The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the reporting accountants of our Company, Ernst & Young, Certified Public Accountants, Hong Kong.

ERNST & YOUNG
安 永

18th Floor
Two International Finance Centre
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29 June 2010

The Directors
Convoy Financial Services Holdings Limited
Quam Capital Limited

Dear Sirs,

We set out below our report on the financial information (the "**Financial Information**") of Convoy Financial Services Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") for each of the three years ended 31 December 2007, 2008 and 2009 (the "**Track Record Period**"), prepared on the basis set out in note 2 of Section II below, for inclusion in the prospectus of the Company dated 29 June 2010 (the "**Prospectus**") in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Financial Information comprises the combined statements of financial position of the Group as at 31 December 2007, 2008 and 2009, and the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for the Track Record Period, and a summary of significant accounting policies and other explanatory notes.

The Company was incorporated in the Cayman Islands on 12 March 2010 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, for the purpose of acting as a holding company of the companies now comprising the Group. The Company has not carried on any business since the date of its incorporation, save for the transactions relating to a corporate reorganisation (the "**Reorganisation**") as more fully explained in the section headed "Corporate Reorganisation" in Appendix V to the Prospectus. Pursuant to the Reorganisation, the Company became the direct/indirect holding company of the subsidiaries now comprising the Group. The Reorganisation became effective on 21 June 2010. The Group is principally engaged in the provision of financial planning and insurance brokerage services.

As at the date of this report, the Company had direct or indirect interests in the following subsidiaries, all of which are private companies with limited liability (or, if incorporated outside Hong Kong, have characteristics substantially similar to a private company incorporated in Hong Kong). Particulars of the subsidiaries comprising the Group are set out below:

Company name	Place and date of incorporation and operations	Nominal value of issued ordinary share capital	Percentage of equity interests attributable to the Company		Principal activities
			Direct	Indirect	
Convoy (BVI) Limited[(i)]	British Virgin Islands 9 March 2010	HK$10,000	100	—	Investment holding
Convoy Financial Services Limited ("**CFS**")[(ii)]	Hong Kong 12 March 1992	HK$1,000,000	—	100	Provision of financial planning and insurance brokerage services

Notes:

(i) Pursuant to the Reorganisation, Convoy (BVI) Limited acquired the entire issued capital of CFS on 21 June 2010. Convoy (BVI) Limited has not carried on any business since the date of its incorporation, save for the transactions relating to the Reorganisation. As at the date of this report, no statutory audited financial statements have been prepared since its date of incorporation as Convoy (BVI) Limited is not subject to any statutory audit requirements under its jurisdiction of incorporation.

(ii) We have audited the statutory financial statements of CFS during the Track Record Period.

As at the date of this report, no audited financial statements have been prepared for the Company since the date of its incorporation, as it was newly incorporated and has not been involved in any business transactions, other than the Reorganisation. For the purpose of this report, we have, however, performed our own independent review of all relevant transactions of the Company in relation to the Reorganisation for the period since the date of its incorporation and carried out such procedures as we considered necessary for inclusion of the relevant information of the Company in this report.

All the companies now comprising the Group have adopted 31 December as their financial year end date.

For the purpose of this report, the directors of the Company have prepared the combined financial statements of the Group for the Track Record Period in accordance with Hong Kong Financial Reporting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") (the "**Combined Financial Statements**"). The Financial Information has been prepared, for the purposes of this report, based on the Combined Financial Statements and in accordance with the basis set out in note 2 of Section II below.

Respective responsibilities of directors and reporting accountants

The directors of the Company are responsible for the preparation and the presentation of the Financial Information for the Track Record Period in accordance with the basis set out in note 2 of Section II below and the contents of the Prospectus in which this report is included. The directors of the respective companies now comprising the Group are responsible for the preparation and the true and fair presentation of the respective audited financial statements and, where appropriate, management accounts in accordance with the relevant accounting principles and financial regulations applicable to these companies. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the presentation of the Financial Information that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. For the purpose of this report, it is our responsibility to express an independent opinion on the Financial Information based on our audit and to report our opinion to you.

Procedures performed in respect of the Financial Information

For the purpose of this report, we have carried out an independent audit on the Financial Information for the Track Record Period in accordance with Hong Kong Standards on Auditing issued by the HKICPA, this involves examining the audited financial statements or, where appropriate, management accounts of all the companies now comprising the Group for each of the Track Record Period, and have carried out such additional procedures as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA. No adjustments were deemed necessary to the Combined Financial Statements in preparing this accountants' report for inclusion in the Prospectus.

Opinion in respect of the Financial Information

In our opinion, for the purpose of this report and presented on the basis set out in note 2 of Section II below, the Financial Information gives a true and fair view of the state of affairs of the Group as at 31 December 2007, 2008 and 2009 and of the combined results and combined cash flows of the Group for each of the Track Record Period.

I. FINANCIAL INFORMATION

The following is the Financial Information of the Group for the Track Record Period and as at the end of each of the Track Record Period, prepared on the basis set out in note 2 of Section II below.

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2007	2008	2009
		HK$'000	HK$'000	HK$'000
REVENUE	6	636,068	554,283	455,587
Other income and gains, net	6	2,734	207	208
Commission expenses		(362,850)	(322,915)	(253,538)
Staff costs		(51,517)	(63,569)	(44,909)
Depreciation	13	(14,733)	(16,484)	(16,735)
Commission clawback		(4,217)	(7,286)	(4,651)
Other expenses	7	(81,056)	(106,638)	(88,882)
PROFIT BEFORE TAX	7	124,429	37,598	47,080
Income tax expense	10	(23,035)	(6,088)	(8,966)
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE OWNER OF THE COMPANY		101,394	31,510	38,114

COMBINED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2007	2008	2009
		HK$'000	HK$'000	HK$'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	32,484	39,666	31,931
Deposits paid for purchases of items of property, plant and equipment		829	283	—
Rental deposits		—	9,411	6,952
Prepayments		485	925	805
Deferred tax assets	14	915	841	683
Total non-current assets		34,713	51,126	40,371
CURRENT ASSETS				
Accounts receivable	15	31,896	14,312	17,139
Prepayments, deposits and other receivables	16	19,647	14,578	20,815
Equity investment at fair value through profit or loss	17	288	129	238
Due from related parties	18	74,540	88,483	—
Cash and cash equivalents	19	48,474	21,872	83,755
Total current assets		174,845	139,374	121,947
CURRENT LIABILITIES				
Accounts payable	20	92,754	47,956	75,565
Other payables and accruals	21	18,998	17,938	19,583
Due to a related party	18	9,248	14,743	—
Tax payable		27,684	22,036	15,309
Commission clawback	22	5,050	7,993	5,913
Total current liabilities		153,734	110,666	116,370
NET CURRENT ASSETS		21,111	28,708	5,577
Net assets		55,824	79,834	45,948
EQUITY				
Equity attributable to the owner of the Company				
Issued capital	23	—	—	—
Capital reserves		1,000	1,000	1,000
Retained profits		54,824	78,834	44,948
Total equity		55,824	79,834	45,948

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Note	Issued capital	Capital reserves	Retained profits	Total equity
		HK$'000	HK$'000 (Note (a))	HK$'000	HK$'000
At 1 January 2007		—	1,000	53,430	54,430
Total comprehensive income for the year		—	—	101,394	101,394
Dividends	11	—	—	(100,000)	(100,000)
At 31 December 2007 and 1 January 2008		—	1,000	54,824	55,824
Total comprehensive income for the year		—	—	31,510	31,510
Dividends	11	—	—	(7,500)	(7,500)
At 31 December 2008 and 1 January 2009		—	1,000	78,834	79,834
Total comprehensive income for the year		—	—	38,114	38,114
Dividends	11	—	—	(72,000)	(72,000)
At 31 December 2009		—	1,000	44,948	45,948

Note (a): Capital reserves represent the aggregate issued paid-up capital of the subsidiaries comprising the Group.

COMBINED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2007 HK$'000	2008 HK$'000	2009 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		124,429	37,598	47,080
Adjustments for:				
Interest income	6	(2,045)	(288)	(16)
Dividend income from a listed investment	6	(1)	(3)	(1)
Fair value loss/(gain) on an equity investment at fair value through profit or loss	6	(140)	159	(109)
Gain on disposal of items of property, plant and equipment	6	(296)	—	—
Depreciation	13	14,733	16,484	16,735
Impairment/(reversal of impairment) of other receivables, net	7	1,834	1,430	(592)
Impairment of accounts receivable	7	—	161	—
Commission clawback		4,217	7,286	4,651
		142,731	62,827	67,748
Decrease/(increase) in accounts receivable		(14,223)	17,423	(2,827)
Increase in prepayments, deposits and other receivables		(10,019)	(6,212)	(3,066)
Decrease/(increase) in amounts due from related parties		(67,381)	(13,943)	88,483
Increase/(decrease) in accounts payable		39,979	(44,798)	27,609
Increase/(decrease) in other payables and accruals		(9,767)	(1,060)	1,645
Decrease in commission clawback		(3,314)	(4,343)	(6,731)
Cash generated from operations		78,006	9,894	172,861
Hong Kong profits tax paid		—	(11,662)	(15,535)
Net cash flows from/(used in) operating activities		78,006	(1,768)	157,326
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received		2,045	288	16
Dividend received from a listed investment		1	3	1
Deposits paid for purchases of items of property, plant and equipment		(829)	(283)	—
Purchases of items of property, plant and equipment		(19,549)	(22,837)	(8,717)
Proceeds from disposal of items of property, plant and equipment		418	—	—
Net cash flows used in investing activities		(17,914)	(22,829)	(8,700)
CASH FLOWS FROM FINANCING ACTIVITIES				
New other loans		—	—	5,000
Repayment of other loans		—	—	(5,000)
Advance from/(repayment to) a related party		3,998	(2,005)	(14,743)
Dividends paid to the then shareholder of a subsidiary		(100,000)	—	(72,000)
Net cash flows used in financing activities		(96,002)	(2,005)	(86,743)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(35,910)	(26,602)	61,883
Cash and cash equivalents at beginning of year		84,384	48,474	21,872
CASH AND CASH EQUIVALENTS AT END OF YEAR		48,474	21,872	83,755
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances		48,474	21,872	83,755

II. NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION AND REORGANISATION

The Company is a limited liability company incorporated in the Cayman Islands on 12 March 2010. The registered office of the Company is located at the office of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Particulars of the companies now comprising the Group have been set out in our report. The Company has not carried on any business since the date of its incorporation, save for the transactions relating to the Reorganisation.

The Group is principally engaged in the provision of financial planning and insurance brokerage services.

As a result of the Reorganisation but immediately before the proposed listing of the Company's shares on the Main Board of the Stock Exchange, 100% of the share capital of the Company was owned by Convoy Financial Group Limited (formerly known as "**Advance All Enterprises Limited**") ("**CFG**"), a company incorporated in the British Virgin Islands, and ultimately controlled by Convoy Inc, which is incorporated in the British Virgin Islands.

In the opinion of the Company's directors, the parent of the Company is CFG and the ultimate holding company of the Company is Convoy Inc.

2. BASIS OF PRESENTATION OF THE FINANCIAL INFORMATION

Pursuant to the Reorganisation completed on 21 June 2010, the Company became the direct/indirect holding company of the subsidiaries now comprising the Group. As the Reorganisation only involved inserting new holding entities at the top of an existing company and has not resulted in any change of economic substances, the Financial Information for the Track Record Period has been presented as a continuation of the existing company using the pooling of interest method.

Accordingly, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows are prepared as if the current group structure had been in existence throughout the Track Record Period. The combined statements of financial position as at 31 December 2007, 2008 and 2009, present the assets and liabilities of the companies now comprising the Group, as if the current group structure had been in existence at those dates.

All significant intragroup transactions and balances have been eliminated on combination.

3.1 BASIS OF PREPARATION

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. The Financial Information has been prepared under the historical cost convention, except for equity investment, which has been measured at fair value. The Financial Information is presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

The HKICPA has issued a number of new and revised HKFRSs that are effective for the Group's annual periods beginning on or after 1 January 2007. For the purpose of preparing the Financial Information, the Group has adopted all these new and revised HKFRSs consistently throughout the Track Record Period, except for those new and revised HKFRSs that are not yet effective for any of the Track Record Period as further explained in note 3.2 below.

A summary of the significant accounting policies adopted and consistently applied by the Group in the preparation of the Financial Information is set out in note 3.3 to the Financial Information.

3.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in preparing the Financial Information.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards* [1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Additional Exemptions for First-time Adopters* [2]
HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Limited Exemption from Comparative HKFRS* 7 *Disclosures for First-time Adopters* [4]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment — Group Cash-settled Share-based Payment Transaction*s [2]
HKFRS 3 (Revised)	*Business Combinations* [1]
HKFRS 9	*Financial Instruments* [6]
HKAS 24 (Revised)	*Related Party Disclosures* [5]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements* [1]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation — Classification of Rights Issues* [3]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement - Eligible Hedged Items* [1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement* [5]
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners* [1]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments* [4]
Amendments to HKFRS 5 included in *Improvements* to *HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations — Plan to Sell the Controlling Interest in a Subsidiary* [1]
HK Interpretation 4 (Revised in December 2009)	*Leases — Determination of the Length of Lease Term in respect of Hong Kong Land Leases* [2]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2009* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

1 Effective for annual periods beginning on or after 1 July 2009

2 Effective for annual periods beginning on or after 1 January 2010

3 Effective for annual periods beginning on or after 1 February 2010

4 Effective for annual periods beginning on or after 1 July 2010

5 Effective for annual periods beginning on or after 1 January 2011

6 Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, save as not yet in a position to assess the possible impact of the adoption of the recently issued HKFRS 9 and HKAS 24 (Revised), the directors of the Company preliminarily anticipate that the adoption of the new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies adopted by the Group in arriving at the Financial Information set out in this report, which conforms with HKFRSs, are set out below:

These policies have been consistently applied to all the years presented.

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of comprehensive income in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Track Record Period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of comprehensive income in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is a member of the key management personnel of the Group or its parent;

(c) the party is a close member of the family of any individual referred to in (a) or (b);

(d) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (b) or (c); or

(e) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of comprehensive income in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease terms and 25%
Furniture, fixtures and equipment	20%
Computer equipment	30%
Motor vehicles	30%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of comprehensive income in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases are charged to the statement of comprehensive income on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss and loans and receivables, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. These net fair value changes do not include any dividends on these financial assets, which are recognised in accordance with the policy set out for "Revenue recognition" below.

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial assets or held-to- maturity investments depends on the nature of the assets.

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income in the statement of comprehensive income. The loss arising from impairment is recognised in the statement of comprehensive income in other expenses.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each of the Track Record Period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "**loss event**") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. Interest income continues to be accrued as the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the statement of comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as loans and borrowings. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement

After initial recognition, loans and borrowings are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in the statement of comprehensive income.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transactions costs.

Cash and cash equivalents

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the combined statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the Track Record Period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of comprehensive income.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Track Record Period, taking into consideration interpretations and practices prevailing in the countries where the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Track Record Period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Track Record Period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Track Record Period and are recognised to the extent it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Track Record Period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) investment brokerage commission income, on an accrual basis when brokerage services are rendered and in accordance with the terms of the underlying agreements with the product issuers;

(b) insurance and pension scheme brokerage commission income, on an accrual basis based on the commissioning of the respective insurance policy and pension scheme;

(c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(d) dividend income, when the shareholders' right to receive payment has been established.

Employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of the Track Record Period is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of each of the Track Record Period for the expected future cost of such paid leave earned during the year by the employees and carried forward.

Dividends

Dividends are simultaneously proposed and declared. Consequently, dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The Financial Information is presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of each of the Track Record Period. All differences are taken to the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Financial Information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of each of the Track Record Period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Income tax provisions

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates the tax implications of transactions and tax provisions are made accordingly.

The tax treatment of such transactions is assessed periodically to take into account all the changes in the tax legislations and practices.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Track Record Period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each of the Track Record Period. Definite life non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of loans and receivables

The Group assesses at the end of each of the Track Record Period whether there is any objective evidence that a loan and receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

The Group maintains an allowance for estimated impairment of receivables arising from the inability of its debtors to make the required payments. The Group makes its estimates based on the ageing of its receivable balances, debtors' creditworthiness, past repayment history and historical write-off experience. If the financial condition of its debtors was to deteriorate so that the actual impairment loss might be higher than expected, the Group would be required to revise the basis of making the allowance.

Useful lives and residual values of property, plant and equipment

In determining the useful life and residual value of an item of property, plant and equipment, the Group has to consider various factors, such as expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional or reduction depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at the end of each of the Track Record Period based on changes in circumstances.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Estimation of commission clawback

The Group reviews the carrying amount of commission clawback at the end of each of the Track Record Period and estimates the expected cash outflows related to commission clawback. The estimation requires the Group to make estimates of the expected future occurrence of commission clawback by the product issuers and the expenditure required to settle the obligations. Details of the commission clawback are set out in note 22 to the Financial Information.

5. SEGMENT INFORMATION

During the Track Record Period, all of the Group's revenue and operating profit are generated from the provision of financial planning and insurance brokerage services in Hong Kong. Revenue represents brokerage commission income earned from product issuers. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and assessment performance, is focused on the operating results of the Group as a whole as the Group's resources are integrated and no discrete financial information is available. Accordingly, no segment analysis is presented.

All of the Group's revenue from external customers and non-current assets were generated from and located in Hong Kong during the Track Record Period.

Information about product issuers

Revenue from major product issuers, each of them amounted to 10% or more of the Group's revenue, is set out below:

	Year ended 31 December		
	2007	2008	2009
	HK$'000	HK$'000	HK$'000
Product issuer A	323,756	267,143	197,477
Product issuer B	190,172	207,923	187,481
Product issuer C*	103,254	—	—

Note:

* The revenue from product issuer C for the years ended 31 December 2008 and 2009 amounted to less than 10% of the Group's revenue for the respective years.

6. REVENUE, OTHER INCOME AND GAINS, NET

Revenue, which is also the Group's turnover, represents the aggregate of investment brokerage commission income and insurance and pension scheme brokerage commission income earned during the Track Record Period.

An analysis of revenue, other income and gains, net is as follows:

	Year ended 31 December		
	2007	2008	2009
	HK$'000	HK$'000	HK$'000
Revenue			
Investment brokerage commission income	633,873	552,943	451,637
Insurance brokerage commission income	1,743	410	3,391
Pension scheme brokerage commission income	452	930	559
	636,068	554,283	455,587
Other income and gains, net			
Interest income	2,045	288	16
Dividend income from a listed investment	1	3	1
Gain on disposal of items of property, plant and equipment	296	—	—
Fair value gain/(loss) on an equity investment at fair value through profit or loss	140	(159)	109
Others	252	75	82
Total other income and gains, net	2,734	207	208

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December 2007 HK$'000	2008 HK$'000	2009 HK$'000
Employee benefit expenses (including directors' remuneration — note 8):				
Salaries, allowances, bonuses and benefits in kind		49,050	60,578	42,733
Pension scheme contributions		2,467	2,991	2,176
		51,517	63,569	44,909
Other expenses:				
Minimum lease payments under operating leases:				
Land and buildings		25,480	33,742	38,523
Equipment		115	516	97
		25,595	34,258	38,620
Rates and management fees		7,896	9,943	9,846
Marketing expenses		17,523	20,178	11,436
Welfare and benefits to the consultants		4,011	4,939	3,231
Auditors' remuneration		690	615	260
Legal and professional fees		2,705	1,361	497
Office expenses		14,166	15,664	12,127
Office removal expenses		—	3,340	2,428
Travelling and entertainment expenses		2,046	3,686	840
Administrative service fees	28(a)	—	1,090	1,412
Impairment of accounts receivable	15	—	161	—
Impairment/(reversal of impairment) of other receivables, net	16	1,834	1,430	(592)
Foreign exchange differences, net		(1)	5	67
Others		4,591	9,968	8,710
Total other expenses		81,056	106,638	88,882

8. DIRECTORS' REMUNERATION

No directors' remuneration was paid by the Company during the Track Record Period. Details of directors' remuneration paid and payable to the directors of the Group's operating subsidiary for the Track Record Period are as follows:

	Year ended 31 December 2007 HK$'000	2008 HK$'000	2009 HK$'000
Fees	—	—	—
Other emoluments:			
Salaries, allowances, and benefits in kind	3,246	5,227	1,691
Discretionary bonuses	4,027	877	345
Pension scheme contributions	612	523	69
	7,885	6,627	2,105
Total	7,885	6,627	2,105

Included in the directors' remuneration were rental benefits for accommodation provided to directors of HK$799,000, HK$892,000 and HK$572,000 during the years ended 31 December 2007, 2008 and 2009, respectively.

The remuneration of each of the directors of the Group's operating subsidiary for the Track Record Period is set out below:

	Fees	Salaries, allowances, and benefits in kind	Discretionary bonuses	Pension scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 December 2007					
Executive directors					
Mr. Chan Chi Keung	—	674	870	162	1,706
Mr. Chan Tsz Kin, Ernest	—	643	870	115	1,628
Ms. Fong Sut Sum	—	702	924	89	1,715
Mr. Lee Kwok Yin, Denthur	—	560	427	132	1,119
Mr. Wong Lee Man	—	667	936	114	1,717
	—	3,246	4,027	612	7,885
Year ended 31 December 2008					
Executive directors					
Mr. Chan Chi Keung	—	1,058	79	152	1,289
Mr. Chan Tsz Kin, Ernest	—	1,117	327	12	1,456
Ms. Fong Sut Sum	—	1,120	156	120	1,396
Mr. Lee Kwok Yin, Denthur	—	905	126	119	1,150
Mr. Wong Lee Man	—	1,027	189	120	1,336
	—	5,227	877	523	6,627
Year ended 31 December 2009					
Executive directors					
Mr. Chan Chi Keung	—	202	—	15	217
Mr. Chan Tsz Kin, Ernest	—	531	69	12	612
Ms. Fong Sut Sum	—	109	69	10	188
Mr. Lee Kwok Yin, Denthur	—	85	—	10	95
Mr. Wong Lee Man	—	198	—	10	208
Mr. Ng Ka Wai, Eric*	—	225	69	6	300
Mr. Mak Kwong Yiu, Mark*	—	340	69	6	415
Mr. Shin Kin Man, Henry*	—	1	69	—	70
	—	1,691	345	69	2,105

Note:

* Appointed as directors of the Company's operating subsidiary on 1 July 2009.

There were no arrangements under which a director waived or agreed to waive any remuneration during the Track Record Period.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees included four, five and nil directors for each of the years ended 31 December 2007, 2008 and 2009, respectively, details of whose remuneration are disclosed in note 8 above. Details of the remuneration of the one, nil and five non-director, highest paid employees for the years ended 31 December 2007, 2008 and 2009, respectively, are as follows:

	Year ended 31 December		
	2007	2008	2009
	HK$'000	HK$'000	HK$'000
Salaries, allowances and bonuses	1,701	—	3,348
Pension scheme contributions	87	—	60
	1,788	—	3,408

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees		
	2007	2008	2009
Nil to HK$1,000,000	—	—	5
HK$1,500,001 to HK$2,000,000	1	—	—
	1	—	5

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the 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.

Hong Kong profits tax has been provided at the rate of 17.5% for the year ended 31 December 2007 and 16.5% for the years ended 31 December 2008 and 2009 on the estimated assessable profits arising in Hong Kong during the Track Record Period.

	Year ended 31 December		
	2007	2008	2009
	HK$'000	HK$'000	HK$'000
Current — Hong Kong			
Charge for the year	22,707	6,277	8,633
Underprovision/(overprovision) in prior years	920	(263)	175
Deferred (note 14)	(592)	74	158
Total tax charge for the year	23,035	6,088	8,966

A reconciliation of the tax charge applicable to profit before tax at the Hong Kong statutory rate (the statutory tax rate for the jurisdiction in which the Group's operating subsidiary is domiciled) to the tax charge at the effective tax rate is as follows:

	Year ended 31 December		
	2007	2008	2009
	HK$'000	HK$'000	HK$'000
Profit before tax	124,429	37,598	47,080
Hong Kong statutory tax rate	17.5%	16.5%	16.5%
Tax charge at the statutory tax rate	21,775	6,204	7,768
Adjustments in respect of current tax of previous periods	920	(263)	175
Effect on opening deferred tax of decrease in rates	—	(52)	—
Income not subject to tax	(358)	(48)	(12)
Expenses not deductible for tax	699	547	748
Others	(1)	(300)	287
Tax charge at the effective rate	23,035	6,088	8,966

11. DIVIDENDS

No dividend has been paid or declared by the Company since its date of incorporation.

The dividends paid by a subsidiary of the Company to its then shareholder during the Track Record Period were as follows:

	Year ended 31 December		
	2007	2008	2009
	HK$'000	HK$'000	HK$'000
Dividends	100,000	7,500	72,000

The rates of dividends and the number of shares ranking for dividends are not presented as such information is not meaningful for the purpose of this report.

12. EARNINGS PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDER OF THE COMPANY

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the results of the Group for the Track Record Period on the combined basis as disclosed in note 2 above.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Furniture, fixtures and equipment	Computer equipment	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 December 2007					
At 1 January 2007:					
Cost	22,985	8,095	22,046	951	54,077
Accumulated depreciation	(12,137)	(3,184)	(10,243)	(723)	(26,287)
Net carrying amount	10,848	4,911	11,803	228	27,790
At 1 January 2007, net of accumulated depreciation	10,848	4,911	11,803	228	27,790
Additions	9,513	1,095	6,863	2,078	19,549
Disposals	—	—	—	(122)	(122)
Deprecation provided during the year	(6,481)	(1,456)	(6,415)	(381)	(14,733)
At 31 December 2007, net of accumulated depreciation	13,880	4,550	12,251	1,803	32,484
At 31 December 2007:					
Cost	32,498	9,190	28,909	2,078	72,675
Accumulated depreciation	(18,618)	(4,640)	(16,658)	(275)	(40,191)
Net carrying amount	13,880	4,550	12,251	1,803	32,484
31 December 2008					
At 31 December 2007 and at 1 January 2008:					
Cost	32,498	9,190	28,909	2,078	72,675
Accumulated depreciation	(18,618)	(4,640)	(16,658)	(275)	(40,191)
Net carrying amount	13,880	4,550	12,251	1,803	32,484
At 1 January 2008, net of accumulated depreciation	13,880	4,550	12,251	1,803	32,484
Additions	13,311	3,422	5,373	1,560	23,666
Deprecation provided during the year	(7,592)	(1,670)	(6,370)	(852)	(16,484)
At 31 December 2008, net of accumulated depreciation	19,599	6,302	11,254	2,511	39,666
At 31 December 2008:					
Cost	30,172	12,612	34,282	3,638	80,704
Accumulated depreciation	(10,573)	(6,310)	(23,028)	(1,127)	(41,038)
Net carrying amount	19,599	6,302	11,254	2,511	39,666

	Leasehold improvements	Furniture, fixtures and equipment	Computer equipment	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 December 2009					
At 31 December 2008 and at 1 January 2009:					
Cost	30,172	12,612	34,282	3,638	80,704
Accumulated depreciation	(10,573)	(6,310)	(23,028)	(1,127)	(41,038)
Net carrying amount	19,599	6,302	11,254	2,511	39,666
At 1 January 2009, net of accumulated depreciation	19,599	6,302	11,254	2,511	39,666
Additions	3,424	2,338	2,445	793	9,000
Deprecation provided during the year	(6,881)	(2,566)	(5,995)	(1,293)	(16,735)
At 31 December 2009, net of accumulated depreciation	16,142	6,074	7,704	2,011	31,931
At 31 December 2009:					
Cost	26,069	14,950	36,727	4,431	82,177
Accumulated depreciation	(9,927)	(8,876)	(29,023)	(2,420)	(50,246)
Net carrying amount	16,142	6,074	7,704	2,011	31,931

14. DEFERRED TAX

The movements in deferred tax liabilities and assets during the Track Record Period are as follows:

	Depreciation allowance in excess of related deprecation	Others	Total
	HK$'000	HK$'000	HK$'000
Deferred tax assets/(liabilities) at 1 January 2007	(1,046)	1,369	323
Deferred tax credited to the statement of comprehensive income during the year (note 10)	570	22	592
Deferred tax assets/(liabilities) at 31 December 2007 and at 1 January 2008	(476)	1,391	915
Deferred tax credited/(debited) to the statement of comprehensive income during the year (note 10)	(797)	723	(74)
Deferred tax assets/(liabilities) at 31 December 2008 and at 1 January 2009	(1,273)	2,114	841
Deferred tax credited/(debited) to the statement of comprehensive income during the year (note 10)	438	(596)	(158)
Deferred tax assets/(liabilities) at 31 December 2009	(835)	1,518	683

For the purpose of the combined statements of financial position presentation, the deferred tax assets and liabilities that related to the same taxable entity and the same taxation authority have been offset. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December		
	2007	2008	2009
	HK$'000	HK$'000	HK$'000
Net deferred tax assets recognised in the combined statements of financial position	915	841	683

15. ACCOUNTS RECEIVABLE

	As at 31 December		
	2007	2008	2009
	HK$'000	HK$'000	HK$'000
Accounts receivable	32,232	14,809	17,139
Impairment	(336)	(497)	—
	31,896	14,312	17,139

Accounts receivable represented brokerage commission receivable which is generally settled within 45 days upon the execution of the insurance policies and/or receipt of statements from product issuers.

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. Accounts receivable are non-interest-bearing.

An aged analysis of accounts receivable of the Group as at the end of each of the Track Record Period, based on the date of recognition of revenue and net of provisions, is as follows:

	As at 31 December		
	2007	2008	2009
	HK$'000	HK$'000	HK$'000
Within one month	31,896	12,084	17,139
1 to 2 months	—	2,228	—
	31,896	14,312	17,139

The movements in the provision for impairment of accounts receivable are as follows:

	As at 31 December		
	2007	2008	2009
	HK$'000	HK$'000	HK$'000
At 1 January	336	336	497
Impairment losses recognised (note 7)	—	161	—
Amount written off as uncollectible	—	—	(497)
At 31 December	336	497	—

Included in the above provision for impairment of accounts receivable is a provision for individually impaired accounts receivable of HK$336,000 and HK$497,000 as at 31 December 2007 and 2008, respectively, with carrying amounts before provision of HK$502,000 and HK$497,000 as at 31 December 2007 and 2008, respectively. Such provision was determined after taking into account the ageing of the respective account receivable balances, the creditworthiness of the customers, their repayment history and their historical write-off experience. Such receivables are not expected to be fully recovered. The Group does not hold any collateral or other credit enhancements over these balances.

The aged analysis of the accounts receivable that are not considered to be impaired is as follows:

	As at 31 December		
	2007	2008	2009
	HK$'000	HK$'000	HK$'000
Neither past due nor impaired	31,730	12,097	17,139
Less than 1 month past due	—	2,215	—
	31,730	14,312	17,139

Receivables that were neither past due nor impaired relate to a number of reputable customers for whom there has been 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, the directors of the Group's operating subsidiary company are of the opinion that no provision for impairment 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. The Group does not hold any collateral or other credit enhancements over these balances.

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December		
	2007	**2008**	**2009**
	HK$'000	**HK$'000**	**HK$'000**
Other receivables	6,713	10,334	20,329
Impairment	(3,385)	(4,815)	(4,223)
	3,328	5,519	16,106
Prepayments	1,165	1,363	851
Deposits	15,154	7,696	3,858
Total prepayments, deposits and other receivables	19,647	14,578	20,815

Apart from the other receivable balances of HK$801,000 as at 31 December 2009 which bore interest at rates ranging from 2% to 8% per annum and an other receivable balance of HK$2,000,000 as at 31 December 2008 and 2009 which bore interest at 4% per annum, the remaining balances are non-interest-bearing.

The movements in provision for impairment of other receivables are as follows:

	As at 31 December		
	2007	**2008**	**2009**
	HK$'000	**HK$'000**	**HK$'000**
At 1 January	1,551	3,385	4,815
Impairment losses recognised (note 7)	1,834	1,430	2,443
Impairment losses reversed (note 7)	—	—	(3,035)
At 31 December	3,385	4,815	4,223

Included in the above provision for impairment of other receivables is a provision for individually impaired other receivables of HK$3,385,000, HK$4,815,000 and HK$4,223,000 as at 31 December 2007, 2008 and 2009, respectively, with a carrying amount before provision of HK$4,744,000, HK$6,577,000 and HK$15,420,000 as at 31 December 2007, 2008 and 2009, respectively. Such provision was determined after taking into account the ageing of the respective receivable balances, the creditworthiness of the debtors, their repayment history and their historical write-off experience. Such receivables are not expected to be fully recovered. The Group does not hold any collateral or other credit enhancements over these balances.

The aged analysis of other receivables that are not considered to be impaired is as follows:

	As at 31 December		
	2007	**2008**	**2009**
	HK$'000	**HK$'000**	**HK$'000**
Neither past due nor impaired	1,355	3,236	2,826
Less than 1 month past due	441	26	444
1 month to 2 months past due	173	43	97
Over 3 months past due	—	452	1,542
	1,969	3,757	4,909

Receivables that were neither past due nor impaired relate to a large number of debtors for whom there has been no recent history of default.

Receivables that were past due but not impaired relate to a number of independent debtors that have a good track record with the Group. Based on past experience, the directors of the Group's operating subsidiary are of the opinion that no provision for impairment 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. The Group does not hold any collateral or other credit enhancements over these balances, except for other receivables as at 31 December 2009 amounting to HK$329,000 which were secured by personal guarantees and an other receivable as at 31 December 2008 and 2009 amounting to HK$2,000,000 which was secured by the entire share capital of two private limited companies incorporated in Hong Kong.

17. EQUITY INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December		
	2007	2008	2009
	HK$'000	HK$'000	HK$'000
Listed equity investment, at fair value:			
Hong Kong	288	129	238

The fair value of the listed equity investment is based on quoted market price.

18. BALANCES WITH RELATED PARTIES

		As at 31 December		
	Notes	2007	2008	2009
		HK$'000	HK$'000	HK$'000
Due from related parties:				
Convoy Asset Management Limited	(a)	12,860	—	—
Convoy Beijing Limited	(a)	—	48	—
Convoy Collateral Limited ("**CCL**")	(a)	12,013	8,875	—
Convoy Investment Holding Limited	(a)	44,216	74,119	—
Kerberos (Nominee) Limited ("**Kerberos**")	(b)	5,440	5,440	—
Prosper Ocean Investments Limited	(a)	10	—	—
Winus Holdings Limited	(a)	1	1	—
		74,540	88,483	—
Due to a related party:				
CFG		9,248	14,743	—

All balances with related parties are non-trade in nature, interest-free, unsecured and have no fixed terms of repayment.

Notes:

(a) These companies are owned and controlled by CFG, the parent of the Company.

(b) Kerberos is a subsidiary of the ultimate holding company of the Company.

19. CASH AND CASH EQUIVALENTS

	As at 31 December		
	2007	2008	2009
	HK$'000	HK$'000	HK$'000
Cash and bank balances	48,232	18,478	83,755
Time deposits	242	3,394	—
Cash and cash equivalents	48,474	21,872	83,755

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

20. ACCOUNTS PAYABLE

Accounts payable represented commission payable for brokerage of investment schemes and insurance products which are generally settled within 30 days to 120 days upon receipt of payments from product issuers by the Group.

An aged analysis of accounts payable as at the end of each of the Track Record Period is as follows:

	As at 31 December		
	2007	2008	2009
	HK$'000	HK$'000	HK$'000
Within 1 month	36,187	13,850	25,483
1 to 2 months	29,267	8,808	15,857
2 to 3 months	12,340	8,552	18,265
Over 3 months	14,960	16,746	15,960
	92,754	47,956	75,565

Accounts payable are non-interest-bearing. Included in the Group's accounts payable as at 31 December 2009 were commission payable to the spouse and cousins of a director of the Group's operating subsidiary who are consultants of the Group, totalling HK$1,356,000, which are payable on similar terms to other consultants of the Group.

21. OTHER PAYABLES AND ACCRUALS

	As at 31 December		
	2007	2008	2009
	HK$'000	HK$'000	HK$'000
Other payables	8,224	8,642	4,513
Accruals	10,774	9,296	15,070
	18,998	17,938	19,583

22. COMMISSION CLAWBACK

The Group is entitled to receive investment brokerage commission income from various product issuers for business referral and introduction. The commission is calculated based on pre-determined percentages of the regular contributions by the Group's customers to these product issuers. Pursuant to the terms of the agreements entered into between the Group and these product issuers, the commission paid by the product issuers to the Group is subject to a commission clawback by the product issuers on a pro-rata basis over an indemnified period. The indemnified period is generally from 6 months to 24 months. In the event that a customer terminates the regular contribution within the indemnified period, the product issuers will clawback the relevant commission. The amount of the commission clawback represents expected cash outflows which are estimated with reference to the sales volume, past experience of the levels of clawback, and the directors' best estimates of the expenditure required to settle the obligations. The estimation basis is reviewed on an ongoing basis and revised by the directors where appropriate.

23. ISSUED CAPITAL

The Company was incorporated in the Cayman Islands on 12 March 2010, with authorised share capital of HK$100,000,000 divided into 1,000,000,000 ordinary shares of HK$0.10 each. Save for the aforesaid and the Reorganisation, the Company has not conducted any business since the date of its incorporation.

24. CONTINGENT LIABILITIES

At the end of each of the Track Record Period, neither the Group nor the Company had any significant contingent liabilities.

25. NOTE TO THE COMBINED STATEMENTS OF CASH FLOWS

Major non-cash transaction

During the year ended 31 December 2008, dividends of HK$7,500,000 to CFG, the then shareholder of a subsidiary of the Company, were settled through the current account balance with CFG.

26. OPERATING LEASE ARRANGEMENTS

The Group leases its office properties, staff quarters and certain equipment under operating lease arrangements. Leases for properties, staff quarters and equipment are negotiated for terms ranging from two to six years.

At the end of each of the Track Record Period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 December		
	2007	2008	2009
	HK$'000	HK$'000	HK$'000
Within one year	29,307	45,587	35,991
In the second to fifth years, inclusive	30,881	127,617	52,249
After five years	—	1,392	—
	60,188	174,596	88,240

27. CAPITAL COMMITMENT

The Group had the following capital commitment at the end of each of the Track Record Period.

	As at 31 December		
	2007	2008	2009
	HK$'000	HK$'000	HK$'000
Contracted, but not provided for:			
Acquisition of items of office and computer equipment	29	—	—

28. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the Financial Information, the Group had the following material transactions with related parties during the Track Record Period.

		As at 31 December		
	Notes	2007	2008	2009
		HK$'000	HK$'000	HK$'000
Recurring transactions:				
Commission expenses to:				
Spouse of a key management personnel/director*	(i)	—	—	1,789
Cousins of a key management personnel/director*	(i)	—	—	3,087
Administrative services fees charged by CCL	(ii)	—	1,090	1,412

* The key management personnel was appointed as a director of the Group's operating subsidiary on 1 July 2009.

Notes:

(i) They are consultants of the Group. The commission expenses were determined based on the volume of brokerage transactions executed by them for the accounts of the Group. The commissions offered to them are substantially in line with those offered to other consultants of the Group.

(ii) CCL is a subsidiary of CFG. The administrative services fees were charged by CCL based on terms agreed between the two parties.

(b) Compensation of key management personnel of the Group:

	As at 31 December		
	2007	2008	2009
	HK$'000	HK$'000	HK$'000
Salaries, allowances, bonuses and benefits in kind	9,201	7,219	2,665
Pension scheme contributions	707	657	91
	9,908	7,876	2,756

Further details of directors' emoluments are included in note 8 to the Financial Information.

29. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of the categories of financial instruments as at the end of each of the Track Record Period are as follows:

Financial assets

	Financial assets at fair value through profit or loss — held for trading			Loans and receivables			Total		
	2007	2008	2009	2007	2008	2009	2007	2008	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Equity investment at fair value through profit or loss	288	129	238	—	—	—	288	129	238
Accounts receivable	—	—	—	31,896	14,312	17,139	31,896	14,312	17,139
Financial assets included in prepayments, deposits and other receivables	—	—	—	18,482	22,626	26,915	18,482	22,626	26,915
Due from related parties	—	—	—	74,540	88,483	—	74,540	88,483	—
Cash and cash equivalents	—	—	—	48,474	21,872	83,755	48,474	21,872	83,755
	288	129	238	173,392	147,293	127,809	173,680	147,422	128,047

Financial liabilities

	Financial liabilities at amortised cost		
	As at 31 December		
	2007	2008	2009
	HK$'000	HK$'000	HK$'000
Accounts payable	92,754	47,956	75,565
Financial liabilities included in other payables and accruals	16,616	12,265	18,914
Due to a related party	9,248	14,743	—
Commission clawback	5,050	7,993	5,913
	123,668	82,957	100,392

30. FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs).

As at 31 December 2007, 2008 and 2009, the Group held the following financial asset measured at fair value:

	Level 1	Level 1	Level 1
	2007	2008	2009
	HK$'000	HK$'000	HK$'000
Equity investment at fair value through profit or loss (note 17)	288	129	238

During the years ended 31 December 2007, 2008 and 2009, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents and amounts due to related parties. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as accounts receivable, deposits and other receivables, balances with related parties, accounts and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing financial assets. Cash at banks earns interest at floating rates based on daily bank deposit rates.

Credit risk

The Group conducts business only with recognised and creditworthy third parties. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's financial assets, which comprise accounts receivable, deposits and other receivables, amounts due from related companies and fellow subsidiaries and bank balances, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

As at 31 December 2007, 2008 and 2009, the Group had certain concentrations of credit risk as 38%, 62% and 53%, and 96%, 98% and 95% of the Group's accounts receivable were due from the Group's largest product issuers and the five largest product issuers, respectively.

Further quantitative data in respect of the Group's exposure to credit risk arising from accounts receivable and other receivables are disclosed in notes 15 and 16 to the Financial Information, respectively.

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group also maintains a balance between continuity of funding and flexibility through the funding from a holding company.

The maturity profile of the Group's financial liabilities as at the end of each of the Track Record Period, based on the contractual undiscounted payments, was as follows:

	2007			
	No fixed terms of repayment/ On demand	Less than 3 months	3 to less than 12 months	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Accounts payable	—	80,501	12,253	92,754
Financial liabilities included in other payables and accruals	—	16,616	—	16,616
Due to a related party	9,248	—	—	9,248
Commission clawback	5,050	—	—	5,050
	14,298	97,117	12,253	123,668

	2008			
	No fixed terms of repayment/ On demand	Less than 3 months	3 to less than 12 months	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Accounts payable	—	35,723	12,233	47,956
Financial liabilities included in other payables and accruals	—	12,265	—	12,265
Due to a related party	14,743	—	—	14,743
Commission clawback	7,993	—	—	7,993
	22,736	47,988	12,233	82,957

	2009			
	No fixed terms of repayment/ On demand	Less than 3 months	3 to less than 12 months	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Accounts payable	—	65,325	10,240	75,565
Financial liabilities included in other payables and accruals	—	18,914	—	18,914
Commission clawback	5,913	—	—	5,913
	5,913	84,239	10,240	100,392

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain a healthy capital ratio in order to support its business and to enhance the shareholder's value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements except for a subsidiary registered under the Insurance Companies Ordinance of Hong Kong which is subject to the relevant minimum capital requirement. During the Track Record Period, that subsidiary complied with such external imposed capital requirement at all times by maintaining both minimum paid up share capital and minimum net assets of HK$100,000. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period.

Capital of the Group comprises all components of the shareholder's equity.

III. SUBSEQUENT EVENTS

The companies now comprising the Group underwent and completed a Reorganisation on 21 June 2010 in preparation for the listing of the shares of the Company on the Stock Exchange. Further details of the Reorganisation are set out in the section headed "Corporate reorganisation" in the Appendix V to the Prospectus. As a result of the Reorganisation, the Company became the holding company of the subsidiaries now comprising the Group.

On 23 June 2010, written resolutions of the sole shareholder of the Company were passed to approve the matters set out in the section headed "Written resolutions of the sole shareholder of our Company passed on 23 June 2010" in Appendix V to the Prospectus.

IV. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group and the Company in respect of any period subsequent to 31 December 2009.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong