THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in CONVOY FINANCIAL SERVICES HOLDINGS LIMITED, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

CONVOY FINANCIAL SERVICES HOLDINGS LIMITED
康宏理財控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1019)

MAJOR TRANSACTION

23 December 2011

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"Accredited Investor"	means accredited investor as defined in s4A SFA
"Board"	means the board of Directors
"Business Day"	means any day (not being a Saturday, a Sunday and a public holiday) on which licensed banks in Singapore and Hong Kong are generally open for business throughout their normal business hours
"CFG"	means Convoy Financial Group Limited, a company incorporated in the British Virgin Islands with limited liability
"Company"	means Convoy Financial Services Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
"Director(s)"	means the director(s) of the Company
"Enlarged Group"	means the Group as enlarged by the Transaction(s) immediately upon completion of the Sale & Purchase Agreement
"Escrow Agent"	means Convoy Investment Services Limited, a company incorporated in Hong Kong with limited liability
"Financial Adviser"	means financial adviser as defined in Financial Advisers Act, Cap 110 of the laws of Singapore, and engaged by the Target Group to provide investment advisory services and financial planning services to customers and potential customers
"Group"	means the Company and its subsidiaries (as the same is defined in the Companies Ordinance (Chapter 32 of the Laws of Hong Kong))
"HK$"	means Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	means Hong Kong Special Administrative Region of the People's Republic of China
"IFRSs"	means the International Financial Reporting Standards

"ILAS"	means the acronym for Investment-linked Assurance Scheme, an insurance policy of the "linked long term" class as defined in First Schedule, Part 2 of the Insurance Companies Ordinance (Chapter 41 of the Laws of Hong Kong), as amended and supplemented from time to time
"Latest Practicable Date"	means 21 December 2011, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"Listing Rules"	means the Rules Governing the Listing of Securities on the Stock Exchange
"Offer"	means the conditional general offer made by the Purchaser in accordance with the terms of the Sale & Purchase Agreement
"PRC"	means the People's Republic of China
"Purchaser"	means Great Performer Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Company
"RMB"	means Renminbi, the lawful currency of the PRC
"S$"	means Singapore dollars, the lawful currency of Singapore
"Sale & Purchase Agreement"	means the sale and purchase agreement dated 27 July 2011 entered into between the Purchaser and the Vendors in respect of the Offer and the Transaction(s)
"SFA"	means Securities and Future Act, Cap 289 of the law of Singapore
"Share(s)"	means ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	means holder(s) of the Share(s)
"Signing Shareholders"	means, collectively, the Vendor 1, the Vendor 2, the Vendor 3, the Vendor 4, the Vendor 5, the Vendor 6, the Vendor 7, the Vendor 8, the Vendor 9 and the Vendor 10, who, to the best knowledge, information and belief of the Directors, as at the date of the Sale & Purchase Agreement, are the holders of 11,236,905 shares of the Target Company (representing approximately 75.11% of the entire issued share capital of the Target Company)
"Singapore"	means the Republic of Singapore

"Stock Exchange"	means The Stock Exchange of Hong Kong Limited
"Target Company"	means IPP FINANCIAL SERVICES HOLDINGS LTD, a company incorporated in Singapore with limited liability
"Target Group"	means the Target Company and its subsidiaries (as defined under the Companies Act, Cap. 50 of the laws of Singapore)
"Transaction(s)"	means the proposed acquisition of the shares in the Target Company in accordance with the Sale & Purchase Agreement and the transaction(s) contemplated under the Sale & Purchase Agreement
"Vendor 1"	means Grand Score Limited, a company incorporated in the British Virgin Islands with limited liability, one of the Signing Shareholders
"Vendor 2"	means Cony Limited, a company incorporated in the British Virgin Islands with limited liability, one of the Signing Shareholders
"Vendor 3"	means Stable Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, one of the Signing Shareholders
"Vendor 4"	means Chua Seng Wee Leslie, one of the Signing Shareholders
"Vendor 5"	means Victor Ang, one of the Signing Shareholders
"Vendor 6"	means Dieu Eng Seng, one of the Signing Shareholders
"Vendor 7"	means Lim Jui Khiang, one of the Signing Shareholders
"Vendor 8"	means Wilson Teh Boon Piaw, one of the Signing Shareholders
"Vendor 9"	means Yeo Poh Tin, one of the Signing Shareholders
"Vendor 10"	means Leong Sow Hoe, one of the Signing Shareholders
"Vendors"	means the shareholders of the Target Company who have validly accepted the Offer in accordance with the Sale & Purchase Agreement
"%"	means per cent.

* *For the purpose of this circular, unless otherwise indicated, the exchange rates of S$1.00 = HK$6.4896 and RMB1.00 = HK$1.2286 have been used for currency translation. Such exchange rates are for the purpose of illustration only and do not constitute a representation that any amount in RMB, HK$ or S$ have been, could have been or may be converted at such or any other rate or at all.*

CONVOY FINANCIAL SERVICES HOLDINGS LIMITED
康宏理財控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1019)

Executive Directors:
Mr. Wong Lee Man *(Chairman)*
Ms. Fong Sut Sam
Mr. Mak Kwong Yiu

Independent Non-Executive Directors:
Mrs. Fu Kwong Wing Ting, Francine
Dr. Wu Ka Chee, Davy
Mr. Ma Yiu Ho, Peter

Registered Office:
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Cayman Islands

Head Office and principal place of business in Hong Kong:
34th Floor
One Island East
18 Westlands Road
Island East, Hong Kong

23 December 2011

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

INTRODUCTION

On 27 July 2011, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale & Purchase Agreement with the Signing Shareholders and made the Offer to all the shareholders of the Target Company to purchase their respective shares of the Target Company.

The purpose of this circular is to provide the Shareholders with further information in relation to the Transaction(s). Details of the Transaction(s) are as follows:

SALE & PURCHASE AGREEMENT

Date 27 July 2011

Parties (i) the Purchaser (an indirect wholly-owned subsidiary of the Company)

(ii) the Signing Shareholders

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Vendors and the ultimate beneficial owner of the respective counterparties are third parties independent to the Company and its connected person(s) (as defined under the Listing Rules). Save for the Vendor 1, the Vendor 2 and the Vendor 3, all of the Vendors are individuals.

Transaction(s)

The Board is pleased to announce that on 27 July 2011 (after trading hours), the Purchaser entered into the Sale & Purchase Agreement with the Signing Shareholders whereby the Purchaser made the Offer to all the shareholders of the Target Company to purchase their respective shares of the Target Company on the conditions that the Purchaser shall have received from the shareholders of the Target Company by 5 August 2011 (a) the valid acceptances in respect of the number of shares of the Target Company amounting to a minimum of 75% or more of the voting rights attributable to the issued share capital of the Target Company; and (b) documentary evidence to the Purchaser's satisfaction that the sale and purchase of shares of the Target Company is not subject to any pre-emption rights of any shareholders of the Target Company and/or any pre-emption rights have been duly waived. In case where the said condition (a) is satisfied but the said condition (b) is not satisfied on 5 August 2011, there will be a further period of 21 calendar days for the satisfaction of the said condition (b).

To the best knowledge, information and belief of the Directors, the Purchaser has received from the shareholders of the Target Company by 5 August 2011 the valid acceptances of the Offer, representing 100% of the voting rights attributable to the issued share capital of the Target Company and documentary evidence to the Purchaser's satisfaction that any pre-emptive rights in respect of the sale and purchase of shares of the Target Company have been duly waived. The said conditions (a) and (b) above were satisfied on 5 August 2011.

Upon the satisfaction of the above conditions, the shareholders of the Target Company who have validly accepted the Offer, being holders of 14,960,613 shares of the Target Company (representing 100% of the entire issued share capital of the Target Company), shall be deemed to be the Vendors to the Sale & Purchase Agreement and to have signed the Sale & Purchase Agreement. The Sale & Purchase Agreement shall form the final and binding sale and purchase agreement whereby the Purchaser has agreed to purchase and the Vendors have agreed to sell the respective shares held by them.

Subsequently, as mentioned in the Company's announcement dated 5 December 2011, certain conditions precedent to the Sale & Purchase Agreement have not been fulfilled, the Purchaser invited all the Vendors, being the holders of 14,960,613 shares of the Target Company (representing 100% of the entire issued share capital of the Target Company) to enter into an agreement to extend the completion date of the Sale & Purchase Agreement (the "Completion Date") to such date and time as should be notified by the Purchaser following the satisfaction or waiver of all or any of the conditions precedent to the Sale & Purchase Agreement. However, such date is expected to be a date not later than 31 March 2012. To the best knowledge, information and belief of the Directors, as at the Latest Practicable Date, 23 Vendors, being the holders of 12,426,734 shares of the Target Company (representing approximately 83.063% of the entire issued share capital of the Target Company), have agreed on the said extension of the Completion Date, 6 Vendors, being the holders of 2,433,879 shares of the Target Company (representing approximately 16.269% of the entire issued share capital of the Target Company), have not confirmed the said extension of the Completion Date and 1 Vendor, being the holder of 100,000 shares of the Target Company (representing approximately 0.668% of the entire issued share capital of the Target Company), has declined the said extension of the Completion Date. The Company has been advised by its Singaporean lawyers that the Completion Date mentioned in the Sale & Purchase Agreement between the Purchaser and the said 7 Vendors has lapsed and that unless the Purchaser and such Vendors can reach an agreement on the extension of the Completion Date on or before 31 March 2012, the Sale & Purchase Agreement between the Purchaser and the said 7 Vendors shall then be automatically terminated in accordance with the terms of the Sale & Purchase Agreement.

Save as aforesaid, all other terms in the Sale & Purchase Agreement remain in full force and effect and binding on the relevant parties.

Consideration

The consideration payable by the Purchaser for shares of and in the Target Company shall be a sum of up to a maximum of S$25,000,000 (equivalent to approximately HK$162,240,000) for 100% of the total number of issued shares in the Target Company as at the date of completion of the Sale & Purchase Agreement. In the event the total number of shares transferred to the Purchaser is less than 100% of the total number of issued shares in the Target Company as at the date of completion of the Sale & Purchase Agreement, the consideration shall be pro-rated accordingly. Payment for the shares will be made in two tranches on the completion date of the Sale & Purchase Agreement to the Escrow Agent. The first tranche (the "First Tranche") will be a maximum of S$10,000,000 (equivalent to approximately HK$64,896,000) (or, in the event that the total number of shares transferred to the Purchaser is less than 100% of the total number of issued shares in the Target Company, the sum pro-rated as aforesaid), whilst the second tranche (the "Second Tranche") will be of a maximum of S$15,000,000 (equivalent to approximately HK$97,344,000) (or, in the event that the total number of shares transferred to the Purchaser is less than 100% of the total number of issued shares in the Target Company, the sum pro-rated as aforesaid) to be paid to the Escrow Agent.

In consideration of the Purchaser making payment of the Second Tranche as aforesaid, the Vendors agree to severally guarantee that the Target Company will generate at least S$4,000,000 (equivalent to approximately HK$25,958,400) consolidated after-tax net profit in any four (4) consecutive quarters within the 24-month period from 1 January 2012 to 31 December 2013 (the "Profit Guarantee"). In the event the Profit Guarantee is not met and there is a shortfall in such guaranteed consolidated after-tax net profit, a proportionate amount of the Second Tranche will be refunded to the Purchaser in accordance with the following formula (the "Returned Consideration"):

[S$3 million – (actual consolidated after-tax net profit – S$1 million)] x 5

provided that:

(a) if the Returned Consideration is more or equal to S$15,000,000 (equivalent to approximately HK$97,344,000), the whole of the Second Tranche will be refunded to the Purchaser free of interest;

(b) if the Returned Consideration is less than or equal to S$0, it is deemed to be S$0, in which case, no part of the Second Tranche needs to be refunded to the Purchaser.

The calculation formula for the Profit Guarantee is determined based on arm's length negotiation between the Company and the Signing Shareholders and taking into account (i) the uncertainty of the Completion Date; (ii) the intention of the said parties that the calculation of the Profit Guarantee could be started to run immediately after the Completion Date if the Profit Guarantee is based on 4 consecutive quarters instead of financial year end of the Target Group; and (iii) the reasonable pricing of the transaction. The assessment of the Profit Guarantee is based on the 4 consecutive quarters within the period covered from 1 January 2012 to 31 December 2013 and also based on the figures of consolidated after-tax net profit for such 4 consecutive quarters which will be calculated by the accountants appointed by the Purchaser.

The final calculation of the consolidated after-tax net profit will be conducted by the accountants appointed by the Purchaser and be completed within two calendar months immediately after 31 December 2013. The Purchaser shall notify the Escrow Agent and the Vendors in writing the amount of the Returned Consideration within 7 Business Days upon confirmation by the accountants about the amount of the consolidated after-tax net profit. Within 7 Business Days of the Escrow Agent's receipt of the notification from the Purchaser, the Escrow Agent shall pay the Purchaser the Returned Consideration (if any) and pay the Vendors the remaining amount of the Second Tranche after deducting the Returned Consideration. The Returned Consideration and the remaining amount of the Second Tranche shall carry no interest.

The consideration payable by the Company under the Sale & Purchase Agreement is determined based on arm's length negotiations between the Company and the Signing Shareholders with reference to the Profit Guarantee given by the Vendors under the Sale & Purchase Agreement and the various factors set out in the section headed "Reasons for the Transaction(s)" below. The consideration will be satisfied by the funding from (i) internal resource of the Company in the amount of approximately HK$59,240,000; (ii) part of the net proceeds in the amount of approximately HK$23,000,000 raised from the Company's initial public offering on the Main Board of the Stock Exchange on 13 July 2010 reserved for the exploration of merger and acquisition opportunities and business collaboration with well-established companies; and/or (iii) proceeds in the amount of approximately HK$80,000,000 to be raised by the Company from the listing of Taiwan Depositary Receipts on the Taiwan Stock Exchange Corporation (the proposed listing of Taiwan Depositary Receipts was disclosed in the announcements of the Company dated 11 July 2011, 8 August 2011 and 5 September 2011).

Conditions Precedent

The Sale & Purchase Agreement shall be subject to and conditional upon the fulfilment or wavier of, among others, the following conditions precedent by the Purchaser:

(i) the approval by the Shareholders in general meeting of the purchase of the shares of the Target Company in accordance with the Sale & Purchase Agreement, if required;

(ii) all necessary legal and regulatory approvals have been obtained including but not limited to, the approvals of the Stock Exchange and the Hong Kong Securities and Futures Commission;

(iii) confirmation from the Stock Exchange, if required, that it has no comments on any circular(s) in respect of the purchase of the shares of the Target Company to be despatched to the Shareholders;

(iv) the consolidated net asset value of the Target Company as at the Completion Date will not fall below S$2,000,000 (equivalent to approximately HK$12,979,000) and there have been no material adverse change to the financial conditions, business operations or prospects of any of the members of the Target Group;

(v) the completion of the financial and legal due diligence investigations conducted by the Purchaser and its agents and professional advisers on the Target Group on or before the completion of the Sale & Purchase Agreement, and the result of such due diligence investigations being satisfactory to the Purchaser;

(vi) delivery of an acceptable disclosure letter to the Purchaser (where applicable); and

(vii) fulfilment of the undertakings given by the Vendors under the Sale & Purchase Agreement.

In the event that the conditions to the Offer are not fulfilled in accordance with the terms and conditions of the Sale & Purchase Agreement or the conditions precedent to the completion of the Sale & Purchase Agreement are not fulfilled or waived on or before 31 March 2012, the Sale & Purchase Agreement shall terminate and no party shall have any claim of any nature whatsoever against the other parties under the Sale & Purchase Agreement (save in respect of its accrued rights arising from any prior breach of the Sale & Purchase Agreement).

As at the Latest Practicable Date, the condition numbered (i) and (iii) have been fulfilled and other conditions remain outstanding for fulfillment. As at the Latest Practicable Date, the Purchaser has no intention to waive the conditions which have not been fulfilled yet.

Completion

The completion of the Sale & Purchase Agreement shall take place on a date and time as should be notified by the Purchaser following the satisfaction or waiver of all or any of the conditions precedent to the Sale & Purchase Agreement. However, such date is expected to be a date not later than 31 March 2012.

Upon completion of the Sale & Purchase Agreement, the Target Company will become an indirect subsidiary of the Company and its financial information will be consolidated into the Group.

INFORMATION ABOUT THE COMPANY AND THE GROUP

The Company is an investment holding company. The Group is principally engaged in the independent financial advisory ("IFA") business, including ILAS, traditional insurance and Mandatory Provident Fund scheme brokerage services. The principal place of business of the Group is Hong Kong. Subsequent to the completion of the Transaction(s), the principal places of business of the Enlarged Group are Hong Kong and Singapore.

INFORMATION ABOUT THE VENDOR 1, THE VENDOR 2 AND THE VENDOR 3

The Vendor 1, the Vendor 2 and the Vendor 3 are companies incorporated in the British Virgin Islands with limited liability and all of them are investment holding companies.

INFORMATION ABOUT THE TARGET COMPANY

The Target Company is a company incorporated in Singapore with limited liability. The Target Company is an investment holding company and the Target Group is principally engaged in the provision of investment advising, financial planning services and insurance brokerage services.

The audited consolidated net asset value of the Target Company as prepared in accordance with the IFRSs was approximately S$4,244,000 (equivalent to approximately HK$27,543,000) as at 31 December 2010. The audited consolidated net loss before and after taxation and extraordinary items of the Target Company as prepared in accordance with the IFRSs were approximately S$573,000 (equivalent to approximately HK$3,715,000) and S$577,000 (equivalent to approximately HK$3,746,000) respectively for the year ended 31 December 2010 while the audited consolidated net loss before and after taxation and extraordinary items of the Target Company as prepared in accordance with the IFRSs were approximately S$96,000 (equivalent to approximately HK$624,000) and S$96,000 (equivalent to approximately HK$624,000) respectively for the year ended 31 December 2009.

REASONS FOR THE TRANSACTION(S)

The Company is of the view that the Transaction(s) could strengthen the future development of the Group and facilitate the Group to implement the "regional expansion" strategy which aims at setting the Group as one of the largest quality independent financial advisory companies in Asia by way of acquisition and development of insurance agent, insurance broker, investment consultancy firm and independent financial advisory companies in the regions including the PRC (details of the said "regional expansion" strategy was disclosed in the annual report of the Company for the year ended 31 December 2010). The Company also considers that the Transaction(s) would let the Group have a useful platform to implement its business expansion in Singapore at a reasonable cost and timely fashion.

The consideration payable by the Purchaser was determined taking into account various factors including the Profit Guarantee and the price-to-sales ratio of the Target Company for the financial year ended 31 December 2010. The consideration of approximately S$1.67 (equivalent to approximately HK$10.84) payable by the Purchaser for each share of the Target Company and the consolidated revenue per each share of the Target Company for the financial year ended 2010 of approximately S$2.95 (equivalent to approximately HK$19.14) represents a price-to-sales ratio of about 0.57. The Directors consider the aforesaid price-to-sales ratio reasonable, taking into consideration the price-to-sales ratio of the Company which is engaged in similar business as the Target Group. The share price of the Company of approximately HK$2.06 as at the date of Sale & Purchase Agreement and the consolidated revenue per each share of the Company for the financial year ended 31 December 2010 of approximately HK$1.43 represents a price-to-sales ratio of about 1.44.

Taking into account the said reasons, the Directors consider the terms and conditions of the Sale & Purchase Agreement including the consideration and the Transaction(s) to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP

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

The following is the management discussion and analysis of the performance of the Target Group for each of the years ended 31 December 2008, 31 December 2009 and 31 December 2010, and for the six months ended 30 June 2011.

For the year ended 31 December 2008

Financial review

For the year ended 31 December 2008, the Target Group recorded revenue and net loss of approximately S$34,821,000 (equivalent to approximately HK$225,977,000) and S$1,062,000 (equivalent to approximately HK$6,890,000) respectively. The net loss for the year ended 31 December 2008 is mainly attributable to the increase in rental expenses in 2008 as a new lease for office premises with higher rate was entered in October 2007.

For the year ended 31 December 2008, the total other operating expenses excluding commission expense (i.e. staff costs, depreciation and other expenses) of the Target Group amounted to approximately S$10,803,000 (equivalent to approximately HK$70,108,000). During the year ended 31 December 2008, the applicable tax rate in the Singapore for the Target Group was 18% and there was no income tax expense incurred by the Target Group.

Capital structure, liquidity and financial resources

The Target Group funded its operations mainly from commission income generated from provision of investment advising, financial planning services and insurance brokerage services. As at 31 December 2008, the cash and bank balances and time deposits of the Target Group were approximately S$2,252,000 (equivalent to approximately HK$14,615,000). The total amount of borrowings under non-cancellable finance lease and hire purchase arrangements as at 31 December 2008 was approximately S$31,000 (equivalent to approximately HK$201,000).

The gearing ratio of the Target Group as at 31 December 2008, which was calculated on the basis of total borrowings divided by total assets, was approximately 0.3%.

Contingent liabilities

As at 31 December 2008, the Target Group did not have any significant contingent liabilities.

Capital commitments

There were no capital commitments as at 31 December 2008.

Material acquisitions and disposals

The Target Group had no material acquisitions or disposals during the year ended 31 December 2008.

Analysis of segmental information

All of the Target Group's revenue and operating loss for the year ended 31 December 2008 are generated from the provision of investment advising, financial planning services and insurance brokerage services. Revenue represents brokerage commission income earned from product issuers. Information reported to the Target Group's chief operating decision maker, for the purpose of resources allocation and assessment performance, is focused on the operating results of the Target Group as a whole as the Target Group's resources are integrated and no discrete financial information is available. Accordingly, no segment analysis is presented.

During the year ended 31 December 2008, the Target Group had not engaged in any new business.

Foreign currency risk and interest rate risk

As most of the Target Group's transactions, assets and liabilities were denominated in Singapore dollars, the operations of the Target Group were not subject to significant foreign currency risk. Accordingly, no financial instrument for hedging of foreign currency risk was used by the Target Group during the year ended 31 December 2008.

The Target Group had no borrowing or loan exposed to floating interest rates. As at 31 December 2008, the contractual interest rates on the finance lease was approximately 14.18% per annum.

The Target Group does not have other financial instruments which could give rise to significant interest rate risk. Therefore, the Target Group's income and equity are not likely to be materially affected by the fluctuations in the market interest rates.

Staff and remuneration policies

The number of employees of the Target Group as at 31 December 2008 was 95. For the year ended 31 December 2008, total staff costs (including salaries and other benefits, pension scheme contributions and equity-settled share option expense) of the Target Group amounted to approximately S$4,870,000 (equivalent to approximately HK$31,607,000).

The Target Group remunerated its employees with respect to their employment terms, individual performance and the prevailing industry practice and maintains pension schemes for the retirement benefits of their employees.

Charges on assets

As at 31 December 2008, the Target Group had no charges on assets.

Future plans for material investments or capital assets

As at 31 December 2008, the Target Group had no significant investment and future plans for material investments or capital assets.

For the year ended 31 December 2009

Financial review

For the year ended 31 December 2009, the Target Group recorded revenue and net loss of approximately S$38,347,000 (equivalent to approximately HK$248,858,000) and S$96,000 (equivalent to approximately HK$624,000), respectively. Revenue of the Target Group for the year ended 31 December 2009 increased by approximately S$3,526,000 (equivalent to approximately HK$22,881,000), or by approximately 10.1%, as compared to the year ended 31 December 2008, mainly due to the increase in revenue from the direct business from Accredited Investors. Net loss of the Target Group decreased by approximately S$966,000 (equivalent to approximately HK$6,266,000) as compared to the year ended 31 December 2008. Such decrease was mainly as a result of increase in direct business from Accredited Investors.

For the year ended 31 December 2009, the total other operating expenses excluding commission expense of the Target Group amounted to approximately S$9,946,000 (equivalent to approximately HK$64,548,000). As compared to that for the year ended 31 December 2008, the total other operating expenses decreased by approximately S$857,000 (equivalent to approximately HK$5,560,000), mainly due to the decrease in directors remuneration and staff salaries. This was mainly due to a one-off voluntary pay cut for all staff.

For the year ended 31 December 2009, the applicable tax rate in Singapore for the Target Group was 17% and there was no income tax expense incurred by the Target Group.

Capital structure, liquidity and financial resources

The Target Group funded its operations mainly from commission income generated from provision of investment advising, financial planning services and insurance brokerage services. As at 31 December 2009, the cash and bank balances and time deposits of the Target Group were approximately S$2,893,000 (equivalent to approximately HK$18,774,000). The Target Group has no bank borrowings as at 31 December 2009.

The gearing ratio of the Target Group as at 31 December 2009, which was calculated on the basis of total bank borrowings divided by total assets, was nil.

Contingent liabilities

As at 31 December 2009, the Target Group did not have any significant contingent liabilities.

Capital commitments

There were no capital commitments as at 31 December 2009.

Material acquisitions and disposals

The Target Group had no material acquisitions or disposals during the year ended 31 December 2009.

Analysis of segmental information

All of the Target Group's revenue and operating loss for the year ended 31 December 2009 are generated from the provision of investment advising, financial planning services and insurance brokerage services. Revenue represents brokerage commission income earned from product issuers. Information reported to the Target Group's chief operating decision maker, for the purpose of resources allocation and assessment performance, is focused on the operating results of the Target Group as a whole as the Target Group's resources are integrated and no discrete financial information is available. Accordingly, no segment analysis is presented.

During the year ended 31 December 2009, the Target Group had not engaged in any new business.

Foreign currency risk and interest rate risk

As most of the Target Group's transactions, assets and liabilities were denominated in Singapore dollars, the operations of the Target Group were not subject to significant foreign currency risk. Accordingly, no financial instrument for hedging of foreign currency risk was used by the Target Group during the year ended 31 December 2009.

As at 31 December 2009, the Target Group had no loans and borrowings, therefore the Target Group is not exposed to interest rates risk.

The Target Group does not have other financial instruments which could give rise to significant interest rate risk. Therefore, the Target Group's income and equity are not likely to be materially affected by the fluctuations in the market interest rates.

Staff and remuneration policies

The number of employees of the Target Group as at 31 December 2009 was 82. For the year ended 31 December 2009, total staff costs (including salaries and other benefits, pension scheme contributions and equity-settled share option expense) of the Target Group amounted to approximately S$4,730,000 (equivalent to approximately HK$30,698,000).

The Target Group remunerated its employees with respect to their employment terms, individual performance and the prevailing industry practice and maintains pension schemes for the retirement benefits of their employees.

Charges on assets

As at 31 December 2009, the Target Group had no charges on assets.

Future plans for material investments or capital assets

As at 31 December 2009, the Target Group had no significant investment and future plans for material investments or capital assets.

For the year ended 31 December 2010

Financial review

For the year ended 31 December 2010, the Target Group recorded revenue and net loss of approximately S$44,076,000 (equivalent to approximately HK$286,032,000) and S$577,000 (equivalent to approximately HK$3,746,000), respectively. Revenue of the Target Group for the year ended 31 December 2010 increased by approximately S$5,728,000 (equivalent to approximately HK$37,175,000), or by approximately 14.9%, as compared to that for the year ended 31 December 2009, mainly attributable to the increase in sales from both insurance and investment business arising from increase in customer confidence after the recovery from the global financial tsunami.

Net loss increased by approximately S$481,000 (equivalent to approximately HK$3,123,000) as compared to the net loss of S$96,000 (equivalent to approximately HK$624,000) for the year ended 31 December 2009. The net loss is mainly due to the increase in staff cost.

For the year ended 31 December 2010, the total other operating expenses excluding commission expense of the Target Group amounted to approximately S$11,437,000 (equivalent to approximately HK$74,222,000). As compared to that for the year ended 31 December 2009, the total other operating expenses increased by approximately S$1,491,000 (equivalent to approximately HK$9,674,000), mainly due to the pay cut in prior financial year was fully restored in year 2010.

For the year ended 31 December 2010, the applicable tax rate in Singapore for the Target Group was 17% and the income tax expense was approximately S$5,000 (equivalent to approximately HK$31,000).

Capital structure, liquidity and financial resources

The Target Group funded its operations mainly from commission income generated from provision of investment advising financial planning services and insurance brokerage services. As at 31 December 2010, the cash and bank balances and time deposits of the Target Group were approximately S$4,035,000 (equivalent to approximately HK$26,187,000). The Target Group has no bank borrowings as at 31 December 2010.

The gearing ratio of the Target Group as at 31 December 2010, which was calculated on the basis of total bank borrowings divided by total assets, was nil.

Contingent liabilities

As at 31 December 2010, the Target Group did not have any significant contingent liabilities.

Capital commitments

There were no capital commitments as at 31 December 2010.

Material acquisitions and disposals

The Target Group had no material acquisitions or disposals during the year ended 31 December 2010.

Analysis of segmental information

All of the Target Group's revenue and operating loss for the year ended 31 December 2010 are generated from the provision of investment advising, financial planning services and insurance brokerage services. Revenue represents brokerage commission income earned from product issuers. Information reported to the Target Group's chief operating decision maker, for the purpose of resources allocation and assessment performance, is focused on the operating results of the Target Group as a whole as the Target Group's resources are integrated and no discrete financial information is available. Accordingly, no segment analysis is presented.

During the year ended 31 December 2010, the Target Group had not engaged in any new business.

Foreign currency risk and interest rate risk

As most of the Target Group's transactions, assets and liabilities were denominated in Singapore dollars, the operations of the Target Group were not subject to significant foreign currency risk. Accordingly, no financial instrument for hedging of foreign currency risk was used by the Target Group during the year ended 31 December 2010.

As at 31 December 2010, the Target Group had no loans and borrowings, therefore the Target Group are not exposed to interest rates risk.

The Target Group does not have other financial instruments which could give rise to significant interest rate risk. Therefore, the Target Group's income and equity are not likely to be materially affected by the fluctuations in the market interest rates.

Staff and remuneration policies

The number of employees of the Target Group as at 31 December 2010 was 114. For the year ended 31 December 2010, total staff costs (including salaries and other benefits, pension scheme contributions and equity-settled share option expense) of the Target Group amounted to approximately S$5,689,000 (equivalent to approximately HK$36,922,000).

The Target Group remunerated its employees with respect to their employment terms, individual performance and the prevailing industry practice and maintains pension schemes for the retirement benefits of their employees.

Charges on assets

As at 31 December 2010, the Target Group had no charges on assets.

Future plans for material investments or capital assets

As at 31 December 2010, the Target Group had no significant investment and future plans for material investments or capital assets.

For the period ended 30 June 2011

Financial review

For the six months ended 30 June 2011, the Target Group recorded revenue and net profit of approximately S$24,548,000 (equivalent to approximately HK$159,305,000) and S$224,000 (equivalent to approximately HK$1,455,000), respectively. Revenue of the Target Group for the six months ended 30 June 2011 increased by approximately 15.4%, as compared to that for the corresponding period in 2010, mainly attributable to the increase in revenue from insurance business and also new investment business earned from high net worth clients introduced by a new Financial Adviser who joined the Target Group in late 2010. Net profit decreased by approximately S$257,000 (equivalent to approximately HK$1,667,000) as compared to that for the corresponding period in 2010. The decrease in net profit is mainly attributable to the increase in staff cost.

For the six months ended 30 June 2011, the total other operating expenses excluding commission expense of the Target Group amounted to approximately S$5,501,000 (equivalent to approximately HK$35,700,000). As compared to that for the corresponding period in 2010, the total other operating expenses increased by approximately S$724,000 (equivalent to approximately HK$4,699,000).

For the six months ended 30 June 2011, the applicable tax rate in Singapore for the Target Group was 17% and there was no income tax expense incurred by the Target Group.

Capital structure, liquidity and financial resources

The Target Group funded its operations mainly from commission income generated from provision of investment advising, financial planning services and insurance brokerage services. As at 30 June 2011, the cash and bank balances and time deposits of the Target Group were approximately S$4,819,000 (equivalent to approximately HK$31,274,000). The Target Group had no bank borrowings as at 30 June 2011.

The gearing ratio of the Target Group as at 30 June 2011, which was calculated on the basis of total bank borrowings divided by total assets, was nil.

Contingent liabilities

As at 30 June 2011, the Target Group did not have any significant contingent liabilities.

Capital commitments

There were no capital commitments as at 30 June 2011.

Material acquisitions and disposals

The Target Group had no material acquisitions or disposals during the period ended 30 June 2011.

Analysis of segmental information

All of the Target Group's revenue and operating profit for the period ended 30 June 2011 are generated from the provision of investment advising, financial planning services and insurance brokerage services. Revenue represents brokerage commission income earned from product issuers. Information reported to the Target Group's chief operating decision maker, for the purpose of resources allocation and assessment performance, is focused on the operating results of the Target Group as a whole as the Target Group's resources are integrated and no discrete financial information is available. Accordingly, no segment analysis is presented.

During the period ended 30 June 2011, the Target Group had not engaged in any new business.

Foreign currency risk and interest rate risk

As most of the Target Group's transactions, assets and liabilities were denominated in Singapore dollars, the operations of the Target Group were not subject to significant foreign currency risk. Accordingly, no financial instrument for hedging of foreign currency risk was used by the Target Group during the period ended 30 June 2011.

As at 30 June 2011, the Target Group had no loans and borrowings, therefore the Target Group are not exposed to interest rates risk.

The Target Group does not have other financial instruments which could give rise to significant interest rate risk. Therefore, the Target Group's income and equity are not likely to be materially affected by the fluctuations in the market interest rates.

Staff and remuneration policies

The number of employees of the Target Group as at 30 June 2011 was 120. For the period ended 30 June 2011, total staff costs (including salaries and other benefits and pension scheme contributions) of the Target Group amounted to approximately S$2,986,000 (equivalent to approximately HK$19,376,000).

The Target Group remunerated its employees with respect to their employment terms, individual performance and the prevailing industry practice and maintains pension schemes for the retirement benefits of their employees.

Charges on assets

As at 30 June 2011, the Target Group had no charges on assets.

Future plans for material investments or capital assets

As at 30 June 2011, the Target Group had no significant investment and future plans for material investments or capital assets.

FINANCIAL EFFECTS OF THE TRANSACTION(S)

Upon the completion of the Transaction(s), the Company will hold approximately 83.063% of the entire issued share capital of the Target Company. The Target Group will become indirectly owned subsidiaries of the Company. The results, assets and liabilities will be consolidated into the accounts of the Group.

Set out in Appendix III to this circular is the unaudited pro forma financial information of the Enlarged Group which illustrates the financial effects of the Transaction(s) on the assets and liabilities of the Group assuming the completion of the Transaction(s) had taken place on 30 June 2011.

Based on the unaudited pro forma financial information of the Enlarged Group in Appendix III to this circular, the total assets of the Group would increase approximately 16.9% from approximately HK$338,595,000 to approximately HK$395,966,000 and its total liabilities would increase approximately 47.2% from approximately HK$120,497,000 to approximately HK$177,389,000. As at 30 June 2011, the Group had no borrowings. Assuming the Transaction(s) had been completed on 30 June 2011, the Enlarged Group has no borrowings.

Based on the Accountants' Report in Appendix II, the revenue and profit of the Target Group during the six months ended 30 June 2011 were approximately S$24,548,000 (equivalent to approximately HK$159,305,000) and S$224,000 (equivalent to approximately HK$1,455,000) respectively. The Directors consider that after the completion of the Transaction(s), the Target Group will contribute to the revenue, earnings base and working capital of the Enlarged Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios as defined in the Listing Rules exceed 25% but none of them exceeds 100%, the Transaction(s) constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. The Transaction(s) is therefore subject to the reporting, announcement and shareholders' approval at general meeting requirements under the Listing Rules. As no Shareholder has material interest in the Sale & Purchase Agreement, no Shareholder will be required to abstain from voting on the resolution(s) approving the Sale & Purchase Agreement and the transactions contemplated thereunder. The Company has obtained an approval in writing from CFG, which holds 300,000,000 Shares, representing 75% of the entire issued share capital of the Company, for the purpose of approving the Transaction(s) in lieu of an approval from the Shareholders at the general meeting of the Company pursuant to Rule 14.44 of the Listing Rules.

To the best knowledge of the Directors, CFG and its ultimate beneficial owners and associates have not dealt in and are aware that they must not deal in the Company's securities before information relating to the Transaction(s) is made available to the public.

The Escrow Agent is the fellow subsidiary of the Company. In accordance with the relevant agreement engaging the Escrow Agent (the "Escrow Agent Agreement"), the fee payable to the Escrow Agent for its services provided shall be reasonable and shall not exceed HK$99.00 in any event. The Directors consider that the fee payable to the Escrow Agent is fair and reasonable. The Directors consider that (i) the Escrow Agent, a subsidiary of CFG, is a connected person of the Company under Chapter 14A of the Listing Rules and therefore the Escrow Agent Agreement and the transactions contemplated thereunder will constitute a connected transaction of the Company under Rule 14A.13 of the Listing Rules; and (ii) the Escrow Agent Agreement was entered into on normal commercial terms and the terms thereof are fair and reasonable and that as the relevant fee involved is relatively small and each of all of the percentage ratios (other than profit ratio) is/are less than 5% and the total consideration is less than HK$1,000,000.00 and therefore the Escrow Agent Agreement and the transactions contemplated thereunder fall within the de minimis threshold under Rule 14A.31 of the Listing Rules and is exempt from all reporting, announcement and independent shareholders' approval requirements.

RECOMMENDATION

The Directors are of the view that the Transaction(s) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that the Shareholders support and, if a meeting of the Shareholders were to be held, vote in favour of the relevant resolution(s) to approve the Transaction(s).

GENERAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
CONVOY FINANCIAL SERVICES HOLDINGS LIMITED
Wong Lee Man
Chairman

1. FINANCIAL AND TRADING PROSPECT OF THE ENLARGED GROUP

The Group is engaged in the IFA business.

As mentioned in the annual report 2010 and the interim report 2011 of the Company, the Board aims to set the Group as one of the largest IFA in Asia by way of acquisition and development of insurance agent, insurance broker, investment consultancy firm and IFA in the region, which is the business strategy of the Group for the year 2011.

Having considered that the Target Group is principally engaged in the provision of services relating to life insurance, investment planning and investment advice in Singapore, the Directors confirm that completion of the Transaction(s) would be an implementation of the business strategy of the Group and an expansion of the Group's insurance business in Singapore. The Directors further confirm that, save as mentioned herein, there will be no major change to the Group's principal business activities as a result of the Transaction(s). Subsequent to the completion of the Transaction(s), the principal places of business of the Enlarged Group are Hong Kong and Singapore.

The acquisition of interests in the Target Companies is a further move by the Group to consolidate its IFA business and assets into the Group and continue to strengthen the Group's position as the largest IFA in Asia. The Directors believe that the Transaction(s) will bring various commercial benefits to the Company including increasing and strengthening the Group's IFA business in Asia, and is in conformity with the aligned interests of the Company and its Shareholders as a whole.

The financial information of the Group for the six months ended 30 June 2011 and the three years ended 31 December 2010 has been published in the prospectus, annual report and interim report per below:

(i) the financial information of the Group for the six months ended 30 June 2011 is disclosed in the interim report of the Company for the six months ended 30 June 2011 published on 26 September 2011, from pages 14 to 33;

(ii) the financial information of the Group for the year ended 31 December 2010 is disclosed in the annual report of the Company for the year ended 31 December 2010 published on 27 April 2011, from pages 37 to 73;

(iii) the financial information of the Group for the year ended 31 December 2009 and 31 December 2008 are disclosed in the prospectus of the Company published on 29 June 2010, from pages I-4 to I-33.

All of which have been published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.convoy.com.hk).

2. INDEBTEDNESS

Borrowings

As at the close of business on 31 October 2011, being the latest practicable date for the purpose of ascertaining the information contained in this indebtedness statement prior to the printing of this circular, the Enlarged Group did not have any outstanding borrowings.

Contingent liabilities

The Enlarged Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, term loans, bank overdrafts, other borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities as at 31 October 2011.

The Directors confirm that, up to the latest practicable date, there have been no material changes in our indebtedness, capital commitments and contingent liabilities of the Enlarged Group from 31 October 2011.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources available to the Enlarged Group, the Enlarged Group has sufficient working capital to satisfy its requirements for at least 12 months from the date of publication of this circular in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 30 June 2011, the date to which the latest published audited consolidated financial statements of the Group were made up.

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

ERNST & YOUNG
安 永

22nd Floor
CITIC Tower
1 Tim Mei Avenue, Central
Hong Kong
23 December 2011

The Directors
Convoy Financial Services Holdings Limited

Dear Sirs,

We set out below our report on the financial information of IPP Financial Services Holdings Ltd (the "Target Company") and its subsidiaries (hereinafter collectively referred to as the "Target Group") comprising the consolidated statements of comprehensive income, the consolidated statements of changes in equity and consolidated statements of cash flows of the Target Group for each of the years ended 31 December 2008, 2009 and 2010, and the six months ended 30 June 2011 (the "Relevant Periods"), and the consolidated statements of financial position of the Target Group and the statements of financial position of the Target Company as at 31 December 2008, 2009 and 2010 and 30 June 2011, together with the notes thereto (the "Financial Information") and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Target Group for the six months ended 30 June 2010 (the "Interim Comparative Information"), prepared on the basis of preparation set out in note 2.1 of Section II below, for inclusion in the circular of Convoy Financial Services Holdings Limited (the "Company") dated 23 December 2011 (the "Circular") in connection with, inter alia, the proposed acquisition of the 100% equity interest in the Target Company and its subsidiaries.

The Target Company was incorporated in Singapore with limited liability on 3 March 2000. The Target Group is principally engaged in the provision of investment advisory services, financial planning services and insurance brokerage services.

As at the end of the Relevant Periods, the Target Company has direct and indirect interests in the subsidiaries as set out in note 1 of Section II below. All companies comprising the Target Group have adopted 31 December as their financial year end date. The statutory financial statements of the companies comprising the Target Group were prepared in accordance with the relevant accounting principles applicable to these companies in the countries/jurisdictions in which they were incorporated. Details of their statutory auditors during the Relevant Periods are set out in note 1 of Section II below.

For the purpose of this report, the directors of the Target Company (the "Directors") have prepared the consolidated financial statements of the Target Group (the "Underlying Financial Statements") in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). The Underlying Financial Statements for each of the years ended 31 December 2008, 2009 and 2010 and the six months ended 30 June 2011 were audited by Ernst & Young LLP in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "IAASB").

Directors' responsibility

The Directors are responsible for the preparation of the Underlying Financial Statements, and the Financial Information and the Interim Comparative Information that give a true and fair view in accordance with IFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements, and the Financial Information and the Interim Comparative Information that are free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

It is our responsibility to form an independent opinion and a review conclusion on the Financial Information and the Interim Comparative Information, respectively, and to report our opinion and review conclusion thereon to you.

For the purpose of this report, we have examined the Underlying Financial Statements and have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the Hong Kong Institute of Certified Public Accountants.

We have also performed a review of the Interim Comparative Information in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the IAASB. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Interim Comparative Information.

Opinion in respect of the Financial Information

In our opinion, for the purpose of this report and on the basis of preparation set out in note 2.1 of Section II below, the Financial Information gives a true and fair view of the state of affairs of the Target Group and the Target Company as at 31 December 2008, 2009 and 2010 and 30 June 2011 and of the consolidated results and cash flows of the Target Group for each of the Relevant Periods.

Review conclusion in respect of the Interim Comparative Information

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

I. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2008 S$	2009 S$	2010 S$	Six months ended 30 June 2010 S$ (Unaudited)	2011 S$
Revenue	*5*	34,821,367	38,347,149	44,075,508	21,271,030	24,547,704
Other income	*5*	408,710	521,779	313,415	183,933	104,259
Commission expenses		(25,488,624)	(29,018,650)	(33,524,297)	(16,196,808)	(18,926,623)
Staff costs		(4,870,428)	(4,730,370)	(5,689,478)	(2,245,864)	(2,985,628)
Depreciation		(511,925)	(534,229)	(551,263)	(249,205)	(279,575)
Other expenses		(5,420,832)	(4,681,821)	(5,196,393)	(2,281,921)	(2,235,897)
Profit/(loss) before tax	*6*	(1,061,732)	(96,142)	(572,508)	481,165	224,240
Income tax expense	*7*	–	–	(4,792)	–	–
Profit/(loss) for the year/period		(1,061,732)	(96,142)	(577,300)	481,165	224,240
Other comprehensive income:						
Foreign currency translation		(44,171)	54,301	(71,289)	40,750	(96,950)
Total comprehensive income/(loss) for the year/period		(1,105,903)	(41,841)	(648,589)	521,915	127,290
Profit/(loss) for the year/period attributable to:						
Owners of the Target Company		(1,061,732)	122,512	(391,532)	523,298	254,235
Non-controlling interests		–	(218,654)	(185,768)	(42,133)	(29,995)
		(1,061,732)	(96,142)	(577,300)	481,165	224,240
Other comprehensive income/(loss) attributable to:						
Owners of the Target Company		(44,171)	106,916	(45,105)	20,161	(87,375)
Non-controlling interests		–	(52,615)	(26,184)	20,589	(9,575)
		(44,171)	54,301	(71,289)	40,750	(96,950)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2008	As at 31 December 2009	As at 31 December 2010	As at 30 June 2011
		S$	S$	S$	S$
NON-CURRENT ASSETS					
Property, plant and equipment	8	1,619,633	1,403,734	1,271,061	1,169,288
Rental deposits		646,607	720,709	650,283	650,283
Other investment	10	2,750	2,750	2,750	2,750
Total non-current assets		2,268,990	2,127,193	1,924,094	1,822,321
CURRENT ASSETS					
Accounts receivable	11	3,599,393	5,543,711	5,899,411	5,878,719
Prepayments, deposits and other receivables	12	770,225	947,230	1,001,022	832,777
Cash and cash equivalents	14	2,252,045	2,892,900	4,035,260	4,819,026
Total current assets		6,621,663	9,383,841	10,935,693	11,530,522
CURRENT LIABILITIES					
Accounts payable	15	3,667,406	5,306,181	5,832,231	6,842,588
Other payables and accruals		2,120,123	1,961,229	2,683,772	2,040,348
Due to directors	13	372,452	203,712	94,769	93,602
Finance lease payables	17	30,904	–	–	–
Income tax payable		–	–	4,792	4,792
Total current liabilities		6,190,885	7,471,122	8,615,564	8,981,330
NET CURRENT ASSETS		430,778	1,912,719	2,320,129	2,549,192
Net assets		2,699,768	4,039,912	4,244,223	4,371,513
EQUITY					
Equity attributable to the owners of the Target Company					
Issued capital	18	17,222,550	17,222,550	17,222,550	17,222,550
Other reserves	19	55,832	1,109,541	1,754,242	1,666,867
Accumulated losses		(14,578,614)	(14,456,102)	(14,847,634)	(14,593,399)
		2,699,768	3,875,989	4,129,158	4,296,018
Non-controlling interests		–	163,923	115,065	75,495
Total equity		2,699,768	4,039,912	4,244,223	4,371,513

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2008

	Issued capital	Accumulated losses	Other reserves, total	Foreign currency translation reserve	Equity-settled share option reserve	Equity attributable to the owners of the Target Company	Non-controlling interests	Total equity
	S$	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*
	(Note 18)		*(Note 19)*					
At 1 January 2008	15,192,873	(13,516,882)	(134,797)	(134,797)	–	1,541,194	–	1,541,194
Loss for the year	–	(1,061,732)	–	–	–	(1,061,732)	–	(1,061,732)
Other comprehensive loss for the year, net of tax:								
Exchange differences on translation of foreign operations	–	–	(44,171)	(44,171)	–	(44,171)	–	(44,171)
Total comprehensive loss for the year	–	(1,061,732)	(44,171)	(44,171)	–	(1,105,903)	–	(1,105,903)
Proceeds from issuance of shares	2,029,677	–	–	–	–	2,029,677	–	2,029,677
Equity-settled share option arrangements	–	–	234,800	–	234,800	234,800	–	234,800
At 31 December 2008	17,222,550	(14,578,614)	55,832	(178,968)	234,800	2,699,768	–	2,699,768

Year ended 31 December 2009

	Issued capital	Accumulated losses	Other reserves, total	Foreign currency translation reserve	Equity-settled share option reserve	Capital reserve	Equity attributable to the owners of the Target Company	Non-controlling interests	Total equity
	S$	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*
	(Note 18)		*(Note 19)*						
At 1 January 2009	17,222,550	(14,578,614)	55,832	(178,968)	234,800	–	2,699,768	–	2,699,768
Profit/(loss) for the year	–	122,512	–	–	–	–	122,512	(218,654)	(96,142)
Other comprehensive income/(loss) for the year, net of tax:									
Exchange differences on translation of foreign operations	–	–	106,916	106,916	–	–	106,916	(52,615)	54,301
Total comprehensive income/(loss) for the year	–	122,512	106,916	106,916	–	–	229,428	(271,269)	(41,841)
Equity-settled share option arrangements	–	–	302,800	–	302,800	–	302,800	–	302,800
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	1,079,185	1,079,185
Deemed disposal of interest in a subsidiary	–	–	643,993	–	–	643,993	643,993	(643,993)	–
At 31 December 2009	17,222,550	(14,456,102)	1,109,541	(72,052)	537,600	643,993	3,875,989	163,923	4,039,912

Year ended 31 December 2010

	Issued capital	Accumulated losses	Other reserves, total	Foreign currency translation reserve	Equity-settled share option reserve	Capital reserve	Equity attributable to the owners of the Target Company	Non-controlling interests	Total equity
	S$	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*
	(Note 18)		*(Note 19)*						
At 1 January 2010	17,222,550	(14,456,102)	1,109,541	(72,052)	537,600	643,993	3,875,989	163,923	4,039,912
Loss for the year	–	(391,532)	–	–	–	–	(391,532)	(185,768)	(577,300)
Other comprehensive loss for the year, net of tax:									
Exchange differences on translation of foreign operations	–	–	(45,105)	(45,105)	–	–	(45,105)	(26,184)	(71,289)
Total comprehensive loss for the year	–	(391,532)	(45,105)	(45,105)	–	–	(436,637)	(211,952)	(648,589)
Equity-settled share option arrangements	–	–	488,800	–	488,800	–	488,800	–	488,800
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	364,100	364,100
Deemed disposal of interest in a subsidiary	–	–	201,006	–	–	201,006	201,006	(201,006)	–
At 31 December 2010	17,222,550	(14,847,634)	1,754,242	(117,157)	1,026,400	844,999	4,129,158	115,065	4,244,223

Six months ended 30 June 2010

	Issued capital	Accumulated losses	Other reserves, total	Foreign currency translation reserve	Equity-settled share option reserve	Capital reserve	Equity attributable to the owners of the Target Company	Non-controlling interests	Total equity
	S$	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*
	(Note 18)		*(Note 19)*						
At 1 January 2010	17,222,550	(14,456,102)	1,109,541	(72,052)	537,600	643,993	3,875,989	163,923	4,039,912
Profit/(loss) for the period	–	523,298	–	–	–	–	523,298	(42,133)	481,165
Other comprehensive income for the period, net of tax:									
Exchange differences on translation of foreign operations	–	–	20,161	20,161	–	–	20,161	20,589	40,750
Total comprehensive income/(loss) for the period	–	523,298	20,161	20,161	–	–	543,459	(21,544)	521,915
At 30 June 2010	17,222,550	(13,932,804)	1,129,702	(51,891)	537,600	643,993	4,419,448	142,379	4,561,827

Six months ended 30 June 2011

	Issued capital	Accumulated losses	Other reserves, total	Foreign currency translation reserve	Equity-settled share option reserve	Capital reserve	Equity attributable to the owners of the Target Company	Non-controlling interests	Total equity
	S$	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*
	(Note 18)		*(Note 19)*						
At 1 January 2011	17,222,550	(14,847,634)	1,754,242	(117,157)	1,026,400	844,999	4,129,158	115,065	4,244,223
Profit/(loss) for the period	–	254,235	–	–	–	–	254,235	(29,995)	224,240
Other comprehensive loss for the period, net of tax:									
Exchange differences on translation of foreign operations	–	–	(87,375)	(87,375)	–	–	(87,375)	(9,575)	(96,950)
Total comprehensive income/(loss) for the period	–	254,235	(87,375)	(87,375)	–	–	166,860	(39,570)	127,290
At 30 June 2011	17,222,550	(14,593,399)	1,666,867	(204,532)	1,026,400	844,999	4,296,018	75,495	4,371,513

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2008 S$	2009 S$	2010 S$	Six months ended 30 June 2010 S$ (Unaudited)	2011 S$
Cash flows from operating activities						
Profit/(loss) before tax		(1,061,732)	(96,142)	(572,508)	481,165	224,240
Depreciation	8	511,925	534,229	551,263	249,205	279,575
Gain on disposal of items of property, plant, and equipment	5	(438)	–	–	–	–
Write-off of items of property, plant and equipment	6	–	40,956	–	–	–
Equity-settled share option expense	6	234,800	302,800	488,800	–	–
		(315,445)	781,843	467,555	730,370	503,815
Decrease/(increase) in accounts receivable		418,642	(1,992,371)	(439,064)	(626,503)	283,078
Decrease/(increase) in prepayments, deposits and other receivables		(29,452)	(144,915)	72,968	631,202	(84,457)
Increase/(decrease) in accounts payable		1,576,095	1,635,016	(386,020)	350,352	987,820
Increase/(decrease) in other payables and accruals		(1,504,833)	(137,303)	1,684,863	20,632	(672,692)
Increase/(decrease) in amounts due to directors		(402,830)	(168,740)	(108,943)	(19,446)	(254)
Net cash flows from/(used in) operating activities		(257,823)	(26,470)	1,291,359	1,086,607	1,017,310
Cash flows from investing activities						
Purchases of items of property, plant and equipment		(480,006)	(361,628)	(425,464)	(157,601)	(181,381)
Proceeds from disposal of items of property, plant and equipment		9,164	–	–	–	–
Net cash flows used in investing activities		(470,842)	(361,628)	(425,464)	(157,601)	(181,381)

		Year ended 31 December			Six months ended 30 June	
	Notes	**2008**	**2009**	**2010**	**2010**	**2011**
		S$	*S$*	*S$*	*S$*	*S$*
					(Unaudited)	
Cash flows from financing activities						
Capital contribution from non-controlling interests		–	1,079,185	364,100	–	–
Proceeds from issuance of shares	*18*	2,029,677	–	–	–	–
Repayment of finance lease obligations		(66,922)	(30,904)	–	–	–
Repayment of loans cum warrants		(1,650,000)	–	–	–	–
Net cash flows from financing activities		312,755	1,048,281	364,100	–	–
Net increase/(decrease) in cash and cash equivalents		(415,910)	660,183	1,229,995	929,006	835,929
Cash and cash equivalents at beginning of year/period		2,670,317	2,252,045	2,892,900	2,892,900	4,035,260
Effect of foreign exchange rate changes, net		(2,362)	(19,328)	(87,635)	(5,654)	(52,163)
Cash and cash equivalents at end of year/period		2,252,045	2,892,900	4,035,260	3,816,252	4,819,026
Analysis of balances of cash and cash equivalents						
Cash and bank balances		2,252,045	2,892,900	4,035,260	3,816,252	4,819,026

STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 June
	Notes	**2008**	**2009**	**2010**	**2011**
		S$	*S$*	*S$*	*S$*
NON-CURRENT ASSETS					
Investments in subsidiaries	*9*	3,894,535	4,579,581	4,579,581	4,579,581
Other investment	*10*	2,750	2,750	2,750	2,750
Total non-current assets		3,897,285	4,582,331	4,582,331	4,582,331
CURRENT ASSETS					
Prepayments and deposits	*12*	98,156	–	–	4,854
Due from subsidiaries	*9*	533,372	170,967	180,336	182,136
Cash and cash equivalents	*14*	4,976	12,256	8,630	19,324
Total current assets		636,504	183,223	188,966	206,314
CURRENT LIABILITIES					
Other payables and accruals		213,904	7,750	73,273	93,743
Due to a director	*13*	21,982	21,982	19,639	19,639
Due to subsidiaries	*9*	249,021	249,021	306,171	306,171
Total current liabilities		484,907	278,753	399,083	419,553
NET CURRENT ASSETS/ (LIABILITIES)		151,597	(95,530)	(210,117)	(213,239)
Net assets		4,048,882	4,486,801	4,372,214	4,369,092
EQUITY					
Issued capital	*18*	17,222,550	17,222,550	17,222,550	17,222,550
Equity-settled share option reserve	*19*	81,800	231,600	567,400	567,400
Accumulated losses		(13,255,468)	(12,967,349)	(13,417,736)	(13,420,858)
Total equity		4,048,882	4,486,801	4,372,214	4,369,092

II. NOTES TO THE FINANCIAL INFORMATION

1. Corporate information

The Target Company is a private limited company incorporated and domiciled in Singapore. The registered office of the Target Company is located at 78 Shenton Way #30-01 Lippo Centre, Singapore.

The principal activity of the Target Company is investment holding.

As at the end of the Relevant Periods, the Target Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), particulars of which 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 Target Company Direct	Indirect	Principal activities
			%	%	
IPPAdvisors.com Pte Ltd (a)	Singapore/ 6 May 2000	S$1,972,222	100	–	Dormant
IPP Financial Advisers Pte Ltd (a)	Singapore/ 19 October 1983	S$2,800,000	100	–	Provision of investment advisory services and financial planning services
IPP Management Services Pte Ltd (a)	Singapore/ 30 October 2009	S$100,000	100	–	Provision of management services
Trust One Pte Ltd (a)	Singapore/ 20 January 2011	S$500,000	100	–	Dormant
IPPAdvisors.com Sdn Bhd (a)	Malaysia/ 29 May 2000	Malaysian Ringgit 1,000,000	–	100	Dormant
IPP Capital Management Pte Ltd (a)	Singapore/ 24 December 1988	S$1,000	–	100	Dormant
IPP Tax Services Pte Ltd (a)	Singapore/ 16 November 2011	S$540,000	–	100	Dormant
IPP Financial Advisers Holdings Limited (b)	Hong Kong/ 13 December 2007	HK$22,220,350	63.2	–	Investment holding
Stewardship IPP Pte Ltd (a)	Singapore/ 18 April 2000	S$500,000	62.5	37.5	Dormant
IPP Financial Advisers Limited (b)	Hong Kong/ 13 June 1997	HK$12,979,000	–	63.2	Provision of investment advisory services and financial planning services
IPP Wealth Advisers Limited (b)	Hong Kong/ 9 September 2005	HK$2,000,000	–	63.2	Provision of insurance brokerage services
Trust Alliance Pte Ltd (a)	Singapore/ 17 October 1997	S$437,500	–	94.9	Dormant

Notes:

(a) The statutory financial statements of these entities for the years ended 31 December 2008, 2009 and 2010 prepared under Singapore Financial Reporting Standards were audited by Messrs LEE S F & Co., certified public accountants registered in Singapore.

(b) The statutory financial statements of these entities for the years ended 31 December 2008, 2009 and 2010 prepared under Hong Kong Financial Reporting Standards were audited by Vision A. S. Limited, certified public accountants registered in Hong Kong.

2. Summary of significant accounting policies

2.1 Basis of preparation

The Financial Information has been prepared in accordance with IFRSs, which comprise all standards and interpretations approved by the IASB. All IFRSs effective for the accounting period commencing from 1 January 2011, together with the relevant transitional provisions, have been early adopted by the Target Group in the preparation of the Financial Information throughout the Relevant Periods and the period covered by the Interim Comparative Information.

The Financial Information has been prepared under the historical cost convention and are presented in Singapore dollars ("S$").

The IASB has issued a number of new and revised IFRSs that are effective for the Target Group's annual periods beginning on or after 1 January 2008. For the purpose of preparing the Financial Information, the Target Group has adopted all these new and revised IFRSs consistently throughout the Relevant Periods, except for those new and revised IFRSs that are not yet effective for any of the Relevant Periods as further explained in note 2.2 below.

2.2 Standards issued but not yet effective

The Target Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Effective for annual periods beginning on or after 1 July 2011:

IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*

Effective for annual periods beginning on or after 1 July 2012:

IAS 1 Amendments	*Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income ("OCI")*

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

IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 13	*Fair Value Measurement*
IAS 27 (Revised)	*Separate Financial Statements*
IAS 28 (Revised)	*Investments in Associates and Joint Ventures*
IAS 19 Amendments	*Employee Benefits*
IFRIC Int-20	*Stripping Costs in the Production Phase of a Surface Mine*

Effective for annual periods beginning on or after 1 January 2015:

IFRS 9	*Financial Instruments*

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

2.3 Basis of consolidation and business combinations

A) Basis of preparation

The consolidated financial statements comprise the financial statements of the Target Company and its subsidiaries as at the end of the Relevant Periods. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Target Company. Consistent accounting policies are applied to similar transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains or losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Target Group obtains control and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Target Group loses control over a subsidiary, it:

– De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;

– De-recognises the carrying amount of any non-controlling interest;

– De-recognises the cumulative translation differences recorded in equity;

– Recognises the fair value of the consideration received;

– Recognises the fair value of any investment retained;

– Recognises any surplus or deficit in profit or loss;

– Re-classifies the Target Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

B) Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Target Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Target Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Target Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2.4 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Target Company, and is presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to owners of the Target Company.

Changes in the Target Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Target Company.

2.5 *Functional currency*

The Target Group's consolidated financial statements are presented in Singapore dollars, which is also the parent company's functional currency. Each entity in the Target Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Target Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the Relevant Periods. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as 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.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the Relevant Periods are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Target Group's net investments in foreign operations, which are recognised initially in other comprehensive income and accumulated under the foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Target Group on disposal of the foreign operations.

(b) Target Group companies

The assets and liabilities of foreign operations are translated into S$ at the rates of exchange ruling at the end of the Relevant Periods and their profit or loss are translated at the exchange rates prevailing at the dates of transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss.

2.6 *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on the straight-line basis over the property, plant and equipment's estimated useful lives. The estimated useful lives of the assets are as follows:

Leasehold improvements	5 years
Furniture and fittings	5 years
Computer	5 years
Office equipment	5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and the depreciation method are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses on derecognition of the asset are included in profit or loss in the financial year the asset is derecognised.

2.7 *Impairment of non-financial assets*

The carrying amount of the Target Group's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the Target Group makes an estimate of the asset's recoverable amount.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Target Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.8 *Financial assets*

Initial recognition

Financial assets are recognised on the statements of financial position when, and only when, the Target Group becomes a party to the contractual provisions of the financial instrument. The Target 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 financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired and through the amortisation process.

(b) Available-for-sale financial assets

Available-for-sale financial assets include equity securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in the fair value of a financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Target 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 concerned.

2.9 Impairment of financial assets

The Target Group assesses at the end of each Relevant Periods whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Target Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Target 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 on financial assets carried at amortised cost has 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 discounted at the financial asset's original effective interest rate. 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 through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Target Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of the reversal is recognised in profit or loss.

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost 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 discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed in subsequent periods.

(b) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment includes (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.11 Provisions

Provisions are recognised when the Target Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of obligation can be reasonably estimated.

Provisions are reviewed at each Relevant Periods and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that is used, the increase in the provisions due to the passage of time is recognised as a finance cost.

2.12 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense item, it is recognised in profit or loss over the periods necessary to match it on a systematic basis to the costs, which it is intended to compensate.

2.13 Financial liabilities

Initial recognition

Financial liabilities are recognised on the statements of financial position when, and only when, the Target Group becomes a party to the contractual provisions of the financial instrument. The Target 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 other financial liabilities, plus directly attributable transaction costs.

Subsequent measurement

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains or losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

Derecognition

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 the recognition of a new liability and the difference in the respective carrying amounts is recognised in profit or loss.

2.14 Employee benefits

Defined Contribution Plan

As required by the Law, the Target Group makes a contribution to the Central Provident Fund ("CPF") Scheme in Singapore, a defined contribution pension scheme. CPF contributions are recognised as an expense in the same period as the employment that gives rise to the contribution.

Pension scheme

The Target Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees in Hong Kong 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 profit or loss 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 Target Group in an independently administered fund. The Target Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Equity-settled share option plans

Employees of the Target Company and branch partners of a subsidiary receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share-based payment transactions with employees and branch partners for awards granted after 22 November 2002 is measured by reference to the fair value of the options at the date on which the options are granted which takes into account the vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Target Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in other operating expenses.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Target Group, the employee or branch partners, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The equity-settled share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the equity-settled share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of the treasury shares.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the end of the Relevant Periods.

2.15 Leases

Finance leases, which transfer to the Target Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Target Group and the Target Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.16 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Target Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates and sales taxes or duty.

The Target Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Target Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Management income

Management income is recognised when services are rendered and based on an accrual basis.

Commission income

Commissions from underwriting, advisory and consultancy fees are recognised when the services are rendered.

Rental income

Rental income arising from sub-leasing office space to financial advisers is recognised on a time proportion basis.

Interest income

Interest income is recognised using the effective interest method.

2.17 Taxes

(a) Current income tax

Current income 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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the Relevant Periods, in the country where the Target Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax is provided using the liability method on temporary differences.

Deferred tax liabilities are recognised for all taxable temporary differences.

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.

The carrying amounts of deferred income tax assets are reviewed at the end of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilised. Unrecognised deferred income tax assets are reassessed at the end of each Relevant Periods and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the Relevant Periods.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

– Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from or payable to the taxation authority is included as part of receivables or payables in the statements of financial position.

2.18 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.19 Contingencies

A contingent liability is:

a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Target Group; or

b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Target Group.

Contingent liabilities and assets are not recognised on the statements of financial position of the Target Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.20 Related parties

A related party is defined as follows:

a) A person or a close member of that person's family is related to the Target Group and the Target Company if that person:

(i) Has control or joint control over the Target Company;

(ii) Has significant influence over the Target Company; or

(iii) Is a member of the key management personnel of the Target Group or the Target Company or of a parent of the Target Company.

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

(i) The entity and the Target Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

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

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

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

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company. If the Target Company is itself such a plan, the sponsoring employers are also related to the Target Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a); or

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

3. Significant accounting judgements and estimates

The preparation of the Target Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the Relevant Periods. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting 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:

Equity-settled share options

The Target Group measures the cost of equity-settled transactions with employees and branch partners of a subsidiary by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 20 under Section II of this report.

Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over their estimated economic useful lives. Management estimates the useful lives of these assets to be 5 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Impairment of accounts and other receivables

The Target Group assesses at the end of the Relevant Periods whether there is any objective evidence that a loan and receivable is impaired. To determine whether there is objective evidence of impairment, the Target 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 Target Group maintains an allowance for estimated impairment of receivables arising from the inability of its debtors to make the required payments. The Target 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 Target Group would be required to revise the basis of making the allowance.

Estimation of commission clawback

The Target Group reviews the carrying amount of commission clawback at the end of the Relevant Periods and estimates the expected cash outflows related to commission clawback. The estimation requires the Target Group to make estimates of the expected future occurrence of commission clawback by the product issuers and the expenditure required to settle the obligations.

4. Segment information

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

Geographical information

(a) Revenue from external customers

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
Singapore	34,534,605	37,229,325	41,185,167	19,850,902	22,844,669
Hong Kong	286,762	1,117,824	2,890,341	1,420,128	1,703,035
	34,821,367	38,347,149	44,075,508	21,271,030	24,547,704

(b) Non-current assets

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	S$	*S$*	*S$*	*S$*
Singapore	2,151,991	2,046,923	1,846,175	1,769,470
Hong Kong	116,999	80,270	77,919	52,851
	2,268,990	2,127,193	1,924,094	1,822,321

Information about product issuers

Revenue from each of the major product issuers, which is estimated to be 10% or more of the Target Group's revenue, is set out below:

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
Product issuer A	5,730,885	5,441,979	8,648,205	4,324,103	4,395,930
Product issuer B*	3,477,569	3,761,427	N/A	N/A	N/A
Product issuer C	–	6,589,179	9,655,376	4,827,688	3,870,464

* The revenue from product issuer B for the year ended 31 December 2010 and for the six months ended 30 June 2010 and 30 June 2011 was less than 10% of the Target Group's revenue.

5. Revenue, other income and gains

Revenue, which is also the Target Group's turnover, represents the aggregate of commission income, advisory fee and management fee earned during the Relevant Periods.

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

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
Revenue:					
Commission and fee income	34,743,045	38,083,628	43,713,717	21,059,668	24,380,507
Management fee	78,322	263,521	361,791	211,362	167,197
	34,821,367	38,347,149	44,075,508	21,271,030	24,547,704

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
Other income and gains:					
Rental income	235,858	239,935	228,135	135,652	79,798
Interest income	97	62	19	–	–
Gain on disposal of items of property plant and equipment	438	–	–	–	–
Grant income from jobs credit scheme	–	250,291	45,356	–	–
Others	172,317	31,491	39,905	48,281	24,461
	408,710	521,779	313,415	183,933	104,259

During the financial year ended 31 December 2009, the Singapore Finance Minister announced the introduction of a Jobs Credit Scheme ("Scheme"). Under this Scheme, the Target Group received a 12% cash grant on the first S$2,500 of each month's wages for each employee on their Central Provident Fund payroll. The Government extended the Scheme with another two payments at stepped-down rates of 6% and 3% in March and June 2010 respectively. During the financial years ended 31 December 2009 and 2010, the Target Group received grant income of S$250,291 and S$45,356 respectively under the Scheme.

6. Profit/(loss) before tax

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

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	S$	*S$*	*S$*	*S$* (Unaudited)	*S$*
Loss/(gain) on foreign exchange	(55)	(2,042)	7,472	(644)	(1,178)
Employee benefit expense including directors' remuneration *(note 25):*					
Wages and salaries	4,242,517	4,054,826	4,765,573	2,065,860	2,746,426
Equity-settled share option expense	234,800	302,800	488,800	–	–
Pension scheme contributions	393,111	372,744	435,105	180,004	239,202
	4,870,428	4,730,370	5,689,478	2,245,864	2,985,628
Write-off of items of property, plant and equipment	–	40,956	–	–	–
Minimum lease payments under operating leases	3,150,483	3,379,180	3,318,770	1,666,811	1,320,213
Auditors' remuneration	33,898	38,527	38,701	–	–

7. Income tax expense

The corporate income tax of Singapore has been provided at the rates of 18% in 2008 and 17% in 2009 and onwards on the estimated assessable profits arising in Singapore. The corporate income tax rate applicable to Singapore companies of the Target Group was reduced to 17% for the year of assessment of 2010 onwards from 18% for the year of assessment of 2009. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Target Group operates.

Major components of income tax expense

The major components of income tax expense for the Relevant Periods are:

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	S$	*S$*	*S$*	*S$* (Unaudited)	*S$*
Current income tax:					
Singapore	–	–	4,792	–	–

Relationship between tax expense and accounting profit

A reconciliation between the tax expense and the product of accounting profit multiplied by the corporate tax rate for Singapore in which the Target Company and the majority of its subsidiaries are domiciled is as follows:

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
Profit/(loss) before tax	(1,061,732)	(96,142)	(572,508)	481,165	224,240
Tax at the statutory tax rate in Singapore	(191,112)	(16,344)	(97,326)	81,798	38,121
Non-deductible expenses	125,578	22,602	18,569	–	–
Income not subject to taxation	–	–	–	(14,014)	(31,265)
Effect of different tax rates of other jurisdictions/countries	32,436	3,644	2,529	702	408
Effect from partial tax exemption	–	–	–	(25,925)	(2,276)
Benefits from previously unrecognised losses	(101,365)	(126,085)	(68,210)	(45,651)	(25,678)
Deferred tax assets not recognised	134,463	116,183	149,230	19,077	22,116
Others	–	–	–	(15,987)	(1,426)
Income tax expense recognised in profit or loss	–	–	4,792	–	–

At 31 December 2008, 2009, 2010 and 30 June 2011, the Target Group has tax losses of approximately S$7,028,000, S$6,856,000, S$6,517,000 and S$6,413,000, respectively, that are available for offseting against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

8. Property, plant and equipment

Target Group

	Leasehold improvements	Furniture and fittings	Computer	Office equipment	Total
	S$	*S$*	*S$*	*S$*	*S$*
Cost					
At 1 January 2008	1,662,945	203,478	675,050	266,376	2,807,849
Additions	80,536	75,105	308,189	16,176	480,006
Disposals	–	–	–	(65,760)	(65,760)
Exchange realignment	(59,345)	(1,931)	2,713	6,059	(52,504)
At 31 December 2008 and at 1 January 2009	1,684,136	276,652	985,952	222,851	3,169,591
Additions	70,914	3,572	271,594	15,548	361,628
Write-off	(84,964)	–	–	(364)	(85,328)
Exchange realignment	(2,545)	(229)	(452)	(519)	(3,745)
At 31 December 2009 and at 1 January 2010	1,667,541	279,995	1,257,094	237,516	3,442,146
Additions	173,857	14,523	222,989	14,095	425,464
Exchange realignment	(10,663)	(1,088)	(1,894)	(2,269)	(15,914)
At 31 December 2010 and at 1 January 2011	1,830,735	293,430	1,478,189	249,342	3,851,696
Additions	43,248	9,808	104,675	23,650	181,381
Exchange realignment	(7,140)	(868)	(957)	(1,113)	(10,078)
At 30 June 2011	1,866,843	302,370	1,581,907	271,879	4,022,999
Accumulated depreciation					
At 1 January 2008	600,774	124,588	246,313	157,857	1,129,532
Charge for the year	312,557	30,714	137,422	31,232	511,925
Disposals	–	–	(42)	(56,992)	(57,034)
Exchange realignment	(46,640)	(786)	(13,878)	26,839	(34,465)
At 31 December 2008 and at 1 January 2009	866,691	154,516	369,815	158,936	1,549,958
Charge for the year	285,934	39,402	181,771	27,122	534,229
Write-off	(44,008)	–	–	(364)	(44,372)
Exchange realignment	(969)	(79)	(165)	(190)	(1,403)
At 31 December 2009 and at 1 January 2010	1,107,648	193,839	551,421	185,504	2,038,412
Charge for the year	257,449	28,218	240,018	25,578	551,263
Exchange realignment	(6,193)	(536)	(1,070)	(1,241)	(9,040)
At 31 December 2010 and at 1 January 2011	1,358,904	221,521	790,369	209,841	2,580,635
Charge for the period	116,564	13,743	135,655	13,613	279,575
Exchange realignment	(4,539)	(415)	(714)	(831)	(6,499)
At 30 June 2011	1,470,929	234,849	925,310	222,623	2,853,711

	Leasehold improvements	Furniture and fittings	Computer	Office equipment	Total
	S$	*S$*	*S$*	*S$*	*S$*
Net carrying amount					
At 31 December 2008	817,445	122,136	616,137	63,915	1,619,633
At 31 December 2009	559,893	86,156	705,673	52,012	1,403,734
At 31 December 2010	471,831	71,909	687,820	39,501	1,271,061
At 30 June 2011	395,914	67,521	656,597	49,256	1,169,288

9. Investments in subsidiaries

Target Company

	As at 31 December			As at 30 June
	2008	2009	2010	2011
	S$	*S$*	*S$*	*S$*
Unlisted investments, at cost	8,296,620	8,981,656	8,981,656	8,981,656
Impairment loss	(4,418,667)	(4,418,667)	(4,418,667)	(4,418,667)
	3,877,953	4,562,989	4,562,989	4,562,989
Due from subsidiaries	16,582	16,592	16,592	16,592
	3,894,535	4,579,581	4,579,581	4,579,581

Particulars of the subsidiaries are set out in Note 1 under Section II of this report.

The amounts due from subsidiaries included in non-current assets are non-traded, unsecured, interest-free and are not repayable within one year.

The amounts due from subsidiaries included in current assets are non-traded, unsecured, interest-free and are repayable on demand. The amounts due to subsidiaries included in current liabilities are unsecured, interest-free and have no fixed terms of repayment.

10. Other investment

Target Group and Target Company

	As at 31 December			As at 30 June
	2008	2009	2010	2011
	S$	*S$*	*S$*	*S$*
Available-for-sale investment				
Quoted equity investment at fair value	2,750	2,750	2,750	2,750

11. Accounts receivable

Target Group

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	S$	*S$*	*S$*	*S$*
Accounts receivable	3,604,543	5,548,861	5,904,561	5,883,869
Less: Allowance for impairment	(5,150)	(5,150)	(5,150)	(5,150)
	3,599,393	5,543,711	5,899,411	5,878,719

Accounts receivable are non-interest-bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Accounts receivable denominated in foreign currencies at the end of each of the Relevant Periods are as follows:

Target Group

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	S$	*S$*	*S$*	*S$*
Hong Kong dollar	64,470	188,227	190,601	219,456
Ringgit Malaysia	1,414	1,329	1,355	1,321

Receivables that are past due but not impaired

The Target Group has accounts receivable amounting to S$317,527 as at 31 December 2008, S$255,384 as at 31 December 2009, S$420,380 as at 31 December 2010 and S$187,194 as at 30 June 2011, that are past due at the end of the Relevant Periods but not impaired. These receivables are unsecured and the aged analysis at the end of each of the Relevant Periods are as follows:

Target Group

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	S$	*S$*	*S$*	*S$*
Accounts receivable not past due	3,287,016	5,293,477	5,484,181	5,696,675
Accounts receivable past due but not impaired:				
1-30 days	21,840	17,829	218,061	2,148
31-60 days	56,488	19,648	22,877	1,644
61-90 days	–	59,267	31,577	59,482
More than 90 days	239,199	158,640	147,865	123,920
Total accounts receivable	3,604,543	5,548,861	5,904,561	5,883,869

	As at 31 December			As at 30 June
	2008	2009	2010	2011
	S$	*S$*	*S$*	*S$*
Movement in allowance accounts:				
At beginning and end of the Relevant Periods	(5,150)	(5,150)	(5,150)	(5,150)

Receivables that are individually determined to be impaired at the end of the Relevant Periods relate to debtors that are in significant financial difficulties and have defaulted on payments.

12. Prepayments, deposits and other receivables

Target Group

	As at 31 December			As at 30 June
	2008	2009	2010	2011
	S$	*S$*	*S$*	*S$*
Prepayments	167,977	226,198	221,605	222,908
Sundry deposits	103,635	116,227	118,278	190,373
Other receivables	498,613	604,805	661,119	419,496
	770,225	947,230	1,001,002	832,777

Target Company

	As at 31 December			As at 30 June
	2008	2009	2010	2011
	S$	*S$*	*S$*	*S$*
Prepayments	–	–	–	4,854
Sundry deposits	98,156	–	–	–
	98,156	–	–	4,854

13. Due to directors

The amounts due to directors are non-trade in nature, unsecured, interest-free and repayable on demand or have no fixed terms of repayment.

14. Cash and cash equivalents

Target Group

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	S$	*S$*	*S$*	*S$*
Cash at banks and on hand	2,252,045	2,892,900	3,935,046	4,718,737
Fixed deposits	–	–	100,214	100,289
	2,252,045	2,892,900	4,035,260	4,819,026

Target Company

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	S$	*S$*	*S$*	*S$*
Cash at banks and on hand	4,976	12,256	8,630	19,324

Cash at banks earns interest at floating rates based on daily bank deposit rates. Fixed deposits are made for 3 months and earn interest at the respective fixed deposit rate of 0.25% per annum.

Cash at banks and on hand and fixed deposits denominated in foreign currencies at the end of each of the Relevant Periods are as follows:

Target Group

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	S$	*S$*	*S$*	*S$*
United States dollar	4,895	25,485	4,152	3,930
Hong Kong dollar	964,850	1,023,346	1,135,892	1,066,915
Ringgit Malaysia	4,526	6,271	6,390	6,233
Australian dollar	–	–	9,000	9,000
Euro dollar	–	–	9,000	9,000

The cash at banks and on hand of the Target Company is denominated in S$.

15. Accounts payable

Accounts payable represented commission payables for brokerage for the provision of insurance brokerage services which are generally settled within 30 days to 120 days upon receipt of payments from product issuers by the Target Group.

An aged analysis of accounts payable is as follows:

Target Group

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	S$	*S$*	*S$*	*S$*
1-30 days	3,447,638	5,133,171	5,729,221	6,759,578
More than 90 days	219,768	173,010	103,010	83,010
Total	3,667,406	5,306,181	5,832,231	6,842,588

Accounts payable denominated in foreign currencies are as follows:

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	S$	*S$*	*S$*	*S$*
Hong Kong dollar	26,501	202,029	490,785	1,056,913
Ringgit Malaysia	–	14,460	14,736	14,372

16. Related party transactions

In addition to the transactions detailed elsewhere in this report, the Target Group has the following material transactions with related parties during the Relevant Periods:

Compensation of key management personnel

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	S$	*S$*	*S$*	*S$* (Unaudited)	*S$*
Short-term employee benefits	1,985,228	1,548,652	1,641,129	635,235	883,660
Equity-settled share options expense	234,800	302,800	488,800	–	–
Central Provident Fund contributions	37,840	34,301	42,492	11,897	19,309
	2,257,868	1,885,753	2,172,421	647,132	902,969

Details of directors' emoluments are included in note 25 under Section II of this report.

Directors' interests in share option plans

Details of the share option schemes of the Target Group are set out in note 20 under Section II of this report.

17. Finance lease payables

Obligations under a finance lease

The Target Group leases certain photocopiers under a non-cancellable finance lease and hire purchase arrangements. The discount rate implicit in the lease obligations approximates 14.18% per annum. The lease was fully repaid in 2009.

Future minimum lease payments under this contract together with the present value of the net minimum lease payments of the hire purchase are as follows:

Target Group	**2008**
	S$
Present value of minimum lease payments and total minimum lease payments payable not later than one year	30,904

18. Share capital

Target Company

	As at 31 December						**As at 30 June**	
	2008		**2009**		**2010**		**2011**	
	No. of shares	*S$*	*No. of shares*	*S$*	*No. of shares*	*S$*	*No. of shares*	*S$*
Issued and fully paid ordinary shares:								
At beginning of the year/period	13,080,936	15,192,873	14,960,613	17,222,550	14,960,613	17,222,550	14,960,613	17,222,550
Issuance of shares	1,879,677	2,029,677	–	–	–	–	–	–
At end of the year/period	14,960,613	17,222,550	14,960,613	17,222,550	14,960,613	17,222,550	14,960,613	17,222,550

As at 31 December 2007, there were S$1,650,000 shareholders' loans outstanding. The loans include warrants which give options to holders to subscribe for shares in the Company. These options are exercisable from 15 August 2003 to 14 August 2008. 1,879,677 warrants were granted. On 14 May 2008, the loan was fully repaid via conversion of the warrants to ordinary shares.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Target Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

The Target Company has an employee share option plan under which options to subscribe for the Target Company's ordinary shares have been granted to employees of the Target Group.

In addition, one of the Target Company's subsidiaries has share option contracts under which options to subscribe for that subsidiary's ordinary shares have been granted to the branch partners of that subsidiary.

Details of the share option schemes of the Target Group are set out in Note 20 under Section II of this report.

19. Other reserves

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Target Group's presentation currency.

Equity-settled share option reserve

Equity-settled share option reserve represents the equity-settled share options granted to employees and the branch partners of a subsidiary, IPP Financial Advisers Pte Ltd ("IPPFA") (note 20 below). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

Capital reserve

Capital reserve represents the contribution from non-controlling interests to a subsidiary, over the book value of the net assets acquired.

20. Share option schemes

Employees' Share Option Scheme ("ESOS")

Under the ESOS, share options of the Target Company are granted to senior management and directors of the Target Company.

The holders for the option at an exercise price of S$1.00 may subscribe for shares of the Target Company under the share options granted as follows:

– for up to one third of the grant from 30 June 2005 to 30 June 2011;

– for up to another one third of the grant from 30 June 2006 to 30 June 2011; and

– for the remaining one third of the grant from 30 June 2007 to 30 June 2011.

The holders for the option at an exercise price of S$1.50 may subscribe for shares of the Target Company under the options granted as follows:

– for up to one third of the grant from 31 December 2008 to 30 June 2011;

– for up to another one third of the grant from 31 December 2009 to 30 June 2011; and

– for the remaining one third of the grant from 31 December 2010 to 30 June 2011.

The contractual life for each option granted is three years. There are no cash settlement alternatives. The options would lapse on cessation of connection with the Target Group by way of employment, directorship or consultancy.

Branch Partner Share Option Plan

All branch partners ("BP") are entitled to share options of IPPFA, under the branch partner agreement entered into with IPPFA. IPPFA created two BPs' pools (the "BP Pool"), one for BPs who became BPs before 31 December 2010 and the other for BPs who joined before 31 December 2015.

Each BP Pool is entitled to 5% of the issued ordinary shares of IPPFA as at the respective trigger dates.

The trigger date for the BPs who joined before 31 December 2010 is 31 December 2010. Options will be granted to each BP in the proportion that the branch points (the "Branch Points") of a branch bears to the accumulated Branch Points of all the branches in the scheme as at the trigger date.

Options will lapse unless exercised by the BP within 3 years from the trigger dates (or the date which the letter of acceptance of the offer to accept the grant of the options) of the options or on termination of the BP agreement. The exercise price per share for the options granted out of the pool for BPs who joined before 31 December 2010 is S$1.00.

The total number of share options deemed to be issued on the trigger date of 31 December 2010 is 1,025,000. There is no forfeiture, exercise or expiration in respect of this plan. The fair value of the share options is S$0.45 and can be exercised within 3 years.

Movement of the ESOS share options

The following table illustrates the number ("No.") and weighted average exercise prices ("WAEP") of, and movements in, the ESOS share options during the Relevant Periods:

	Target Group and Target Company									
	As at 31 December						As at 30 June			
	2008		2009		2010		2010		2011	
		WAEP		*WAEP*		*WAEP*		*WAEP*		*WAEP*
	No.	*S$*	*No.*	*S$*	*No.*	*S$*	*No.*	*S$*	*No.*	*S$*
Outstanding at 1 January	2,880,000	1.08	2,880,000	1.08	3,180,000	1.12	3,180,000	1.12	3,600,000	1.16
– Granted	–	–	300,000	1.50	420,000	1.50	420,000	1.50	–	–
– Expired	–	–	–	–	–	–	–	–	(3,600,000)	1.16
Outstanding at end of the year/period	2,880,000	1.08	3,180,000	1.12	3,600,000	1.16	3,600,000	1.16	–	–
Exercisable at end of the year/period	2,580,000	1.03	2,830,000	0.99	3,600,000	1.16	3,600,000	1.16	–	–

– The weighted average fair values of options granted during the years ended 31 December 2008, 2009 and 2010 were nil, $0.453 and $0.439, respectively.

– There are no options exercised during the Relevant Periods.

– The range of exercise prices for options outstanding at the end of the year was $1 to $1.50. The weighted average remaining contractual lives for these options are 2.5 years, 1.5 years and 0.5 years for the years ended 31 December 2008, 2009 and 2010, respectively.

Fair value of share options granted

The fair value of equity share options is estimated at the date of grant using the Black Scholes model, taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the option pricing model used for the years ended 31 December 2008, 2009 and 2010:

	2010	2009	2008
	S$	*S$*	*S$*
Dividend yield (%)	–	–	–
Expected volatility (%)	61.57	61.57	61.57
Risk-free interest rate (%)	0.81	1.25	1.00
Expected life of option (years)	0.5	1.5	2.5
Weighted average share price ($)	0.53	0.52	0.52

The expected life of the share options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

21. Operating lease commitments

The Target Group leases its land and building under an operating lease arrangement. Leases for the land and building are negotiated for a term of 3 years.

At the end of the Relevant Periods, the Target Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
Within 1 year	2,884,388	3,330,529	2,506,390	3,082,190	884,958
Within 2 to 5 years	4,599,995	2,713,757	174,116	1,000,101	79,812
Total	7,484,383	6,044,286	2,680,506	4,082,291	964,770

22. Financial Instruments by category and fair value of financial instruments

The carrying amounts of each of the categories of financial instruments as at the end of the Relevant Periods are as follows:

Target Group

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	S$	*S$*	*S$*	*S$*
Financial assets – available-for-sale investments				
Other investments	2,750	2,750	2,750	2,750
Financial assets – loans and receivables				
Accounts receivable	3,599,393	5,543,711	5,899,411	5,878,719
Sundry deposits	750,242	836,936	768,561	840,656
Other receivables	498,613	604,805	661,119	419,496
Cash and cash equivalents	2,252,045	2,892,900	4,035,260	4,819,026
	7,100,293	9,878,352	11,364,351	11,957,897
Total financial assets	7,103,043	9,881,102	11,367,101	11,960,647
Financial liabilities at amortised cost				
Accounts payable	3,667,406	5,306,181	5,832,231	6,842,588
Other payables and accruals	2,120,123	1,961,229	2,683,772	2,040,348
Due to directors	372,452	203,712	94,769	93,602
Finance lease payables	30,904	–	–	–
Total financial liabilities	6,190,885	7,471,122	8,610,772	8,976,538
Total net financial assets	912,158	2,409,980	2,756,329	2,984,109

Target Company

	As at 31 December			As at 30 June
	2008	**2009**	**2010**	**2011**
	S$	*S$*	*S$*	*S$*
Financial assets – loans and receivables				
Amounts due from subsidiaries	549,954	187,559	196,928	198,728
Sundry deposits	98,156	–	–	–
Cash and cash equivalents	4,976	12,256	8,630	19,324
Total financial assets	653,086	199,815	205,558	218,052
Financial liabilities at amortised cost				
Other payables and accruals	213,904	7,750	73,273	93,743
Due to subsidiaries	249,021	249,021	306,171	306,171
Due to a director	21,982	21,982	19,639	19,639
Total financial liabilities	484,907	278,753	399,083	419,553
Total net financial assets/(liabilities)	168,179	(78,938)	(193,525)	(201,501)

Management has determined that the carrying amounts of the financial assets and liabilities of the Target Company and the Target Group are reasonable approximations of their fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the Relevant Periods.

23. Financial risk management objectives and policies

The Target Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include liquidity risk, interest rate risk, credit risk and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks which are enforced by the management of the Target Group.

It is, and has been throughout the Relevant Periods, the Target Group's policy that no derivative shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Target Group does not apply hedge accounting.

The following sections provide details regarding the Target Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks:

The Target Group does not have written risk management policies and guidelines.

Liquidity risk

Liquidity risk is the risk that the Target Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Target Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

In the management of liquidity risks, the Target Group monitors and maintains a level of cash and cash equivalents deemed sufficient to finance the Target Group's operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Target Group's and the Target Company's financial liabilities as at the end of the Relevant Periods, based on the contractual undiscounted payments, was either less than one year or without fixed terms of repayment.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Target Group's financial instruments will fluctuate because of changes in market interest rates. The Target Group's exposure to interest rate risk arises primarily from their finance lease which is at a pre-determined interest rate.

The Target Group does not have other financial instruments which could give rise to significant interest rate risk. Therefore, the Target Group's income and equity are not likely to be materially affected by the fluctuations in the market interest rates.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Target Group's exposure to credit risk arises primarily from trade and other receivables and deposits. Cash and cash equivalents are placed with a financial institution with good credit rating.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Target Group.

Cash and cash equivalents are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Foreign currency risk

Foreign currency risk is the risk that arises from the change in price of one currency against another because of changes in foreign currency exchange rates.

The Target Group hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the Relevant Periods, such foreign currency balances are mainly in HK$.

The Target Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia and Hong Kong. The Target Group's net investments in Malaysia and Hong Kong are not hedged as currency positions in Malaysian Ringgit and HK$ are considered to be long-term in nature.

The impact of the risk arising from transaction currency exposures is not significant to the Target Group.

24. Capital management

The primary objective of the Target Group's capital management are to safeguard the Target Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

Capital management

The Target 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 Target Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Target Group is not subject to any externally imposed capital requirement.

25. Directors' remuneration

Details of the directors' remuneration paid and payable for the Relevant Periods are as follows:

	Year ended 31 December			Six months ended 30 June	
	2008	2009	2010	2010	2011
	S$	S$	S$	S$	S$
				(Unaudited)	
Fees	128,250	25,500	46,750	5,500	–
Other emoluments:					
Salaries, allowances, and benefits in kind	915,231	640,000	619,160	246,878	433,530
Equity-settled share option expense	–	45,300	45,300	–	–
Central Provident Fund contributions	13,468	12,105	13,080	4,061	8,242
	928,699	697,405	677,540	250,939	441,772
	1,056,949	722,905	724,290	256,439	441,772

	Fees	Salaries, allowances, and benefits in kind	Equity-settled share option expense	Central Provident Fund contributions	Total
	S$	S$	S$	S$	S$
Year ended 31 December 2008					
Wee Taong Howe	–	361,481	–	7,245	368,726
Victor Ang	2,250	–	–	–	2,250
Leslie Chua Seng Wee	65,250	–	–	–	65,250
Peter Tay Yew Beng	5,250	–	–	–	5,250
John Kevin Stewart Wilkinson	–	300,000	–	2,824	302,824
Dieu Eng Seng	46,500	–	–	–	46,500
Nesaratnam Stanley Jeremiah	3,000	–	–	–	3,000
Thio Gim Hock	750	–	–	–	750
Clement Wang Kai	3,000	–	–	–	3,000
Malcolm Richard Johnston	2,250	–	–	–	2,250
Chellappah Shelton Amarajothi	–	253,750	–	3,399	257,149
	128,250	915,231	–	13,468	1,056,949

	Fees	Salaries, allowances, and benefits in kind	Equity-settled share option expense	Central Provident Fund contributions	Total
	S$	*S$*	*S$*	*S$*	*S$*
Year ended 31 December 2009					
Wee Taong Howe	–	210,000	–	5,181	215,181
Victor Ang	–	–	–	–	–
Leslie Chua Seng Wee	15,000	–	–	–	15,000
Peter Tay Yew Beng	–	–	–	–	–
John Kevin Stewart Wilkinson	–	220,000	–	3,462	223,462
Dieu Eng Seng	10,500	–	–	–	10,500
Nesaratnam Stanley Jeremiah	–	–	–	–	–
Thio Gim Hock	–	–	15,100	–	15,100
Clement Wang Kai	–	–	15,100	–	15,100
Malcolm Richard Johnston	–	–	–	–	–
Chellappah Shelton Amarajothi	–	210,000	15,100	3,462	228,562
	25,500	640,000	45,300	12,105	722,905
Year ended 31 December 2010					
Wee Taong Howe	–	230,000	–	5,748	235,748
Victor Ang	6,000	–	–	–	6,000
Leslie Chua Seng Wee	6,000	–	–	–	6,000
Peter Tay Yew Beng	6,000	–	–	–	6,000
John Kevin Stewart Wilkinson	–	66,878	–	678	67,556
Dieu Eng Seng	5,500	–	–	–	5,500
Nesaratnam Stanley Jeremiah	5,750	92,282	–	2,757	100,789
Thio Gim Hock	5,750	–	15,100	–	20,850
Clement Wang Kai	6,000	–	15,100	–	21,100
Malcolm Richard Johnston	5,750	–	–	–	5,750
Chellappah Shelton Amarajothi	–	230,000	15,100	3,897	248,997
	46,750	619,160	45,300	13,080	724,290

	Fees	Salaries, allowances, and benefits in kind	Equity-settled share option expense	Central Provident Fund contributions	Total
	S$	*S$*	*S$*	*S$*	*S$*
Six months ended 30 June 2010					
Wee Taong Howe	–	90,000	–	2,028	92,028
Victor Ang	–	–	–	–	–
Leslie Chua Seng Wee	–	–	–	–	–
Peter Tay Yew Beng	–	–	–	–	–
John Kevin Stewart Wilkinson	–	66,878	–	678	67,556
Dieu Eng Seng	5,500	–	–	–	5,500
Nesaratnam Stanley Jeremiah	–	–	–	–	–
Thio Gim Hock	–	–	–	–	–
Clement Wang Kai	–	–	–	–	–
Malcolm Richard Johnston	–	–	–	–	–
Chellappah Shelton Amarajothi	–	90,000	–	1,355	91,355
	5,500	246,878	–	4,061	256,439
Six months ended 30 June 2011					
Wee Taong Howe	–	120,000	–	2,254	122,254
Victor Ang	–	–	–	–	–
Leslie Chua Seng Wee	–	–	–	–	–
Peter Tay Yew Beng	–	–	–	–	–
John Kevin Stewart Wilkinson	–	–	–	–	–
Dieu Eng Seng	–	–	–	–	–
Nesaratnam Stanley Jeremiah	–	150,000	–	3,062	153,062
Thio Gim Hock	–	–	–	–	–
Clement Wang Kai	–	–	–	–	–
Malcolm Richard Johnston	–	–	–	–	–
Chellappah Shelton Amarajothi	–	163,530	–	2,926	166,456
	–	433,530	–	8,242	441,772

26. Five highest paid employees

The five highest paid employees included 3, 3 and 2 directors for each of the years ended 31 December 2008, 2009 and 2010, respectively, and 3 and 3 directors for each of the six months ended 30 June 2010 and 2011, respectively, details of whose remuneration are disclosed in note 25 above. Details of the remuneration of the remaining 2, 2 and 3 non-director, highest paid employees for the years ended 31 December 2008, 2009 and 2010, respectively, and 2 and 2 non-director, highest paid employees for each of the six months ended 30 June 2010 and 2011, respectively, are as follows:

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
Salaries, allowances, and benefits in kind	457,322	362,105	455,714	136,500	179,287
Central Provident Fund contributions	24,372	22,196	29,412	7,836	11,067
	481,694	384,301	485,126	144,336	190,354

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

	Number of employees				
	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
Nil to S$200,000	–	1	3	2	2
Above S$200,000	2	1	–	–	–
	2	2	3	2	2

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Group and the Target Company in respect of any period subsequent to 30 June 2011.

Yours faithfully
Ernst & Young
Certified Public Accountants
Hong Kong

I UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the unaudited pro forma financial information of Convoy Financial Services Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") assuming that the proposed acquisition ("Proposed Acquisition") of 100% equity interest in IPP Financial Services Holdings Ltd (the "Target Company") and its subsidiaries (collectively the "Target Group") by the Company pursuant to a sale and purchase agreement dated 27 July 2011 entered into between the Company's indirect wholly-owned subsidiary, Great Performer Limited and Shareholders of the Target Company. The unaudited pro forma financial information was prepared based on the unaudited consolidated financial statements of the Group for the six months ended 30 June 2011 included in the published interim report of the Group for the period then ended and the financial information of the Target Group as set out in the Accountants' Report in Appendix II to this circular, after giving effect to the pro forma adjustments as described in the accompanying notes.

The accompanying unaudited pro forma financial information should be read in conjunction with the financial information of the Group as set out in Appendix I, Accountants' Report of the Target Group as set out in Appendix II and other financial information elsewhere in this circular.

The unaudited pro forma financial information of the Group including the Target Group (hereinafter referred to as the "Enlarged Group") has been prepared based on a number of assumptions, estimates, uncertainties and currently available information. As a result of these assumptions, estimates and uncertainties, the accompanying unaudited pro forma financial information does not purport to describe the financial information of the Enlarged Group that would have been attained had the Proposed Acquisition been completed on 30 June 2011. Furthermore, the accompanying unaudited pro forma financial information of the Enlarged Group does not purport to predict the Enlarged Group's future financial position.

Subsequent to 30 June 2011, the Company has made an application to the Taiwan Stock Exchange and the Taiwan Central Bank for the Proposed TDR Listing, representing 40,000,000 New Shares to be issued by the Company and 40,000,000 existing Shares to be offered by CFG. Further details of the transactions are set out in the announcement of the Company dated 8 August 2011 and 5 September 2011.

Subsequent to 30 June 2011, 康宏財富投資管理(北京)有限公司, a subsidiary, was incorporated and registered as a wholly-owned foreign enterprise under the PRC law. The total capital investment on the subsidiary will be approximately RMB10,000,000 (equivalent to approximately HK$12,286,000).

Subsequent to 30 June 2011, the Company has completed the acquisition of 80% equity interests in a limited liability company established in the PRC, which is licensed to provide nationwide insurance brokerage services in Mainland China, at a consideration of approximately RMB400,000 (equivalent to approximately HK$491,000).

As a result of the events occurred subsequent to 30 June 2011 as mentioned above, the financial position of the Group may be different from the unaudited pro forma financial information as set out on pages III-2 to III-6 of this circular.

	The Group	Target Group	Target Group	Pro forma adjustments		Unaudited pro forma Enlarged Group
	HK$'000	*S$*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*			
Non-current assets						
Property, plant and equipment	24,606	1,169,288	7,407			32,013
Goodwill	100	–	–	131,151	4	131,251
Deposits paid for purchases of items of property, plant and equipment	9,053	–	–			9,053
Rental deposits	11,906	650,283	4,119			16,025
Prepayments	368	–	–			368
Deferred tax assets	4,108	–	–			4,108
Other investment	–	2,750	17			17
Total non-current assets	50,141	1,822,321	11,543			192,835
Current assets						
Accounts receivable	36,879	5,878,719	37,239			74,118
Prepayments, deposits and other receivables	50,657	832,777	5,276			55,933
Equity investment at fair value through profit or loss	220	–	–			220
Cash and cash equivalents	200,698	4,819,026	30,527	(158,365)	5	72,860
Total current assets	288,454	11,530,522	73,042			203,131
Current liabilities						
Accounts payables	84,206	6,842,588	43,345			127,551
Other payables and accruals	14,008	2,040,348	12,925			26,933
Due to directors	–	93,602	592			592
Income tax payable	15,986	4,792	30			16,016
Commission clawback	6,297	–	–			6,297
Total current liabilities	120,497	8,981,330	56,892			177,389
Net current assets	167,957	2,549,192	16,150			25,742
Net assets	218,098	4,371,513	27,693			218,577

Notes:

1 The financial information is extracted from the unaudited consolidated statement of financial position of the Group as at 30 June 2011 included in the published interim report of the Group for the period then ended.

2 The financial information is extracted from the audited statement of financial position of the Target Group as at 30 June 2011 included in the Accountants' Report of the Target Group, which is set out in Appendix II to this circular.

3 The exchange rate of S$1.00 = HK$6.3346 has been used for currency translation of the assets and liabilities of Target Group as at 30 June 2011. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amount in HK$ or S$ has been, could have been or may be converted at such or any other rate or at all.

4 In accordance with Hong Kong Financial Reporting Standard 3 *Business Combinations* issued by the Hong Kong Institute of Certified Public Accountants, the Group will apply the acquisition method to account for the acquisition of the Target Group. Under the acquisition method, the identifiable assets and liabilities of the Target Group will be recorded on the consolidated statement of financial position of the Group at their fair values at the date of completion. Excess of the Group's purchase price over the interests in the net fair value of the identifiable assets and liabilities of the Target Group is recognised as goodwill in the unaudited pro forma consolidated statement of financial position as if the Proposed Acquisition had taken place on 30 June 2011.

The fair values of the identifiable assets and liabilities of the Target Group from the Proposed Acquisition are as follows:

	Carrying value of the Target Group	**Fair value adjustments on identifiable assets and liabilities of the Target Group**	**Fair value of net identifiable assets acquired**	
	S$	*S$*	*S$*	*HK$'000*
	(Note a)		*(Note b)*	
Property, plant and equipment	1,169,288	–	1,169,288	7,407
Rental deposits	650,283	–	650,283	4,119
Other investment	2,750	–	2,750	17
Accounts receivable	5,878,719	–	5,878,719	37,239
Prepayments, deposits and other receivables	832,777	–	832,777	5,276
Cash and cash equivalents	4,819,026	–	4,819,026	30,527
Accounts payable	(6,842,588)	–	(6,842,588)	(43,345)
Other payables and accruals	(2,040,348)	–	(2,040,348)	(12,925)
Due to directors	(93,602)	–	(93,602)	(592)
Income tax payable	(4,792)	–	(4,792)	(30)
Identifiable net assets at fair value acquired by the Group	4,371,513		4,371,513	27,693
Share of net assets by non-controlling interests of the Target Group			(75,495)	(479)
Identifiable net assets at fair value acquired by the Group			4,296,018	27,214
Consideration			25,000,000	158,365
Goodwill			20,703,982	131,151

Notes:

(a) The financial information of the Target Group is extracted from the audited statement of financial position of the Target Group as at 30 June 2011 included in the Accountants' Report of the Target Group, which is set out in Appendix II to this circular.

(b) It is assumed that the fair values of the net assets acquired approximate the carrying values of the net assets acquired.

An impairment testing conducted in accordance with Hong Kong Accounting Standard 36 *Impairment of Assets* ("HKAS 36") issued by the Hong Kong Institute of Certified Public Accountants involves the determination of the recoverable amount of the cash-generating unit to which the goodwill has been allocated, being the higher of the cash-generating unit's fair value less costs to sell and its value in use. For the purpose of the preparation of the Unaudited Pro Forma Financial Information, the Directors have estimated the value in use of the Target Group, and assessed that there was no indication of impairment of goodwill arising from the Acquisition and hence no impairment was required.

5 The total consideration for the Proposed Acquisition is S$25,000,000 (equivalent to approximately HK$158,365,000), which will be satisfied in cash upon completion of the Proposed Acquisition.

The pro forma adjustment of HK$158,365,000 represents the cash consideration as described above.

II LETTER FROM THE REPORTING ACCOUNTANTS

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, in respect of the Unaudited Pro Forma Financial Information of the Enlarged Group as set out in Section I of Appendix III to this circular.

ERNST & YOUNG
安 永

22nd Floor
CITIC Tower
1 Tim Mei Avenue, Central
Hong Kong
23 December 2011

The Directors
Convoy Financial Services Holdings Limited

Dear Sirs,

We report on the unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") of Convoy Financial Services Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company (the "Directors") for illustrative purposes only, to provide information about how the proposed acquisition of a 100% equity interest in IPP Financial Services Holdings Ltd and its subsidiaries (collectively the "Target Group") might have affected the financial information presented, for inclusion in Appendix III to the circular of the Company dated 23 December 2011 (the "Circular"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Section I of Appendix III to the Circular.

Respective responsibilities of the Directors and Reporting Accountants

It is the responsibility solely of the Directors to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 *Accountants' Reports on Pro Forma Financial Information in*

Investment Circulars issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments, and discussing the Unaudited Pro Forma Financial Information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the Directors, and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 June 2011 had the acquisition of the Target Group actually been completed on that date or any future dates.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully
Ernst & Young
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein of this circular misleading.

2. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS

As at the Latest Practicable Date, the Directors, chief executives and their associates had the following interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in the Listing Rules:

Directors' interests in the shares of associated corporations

Name of associated corporation	Name of Director	Capacity	Long/short position	No. of ordinary shares in Convoy Inc. held	Approximate percentage of the issued share capital in Convoy Inc.
Convoy Inc.	Mr. Wong Lee Man	Beneficial owner	Long position	14,074	19.69%
	Ms. Fong Sut Sam	Beneficial owner	Long position	14,034	19.63%
	Mr. Mak Kwong Yiu	Beneficial owner	Long position	3,911	5.47%

Other than as disclosed above, none of the Company's directors, chief executive nor their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at the Latest Practicable Date.

3. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT PERSONS

Save as disclosed in the section headed "Directors', Supervisors' and Chief Executives' Interests and Short Positions", as at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of shareholder	Capacity	Long/short position	No. of Shares held	Approximate percentage of the issued share capital
Convoy Inc. *(Note 1)*	Interests of a controlled corporation	Long position	300,000,000	75%
Perfect Team Group Limited ("Perfect Team") *(Note 1)*	Interests of a controlled corporation	Long position	300,000,000	75%
CFG	Beneficial owner	Long position	300,000,000	75%

Note 1:

The 300,000,000 Shares are held by CFG which is owned as to approximately 43.79% by Convoy Inc. and 56.21% by Perfect Team. As a result of such relationship as described in this paragraph, Convoy Inc. and Perfect Team are deemed to be interested in 300,000,000 Shares held by CFG. CFG is beneficially interested in 300,000,000 Shares.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any persons (who were not directors or chief executives of the Company) who had an interest or short position in the Share or underlying Shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any of its subsidiaries or held any option in respect of such capital.

As at the Latest Practicable Date, Wong Lee Man and Fong Sut Sam are directors of Convoy Inc., Perfect Team and CFG. Save as disclosed herein, as at the Latest Practicable Date, none of the directors is a director, proposed director or employee of a company which had an interest or short position in the shares ad underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, there was no existing or proposed service agreement between any Director and any member of the Enlarged Group (excluding agreements expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

6. DIRECTORS' INTERESTS CONTRACTS OF SIGNIFICANCE AND ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2010, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of, by or leased to any member of the Enlarged Group or are proposed to be acquired or disposed of, by or leased to any member of the Enlarged Group.

No contracts of significance to which any member of the Enlarged Group was a party and in which a Director had a material interest, either directly or indirectly, subsisted as at the Latest Practicable Date.

7. LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against the Enlarged Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) had been entered into by the Enlarged Group within two years preceding the date of this circular and are or may be material:

(a) the Sale & Purchase Agreement;

(b) the instrument of transfer together with the relevant bought and sold notes all dated 21 June 2010 and executed by Convoy (BVI) Limited and CFG in relation to the acquisition by Convoy (BVI) Limited of the entire issued share capital in Convoy Financial Services Limited from CFG at a consideration being satisfied by the allotment and issue of 9,999 new shares in Convoy (BVI) Limited, credited as fully paid, to CFG;

(c) a deed of reorganisation dated 21 June 2010 made between, among others, CFG and our Company relating to the acquisition of the entire issued share capital of Convoy (BVI) Limited;

(d) a deed of indemnity dated 22 June 2010 executed by Convoy Inc., Perfect Team Group Limited, CFG and the respective shareholders of Convoy Inc., and Mr. Sin Kin Chung in favour of the Group;

(e) a deed of indemnity dated 22 June 2010 executed by CFG and Convoy Asset Management Limited in favour of the Group;

(f) an underwriting agreement dated 28 June 2010 entered into between, among others, the Company, Convoy Inc., Perfect Team Group Limited, CFG and the respective shareholders of Convoy Inc., Mr. Sin Kin Chung, Quam Capital Limited, Quam Securities Company Limited and Convoy Investment Services Limited;

(g) a cornerstone investor agreement dated 24 June 2010 entered into between the Company, Manulife International Holdings Limited, Quam Securities Company Limited and Convoy Investment Services Limited;

(h) a deed of non-competition undertaking dated 22 June 2010 and executed by each of Convoy Inc., Perfect Team Group Limited, CFG and the respective shareholders of Convoy Inc. and Mr. Sin Kin Chung in favour of the Company;

(i) a trademarks agreement dated 21 June 2010 entered into between Convoy (Trademarks) Limited and the Company;

(j) a share award scheme adopted by the Company on 25 January 2011;

(k) a warrant placing agreement dated 16 February 2011 entered into by the Company and Convoy Investment Services Ltd.;

(l) an agreement entered into by CCIA Holdings Limited, a subsidiary of the Company with an independent third party for the acquisition of an entire equity interest in a company incorporated in Hong Kong, which is engaged in the provision of insurance agency services in Hong Kong;

(m) a framework agreement dated 1 March 2011 entered into by Convoy China Limited, a subsidiary of the Company with an Independent third party for the acquisition of 80% equity interest in a limited liability company incorporated in PRC, which is licensed to provide nationwide insurance brokerage services in Mainland China;

(n) a share transfer agreement dated 12 April 2011 entered into by the Company and CFG for acquisition of entire share capital in Prosper Ocean Investment Ltd.; and

(o) an equity transfer agreement dated 12 April 2011 entered into by Convoy Beijing Holdings Limited, a subsidiary of the Company with CFG for acquisition of the entire equity interest in Convoy Wealth Investment Consultation (Beijing) Company Limited.

9. EXPERTS AND CONSENTS

The following are the qualifications of the experts who had given opinion contained in this circular:

Name	Qualifications
Ernst & Young	Certified Public Accountants

As at the Latest Practicable Date, Ernst & Young did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it has any interest, either direct or indirect, in any assets which had been since 31 December 2010 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

The Accountants' Report in Appendix II prepared by Ernst & Young was given on 23 December 2011 for incorporation in this circular.

Ernst & Young has given and has not withdrawn its written consents to the issue of this circular with the respective report, letter and references to their names in the form and context in which they are included.

10. GENERAL

(a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

(b) The principal place of business of the Company in Hong Kong is located at 34th Floor, One Island East, 18 Westlands Road, Island East, Hong Kong.

(c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(d) The company secretary of the Company is Mr. Chow Kim Hang, a practicing solicitor in Hong Kong.

(e) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours at 34th Floor, One Island East, 18 Westlands Road, Island East, Hong Kong on the date of this circular and up to and including 13 January 2012:

(a) the Memorandum and Articles of Association of the Company;

(b) the Accountants' Report on the Target Group, the text of which is set out in Appendix II to this circular;

(c) the letter from Ernst & Young on the unaudited pro formal financial information of the Enlarged Group, the text of which is set out in Appendix III to this circular;

(d) the material contracts referred to in the paragraph headed "Material Contracts" of this appendix;

(e) the letters of consents referred to under the section headed "Experts and Consents" in this appendix;

(f) the annual report of the Company for the year ended 31 December 2010;

(g) the prospectus of the Company for the years ended 31 December 2008 and 2009;

(h) the interim report of the Company for the six months ended 30 June 2011;

(i) this circular.