CFS has been a member of the PIBA since 1995.

In the course of developing insurance brokerage business, our Group has, over the past years, established business relationship with various offshore international insurance companies authorised by the IA whose ILAS policies have been registered with the SFC in Hong Kong. These offshore insurance companies include, among others, Friends Provident International Limited and Zurich International Life Limited.

In December 1999, CFS was registered as an MPF corporate intermediary.

CORPORATE HISTORY, DEVELOPMENT AND REORGANISATION

The total number of staff and Consultants increased from 57 persons as at 1 January 2001 to 1,263 persons as at 31 December 2009. As at the Latest Practicable Date, the total headcount of staff and Consultants is 1,268 persons, including 1,023 Consultants which accounted for approximately 80.7% of the total headcount of our Group. Details of the staff are set out under the paragraph headed “Staff” in the section headed “Directors, senior management and staff” in this prospectus.

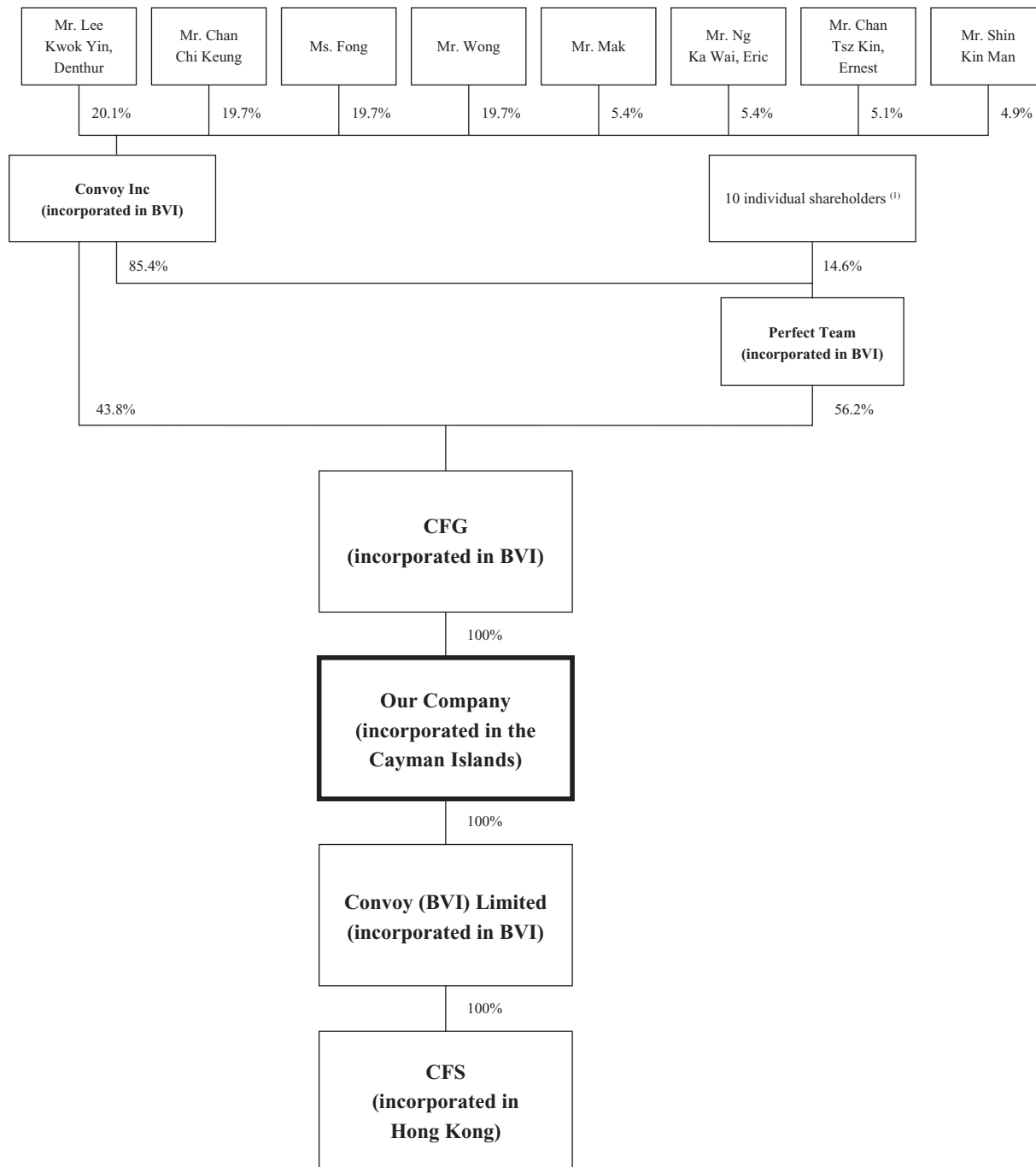
Given the rapid expansion and the large number of headcount of our Consultants, our Group has been continuously expanding the office space. Our Group took up the first and seventh floors of Li Po Chun Chambers, No. 189 Des Voeux Road Central, Hong Kong in May 2007 and July 2007, respectively, with a total gross floor area of approximately 19,551 sq.ft.. In September 2008, our Group further expanded the office space by taking up the 33rd and 34th floors of One Island East, 18 Westlands Road, Island East, Hong Kong, and subsequently the 32nd floor of One Island East, 18 Westlands Road, Island East, Hong Kong in February 2009, with a total lettable area of approximately 63,872 sq.ft., at which our headquarters have been situated.

Our revenue increased significantly after the outbreak of Severe Acute Respiratory Syndrome (SARS) in Hong Kong in 2003 with a CAGR of approximately 35% from 2003 to 2009. We saw substantial advancement in commission income from ILAS business, with an increase of approximately 603% to approximately HK\$455.6 million from 2003 to 2009.

CORPORATE HISTORY, DEVELOPMENT AND REORGANISATION

CORPORATE AND SHAREHOLDING STRUCTURE OF OUR GROUP

Set out below is the corporate and shareholding of our Group immediately after completion of the Reorganisation but before completion of the Share Offer (assuming that any option that may be granted under the Share Option Scheme is not exercised):



CORPORATE HISTORY, DEVELOPMENT AND REORGANISATION

Notes:

- (1) The 10 individual shareholders and their respective beneficial shareholdings were:

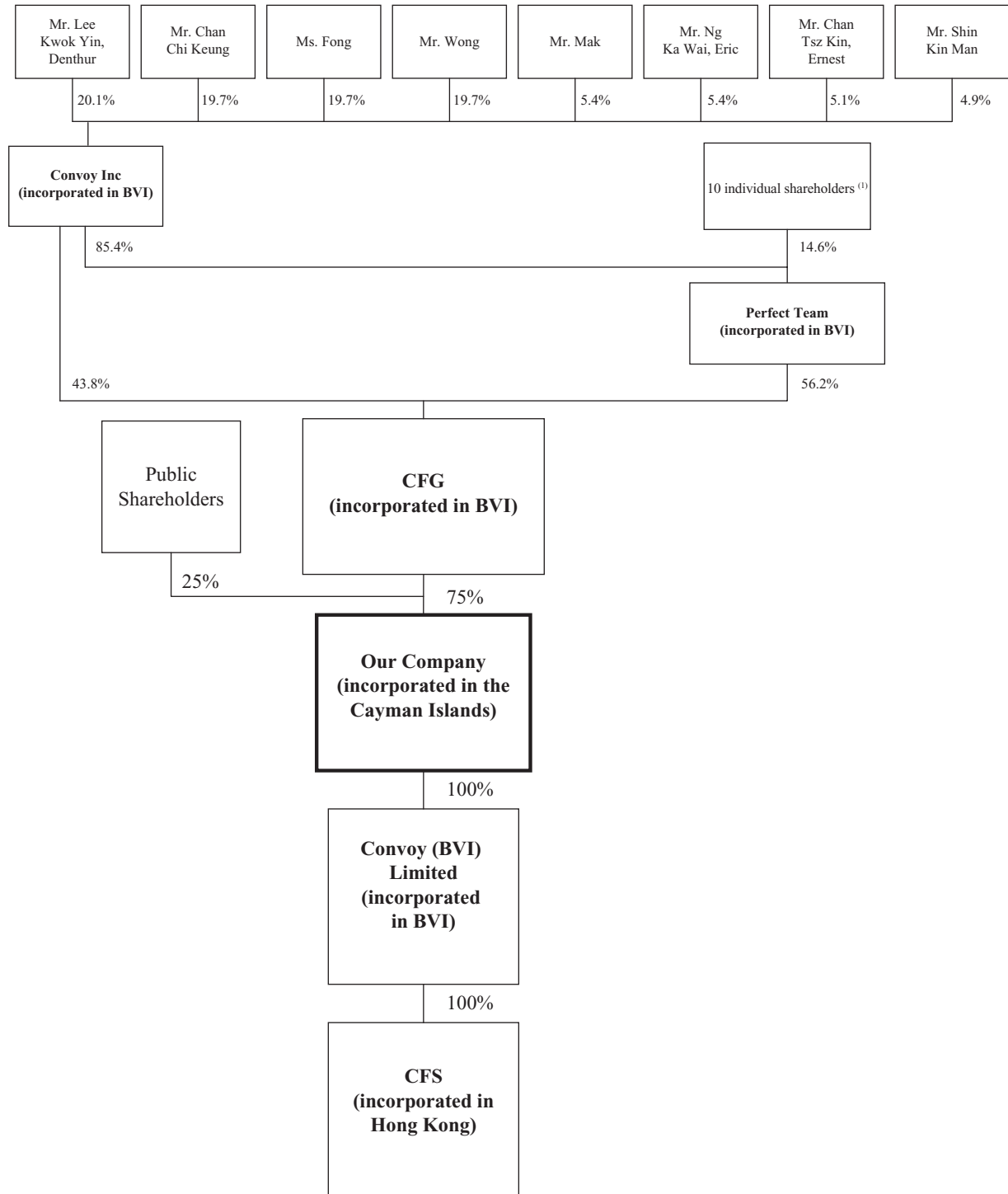
<u>Individual shareholders</u>	<u>Approximate percentage of ownership</u>
Mr. Ko Tsun Hung, Nelson	2.8%
Ms. Lai Wei Tak	2.8%
Mr. Yuen Ka Kin	2.8%
Mr. Chik Wing Keung	2.6%
Ms. Poon Chung Chi, Rita	1.4%
Ms. Chang Hung	1.0%
Mr. Sin Kin Chung	0.4%
Mr. Poon Wai Pong	0.4%
Mr. Kwong Chung Ping	0.3%
Mr. Keung Ka Hong, Kevin	0.1%

Mr. Sin Kin Chung is the cousin of Mr. Shin Kin Man (an executive director of CFS) and a Consultant. Mr. Ko Tsun Hung, Nelson, Ms. Lai Wei Tak, Mr. Yuen Ka Kin, Mr. Chik Wing Keung, Ms. Poon Chung Chi, Rita, Ms. Chang Hung, Mr. Poon Wai Pong, Mr. Kwong Chung Ping and Mr. Keung Ka Hong, Kevin are Consultants.

- (2) Ms. Fong, Mr. Wong and Mr. Mak are Directors and Controlling Shareholders and are regarded as connected persons of our Company. Mr. Lee Kwok Yin, Denthur, Mr. Chan Chi Keung, Mr. Ng Kai Wai, Eric, Mr. Chan Tsz Kin, Ernest, Mr. Shin Kin Man and Mr. Sin Kin Chung are Controlling Shareholders. Mr. Chan Tsz Kin, Ernest and Mr. Shin Kin Man are regarded as connected persons of our Company because they are directors of CFS. Mr. Lee Kwok Yin, Denthur, Ms. Fong, Mr. Wong, Mr. Mak, Mr. Chan Chi Keung, Mr. Ng Kai Wai, Eric, Mr. Chan Tsz Kin, Ernest, Mr. Shin Kin Man and the 10 individual shareholders of Perfect Team as stated in note 1 above have confirmed that they are not parties acting in concert as defined under the Takeovers Code. Save for Mr. Sin Kin Chung, Mr. Lee Kwok Yin, Denthur, Mr. Chan Chi Keung, Ms. Fong, Mr. Wong, Mr. Mak, Mr. Ng Kai Wai, Eric, Mr. Chan Tsz Kin, Ernest and Mr. Shin Kin Man are not Consultants.
- (3) Mr. Lee Kwok Yin, Denthur, a shareholder of Convoy Inc and the Controlling Shareholder, joined our Group as key management staff, details of which are set out under the paragraph headed “History and development” in this section. He does not act as a Director and does not hold any other positions with our Company or other members of our Group due to his intention to achieve his other personal goal. Save as disclosed in this prospectus, he did not have any relationships with any Directors, senior management, substantial or controlling shareholders of our Company nor any interests in the shares in our Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.
- (4) Mr. Chan Chi Keung is the founder of our Group, a shareholder of Convoy Inc and the Controlling Shareholder, details of which are set out under the paragraph headed “History and development” in this section. He does not act as a Director and does not hold any other positions with our Company or other members of our Group. Save as disclosed in this prospectus, he did not have any relationships with any Directors, senior management, substantial or controlling shareholders of our Company nor any interests in the shares in our Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.
- (5) Mr. Ng Kai Wai, Eric, a shareholder of Convoy Inc (holding 5.4% of the entire issued share capital in Convoy Inc) and the Controlling Shareholder, is a Hong Kong merchant and acquired such shares in Convoy Inc since 2007 due to his personal investment decision and arrangement. He does not act as a Director and does not hold any other positions with our Company or other members of our Group. Save as disclosed in this prospectus, he did not have any relationships with any Directors, senior management, substantial or controlling shareholders of our Company nor any interests in the shares in our Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.

CORPORATE HISTORY, DEVELOPMENT AND REORGANISATION

Set out below is the corporate and shareholding structure of our Group immediately after the completion of the Reorganisation and the Share Offer (assuming that any option that may be granted under the Share Option Scheme is not exercised):



CORPORATE HISTORY, DEVELOPMENT AND REORGANISATION

Notes:

- (1) The 10 individual shareholders and their respective beneficial shareholdings were:

<u>Individual shareholders</u>	<u>Approximate percentage of ownership</u>
Mr. Ko Tsun Hung, Nelson	2.8%
Ms. Lai Wei Tak	2.8%
Mr. Yuen Ka Kin	2.8%
Mr. Chik Wing Keung	2.6%
Ms. Poon Chung Chi, Rita	1.4%
Ms. Chang Hung	1.0%
Mr. Sin Kin Chung	0.4%
Mr. Poon Wai Pong	0.4%
Mr. Kwong Chung Ping	0.3%
Mr. Keung Ka Hong, Kevin	0.1%

Mr. Sin Kin Chung is the cousin of Mr. Shin Kin Man (an executive director of CFS) and a Consultant. Mr. Ko Tsun Hung, Nelson, Ms. Lai Wei Tak, Mr. Yuen Ka Kin, Mr. Chik Wing Keung, Ms. Poon Chung Chi, Rita, Ms. Chang Hung, Mr. Poon Wai Pong, Mr. Kwong Chung Ping and Mr. Keung Ka Hong, Kevin are Consultants.

- (2) Ms. Fong, Mr. Wong and Mr. Mak are Directors and Controlling Shareholders and are regarded as connected persons of our Company. Mr. Lee Kwok Yin, Denthur, Mr. Chan Chi Keung, Mr. Ng Kai Wai, Eric, Mr. Chan Tsz Kin, Ernest, Mr. Shin Kin Man and Mr. Sin Kin Chung are Controlling Shareholders. Mr. Chan Tsz Kin, Ernest and Mr. Shin Kin Man are regarded as connected persons of our Company because they are directors of CFS. Mr. Lee Kwok Yin, Denthur, Ms. Fong, Mr. Wong, Mr. Mak, Mr. Chan Chi Keung, Mr. Ng Kai Wai, Eric, Mr. Chan Tsz Kin, Ernest, Mr. Shin Kin Man and the 10 individual shareholders of Perfect Team as stated in note 1 above have confirmed that they are not parties acting in concert as defined under the Takeovers Code. Save for Mr. Sin Kin Chung, Mr. Lee Kwok Yin, Denthur, Mr. Chan Chi Keung, Ms. Fong, Mr. Wong, Mr. Mak, Mr. Ng Kai Wai, Eric, Mr. Chan Tsz Kin, Ernest and Mr. Shin Kin Man are not Consultants.
- (3) Mr. Lee Kwok Yin, Denthur, a shareholder of Convoy Inc and the Controlling Shareholder, joined our Group as key management staff, details of which are set out under the paragraph headed “History and development” in this section. He does not act as a Director and does not hold any other positions with our Company or other members of our Group due to his intention to achieve his other personal goal. Save as disclosed in this prospectus, he did not have any relationships with any Directors, senior management, substantial or controlling shareholders of our Company nor any interests in the shares in our Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.
- (4) Mr. Chan Chi Keung is the founder of our Group, a shareholder of Convoy Inc and the Controlling Shareholder, details of which are set out under the paragraph headed “History and development” in this section. He does not act as a Director and does not hold any other positions with our Company or other members of our Group. Save as disclosed in this prospectus, he did not have any relationships with any Directors, senior management, substantial or controlling shareholders of our Company nor any interests in the shares in our Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.
- (5) Mr. Ng Kai Wai, Eric, a shareholder of Convoy Inc (holding 5.4% of the entire issued share capital in Convoy Inc) and the Controlling Shareholder, is a Hong Kong merchant and acquired such shares in Convoy Inc since 2007 due to his personal investment decision and arrangement. He does not act as a Director and does not hold any other positions with our Company or other members of our Group. Save as disclosed in this prospectus, he did not have any relationships with any Directors, senior management, substantial or controlling shareholders of our Company nor any interests in the shares in our Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.