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 proxy form, 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.

This circular appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

CONVOY 康宏
your finance navigator

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 AND CONNECTED TRANSACTIONS – SALE AND PURCHASE AGREEMENTS AND SUPPLEMENTAL SALE AND PURCHASE AGREEMENTS AND CONNECTED TRANSACTION – DEED OF NON-COMPETITION (2013)

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

第一上海
FIRST SHANGHAI GROUP
FIRST SHANGHAI CAPITAL LIMITED
第一上海融資有限公司

A letter from the Board is set out on pages 6 to 33 of this circular. A letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders is set out on pages 34 to 35 of this circular. A letter from First Shanghai, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 36 to 75 of this circular.

A notice convening the EGM of the Company to be held at 3/F., Nexxus Building, 77 Des Voeux Road Central, Hong Kong on Thursday, 12 December 2013 at 11:00 a.m. is set out on pages EGM-1 to EGM-4 of this circular. Whether or not you propose to attend the EGM, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from subsequently attending and voting in person at the EGM or any adjourned meeting should you so wish.

22 November 2013

CONTENTS

Unless the context otherwise requires, the following terms in this circular shall have the meanings set out below:

"Announcement (September)"	the announcement of the Company dated 30 September 2013 in relation to, among others, the Proposed Acquisitions
"Announcement (October)"	the announcement of the Company dated 24 October 2013 in relation to, among others, the Deed of Non-Competition (2013)
"associates"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day"	a day (excluding Saturday and any day on which a tropical cyclone warning no.8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a "black" rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business
"CAM"	Convoy Asset Management Limited, a company incorporated in Hong Kong with limited liability on 24 November 1999 and is owned as to 100% by CFG, and is licensed by the SFC to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
"CAM Acquisition"	the proposed acquisition of the 100% issued share capital of CAM by Favour Sino from CFG pursuant to the CAM Sale and Purchase Agreement (as supplemented and amended by the CAM Supplemental Sale and Purchase Agreement)
"CAM Consideration Shares"	16,050,000 new Shares to be allotted and issued by the Company to CFG (or its nominee which shall be a wholly-owned subsidiary of CFG) as consideration for the purchase of the CAM Sale Shares by Favour Sino and a "CAM Consideration Share" shall be construed accordingly

"CAM Sale and Purchase Agreement"	the sale and purchase agreement dated 30 September 2013 entered into between Favour Sino (as purchaser) and CFG (as vendor) in relation to the CAM Acquisition
"CAM Sale Shares"	5,160,000 shares of HK$1.00 each in the share capital of CAM, representing 100% of the issued share capital of CAM, legally and beneficially owned by CFG
"CAM Supplemental Sale and Purchase Agreement"	the supplemental sale and purchase agreement dated 24 October 2013 entered into between Favour Sino and CFG in relation to the amendments to the condition precedent to CAM Sale and Purchase Agreement
"CFG"	Convoy Financial Group Limited, a company incorporated under the laws of the British Virgin Islands and a substantial shareholder of the Company
"CIS"	Convoy Investment Services Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
"Company"	Convoy Financial Services Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose issued Shares are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration Shares"	collectively, (i) CAM Consideration Shares; and (ii) Kerberos Consideration Shares
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Convoy Inc."	Convoy Inc., a company incorporated under the laws of the British Virgin Islands which holds 43.79% interest in CFG and is a substantial shareholder of the Company

"Deed of Non-Competition"	the deed of non-competition in favour of the Company dated 22 June 2010 entered into between the Company and among others, CFG, Convoy Inc., Mr. Wong Lee Man, Ms. Fong Sut Sam and Mr. Mak Kwong Yiu
"Deed of Non-Competition (2013)"	the new deed of non-competition in favour of the Company dated 24 October 2013 entered into by Convoy Inc., Perfect Team Group Limited, CFG, Mr. Wong Lee Man, Ms. Fong Sut Sum, Mr. Mak Kwong Yiu, Mr. Ng Ka Wai, Eric, Mr. Shin Kin Man and Mr. Sin Kin Chung
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company convened to be held for the purpose of considering and, if thought fit, approving (i) the Proposed Acquisitions (including the allotment and issue of the Consideration Shares); and (ii) the Deed of Non-Competition (2013)
"Enlarged Group"	the Group immediately after the completion of the Proposed Acquisitions
"Favour Sino"	Favour Sino Holdings Limited, a company incorporated under the laws of the British Virgin Islands and is an indirect wholly-owned subsidiary of the Company
"Group"	the Company and it subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	the independent committee of the Board comprising all the independent non-executive Directors formed to advise the Independent Shareholders as to the fairness and reasonableness of (i) the Proposed Acquisitions; and (ii) the Deed of Non-Competition (2013)

"Independent Financial Adviser" or "First Shanghai"	First Shanghai Capital Limited, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on (i) the Proposed Acquisitions; and (ii) the Deed of Non-Competition (2013)
"Independent Shareholder(s)"	Shareholders who are not required to abstain from voting at the EGM to approve (i) the Proposed Acquisitions; and (ii) the Deed of Non-Competition (2013)
"Kerberos"	Kerberos (Nominee) Limited, a company incorporated in Hong Kong with limited liability on 20 April 2007 and is owned as to 100% by Convoy Inc.
"Kerberos Acquisition"	the proposed acquisition of the 100% issued share capital of Kerberos by Favour Sino from Convoy Inc. pursuant to the Kerberos Sale and Purchase Agreement (as supplemented and amended by the Kerberos Supplement Sale and Purchase Agreement)
"Kerberos Consideration Shares"	54,000 new Shares to be allotted and issued by the Company to Convoy Inc. (or its nominee which shall be a wholly-owned subsidiary of Convoy Inc.) as consideration for the purchase of the Kerberos Sale Share by Favour Sino and a "Kerberos Consideration Share" shall be construed accordingly
"Kerberos Sale and Purchase Agreement"	the sale and purchase agreement dated 30 September 2013 entered into between Favour Sino (as purchaser) and Convoy Inc. (as vendor) in relation to the Kerberos Acquisition
"Kerberos Sale Share"	1 share of HK$1.00 each in the share capital of Kerberos, representing 100% of the issued share capital of Kerberos, legally and beneficially owned by Convoy Inc.
"Kerberos Supplemental Sale and Purchase Agreement"	the supplemental sale and purchase agreement dated 24 October 2013 entered into between Favour Sino and Convoy Inc. in relation to the amendments to the condition precedent to Kerberos Sale and Purchase Agreement

"Latest Practicable Date"	20 November 2013, being the latest practicable date for the purpose of ascertaining certain information for inclusion in this circular
"Listing Committee"	has the meaning ascribed to it under the Listing Rules
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Proposed Acquisitions"	collectively, (i) CAM Acquisition; and (ii) Kerberos Acquisition
"Sale and Purchase Agreements"	collectively, (i) CAM Sale and Purchase Agreement; and (ii) Kerberos Sale and Purchase Agreement
"SFC"	Securities and Futures Commission
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary shares(s) of HK$0.10 each in the capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Supplemental Sale and Purchase Agreements"	collectively, (i) the CAM Supplemental Sale and Purchase Agreement; and (ii) Kerberos Supplemental Sale and Purchase Agreement
"%"	per cent

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
Mr. Kwok Shun Tim

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

Registered office:
Cricket Square, Hutchins Drive,
P.O. Box 2681,
Grand Cayman, KY1-1111,
Cayman Islands

22 November 2013

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTIONS – SALE AND PURCHASE AGREEMENTS AND SUPPLEMENTAL SALE AND PURCHASE AGREEMENTS AND CONNECTED TRANSACTION – DEED OF NON-COMPETITION (2013)

1. INTRODUCTION

On 30 September 2013, the Company announced that:–

(a) CFG (as vendor) and Favour Sino (as purchaser) entered into the CAM Sale and Purchase Agreement, pursuant to which Favour Sino has conditionally agreed to acquire the CAM Sale Shares from CFG at a consideration of HK$30,000,000 which shall be satisfied by the allotment and issue of the CAM Consideration Shares at the issue price of approximately HK$1.87 per CAM Consideration Share; and

(b) Convoy Inc. (as vendor) and Favour Sino (as purchaser) entered into the Kerberos Sale and Purchase Agreement, pursuant to which Favour Sino has conditionally agreed to acquire the Kerberos Sale Share from Convoy Inc. at a consideration of HK$101,000 which shall be satisfied by the allotment and issue of the Kerberos Consideration Shares at the issue price of approximately HK$1.87 per Kerberos Consideration Share.

On 24 October 2013, the Company announced that:–

(a) CFG and Favour Sino entered into the CAM Supplemental Sale and Purchase Agreement, pursuant to which the parties thereto have agreed to amend one of the conditions precedent under the CAM Sale and Purchase Agreement to the execution of the Deed of Non-Competition (2013); and

(b) Convoy Inc. and Favour Sino entered into the Kerberos Supplemental Sale and Purchase Agreement, pursuant to which the parties thereto have agreed to amend one of the conditions precedent under the Kerberos Sale and Purchase Agreement to the execution of the Deed of Non-Competition (2013).

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

In connection with the Proposed Acquisitions and as one of the conditions precedent to each of the Sale and Purchase Agreements (as supplemented and amended by the Supplemental Sale and Purchase Agreements), on 24 October 2013, the Company has entered into the Deed of Non-Competition (2013) with among others, CFG, Convoy Inc., Mr. Wong Lee Man, Ms. Fong Sut Sam and Mr. Mak Kwong Yiu, pursuant to which, among others, amendment is proposed to be made to the scope of the restricted business as defined in the Deed of Non-Competition.

The purpose of this circular is to provide you with, among other things, (i) further details of the Proposed Acquisitions; (ii) further details of the financial information of CAM and Kerberos; (iii) further details of the Deed of Non-Competition (2013); (iv) recommendation of the Independent Board Committee; (v) letter from First Shanghai to the Independent Board Committee and the Independent Shareholders; (vi) notice of the EGM and (vii) other information as required under the Listing Rules.

The Proposed Acquisitions and the Deed of Non-Competition (2013) are subject to the fulfillment of a number of conditions precedent, hence the Proposed Acquisitions and the Deed of Non-Competition (2013) may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

2. SALE AND PURCHASE AGREEMENTS AND SUPPLEMENTAL SALE AND PURCHASE AGREEMENTS

A. Principal terms of the CAM Sale and Purchase Agreement and the CAM Supplemental Sale and Purchase Agreement

Date	:	CAM Sale and Purchase Agreement dated 30 September 2013 and CAM Supplemental Sale and Purchase Agreement dated 24 October 2013
Parties	:	CFG (as vendor) Favour Sino (as purchaser)
Subject Matter	:	The parties agreed that on and subject to the terms and conditions of the CAM Sale and Purchase Agreement (as supplemented and amended by the CAM Supplemental Sale and Purchase Agreement), CFG shall sell and Favour Sino shall acquire the CAM Sale Shares.
Consideration	:	The total consideration for the sale and purchase of the CAM Sale Shares shall be HK$30,000,000 which shall be satisfied by the allotment and issue of the CAM Consideration Shares at the issue price of approximately HK$1.87 per CAM Consideration Share by the Company to CFG (or its nominee which shall be a wholly-owned subsidiary of CFG).
Conditions Precedent	:	Completion of the CAM Acquisition shall be conditional upon the fulfillment of the following conditions:–

(i) Favour Sino having carried out and completed the legal and financial due diligence review of CAM and being satisfied (i) with the business, assets, financial position and prospects of CAM in all respects; and (ii) that there has been no material adverse change in the business, assets and financial position of CAM between the date of the CAM Sale and Purchase Agreement and the date of completion of the CAM Acquisition;

(ii) Favour Sino being satisfied that (i) all warranties given by CFG will remain true and correct as at the date of completion of the CAM Acquisition; and (ii) CFG has or, as appropriate, will have carried out and complied with the undertakings contained in the CAM Sale and Purchase Agreement;

(iii) all consents, approvals and/or authorizations of customers, bankers, financial institutions, landlords of leases, relevant third parties, government or regulatory authorities which are necessary in connection with the transfer of the CAM Sale Shares from CFG to Favour Sino (or its nominee) and the ownership by Favour Sino (or its nominee) of the CAM Sale Shares having been obtained, and if subject to conditions, on such conditions acceptable to Favour Sino, and such consents, approvals and authorisation remaining in full force and effect and not being revoked prior to the date of completion of the CAM Acquisition;

(iv) without prejudice to condition (iii) above, Favour Sino (or its nominee) having obtained the necessary approval of the SFC in relation to it (or its nominee) becoming a substantial shareholder (as defined under the SFO) of CAM;

(v) the execution of the Deed of Non-Competition (2013) to amend, among others, the scope of the restricted business as defined in the Deed of Non-Competition;

(vi) the passing of ordinary resolution(s) by the Shareholders by poll approving (i) the CAM Sale and Purchase Agreement and the CAM Supplemental Sale and Purchase Agreement and all transactions as contemplated thereunder (including the allotment and issue of the CAM Consideration Shares); and (ii) the Deed of Non-Competition (2013), at the EGM (at which those persons who are prohibited from voting under the Listing Rules shall abstain from voting on the resolution(s));

(vii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the CAM Consideration Shares; and

(viii) the Kerberos Sale and Purchase Agreement (as supplemented and amended by the Kerberos Supplemental Sale and Purchase Agreement) having become unconditional (other than the condition that the CAM Sale and Purchase Agreement (as supplemented and amended by the CAM Supplemental Sale and Purchase Agreement) having become unconditional) in accordance with its terms.

The parties agreed to use their respective best endeavours and shall co-operate with each other to ensure that all the conditions precedent to the CAM Sale and Purchase Agreement (as supplemented and amended by the CAM Supplemental Sale and Purchase Agreement) shall be fulfilled by 31 March 2014 (or such later date as CFG and Favour Sino may agree in writing) ("**CAM Long Stop Date**").

Favour Sino may waive all or any of the conditions precedent to the CAM Sale and Purchase Agreement (as supplemented and amended by the CAM Supplemental Sale and Purchase Agreement) (other than conditions (iv) to (vii) above) at any time before the CAM Long Stop Date by notice in writing to CFG.

		In the event that any of the conditions precedent to the CAM Sale and Purchase Agreement (as supplemented and amended by the CAM Supplemental Sale and Purchase Agreement) have not been fulfilled (or waived, where applicable) in full on or before 5:00 p.m. on the CAM Long Stop Date, save as agreed between the parties, all rights and obligations of the parties under the CAM Sale and Purchase Agreement (as supplemented and amended by the CAM Supplemental Sale and Purchase Agreement) shall cease and terminate.
Completion	:	The parties agreed that, upon fulfillment or waiver of all the conditions precedent to the CAM Sale and Purchase Agreement (as supplemented and amended by the CAM Supplemental Sale and Purchase Agreement), completion shall take place at or before 4:00 p.m. on the fifth Business Day after the last outstanding conditions precedent to the CAM Sale and Purchase Agreement (as supplemented and amended by the CAM Supplemental Sale and Purchase Agreement) have been fulfilled or waived (or such other date as CFG and Favour Sino may agree in writing). The parties agreed that completion of the CAM Acquisition and the completion of the Kerberos Acquisition are inter-conditional and none of the parties shall be obliged to complete the CAM Acquisition in the event that completion of the Kerberos Acquisition does not take place simultaneously with the completion of the CAM Acquisition.

B. Principal terms of the Kerberos Sale and Purchase Agreement and the Kerberos Supplemental Sale and Purchase Agreement

Date	:	Kerberos Sale and Purchase Agreement dated 30 September 2013 and Kerberos Supplemental Sale and Purchase Agreement dated 24 October 2013
Parties	:	Convoy Inc. (as vendor) Favour Sino (as purchaser)

Subject Matter	:	The parties agreed that on and subject to the terms and conditions of the Kerberos Sale and Purchase Agreement (as supplemented and amended by the Kerberos Supplemental Sale and Purchase Agreement), Convoy Inc. shall sell and Favour Sino shall acquire the Kerberos Sale Share.
Consideration	:	The total consideration for the sale and purchase of the Kerberos Sale Share shall be HK$101,000 which shall be satisfied by the allotment and issue of the Kerberos Consideration Shares at the issue price of approximately HK$1.87 per Kerberos Consideration Share by the Company to Convoy Inc. (or its nominee which shall be a wholly-owned subsidiary of Convoy Inc.).
Conditions Precedent	:	Completion of the Kerberos Acquisition shall be conditional upon the fulfillment of the following conditions:– (i) Favour Sino having carried out and completed the legal and financial due diligence review of Kerberos and being satisfied (i) with the business, assets, financial position and prospects of Kerberos in all respects; and (ii) that there has been no material adverse change in the business, assets and financial position of Kerberos between the date of the Kerberos Sale and Purchase Agreement and the date of completion of the Kerberos Acquisition; (ii) Favour Sino being satisfied that (i) all warranties given by Convoy Inc. will remain true and correct as at the date of completion of the Kerberos Acquisition; and (ii) Convoy Inc. has or, as appropriate, will have carried out and complied with the undertakings contained in the Kerberos Sale and Purchase Agreement;

(iii) all consents, approvals and/or authorizations of customers, bankers, financial institutions, landlords of leases, relevant third parties, government or regulatory authorities which are necessary in connection with the transfer of the Kerberos Sale Share from Convoy Inc. to Favour Sino (or its nominee) and the ownership by Favour Sino (or its nominee) of the Kerberos Sale Share having been obtained, and if subject to conditions, on such conditions acceptable to Favour Sino, and such consents, approvals and authorisation remaining in full force and effect and not being revoked prior to the date of completion of the Kerberos Acquisition;

(iv) the execution of the Deed of Non-Competition (2013) to amend, among others, the scope of the restricted business as defined in the Deed of Non-Competition;

(v) the passing of ordinary resolution(s) by the Shareholders by poll approving (i) the Kerberos Sale and Purchase Agreement, the Kerberos Supplemental Sale and Purchase Agreement and all transactions as contemplated thereunder (including the allotment and issue of the Kerberos Consideration Shares); and (ii) the Deed of Non-Competition (2013), at the EGM (at which those persons who are prohibited from voting under the Listing Rules shall abstain from voting on the resolution(s));

(vi) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Kerberos Consideration Shares; and

(vii) the CAM Sale and Purchase Agreement (as supplemented and amended by the CAM Supplemental Sale and Purchase Agreement) having become unconditional (other than the condition that the Kerberos Sale and Purchase Agreement (as supplemented and amended by the Kerberos Supplemental Sale and Purchase Agreement) having become unconditional) in accordance with its terms.

The parties agreed to use their respective best endeavors and shall co-operate with each other to ensure that all the conditions precedent to the Kerberos Sale and Purchase Agreement (as supplemented and amended by the Kerberos Supplemental Sale and Purchase Agreement) shall be fulfilled by 31 March 2014 (or such later date as Convoy Inc. and Favour Sino may agree in writing) ("**Kerberos Long Stop Date**").

Favour Sino may waive all or any of the conditions precedent to the Kerberos Sale and Purchase Agreement (as supplemented and amended by the Kerberos Supplemental Sale and Purchase Agreement) (other than conditions (iv) to (vi) above) at any time before the Kerberos Long Stop Date by notice in writing to Convoy Inc.

In the event that any of the conditions precedent to the Kerberos Sale and Purchase Agreement (as supplemented and amended by the Kerberos Supplemental Sale and Purchase Agreement) have not been fulfilled (or waived, where applicable) in full on or before 5:00 p.m. on the Kerberos Long Stop Date, save as agreed between the parties, all rights and obligations of the parties under the Kerberos Sale and Purchase Agreement (as supplemented and amended by the Kerberos Supplemental Sale and Purchase Agreement) shall cease and terminate.

Completion : The parties agreed that, upon fulfillment or waiver of all the conditions precedent to the Kerberos Sale and Purchase Agreement (as supplemented and amended by the Kerberos Supplemental Sale and Purchase Agreement), completion shall take place at or before 4:00 p.m. on the fifth Business Day after the last outstanding conditions precedent to the Kerberos Sale and Purchase Agreement (as supplemented and amended by the Kerberos Supplemental Sale and Purchase Agreement) have been fulfilled or waived (or such other date as Convoy Inc. and Favour Sino may agree in writing).

The parties agreed that completion of the Kerberos Acquisition and the completion of the CAM Acquisition are inter-conditional and none of the parties shall be obliged to complete the Kerberos Acquisition in the event that completion of the CAM Acquisition does not take place simultaneously with the completion of the Kerberos Acquisition.

C. Consideration Shares

The issue price of approximately HK$1.87 per CAM Consideration Share and HK$1.87 per Kerberos Consideration Share represent:

(a) a premium of approximately 6.25% over the closing price of HK$1.760 per Share on the date of the Sale and Purchase Agreements;

(b) a premium of approximately 0.21% over the average closing price of HK$1.866 per Share as quoted on the Stock Exchange for the last five trading days preceding the date of the Sale and Purchase Agreements; and

(c) a discount of approximately 5.22% to the average closing price of HK$1.973 per Share as quoted on the Stock Exchange for the last 10 trading days preceding the date of the Sale and Purchase Agreements.

D. Basis for the Consideration

The consideration of the Proposed Acquisitions was determined after arm's length negotiations between the parties and with reference to the historical financial performance and the business prospects of CAM and Kerberos. For the year ended 31 December 2011, CAM recorded revenue and net profit of approximately HK$49,133,000 (2010: HK$33,868,000) and HK$1,189,000 (2010: net loss of HK$367,000) respectively. The financial performance of CAM has a remarkable improvement in the year ended 31 December 2012. For the year ended 31 December 2012, CAM recorded revenue and net profit of approximately HK$63,104,000 (2011: HK$49,133,000) and HK$5,973,000 (2011: HK$1,189,000) respectively. Apart from the past financial performance of CAM and Kerberos, the Company also looks at the future business prospects of the fund management business in Hong Kong, which is the principal business of CAM. It is anticipated that more investment capital inflows will come from Mainland China and the demand for asset management activities and fund advisory services in Hong Kong will increase. In addition, Hong Kong has been widely recognized as an international asset management centre and hence, Hong Kong is a popular domicile for investment funds. Based on the above, the Board is of the view that the consideration of the Proposed Acquisitions of HK$30,101,000 is fair and reasonable.

The issue price of approximately HK$1.87 per CAM Consideration Share and HK$1.87 per Kerberos Consideration Share were arrived at after arm's length negotiations between the parties with reference to the closing price of the Shares for the last five trading days preceding the date of the Sale and Purchase Agreements.

The Company considers that settlement of the consideration of the Proposed Acquisitions by way of issuance of the Consideration Shares allows the Company to reserve sufficient cash flow for general working capital and potential business development, and therefore provides flexibility to the finance of the Company. Further, the issuance of the Consideration Shares to CFG and Convoy Inc. will provide incentive to and motivate them to contribute to the business development of the Company in the future. The Company also considers that any dilution effect resulted from the aforesaid issuance of Consideration Shares shall, in any event, be minimal to the other Shareholders. In this regard, such payment term will be advantageous to the Company and will be in the best interest of the Company and the Shareholders as a whole.

E. Effects of the Proposed Acquisitions on the shareholding structure of the Company

The consideration of the CAM Acquisition shall be satisfied by the allotment and issue, credited as fully paid, of the CAM Consideration Shares by the Company at the issue price of approximately HK$1.87 per CAM Consideration Share to CFG (or its nominee which shall be a wholly-owned subsidiary of CFG). The number of CAM Consideration Shares to be issued is 16,050,000 Shares, representing approximately 3.47% of the issued share capital of the Company as at the Latest Practicable Date and approximately 3.35% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The consideration of the Kerberos Acquisition shall be satisfied by the allotment and issue, credited as fully paid, of the Kerberos Consideration Shares by the Company at the issue price of approximately HK$1.87 per Kerberos Consideration Share to Convoy Inc. (or its nominee which shall be a wholly-owned subsidiary of Convoy Inc.). The number of Kerberos Consideration Shares to be issued is 54,000 Shares, representing approximately 0.01% of the issued share capital of the Company as at the Latest Practicable Date and approximately 0.01% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The table below illustrates the shareholding structure of the Company as at the Latest Practicable Date and immediately following completion of the Proposed Acquisitions:–

Name of Shareholder	**As at the Latest Practicable Date**		**Immediately following completion of the Proposed Acquisitions**	
	No. of Shares held	*Approximate %*	*No. of Shares held*	*Approximate %*
Convoy Inc.	273,918,834 *(Note 1)*	59.16	290,022,834 *(Note 2)*	60.53
Other Shareholders	189,081,166	40.84	189,081,166	39.47
Total	463,000,000	100	479,104,000	100

Notes:

1. The 273,918,834 Shares are held by CFG which is owned as to approximately 43.79% by Convoy Inc. and approximately 56.21% by Perfect Team Group Limited. Accordingly, Convoy Inc. and Perfect Team Group Limited are deemed to be interested in the 273,918,834 Shares held by CFG by virtue of the SFO.

2. These Shares will comprise (a) 54,000 Shares directly held by Convoy Inc. upon completion of the Kerberos Acquisition (assuming no nominee will be nominated to take up the Kerberos Consideration Shares on behalf of Convoy Inc.) and (b) 289,968,834 Shares directly held by CFG (assuming no nominee will be nominated to take up the CAM Consideration Shares on behalf of CFG), by virtue of the SFO, Convoy Inc. and Perfect Team Group Limited will be deemed to be interested in all the 289,968,834 Shares held by CFG upon completion of the CAM Acquisition.

3. The above table assumes that there will not be any changes in the issued share capital of the Company from the Latest Practicable Date up to the completion of the Proposed Acquisitions (other than as a result of the allotment and issue of the Consideration Shares).

On the assumption that no new Shares will be issued from the Latest Practicable Date until the date of completion of the Proposed Acquisitions, the Proposed Acquisitions and the issue of the Consideration Shares will not result in any change in control of the Company.

The Consideration Shares will be issued under the specific mandates to be approved at the EGM. The Consideration Shares, when allotted and issued, will rank pari passu in all respects with all the Shares then in issue. There are no restrictions on the subsequent transfer of the CAM Consideration Shares by CFG (or its nominee) and Kerberos Consideration Shares by Convoy Inc. (or its nominee).

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Upon completion of the Proposed Acquisitions, both CAM and Kerberos will become the indirect wholly-owned subsidiaries of the Company.

F. Information of CAM

Business of CAM

CAM was founded in 1999 and is held as to 100% by CFG. CAM is principally engaged in the provision of investment advisory, fund dealings, introducing broker and asset management services. The investment services provided and developed include unit trusts and mutual funds, nominee services, and portfolio management. The two main businesses for CAM are distributing mutual funds and managing assets for its clients through Discretionary Portfolio Management Services ("**DPMS**").

The target clients of CAM are mainly middle-class individuals with emerging affluence who are poorly served by retail bankers and whose net worth is too small for them to be prospects for private banks. CAM's latest Asset Under Advisory and Asset Under Management are approximately US$344M and US$285M respectively as at 31 October 2013.

The competitive advantages of CAM are its the personalized services delivered by its consultants, disciplined approach to the fund selection, assistance to the clients in determining their risk profiles and selecting appropriate funds and offering a wide range of high quality funds with good performance on a risk-adjusted basis.

Regulatory requirements relevant to CAM

The SFO is Hong Kong's principal legislation regulating financial products, the securities and futures market and the securities and futures industry, the regulation of activities and other matters connected with financial products and the protection of investors. It is administered by the SFC which is a statutory body in Hong Kong.

CAM is licensed by the SFC to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. There are many rules and regulations in Hong Kong that are applicable to the CAM's business. Set out below is a description of certain requirements under the SFO that the Company considers to be most pertinent in the context of giving the Shareholders information that enable them to make an informed assessment of CAM's business.

Only a corporation that is incorporated in Hong Kong or an overseas company registered in Hong Kong under Part XI of the Companies Ordinance can be licensed to carry out a regulated activity under the SFO. Each applicant for a licence must satisfy the SFC that, among other things, it is "fit and proper" to be licensed to carry out the regulated activity in question and will be able, if licensed, to comply with certain financial resources rules.

Section 145 of the SFO provides that all licensed corporations are required to have a minimum level of paid-up and liquid capital in respect of the regulated activities for which the application for the licence is made and to maintain at all times such minimum level of paid-up share capital and liquid capital. Set out below are the minimum paid-up capital and liquid capital in respect of the three regulated activities that CAM is licensed to carry out under the Securities and Futures (Financial Resources) Rules ("**FRR**").

	Minimum Paid-up capital	**Minimum liquid capital**
Type 1 – dealing in securities	HK$5,000,000	HK$3,000,000
Type 4 – advising on securities	HK$5,000,000	HK$3,000,000
Type 9 – asset management	HK$5,000,000	HK$3,000,000

The substantial shareholders of a licensed corporation, its officers (including every director, manager or secretary and any person involved in its management) and any other person who is or is to be employed by or associated with the licensed corporation must also meet the fit and proper test.

Each licensed corporation must have two "responsible officers", at least one of whom is an executive director approved by the SFC, to supervise the regulated activity of the licensed corporation to which they are accredited. Even if a corporation is licensed under the SFO, it is not allowed to carry on any regulated activity for which it is licensed unless every director of the licensed corporation who actively participates in or is responsible for supervising its regulated activities is approved by the SFC as a responsible officer in relation to such regulated activity.

Licensed corporations and licensed representatives have to comply with ongoing requirements. For licensed corporations these include obligations:

– to notify the SFC of changes in certain information concerning themselves which has been provided to the SFC;

– to continue to meet the fit and proper test at all times;

– to submit audited accounts and certain other documents to the SFC each financial year;

– to maintain certain financial resources and to submit financial resources returns to the SFC; and

– to design, implement and complete continuous professional training for each regulated activity which they carry out.

CAM is also subject to the rules and regulations set out under the "Fund Manager Code of Conduct" (the "**Code**") issued by the SFC in April 2003, which sets out conduct requirements for fund managers, which, as specified under the Code, as "persons licensed by or registered with the SFC whose business involves the discretionary management of collective investment schemes (whether authorized or unauthorized)".

The table below sets out the historical financial figures of CAM extracted from its audited financial statements for the three financial years ended 31 December 2010, 2011 and 2012, which further details are set out in Appendix IIA to this circular:–

	For the year ended 31 December		
	2010	**2011**	**2012**
	(Audited)	**(Audited)**	**(Audited)**
	HK$	*HK$*	*HK$*
Financial results			
(Loss)/Profit before taxation	(367,229)	1,188,957	5,973,455
(Loss)/Profit after taxation	(367,229)	1,188,957	5,973,455
Financial position			
Total assets	17,752,550	22,063,571	35,867,794
Total liabilities	8,086,444	11,218,700	19,045,828

G. Information of Kerberos

Kerberos is held as to 100% by Convoy Inc. and is principally engaged in the provision of nominee services.

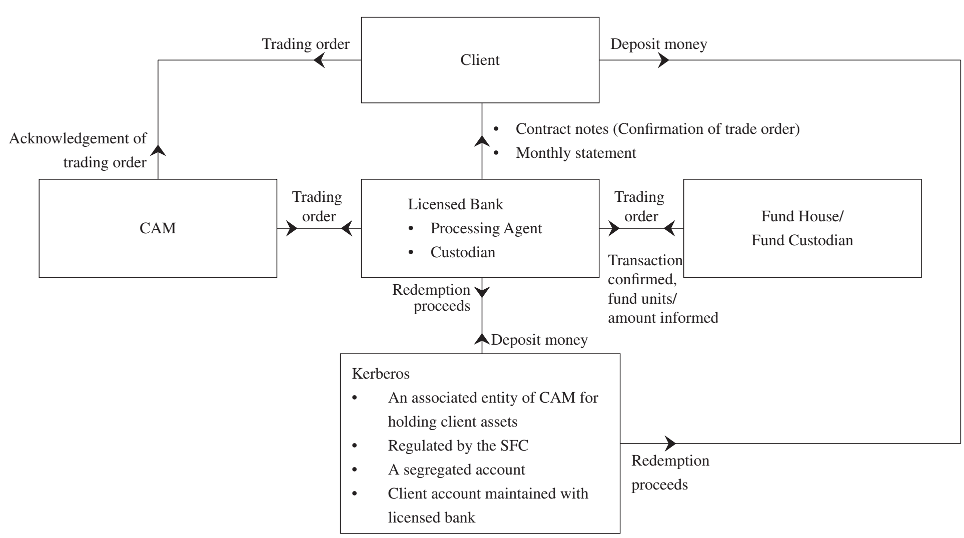
Kerberos is an associated entity of CAM within the meaning of the SFO.

Kerberos was set up for the sole and only purpose of holding the assets (including funds and cash) of CAM's clients so that such assets can be completely separated from the operations. Therefore, Kerberos does not generate revenue itself.

The table below sets out the historical financial figures of Kerberos extracted from its audited financial statements for the three financial years ended 31 December 2010, 2011 and 2012, which further details are set out in Appendix IIB to this circular:–

	For the year ended 31 December		
	2010	**2011**	**2012**
	(Audited)	**(Audited)**	**(Audited)**
	HK$	*HK$*	*HK$*
Financial results			
(Loss)/Profit before taxation	(31,243)	(52,547)	132,398
(Loss)/Profit after taxation	(31,243)	(52,547)	132,398
Financial position			
Total assets	60,043,516	140,617,518	54,253,882
Total liabilities	60,061,467	140,688,016	54,191,982

Set out below is a simplified relationship chart of CAM and Kerberos:



As illustrated in the above chart, Kerberos is an integral part of the business model of CAM. Therefore, completion of CAM Acquisition and Kerberos Acquisition are made inter-conditional with each other.

H. Financial Effects of the Proposed Acquisitions

Upon completion of the Proposed Acquisitions, both CAM and Kerberos will become the indirect wholly-owned subsidiaries of the Company. Their results, assets and liabilities will therefore 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 Proposed Acquisitions on the assets and liabilities of the Group assuming the Proposed Acquisitions has been completed on 30 June 2013.

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 20.4% from approximately HK$506,225,000 to approximately HK$609,440,000 and its total liabilities would increase approximately 36.6% from approximately HK$229,537,000 to approximately HK$313,559,000. As at 30 June 2013, the Group had no borrowings. Assuming the Proposed Acquisitions has been completed on 30 June 2013, the Enlarged Group has no borrowings.

Based on the respective Accountants' Reports of CAM and Kerberos in Appendix IIA and IIB to this circular, for the six months ended 30 June 2013, the revenue of CAM and Kerberos were approximately HK$41,894,000 and nil respectively and the profit after taxation of CAM and Kerberos were approximately HK$4,278,000 and HK$43,000 respectively.

The Directors consider that upon completion of the Proposed Acquisitions, both CAM and Kerberos will contribute to the revenue, earnings base and working capital of the Enlarged Group.

I. Reasons for and benefits of the Proposed Acquisitions

The Group aims to maintain its leading position in the independent financial advisory industry in Hong Kong and has planned to expand its scope of business in financial services. CAM is principally engaged in the provision of investment advisory, funds dealing, introducing broker and asset management services in Hong Kong and has a business track record of over 10 years. The Proposed Acquisitions will help the Group to expand into and develop the asset management business which is essential for building an all-rounded financial services platform. In addition, CAM is licensed by the SFC to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. With these licences, the Group may, through CAM, expand the business to other financial and securities services.

Although the businesses of the Group and that of CAM are subject to different risk profiles, technical and expertise requirements, the Board still considers that the Proposed Acquisitions are in the interest of the Company and its shareholders for the following reasons:

i) CAM is a well-established financial service firm with a pool of experienced talents to carry out its regulated activities. As at 30 September 2013, most (i.e. over 800 out of around 1,107) of the Group's individual technical representatives currently engaged by it to provide services to customers and potential customers in negotiation contracts, and in some cases, MPF schemes, are also engaged by CAM to carry out Type 1 (dealing in securities) and/or Type 4 (advising on securities) regulated activities. Following completion of the Proposed Acquisitions, it is expected that all such individual technical representatives will be engaged by the same group of companies under the Group. The Proposed Acquisitions could instantly bring in a large pool of professional technical representatives to the Group.

ii) CAM has a long operating history and a clean licensing record. CAM has established effective internal control system and has been all along complying with all licensing requirements. Since the business which CAM is currently operating is highly regulated, the Directors considered that acquiring an established and well operated company (i.e. CAM) is in the interests of the Company and its shareholders.

iii) The Directors do not see the interests of the Shareholders will be jeopardized even though there may be potential business competition from CIS because based on the business plans of CIS and CAM, these two companies are focusing on different segments of DPMS. CIS's managed portfolio focuses on various equities listed on the Stock Exchange, cash and cash equivalents while CAM's managed portfolio focuses on ETFs and bonds.

After the completion of the Proposed Acquisitions, the Group and CAM will continue to develop their existing businesses. On 12 November 2013, the Group and CAM also entered into a cooperation framework agreement for the establishment of a joint venture company in Qianhai, Shenzhen which will be principally engaged in promoting the establishment of equity investment enterprises, administering the entrusted equity investment enterprises and consulting on equity investment. The Group would integrate the platform in Hong Kong with Mainland China in bid to establish one of the strongest regional all-rounded financial services platform to serve our clients in the midst of continuous growing overseas investment needs.

Please refer to the paragraph headed "Financial and trading prospects of the Enlarged Group" in Appendix I for more details.

Having considered the above factors, the Board ((i) including the independent non-executive Directors; and (ii) excluding Mr. Wong Lee Man, Ms. Fong Sut Sam and Mr. Mak Kwong Yiu who are shareholders of Convoy Inc. and deemed to have a material interest in CFG, hence abstained from voting on the relevant resolution(s) considered and approved by the Board) are of the view that the transactions respectively contemplated under the Sale and Purchase Agreements and the Supplemental Sale and Purchase Agreements are on normal commercial terms and were entered into in the ordinary and usual course of business of the Company, and that the terms of the Sale and Purchase Agreements and the Supplemental Sale and Purchase Agreements are fair and reasonable and in the interests of the Shareholders as a whole.

3. DEED OF NON-COMPETITION (2013)

Reference is made to the listing document of the Company dated 29 June 2010, in view of the listing of the Shares on the Stock Exchange in 2010, a Deed of Non-Competition was entered into in favor of the Company, pursuant to which each of the controlling shareholders of the Company and their respective associates ("**Original Covenantors**") undertook and covenanted with the Company that for so long as the controlling shareholders and/or their respective associates, directly or indirectly, whether individually or taken together, remain the controlling shareholders of the Company, he/she/it will not and will procure his/her/its respective associates not to directly or indirectly (whether as an investor, shareholder, partner, agent or otherwise or whether for profit, reward or otherwise) engage or otherwise be interested in any business including insurance and Mandatory Provident Fund ("**MPF**") schemes brokerage business which is or may be in competition with the business of any members of the Group from time to time.

As disclosed in the Announcement (October), pursuant to the Deed of Non-Competition, no variation or amendment to the Deed of Non-Competition shall be effective, save by an instrument in writing and signed by or on behalf of the parties thereto. To the best of the knowledge and belief of the Company, three of the original parties to the Deed of Non-Competition, namely, Mr. Lee Kwok Yin, Denthur, Mr. Chan Chi Keung and Mr. Chan Tsz Kin, Ernest, each being a former shareholder of Convoy Inc., (the "**Convoy Former Shareholders**") have already ceased to be the controlling shareholders of the Company, in light of the change of the circumstances, on 24 October 2013, the Company entered into the Deed of Non-Competition (2013) with the same parties to the Deed of Non-Competition (except for the Convoy Former Shareholders) namely, Convoy Inc., Perfect Team Group Limited, CFG, Ms. Fong Sut Sam, Mr. Wong Lee Man, Mr. Mak Kwong Yiu, Mr. Ng Ka Wai, Eric, Mr. Shin Kin Man and Mr. Sin Kin Chung, (the "**Covenantor(s)**"). The parties to the Deed of Non-Competition (2013) refers to the shareholders of Convoy Inc. and their associates who were original parties to the Deed of Non-Competition only and does not include all the existing shareholders of Convoy Inc. and their associates. To the best of the knowledge and belief of the Company, the existing shareholders of Convoy Inc. who are not party to the Deed of Non-Competition (2013) do not engage or otherwise be interested in any insurance and MPF schemes brokerage business which is or may be in competition with the business of any members of the Group. As the purpose of entering into the Deed of Non-Competition (2013) is to amend the restricted scope of business as defined in the Deed of Non-Competition, the Company considers that only the original parties to the Deed of Non-Competition are relevant and are necessary to be involved.

The Directors consider that the Deed of Non-Competition (2013) entered into, without the Convoy Former Shareholders being the signing parties, would not affect the original protection for the Group and its Shareholders as a whole by the Deed of Non-Competition.

The terms of the Deed of Non-Competition (2013) are substantially similar to the Deed of Non-Competition, except the scope of restricted business not to be engaged by the Covenantors which shall be more specifically defined to be the "insurance and MPF schemes brokerage business carried out by the Group".

A. Conditions Precedent of the Deed of Non-Competition (2013)

The Deed of Non-Competition (2013) shall only become effective on the date when all of the following conditions precedent being fulfilled:–

(a) the Independent Shareholders having approved the Deed of Non-Competition (2013) in accordance with the applicable requirements under the Listing Rules;

(b) any other consents, approvals, or authorizations (if any) as may be required under the law or applicable rules and regulations of governmental or regulatory authorities, including the Stock Exchange having been obtained or granted;

(c) the CAM Acquisition pursuant to the CAM Sale and Purchase Agreement (as supplemented and amended by the CAM Supplemental Sale and Purchase Agreement) having been completed; and

(d) the Kerberos Acquisition pursuant to the Kerberos Sale and Purchase Agreement (as supplemented and amended by the Kerberos Supplemental Sale and Purchase Agreement) having been completed.

B. Reasons for and benefits of the Deed of Non-Competition (2013)

Apart from the Group, as at the Latest Practicable Date, Convoy Inc. and CFG (both being the controlling shareholders of the Company) are directly or indirectly interested in CAM and CIS.

CAM is principally engaged in the provision of investment advisory, funds dealing, introducing broker and asset management services in Hong Kong and is licensed by the SFC to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

CIS offers investment services including but not limited to securities, futures, options and other investment brokerage, margin financing, securities underwriting and placing and discretionary investment. CIS is registered in the Stock Exchange as an Exchange Participant and is licensed by the SFC to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

At present, the business and operation of CAM and CIS can be clearly delineated.

In respect of Type 1 (dealing in securities) regulated activities under the SFO, CAM is currently focusing on introducing brokers to provide investing advice or recommendation to an investor, but CAM has delegated the task of executing trades to firms who operate on a trading floor. On the other hand, the present principal business of CIS is to focus on executing trading transactions for the investors, which is an area that CAM is not currently engaging in.

In respect of Type 4 (advising on securities) regulated activities under SFO, CAM and CIS are currently advising on their respective services provided under Type 1 (dealing in securities), by taking into account the difference between the services provided by CAM and CIS under Type 1 (dealing in securities) as stated in the above, the regulated activities carried on by CAM and CIS under Type 4 (advising on securities) respectively shall therefore be clearly delineated.

At present, the major principal business of CAM is to provide asset management services under Type 9 (asset management) regulated activities under SFO, CAM's managed portfolio focuses on ETFs and bonds whilst CIS's managed portfolio focuses on various equities listed on the Stock Exchange, cash and cash equivalents. At present, CAM does not have Type 2 (dealing in futures contracts) license under the SFO which CIS possesses.

However, as both of CAM and CIS are licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, there may be potential business competition between these two companies in case any one of them expands its services.

So far as the Company is aware of, apart from CIS, no other companies owned by the controlling shareholders of the Company are engaged in business that may be potentially competed with CAM and Kerberos.

Although the business and operation of CAM and CIS are currently clearly delineated, both CAM and CIS are licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. Therefore, there may be potential business competition in case any one of CIS, CAM or the Enlarged Group expands its services in the future, in order to avoid any potential breach of the Deed of Non-Competition by the Original Covenantors, Convoy Inc. and CFG requested, and the Company agreed, that the amendment to the restricted business scope shall be a condition precedent to the Proposed Acquisitions. It is proposed that the scope of the restricted business to be covered under the Deed of Non-Competition shall be revised and confined to the “insurance and MPF schemes brokerage business carried out by the Group”, which is the principal activities of the Group since its listing.

The Directors considered that the purpose of the Deed of Non-Competition is to protect the legitimate interest of the Shareholders in the core business of the Group at the time of listing, which is insurance and MPF schemes brokerage business. After a few years after listing, the Group is considering to expand its business to other financial services by acquiring CAM. If the scope of the restricted business under the Deed of Non-Competition is not revised, it may hinder the Group from expanding its business which may in competition with the controlling shareholders of the Company. By expanding the restricted scope of business under the new deed of non-competition, the Original Covenantors may be at risk for a potential breach in the future in case the Group expands the business of CAM, which may fall within the expanded restricted scope of business under the new deed of non-competition. In order to avoid such potential breach, the Group will be restricted to develop its business in CAM after completion of the Proposed Acquisitions and the interest of the Group and the Shareholders will be hindered in this case. As the Company considers that it is unlikely that the controlling shareholders will agree to sell CAM if any amendment to the restricted scope of business (i.e. expanded scope of restricted business) will confine the development of the Enlarged Group and will render them prone to a possible breach under the new deed of non-competition. Given that the Company considers that the Proposed Acquisitions is beneficial to the business development of the Group and after taking into account the commercial position and interest of the controlling shareholders, the restricted scope of business shall preferably be confined instead expanded.

In addition, as insurance and MPF schemes brokerage business are the principal business of the Group since its listing and it is the common intention of the parties to the Deed of Non-Competition that the restricted scope of business thereunder shall be defined to include the principal business of the Group, the Deed of Non-Competition (2013) therefore serves to clarify the initial common intention of the parties to the Deed of Non-Competition.

In light of the of expansion of the business scope of the Group into business areas which may have potential competition between the Group with CIS and/or the controlling shareholders of the Company (or their respective associates) upon completion of the Proposed Acquisitions in the future, the Deed of Non-Competition (2013) will be entered into for the revision of the scope of the restricted business as defined under the Deed of Non-Competition so as to allow flexibility for the Group to tap into business areas in which the controlling shareholders of the Company (or their respective associates) are currently engaging. While the Deed of Non-Competition will continue to protect the interest of the Group, the Deed of Non-Competition (2013) will allow the Group to expand its scope of business into financial services with growth potential and thus strengthen its market competitiveness and further growth prospects. The controlling shareholders of the Company will use their best endeavour to avoid any possible business competition between the Group and CIS immediately following the completion of the Proposed Acquisitions and in the foreseeable future.

The Company targets at company with main focus on asset management business with proven track record. Given that CIS is a comparatively new company, and the number of registered sale representatives is far less than those of CAM, the Company did not consider CIS as an acquired target. Moreover, apart from the controlling shareholders, CIS has some minority shareholders and the Company considers that a negotiation for sale from them would be much more difficult.

At present, the Company does not have intention or plan to acquire CIS in the future.

As explained above, the businesses of CAM and that of CIS can be clearly delineated. As represented by the management of CAM and CIS, their present intention is to continue to focus on their existing managed investment portfolio. Therefore, the Company does not see any business competition between CAM and CIS at present.

4. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Convoy Inc. held approximately 43.79% interest in CFG and CFG held approximately 59.16% of the total issued share capital of the Company and hence are the controlling shareholders of the Company. Therefore Convoy Inc. and CFG are connected persons of the Company under Chapter 14A of the Listing Rules. The Proposed Acquisitions thus constitute connected transactions of the Company under the Listing Rules.

As one of the applicable percentage ratios in respect of the Proposed Acquisitions calculated in accordance with Chapter 14 of the Listing Rules exceeds 25% but is less than 100%, though all the other applicable percentage ratios are less than 25%, the Proposed Acquisitions thus constitute major and connected transactions of the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

As at the Latest Practicable Date, Convoy Inc. and CFG are the substantial shareholders of the Company and Mr. Wong Lee Man, Ms. Fong Sut Sam and Mr. Mak Kwong Yiu are the executive Directors, therefore the Deed of Non-Competition (2013) will constitute a connected transaction of the Company and will be subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

As Mr. Wong Lee Man, Ms. Fong Sut Sam and Mr. Mak Kwong Yiu are the shareholders of Convoy Inc. and deemed to have a material interest in CFG, therefore Mr. Wong Lee Man, Ms. Fong Sut Sam and Mr. Mak Kwong Yiu abstained from voting on the board resolutions approving the Proposed Acquisitions and the Deed of Non-Competition (2013).

The Independent Board Committee has been formed to advise the Independent Shareholders and the Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of (a) the CAM Sale and Purchase Agreement (as supplemented and amended by the CAM Supplemental Sale and Purchase Agreement), the transactions contemplated thereunder (including the allotment and issue of the CAM Consideration Shares); (b) the Kerberos Sale and Purchase Agreement (as supplemented and amended by the Kerberos Supplemental Sale and Purchase Agreement), the transactions contemplated thereunder (including the allotment and issue of the Kerberos Consideration Shares); and (c) the Deed of Non-Competition (2013) (upon its execution).

The Proposed Acquisitions and the Deed of Non-Competition (2013) are subject to the fulfillment of a number of conditions precedent, hence the Proposed Acquisitions and the Deed of Non-Competition (2013) may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

5. GENERAL INFORMATION

The principal activity of the Company is investment holding. The Group is principally engaging in the independent financial advisory business, money lending business and proprietary investment business.

The Group provides the independent financial advisory services in connection with a wide variety of insurance products, including Investment-linked Assurance Scheme ("**ILAS**"), conventional and general insurance products and MPF schemes. Starting from April 2013, in order to provide our clients with more diversified financial services, the Group commenced money lending business to provide timely and efficient financial support and improve our clients' flexibility in their financial planning. In the meantime, the Group further expands its scope of business to the proprietary investment business which would strengthen the Group's capability in investment decision process that would eventually assist the Group in asset management business.

Favour Sino is an indirect wholly-owned subsidiary of the Company and is an investment holding company.

CFG is the substantial shareholder of the Company and is an investment holding company.

Convoy Inc. is an investment holding company holding approximately 43.79% interest in CFG, which is a substantial shareholder of the Company. As at the Latest Practicable Date, the principal activity of Convoy Inc. is investment holding.

6. EXTRAORDINARY GENERAL MEETING

A notice convening the EGM to be held at 3/F., Nexxus Building, 77 Des Voeux Road Central, Hong Kong on Thursday, 12 December 2013 at 11:00 a.m. for the purposes of considering and, if though fit, approving (a) the CAM Sale and Purchase Agreement and the CAM Supplemental Sale and Purchase Agreement, the transactions contemplated thereunder (including the allotment and issue of the CAM Consideration Shares); (b) the Kerberos Sale and Purchase Agreement and the Kerberos Supplemental Sale and Purchase Agreement, the transactions contemplated thereunder (including the allotment and issue of the Kerberos Consideration Shares); and (c) the Deed of Non-Competition (2013) is set out on pages EGM-1 to EGM-4 of this circular.

As at the Latest Practicable Date, CFG held approximately 59.16% of the total issued share capital of the Company and is a controlling shareholder of the Company, hence CFG is deemed to have material interests in the Proposed Acquisitions and the Deed of Non-Competition (2013) and shall abstain from voting in respect of the resolutions approving the Proposed Acquisitions and the Deed of Non-Competition (2013) at the EGM.

7. ACTION TO BE TAKEN

A form of proxy for use by the Shareholders at the EGM is enclosed herewith. Whether or not you propose to attend the EGM, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from subsequently attending and voting in person at the EGM or any adjourned meeting should you so wish.

8. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee sets out on pages 34 to 35 of this circular and the letter from First Shanghai sets out on pages 36 to 75 of this circular, which contain their advice to the Independent Board Committee and the Independent Shareholders regarding the terms of each of the Sale and Purchase Agreements, Supplemental Sale and Purchase Agreements and the transactions contemplated thereunder and the Deed of Non-Competition (2013).

The Independent Board Committee, having taken into account the advice of First Shanghai, considers that the terms of (a) the CAM Sale and Purchase Agreement (as supplemented and amended by the CAM Supplemental Sale and Purchase Agreement), the transactions contemplated thereunder (including the allotment and issue of the CAM Consideration Shares); (b) the Kerberos Sale and Purchase Agreement (as supplemented and amended by the Kerberos Supplemental Sale and Purchase Agreement), the transactions contemplated thereunder (including the allotment and issue of the Kerberos Consideration Shares); and (c) the Deed of Non-Competition (2013) are fair and reasonable so far as the interests of the Independent Shareholders are concerned, and that the entering into of each of the Sale and Purchase Agreements, Supplemental Sale and Purchase Agreements and the Deed of Non-Competition (2013) is on normal commercial terms and in the ordinary and usual course of business of the Company and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, the Directors recommend that all Independent Shareholders should vote in favour of the relevant resolutions to be proposed at the EGM to approve each of the Sale and Purchase Agreements, Supplemental Sale and Purchase Agreements and the Deed of Non-Competition (2013).

9. ADDITIONAL INFORMATION

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

On behalf of the Board
Convoy Financial Services Holdings Limited
Wong Lee Man
Chairman

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)

22 November 2013

To the Independent Shareholders

**MAJOR AND CONNECTED TRANSACTIONS –
SALE AND PURCHASE AGREEMENTS AND
SUPPLEMENTAL SALE AND PURCHASE AGREEMENTS
AND
CONNECTED TRANSACTION –
DEED OF NON-COMPETITION (2013)**

Dear Sir or Madam,

We refer to the circular of the Company dated 22 November 2013 (the "**Circular**") to the Shareholders, of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this letter.

We have been appointed as members of the Independent Board Committee to advise you as to whether, in our opinion, the terms of (a) the CAM Sale and Purchase Agreement (as supplemented and amended by the CAM Supplemental Sale and Purchase Agreement) and the transactions contemplated thereunder; (b) the Kerberos Sale and Purchase Agreement (as supplemented and amended by the Kerberos Supplemental Sale and Purchase Agreement) and the transactions contemplated thereunder; and (c) the Deed of Non-Competition (2013) are fair and reasonable so far as the Independent Shareholders are concerned.

First Shanghai has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (a) the CAM Sale and Purchase Agreement (as supplemented and amended by the CAM Supplemental Sale and Purchase Agreement) and the transactions contemplated thereunder; (b) the Kerberos Sale and Purchase Agreement (as supplemented and amended by the Kerberos Supplemental Sale and Purchase Agreement) and the transactions contemplated thereunder; and (c) the Deed of Non-Competition (2013).

Your attention is drawn to the "Letter from the Board" set out on pages 6 to 33 of the Circular which contains, inter alia, information about the terms of each of the Sale and Purchase Agreements, the Supplemental Sale and Purchase Agreements and the Deed of Non-Competition (2013), and the "Letter from First Shanghai" set out on pages 36 to 75 of the Circular which contains its advice in respect of each of the Sale and Purchase Agreements, the Supplemental Sale and Purchase Agreements and the Deed of Non-Competition (2013) together with the principal factors taken into consideration in arriving at such.

Having considered the terms of (a) the CAM Sale and Purchase Agreement (as supplemented and amended by the CAM Supplemental Sale and Purchase Agreement) and the transactions contemplated thereunder; (b) the Kerberos Sale and Purchase Agreement (as supplemented and amended by the Kerberos Supplemental Sale and Purchase Agreement) and the transactions contemplated thereunder; and (c) the Deed of Non-Competition (2013) and having taken into account the factors and reasons considered by and the advice of First Shanghai, we consider that the entering into of the each of the Sale and Purchase Agreements, the Supplemental Sale and Purchase Agreements and the Deed of Non-Competition (2013) is on normal commercial terms and in the ordinary and usual course of business of the Company. We also consider that the terms of the (a) the CAM Sale and Purchase Agreement (as supplemented and amended by the CAM Supplemental Sale and Purchase Agreement) and the transactions contemplated thereunder; (b) the Kerberos Sale and Purchase Agreement (as supplemented and amended by the Kerberos Supplemental Sale and Purchase Agreement) and the transactions contemplated thereunder; and (c) the Deed of Non-Competition (2013) are fair and reasonable so far as the interests of the Independent Shareholders are concerned and that the entering into of the each of the Sale and Purchase Agreements, the Supplemental Sale and Purchase Agreements and the Deed of Non-Competition (2013) is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve (a) the CAM Sale and Purchase Agreement (as supplemented and amended by the CAM Supplemental Sale and Purchase Agreement) and the transactions contemplated thereunder; (b) the Kerberos Sale and Purchase Agreement (as supplemented and amended by the Kerberos Supplemental Sale and Purchase Agreement) and the transactions contemplated thereunder; and (c) the Deed of Non-Competition (2013).

Yours faithfully,

Mrs. Fu Kwong Wing Ting, Francine **Dr. Wu Ka Chee, Davy** **Mr. Ma Yiu Ho, Peter**

Independent Board Committee

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from First Shanghai dated 22 November 2013 setting out their opinion regarding (A) the Proposed Acquisitions comprising the CAM Acquisition and the Kerberos Acquisition; and (B) the Deed of Non-Competition (2013), for the purpose of inclusion in this circular.

FIRST SHANGHAI GROUP
FIRST SHANGHAI CAPITAL LIMITED
第一上海融資有限公司
19th Floor, Wing On House
71 Des Voeux Road Central
Hong Kong

22 November 2013

The Independent Board Committee and
the Independent Shareholders

Convoy Financial Services Holdings Limited
5th, 7th, 39th and 40th Floors
@CONVOY
169 Electric Road
North Point
Hong Kong

Dear Sirs,

MAJOR AND CONNECTED TRANSACTIONS:
SALE AND PURCHASE AGREEMENTS AND
SUPPLEMENTAL SALE AND PURCHASE AGREEMENTS
AND
CONNECTED TRANSACTION:
DEED OF NON-COMPETITION (2013)

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the (A) Proposed Acquisitions comprising the CAM Acquisition and the Kerberos Acquisition; and (B) the Deed of Non-Competition (2013), details of which are set out in the circular dated 22 November 2013 (the "**Circular**") to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 30 September 2013, CFG (as vendor) and Favour Sino (as purchaser) entered into a sale and purchase agreement, pursuant to which Favour Sino has conditionally agreed to acquire the CAM Sale Shares from CFG at a consideration of HK$30,000,000 which shall be satisfied by the allotment and issue of the CAM Consideration Shares at the issue price of approximately HK$1.87 per CAM Consideration Share.

Also on 30 September 2013, Convoy Inc. (as vendor) and Favour Sino (as purchaser) entered into a sale and purchase agreement, pursuant to which Favour Sino has conditionally agreed to acquire the Kerberos Sale Share from Convoy Inc. at a consideration of HK$101,000 which shall be satisfied by the allotment and issue of the Kerberos Consideration Shares at the issue price of approximately HK$1.87 per Kerberos Consideration Share.

Further on 24 October 2013, each of CFG and Convoy Inc., and Favour Sino entered into the CAM Supplemental Sale and Purchase Agreement and Kerberos Supplemental Sale and Purchase Agreement respectively, pursuant to which the parties thereto have agreed to amend one of the conditions precedent thereunder to the execution of the Deed of Non-Competition (2013).

In connection with the Proposed Acquisitions and as one of the conditions precedent to each of the Sale and Purchase Agreements (as supplemented and amended by the Supplemental Sale and Purchase Agreements), on 24 October 2013, the Company has entered into the Deed of Non-Competition (2013) with, among others, CFG, Convoy Inc., Mr. Wong Lee Man, Ms. Fong Sut Sam and Mr. Mak Kwong Yiu, pursuant to which, among others, amendment is proposed to be made to the scope of the restricted business as defined in the Deed of Non-Competition.

As at the Latest Practicable Date, Convoy Inc. held approximately 43.79% interest in CFG and CFG held approximately 59.16% of the total issued share capital of the Company and hence is a controlling shareholder of the Company. Therefore Convoy Inc. and CFG are connected persons of the Company under Chapter 14A of the Listing Rules. The Proposed Acquisitions thus constitute connected transactions of the Company under the Listing Rules.

As one of the applicable percentage ratios in respect of the Proposed Acquisitions calculated in accordance with Chapter 14 of the Listing Rules exceed 25% but are less than 100%, the Proposed Acquisitions thus constitute major and connected transactions of the Company and are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

As at the Latest Practicable Date, Convoy Inc. and CFG are the substantial shareholders of the Company and Mr. Wong Lee Man, Ms. Fong Sut Sam and Mr. Mak Kwong Yiu are the executive Directors, therefore the execution of the Deed of Non-Competition (2013) constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. As Mr. Wong Lee Man, Ms. Fong Sut Sam and Mr. Mak Kwong Yiu are the shareholders of Convoy Inc. and deemed to have a material interest in CFG, therefore Mr. Wong Lee Man, Ms. Fong Sut Sam and Mr. Mak Kwong Yiu abstained from voting on the board resolutions approving the Proposed Acquisitions and the Deed of Non-Competition (2013).

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mrs. Fu Kwong Wing Ting, Francine, Dr. Wu Ka Chee, Davy and Mr. Ma Yiu Ho, Peter, has been established to consider the transactions contemplated under the Sale and Purchase Agreements (including the allotment and issue of the Consideration Shares) and the Deed of Non-Competition (2013), and to advise the Independent Shareholders on the fairness and reasonableness of these transactions.

As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether or not the Sale and Purchase Agreements and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and on normal commercial terms; (ii) whether or not the entering into of the Sale and Purchase Agreements and the Deed of Non-Competition (2013) is in the interests of the Company and the Shareholders as a whole; (iii) whether or not the terms of the Sale and Purchase Agreements and the Deed of Non-Competition (2013) are fair and reasonable insofar as the Independent Shareholders are concerned; and (iv) how the Independent Shareholders should vote in respect of the resolutions to approve the Sale and Purchase Agreements and the transactions contemplated thereunder (including the allotment and issue of the Consideration Shares) and the Deed of Non-Competition (2013) at the EGM.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, the Company and its management (the "**Management**"). We have assumed that all statements, information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to doubt the truth, accuracy and completeness of the statements, information, facts, opinions and representations provided to us by the Directors, the Company and the Management. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed and we have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular, or the reasonableness of the opinions and representations provided to us by the Group. All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that, to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and that there are no other facts not contained in the Circular the omission of which would make any statement in the Circular misleading. We have relied on such information and opinions and have not however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group, CAM and Kerberos.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in relation to the (A) Proposed Acquisitions pursuant to the Sale and Purchase Agreements; and (B) the Deed of Non-Competition (2013), we have considered the following principal factors and reasons:

A. Proposed Acquisitions pursuant to the Sale and Purchase Agreements

1. Background of the Group

The Company was incorporated in the Cayman Islands with limited liability and is an investment holding company, the Shares have been listed on the Main Board of the Stock Exchange since 13 July 2010 (the "**Listing**"). The Group is principally engaged in independent financial advisory ("**IFA**") business, and to a lesser extent, the newly engaged money lending business and proprietary investment business. The Group principally provides the advisory services to the customers in connection with a wide variety of insurance products, including investment-linked assurance scheme ("**ILAS**"), conventional and general insurance products and mandatory provident fund (the "**MPF**") schemes.

2. Operating and financial performance of the Group

The following table is a summary of the Group's latest operating results and financial positions for the two years ended 31 December 2012 and the six months ended 30 June 2013 as extracted from the latest published audited annual report of the Group for the year ended 31 December 2012 (the "**Annual Report**") and its unaudited interim report for the six months ended 30 June 2013 (the "**Interim Report**").

	For the year ended 31 December		For the six months ended 30 June
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Operating results			
Revenue	652,875	703,726	468,543
Profit before tax	64,540	7,551	53,814
Profit attributable to owners of the Company	53,003	1,629	43,910
Statements of cash flows			
Operating cash flows before movements in working capital	89,368	43,499	N/A *(Note)*
Net cash flows from/(used in) operating activities	48,965	30,624	(3,712)
Net cash flows used in investing activities	(41,973)	(47,771)	(16,135)
Net cash flows (used in)/from financing activities	(14,978)	(43,250)	44,476
Net cash outflow	(7,986)	(60,397)	24,629
Cash and cash equivalents	219,248	159,043	184,213

	At 31 December		As at 30 June
	2011	**2012**	**2013**
	(Audited)	**(Restated)**	**(Unaudited)**
	HK$'000	*HK$'000*	*HK$'000*
Statements of financial position			
Non-current assets	75,813	144,504	156,431
Current assets	288,638	257,764	349,794
Current liabilities	(135,395)	(218,265)	(229,537)
Net current assets	153,243	39,499	120,257
Current ratio	2.1 times	1.2 times	1.5 times
Non-controlling interests	254	(7,957)	(1,156)
Net assets (excluding non-controlling interests)	229,310	176,046	275,532

Note: *The corresponding figure of operating cash flows before movements in working capital for the six months ended 30 June 2013 has not been disclosed in the Interim Report.*

Review of operating performance

Year ended 31 December 2012 versus year ended 31 December 2011

As extracted from the Annual Report, revenue of the Group for the year ended 31 December 2012 was approximately HK$703.7 million, representing an increase of approximately 7.8% when compared with that for the year ended 31 December 2011. The increase was resulted from the effective and proactive execution of the Group's business diversification and regional expansion strategies that it has put into place since the Listing, which contributed to record results in non-linked insurance business and encouraging results in the Mainland China. Approximately HK$683.7 million (2011: HK$652.6 million) of the Group's revenue from external customers were generated in Hong Kong for the year ended 31 December 2012, while approximately HK$20.0 million (2011: HK$305,000) of the Group's revenue from external customers were generated in the Mainland China and Macau, through its regional expansion strategy.

The profit attributable to owners of the Company was merely HK$1.6 million for the year ended 31 December 2012, representing a significant decrease by approximately 96.9% when compared with that for the year ended 31 December 2011. The net profit margin attributable to owners of the Company decreased from approximately 8.1% for the year ended 31 December 2011 to approximately 0.2% for the year ended 31 December 2012, primarily attributable to: (i) the increase in operating expenses due to the regional business expansion of the Group in the Mainland China of approximately HK$68.8 million, of which approximately HK$25.0 million represented one-off initial set up expenses; (ii) the one-off expense of the relocation of the Company's Hong Kong office premises of approximately HK$12.2 million; and (iii) the increase in commission expenses due to new incentive scheme to the consultants of approximately HK$7.0 million. Should the one-off non-recurring expenses be excluded from the income statement for the year ended 31 December 2012, the Group would have recorded a profit attributable to owners of the Company of approximately HK$38.8 million.

Six months ended 30 June 2013 versus six months ended 30 June 2012

The Group's revenue for the six months ended 30 June 2013 was approximately HK$468.5 million, representing an increase of approximately 49.9% compared with that for the six months ended 30 June 2012. The increase was resulted from the effective and proactive execution of the Group's business diversification and regional expansion strategies that it has put into place since the Listing, which contributed to significant increase in revenue of its core IFA businesses as compared with last corresponding period in 2012. Starting from April 2013, the Group has further expanded its businesses to money lending and proprietary investment businesses, in bid to attain as an all-rounded IFA who can provide different kinds of financial services to its clients and can provide immediate economic benefits to the Shareholders. These new businesses, though commenced only in April 2013, brought to the Group of new revenue of approximately HK$23.3 million in three months' time.

The Group has achieved outstanding financial performance in the first half of 2013. The profit attributable to owners of the Company was approximately HK$43.9 million for the six months ended 30 June 2013, representing an increase of approximately 137.2% compared with that for the six months ended 30 June 2012. The net profit margin attributable to owners of the Company increased from approximately 5.9% for the six months ended

30 June 2012 to approximately 9.4% for the six months ended 30 June 2013, primarily attributable to: (i) the significant growth in revenue of Hong Kong IFA business of approximately HK$95.9 million as compared with that of the last corresponding period, resulted from the Group's effective business diversification strategies, successful sales incentive schemes and dedicated marketing efforts in promoting its corporate branding in the first half of 2013; and (ii) the profits of HK$17.3 million brought by the money lending business and unrealized gain from the proprietary investment business, both of which were commenced in the first half of 2013.

Review of financial position

The Group mainly relies upon the shareholders' fund and cash generated from its business operations to finance its operations and expansion. The net proceeds of approximately HK$103.0 million raised from the Listing in 2010 has enlarged the capital base of the Group and strengthened the Group's financial position thereby facilitating the expansion of the Group's onward development in the IFA business.

As at 31 December 2012, the Group had cash and cash equivalents of approximately HK$159.0 million (31 December 2011: HK$219.2 million) and did not have any external bank borrowings. The Group's net current assets decreased from approximately HK$153.2 million as at 31 December 2011 to approximately HK$39.5 million (restated) as at 31 December 2012, which demonstrated that its current ratio decreased from approximately 2.1 times as at 31 December 2011 to approximately 1.2 times as at 31 December 2012, hence a marginally healthy level. As at 30 June 2013, the Group had cash and cash equivalents of approximately HK$184.2 million (31 December 2012: HK$159.0 million) and had no external borrowings. The Group's total current assets increased from approximately HK$257.8 million as at 31 December 2012 to HK$349.8 million as at 30 June 2013, while total current liabilities increased from approximately HK$218.3 million as at 31 December 2012 to HK$229.5 million as at 30 June 2013. As a result, the Group's current ratio was improved from approximately 1.2 times as at 31 December 2012 to 1.5 times as at 30 June 2013 following a series of fund raising exercises during the period.

The Group has sufficient working capital to meet the funding requirements for business development opportunities in the near future. The Group's liquidity, on a long-term basis, will be funded by operating cash inflow. Should there be any substantial business expansion in the future, equity and debt financing would be considered for the best interests of the Shareholders whichever is appropriate. The Group will continue to seek for development opportunities with a view to balance the risks and opportunities in maximising the Shareholders' value.

During the period, the Company had conducted and completed a fund raising exercise by placing new Shares, by which net proceeds approximately HK$43.7 million had been obtained and will be applied towards the Group's money lending and proprietary investment businesses and general working capital.

Prospects

The Group will continue to pursue its vision of establishing the largest IFA in Asia in bid to capture the tremendous business opportunities for wealth management and financial planning services in Asia. There has been a very strong wealth creation momentum in Asia for years. As suitable opportunities may arise, the Group will further expand its scope of business with an aim for building an all-rounded financial service platform.

3. Economic environment of the PRC and Hong Kong

Based on our understanding from website of National Bureau of Statistics of China, the PRC economy has grown significantly since the PRC government introduced economic reforms in the late 1970's. In the past five years, China's gross domestic products (the "**GDP**") had increased from approximately RMB31,404.5 billion in 2008 to approximately RMB51,932.2 billion in 2012 at a compound average growth rate of approximately 13.4%; while the per capita GDP had also correspondingly increased from approximately RMB15,781 in 2008 to approximately RMB24,565 in 2012 at a compound average growth rate of approximately 11.7%. In addition, Hong Kong per capita GDP reached HK$285,146 in 2012.

With the PRC's residents' continuous increase in disposal income and accumulation of personal wealth leading to immense development potential in the asset management market in the PRC and Hong Kong, the Directors believe that the Acquisition Targets, following the Proposed Acquisitions, is able to leverage on its past experiences, expertise and professional financial advisory teams for further expanding the Group's existing service scope of IFA business segment to asset management service business, which can potentially and positively capture the business opportunities arising from time to time as the development of Hong Kong into a premier offshore Renminbi business centre and asset management centre as laid out in the National 12th Five-Year Plan as promulgated by the PRC central government. In recent years, there has been a growing number of PRC residents getting wealthier and coming to Hong Kong to purchase landed properties, marketable securities and/or arranging investment portfolio for wealth management purpose(s) through registered asset management companies in Hong Kong. On such basis, we are of the view that the Proposed Acquisitions will bring in additional business development opportunities to the Enlarged Group in the long run, and therefore are in the interests of the Company and the Shareholders as a whole.

4. Overview of the asset management market in Asia-Pacific region and Hong Kong

In July 2013, the Securities and Futures Commission (the "**SFC**") has announced and published the Fund Management Activities Survey (the "**FMAS**") for the year ended 31 December 2012. The FMAS covered asset management activities among licensed corporations, registered institutions and insurance companies. The major findings of the FMAS were that the combined fund management business in Hong Kong achieved a record high of HK$12,587 billion at the end of 2012, representing year-on-year growth of 39.3% from 2011. On a trailing three-year average basis, the combined fund management business continued on an up-trend and amounted to HK$10,572 billion. There has been overall growth in different types of fund management business activities, attributable to various market players in Hong Kong during the year. Based on the FMAS, the growth of the combined fund management business in Hong Kong as mentioned above suggests the following:

- Favourable economic outlook of the Asia-Pacific region, in particular the Mainland China, attracting more investment capital inflows into the region, and hence increases the demand for asset management activities and fund advisory services in Hong Kong.

- Growing popularity of Renminbi as a more internationally accepted and widely used currency driving the demand for Renminbi products. Through close co-operation with and support from the Mainland authorities, Hong Kong continued to play an active role in broadening the scope of Renminbi products available to the public, which in turn will enable Hong Kong to reinforce its position as a pre-eminent offshore Renminbi centre.

- Hong Kong has been widely recognised as an international asset management centre in Asia. Nevertheless, Hong Kong continues to work towards further developing its fund platform within the region with an aim to access a larger investor base. Aided by the local market participants' ability to innovate and understand investor needs, Hong Kong is becoming an increasingly popular domicile for investment funds.

In addition, the FMAS also concluded that Hong Kong continued to be the preferred platform for investments by international investors. Of the total HK$12,413 billion in non-REIT fund management business, approximately 64.6% was sourced from non-Hong Kong investors.

- Funds sourced from non-Hong Kong investors have consistently accounted for over 60% of the non-REIT fund management business in Hong Kong. In 2012, the amount of funds sourced from overseas investors grew by 42.1% to HK$8,018 billion as compared to 2011. This diversity of investor base is important as Hong Kong aims to further develop and internationalise its fund management industry.

- Overseas investors continued to perceive Hong Kong as an attractive investment platform. As a major international financial centre, Hong Kong has an integrated network of institutions, professionals with financial expertise and access to international markets that enable it to offer to investors a full range of financial products and services with a high degree of variety and competitiveness. Together with its commitment to a robust regulatory framework, Hong Kong remains an internationally recognised asset management centre.

Having considered the above circumstances, we share with the Directors' view that the financial advisory and asset management markets in the PRC and Hong Kong shall be promising, so the Proposed Acquisitions would potentially enhance the earning capability of the Enlarged Group in the long run. However, we are of the view that concrete contribution to the profitability of the Acquisition Targets will depend on its future performance.

5. Reasons for and benefits of the Proposed Acquisitions

As mentioned in the above, the Group has been actively capturing the tremendous business opportunities for wealth management and financial planning services in Asia, with a view to making additional investments in growth sectors.

CAM was founded in 1999 and is wholly-owned by CFG. CAM is principally engaged in the provision of investment advisory, funds dealing, introducing broker and asset management services in Hong Kong and has a business track record of over 10 years. The myriad investment services provided and developed by CAM include unit trusts & mutual funds, nominee services, and portfolio management. Its two main businesses are distributing mutual funds and managing assets for its clients through discretionary portfolio management services ("**DPMS**").

The target clients of CAM are mainly middle-class individuals with emerging affluence who are poorly served by retail bankers and whose net worth is too small for them to be prospects for private banks. CAM's latest asset under advisory and asset under management amounted to approximately US$344 million and US$285 million, respectively, as at 31 October 2013.

CAM has a long operating history and a clean licensing record. CAM has established effective internal control system and has been all along complying with all licensing requirements. Since the business which CAM currently operating is highly regulated, the Directors considered that acquiring a well-established and operated company (i.e. CAM) is in the interests of the Company and its shareholders.

The Directors believe that the competitive advantages of CAM are its personalised services delivered by its consultants, disciplined approach to the fund selection, assistance to the clients in determining their risk profiles and selecting appropriate funds and offering a wide range of high quality funds with good performance on a risk-adjusted basis.

The Proposed Acquisitions will help the Group to expand into and develop the asset management business which is essential for building an all-rounded financial services platform. In addition, CAM is licensed by the SFC to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. With these licences, the Group may, through CAM, expand the business to other financial and securities services. Based on the website of the SFC, as at 30 September 2013, CAM was engaging 18 responsible officers and around 1,089 individual representatives for carrying out the said three regulated activities, which we consider that CAM has been a well-established financial service company with adequate resources for serving its clients and/or potential clients in Hong Kong.

Based on the prospectus of the Company dated 29 June 2010 and further confirmation by the Management, as at 30 September 2013, most (i.e. over 800 consultants out of around 1,107) of the Group's individual technical representatives currently engaged by it to provide services to customers and potential customers in negotiating contracts of insurance, and in some cases, MPF schemes, are also engaged by CAM to carry out Type 1 (dealing in securities) and/or Type 4 (advising on securities regulated activities) under the SFO in Hong Kong. Following completion of the Proposed Acquisitions (the "**Completion**"), it is expected that all such individual technical representatives will be engaged by the same group of companies under the Group, which would administratively eliminate any operational inefficiency arising from this historical human resource arrangement because of dual licensing registrations with two different companies between the Group and CAM before.

According to the Appendix IIA to the Circular, CAM had recorded (i) revenue of approximately HK$33.9 million, HK$49.1 million, HK$63.1 million and HK$41.9 million for each of the three years ended 31 December 2010 to 2012 and the six months ended 30 June 2013 respectively; and (ii) net (loss)/profit of approximately HK$(0.4) million, HK$1.2 million, HK$6.0 million and HK$4.3 million for the same period, respectively, which had demonstrated a strong growth in terms of revenue and net profit over the period. Based on all the above consideration, we are of the view that the competitive advantages attributable to the Acquisition Targets that may be brought into the Group in operating and managing the business of CAM are in the interests of the Company and the Shareholders as a whole, which may outweigh the unlikely potential competition that might arise in the future.

The Board (excluding Mr. Wong Lee Man, Ms. Fong Sut Sam and Mr. Mak Kwong Yiu who are shareholders of Convoy Inc. and deemed to have a material interest in CFG, hence abstained from voting on the relevant resolution(s) considered and approved by the Board) are of the view that the transactions respectively contemplated under the Sale and Purchase Agreements are on normal commercial terms and were entered into in the ordinary and usual course of business of the Company, and that the terms of the Sale and Purchase Agreements are fair and reasonable and in the interests of the Shareholders as a whole.

As mentioned in the "Letter from the Board" of the Circular, the Group aims to maintain its leading position in the IFA industry in Hong Kong and has planned to expand its scope of business in financial services. The Proposed Acquisitions will help to the Group to expand into and develop the asset management business which is essential for building the all-rounded financial services platform. Based on our discussion with the Management, it is currently expected that the asset management business under the Proposed Acquisitions may extend the Group's current business scope for serving potential clients who are potentially interested in other services in areas of investment advisory, fund dealings and asset management, and therefore not be limited to its current business activities of IFA, money lending and proprietary investment.

In relation to the technical and expertise requirements of CAM, pursuant to the SFO, each licensed corporation must appoint at least two responsible officers to directly supervise the conduct of each regulated activity and for each regulated activity and shall have at least one responsible officer available at all times to supervise the business. According to the Guidelines on Continuous Professional Training published by the SFC, licensed corporation is held primarily responsible for designing and implementing a continuous education system best suited to the training needs of the individuals they engaged and which will enhance their industry knowledge, skills and professionalism. Based on our review of the Interim Report and the financial information of CAM and Kerberos as set out in the Appendices IIA and IIB to the Circular respectively, the aggregate revenue, net profit and net asset value of the Acquisition Targets amounted to approximately HK$41.9 million, HK$4.3 million and HK$21.2 million for the six months ended or as at 30 June 2013 (as the case maybe), representing merely 8.9%, 9.7% and 7.7% of that of the Group, respectively, for the same period. In addition, the majority of the Group's individual technical representatives currently engaged by it to provide services to customers and potential customers in negotiating contracts of insurance, and in some cases, MPF schemes, are also engaged by CAM to carry out the said three regulated activities for many years, and have been co-operating well so far. On such basis, we consider that the Group shall have sufficient resources to expand into the new asset management business following completion of the Proposed Acquisitions.

In view of the above, we concur with the Directors' view that the Proposed Acquisitions are (i) in line with the business development strategy of the Group and therefore conducted in the ordinary and usual course of business of the Group notwithstanding the Consideration is regarded as capital expenditure in nature, and (ii) in the interests of the Company and the Shareholders as a whole.

6. Principal terms of the Sale and Purchase Agreements

On 30 September 2013, the Company, through Favour Sino, entered into the CAM Sale and Purchase Agreement and Kerberos Sale and Purchase Agreement with CFG and Convoy Inc. respectively. Pursuant to the Sale and Purchase Agreements, the Company conditionally agreed to acquire from each of CFG and Convoy Inc. its 100% shareholding interests in each of CAM and Kerberos (collectively, the "**Acquisition Targets**"), respectively, at respective consideration of HK$30.0 million and HK$101,000 (collectively, the "**Consideration**").

Upon Completion, each of CAM and Kerberos will become a wholly-owned subsidiary of the Group. The incorporation and existence of Kerberos have been ancillary to the business operations of CAM on the grounds that Kerberos is an associated entity of intermediaries (i.e. CAM) within the meaning of the SFO, which was set up for the sole and only purpose of holding the assets (including funds and cash) for and on behalf of CAM's clients so that such assets can be completely separated from the operations of CAM, while scale of operating performance and net asset value of Kerberos have been very minimal, so we will (i) consider the Consideration for the Proposed Acquisitions (i.e. comprising the CAM Acquisition and the Kerberos Acquisition) as a whole; and (ii) substantially provide our detailed analysis for business operation and financial position of CAM only.

The following is the principal terms of each of the Sale and Purchase Agreements comprising the CAM Sale and Purchase Agreement and Kerberos Sale and Purchase Agreement:

		CAM Sale and Purchase Agreement	Kerberos Sale and Purchase Agreement
Date	:	30 September 2013	30 September 2013
Vendor	:	CFG, a company incorporated in the British Virgin Islands with limited liability and a substantial Shareholder	Convoy Inc., a company incorporated in the British Virgin Islands with limited liability which holds as to 43.79% shareholding interest in CFG and a substantial Shareholder
Purchaser	:	Favour Sino, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company	Favour Sino
Subject matters	:	The CAM Sale Shares	The Kerberos Sale Shares
Consideration	:	HK$30.0 million, which shall be satisfied by the allotment and issue of the CAM Consideration Shares at the issue price of approximately HK$1.87 per CAM Consideration Share by the Company to CFG (or its nominee which shall be a wholly-owned subsidiary of CFG)	HK$101,000, which shall be satisfied by the allotment and issue of the Kerberos Consideration Shares at the issue price of approximately HK$1.87 per Kerberos Consideration Share by the Company to Convoy Inc. (or its nominee which shall be a wholly-owned subsidiary of Convoy Inc.)

Further on 24 October 2013, each of CFG and Convoy Inc. and Favour Sino entered into the CAM Supplemental Sale and Purchase Agreement and Kerberos Supplemental Sale and Purchase Agreement respectively, pursuant to which the parties thereto have agreed to amend one of the conditions precedent thereunder to the execution of the Deed of Non-Competition (2013).

Background of CAM and Kerberos

Target companies	:	**CAM**	**Kerberos**	**Overall**
Principal business activities	:	The provision of investment advisory, funds dealing, introducing broker and asset management services in Hong Kong	The provision of nominee services	N/A
Shareholding background prior to the Proposed Acquisitions	:	Wholly-owned by CFG	Wholly-owned by Convoy Inc.	N/A
Audited net asset value as at 30 June 2013 *(in HK$)*	:	21,088,777	105,119	21,193,896
Audited net asset value as at 31 December 2012 *(in HK$)*	:	16,821,966	61,900	16,883,866
Audited net asset value/ (deficiency) as at 31 December 2011 *(in HK$)*	:	10,844,871	(70,498)	10,774,373
Audited net profit for the six months ended 30 June 2013 *(in HK$)*	:	4,277,575	43,219	4,320,794

Target companies	:	**CAM**	**Kerberos**	**Overall**
Audited net profit for the year ended 31 December 2012 *(in HK$)*	:	5,973,455	132,398	6,105,853
Audited net profit/(loss) for the year ended 31 December 2011 *(in HK$)*	:	1,188,957	(52,547)	1,136,410
Consideration to be paid to the vendor *(in HK$)*	:	30,000,000	101,000	30,101,000
Price to book ratio based on the net asset value of their audited financial statements as at 31 December 2012	:	1.78	1.63	1.78
Price to earnings ratio based on the net profit of their audited financial statements for the year ended 31 December 2012	:	5.02	0.76	**4.93**

As mentioned in the "Letter from the Board" of the Circular, being one of the conditions precedent, completion of the Sale and Purchase Agreements is inter-conditional to each of the CAM Sale and Purchase Agreement and the Kerberos Sale and Purchase Agreement.

Shareholders should note that, since the Sale and Purchase Agreements (as supplemented and amended by the Supplemental Sale and Purchase Agreements) are inter-conditional between each other of the CAM Sale and Purchase Agreement (as supplemented and amended by the CAM Supplemental Sale and Purchase Agreement) and the Kerberos Sale and Purchase Agreement (as supplemented and amended by the Kerberos Supplemental Sale and Purchase Agreement), which will then be considered, and if thought fit, approved at the EGM by the Independent Shareholders on a "package basis in substance" of the two Sale and Purchase Agreements as a whole instead of an agreement-by-agreement basis. As such, since the Independent Shareholders can, in substance, only consider, and if thought fit, vote for or against the two Sale and Purchase Agreements as a whole by two ordinary resolutions at the EGM, we are of the view that the Independent Shareholders should consider whether the earning capability and net asset value thereof as well as the total Consideration of HK$30,101,000 payable under the two Sale and Purchase Agreements for acquiring the 100% shareholding interests of each of CAM and Kerberos are fair and reasonable rather than on a case-by-case basis.

The Directors consider that the Proposed Acquisitions are in line with the business strategy of the Group to expand into and develop the asset management business which is essential for building the all-rounded financial service platform. Since the operations of Kerberos have been ancillary to the business operations of CAM and forming an integral part of the business model of CAM for better safe-guarding the assets of CAM's clients from time to time, we consider that completion of CAM Acquisition and Kerberos Acquisition being made inter-conditional is justifiable, fair and reasonable.

Conditions precedent

Completion of the CAM Acquisition shall be conditional upon the fulfillment of the following conditions:

(i) Favour Sino having carried out and completed the legal and financial due diligence review of CAM and being satisfied (i) with the business, assets, financial position and prospects of CAM in all respects; and (ii) that there has been no material adverse change in the business, assets and financial position of CAM between the date of the CAM Sale and Purchase Agreement and the date of completion of the CAM Acquisition;

(ii) Favour Sino being satisfied that (i) all warranties given by CFG will remain true and correct as at the date of completion of the CAM Acquisition; and (ii) CFG has or, as appropriate, will have carried out and complied with the undertakings contained in the CAM Sale and Purchase Agreement;

(iii) all consents, approvals and/or authorizations of customers, bankers, financial institutions, landlords of leases, relevant third parties, government or regulatory authorities which are necessary in connection with the transfer of the CAM Sale Shares from CFG to Favour Sino (or its nominee) and the ownership by Favour Sino (or its nominee) of the CAM Sale Shares having been obtained, and if subject to conditions, on such conditions acceptable to Favour Sino, and such consents, approvals and authorisation remaining in full force and effect and not being revoked prior to the date of completion of the CAM Acquisition;

(iv) without prejudice to condition (iii) above, Favour Sino (or its nominee) having obtained the necessary approval of the SFC in relation to it (or its nominee) becoming a substantial shareholder (as defined under the SFO) of CAM;

(v) the execution of the Deed of Non-Competition (2013) to amend, among others, the scope of the restricted business as defined in the Deed of Non-Competition;

(vi) the passing of ordinary resolution(s) by the Shareholders by poll approving (i) the CAM Sale and Purchase Agreement and the CAM Supplemental Sale and Purchase Agreement and all transactions as contemplated thereunder (including the allotment and issue of the CAM Consideration Shares); and (ii) the Deed of Non-Competition (2013), at the EGM (at which those persons who are prohibited from voting under the Listing Rules shall abstain from voting on the resolution(s));

(vii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the CAM Consideration Shares; and

(viii) the Kerberos Sale and Purchase Agreement (as supplemented and amended by the Kerberos Supplemental Sale and Purchase Agreement) having become unconditional (other than the condition that the CAM Sale and Purchase Agreement (as supplemented and amended by the CAM Supplemental Sale and Purchase Agreement) having become unconditional) in accordance with its terms.

Except for condition (iv) above, all the other seven conditions precedent to the CAM Sale and Purchase Agreement (as supplemented and amended by the CAM Supplemental Sale and Purchase Agreement) are also applicable to the Kerberos Acquisition pursuant to the Kerkeros Sale and Purchase Agreement (as supplemented and amended by the Kerberos Supplemental Sale and Purchase Agreement).

The parties agreed to use their respective best endeavours and shall co-operate with each other to ensure that all the conditions precedent to the CAM Sale and Purchase Agreement (as supplemented and amended by the CAM Supplemental Sale and Purchase Agreement) shall be fulfilled by 31 March 2014 (or such later date as CFG and Favour Sino may agree in writing) ("**CAM Long Stop Date**").

Favour Sino may waive all or any of the conditions precedent to the CAM Sale and Purchase Agreement (as supplemented and amended by the CAM Supplemental Sale and Purchase Agreement) (other than conditions (iv) to (vi) above) at any time before the CAM Long Stop Date by notice in writing to CFG.

In the event that any of the conditions precedent to the CAM Sale and Purchase Agreement (as supplemented and amended by the CAM Supplemental Sale and Purchase Agreement) have not been fulfilled (or waived, where applicable) in full on or before 5:00 p.m. on the CAM Long Stop Date, save as agreed between the parties, all rights and obligations of the parties under the CAM Sale and Purchase Agreement (as supplemented and amended by the CAM Supplemental Sale and Purchase Agreement) shall cease and terminate.

Completion

The parties agreed that, upon fulfillment or waiver of all the conditions precedent to the CAM Sale and Purchase Agreement (as supplemented and amended by the CAM Supplemental Sale and Purchase Agreement), completion shall take place at or before 4:00 p.m. on the fifth Business Day after the last outstanding conditions precedent to the CAM Sale and Purchase Agreement (as supplemented and amended by the CAM Supplemental Sale and Purchase Agreement) have been fulfilled or waived (or such other date as CFG and Favour Sino may agree in writing).

The parties agreed that completion of the CAM Acquisition and the completion of the Kerberos Acquisition are inter-conditional and none of the parties shall be obliged to complete the CAM Acquisition in the event that completion of the Kerberos Acquisition does not take place simultaneously with the completion of the CAM Acquisition.

Comparables in the same industry

(1) Price-to-book ratio

A marketability discount is applied to the valuation based on different valuation methods such as price-to-book ratio (the "**PB ratio**"), price-to-earning ratio (the "**PE ratio**") etc., because there is a lack of marketability of the Acquisition Targets. CAM is mainly engaged in the provision of asset management services, while Kerberos is principally engaged in the provision of nominee services, to clients in Hong Kong and they do not require a lot of tangible assets for their business operations. The incorporation and existence of Kerberos have been ancillary to the business operations of CAM. PB ratio is particular suitable for comparison between companies of which substantial assets are required for their business operations. On such basis, we consider that since the Acquisition Targets are not asset-based companies, the PB ratio shall not be a meaningful parameter to appraise their value, or to consider the fairness and reasonableness of the pricing of them.

(2) Price-to-earning ratio

CAM is principally engaged in the provision of investment advisory, funds dealing and asset management services to clients, while Kerberos is principally engaged in the provision of nominee services. In order to assess the fairness and reasonableness of the Consideration, we conducted trading comparable analysis, which is one of the widely-used benchmarking evaluation methods, on listed asset management companies with respect of their PE ratios. Other than this PE ratio and the PB ratio as explained in the above, we have not considered other valuation methods/factors in forming our opinion, because such two methods have been commonly used in the industry for evaluation of a company. However, we noted that there is only one such company, namely Value Partners Group Limited (Stock Code: 806) ("**Value Partners**"), listed on the Main Board of the Stock Exchange, but its scale of operation in terms of market capitalisation, net asset value and profitability is very much larger than that of the Acquisition Targets. In view of this limitation, we consider it would be better to extend our scope of illustration and/or analysis for Independent

Shareholders' fuller information by including, to our best efforts, all listed companies in Hong Kong which have been, to certain extent, engaging in the provision of asset/wealth management business with profitable operating results. We have identified eight such companies, together with Value Partners (the "**Comparable Companies**"), which had been operating profitably in their latest full financial years and, to our best knowledge and belief, shall be a complete list of companies comparable with the Acquisition Targets in terms of principal business activities and can form a fair and representative pool of samples for illustration purpose and additional reference by the Independent Shareholders for the general valuation performance in the asset management-related industry in Hong Kong, notwithstanding their sizes in terms of market capitalisation and net asset value may not closely comparable to that of the Proposed Acquisitions, failing which, no other meaningful published information and/or analysis can be provided for their reference; while some others being engaged in the provision of asset/wealth management services but incurred net losses during their latest full financial years, PE ratio cannot be applicable for them so as be excluded from our illustration/analysis below. In addition, since CAM is a company licensed with the SFC for conducting regulated activities in Hong Kong, its business activities shall be regarded as being restricted in the Hong Kong territorial area only, we do not consider appropriate to include any other comparable companies listed on any overseas stock exchanges. Details of our findings on the Comparable Companies are summarised in the table below.

Company name	Stock code	Year end date	Market capitalisation as at the date of the Announcement *(Note)* *(HK$'million)*	Net asset value as at the year end date of the latest full financial year *(Note)* *(HK$'million)*	Audited net profit for the latest financial year *(Note)* *(HK$'million)*	Audited earnings per share for the latest full financial year *(Note)* *HK$*	Closing price of the shares as at the date of the Announcement *HK$*	Premium represented by the closing price over the earnings per share ("PE ratio") *(times)*
Value Partners Group Limited	806	31/12/2012	8,231.9	2,632.4	376.4	0.2144	4.69	21.87
Sun Hung Kai & Co., Ltd.	86	31/12/2012	8,830.1	12,863.0	1,036.4	0.4888	4.15	8.49
Guotai Junan International Holdings Limited	1788	31/12/2012	5,385.6	3,393.4	307.0	0.1882	3.12	16.58
Haitong International Securities Group Limited	665	31/12/2012	5,148.8	3,254.0	293.5	0.2799	3.75	13.40
Upbest Group Limited	335	31/3/2013	1,300.9	1,342.5	167.6	0.1250	0.97	7.76
Emperor Capital Group Limited	717	30/9/2012	909.1	1,250.1	63.4	0.0244	0.35	14.34
South China Financial Holdings Limited	619	31/12/2012	568.2	500.0	56.6	0.0113	0.113	10.00
Cinda International Holdings Limited	111	31/12/2012	551.4	556.7	10.5	0.0164	0.86	52.44
							Maximum	52.44
							Median	13.87
							Average	18.11
							Minimum	7.76
The Acquisition Targets		31/12/2012			6.1		1.87	4.93

Note: The figures are extracted from the relevant published audited annual reports of the corresponding companies.

The PE ratio of the Acquisition Targets of approximately 4.93 times based on the total net profit for latest full financial year ended 31 December 2012 is much lower than the average PE ratio of these listed Comparable Companies of approximately 18.11 times, and also out of the range of such Comparable Companies from approximately 7.76 times to 52.44 times. Even if we only make reference to the Comparable Companies with lowest market capitalisation and net asset value as analysed in the above, namely South China Financial Holdings Limited and Cinda International Holdings Limited, the Consideration in total for the Proposed Acquisitions denoting a comparatively lower PE ratio of approximately 4.93 times is still far below the their PE ratios of approximately 10.00 times and 52.44 times respectively, which we consider mainly due to their unlisted status with lower valuation and the limited scale of operation in terms of revenue and profitability. Taking further consideration of the rapid growth of revenue and profitability of CAM persistently over the past three years ended 31 December 2010 to 2012 and the six months ended 30 June 2013, which may imply a further lower prospective PE ratio after taking into account the increasingly growing performance in 2013. Based on such consideration, we concur with the Directors' view in respect of the Consideration and are of the opinion that the Consideration for the Proposed Acquisitions is fair and reasonable.

According to the Appendices IIA and IIB to the Circular, the total net profit of the Acquisition Targets (i.e. CAM with HK$4.3 million and Kerberos with HK$43,219) amounted to approximately HK$4.3 million for the six months ended 30 June 2013, representing a significant increase by approximately 79.2% when compared to that of approximately HK$2.4 million for the corresponding period in 2012.

The Consideration Shares

The issue price of approximately HK$1.87 per CAM Consideration Share and HK$1.87 per Kerberos Consideration Share (the "**Issue Price**") represents:

(i) a premium of approximately 6.25% over the closing price of HK$1.760 per Share on the date of the Sale and Purchase Agreements;

(ii) a premium of approximately 0.21% over the average closing price of HK$1.866 per Share as quoted on the Stock Exchange for the last five trading days preceding to the date of the Sale and Purchase Agreements;

(iii) a discount of approximately 5.22% to the average closing price of HK$1.973 per Share as quoted on the Stock Exchange for the last 10 trading days preceding to the date of the Sale and Purchase Agreements;

(iv) a premium of approximately 13.33% over the closing price of HK$1.650 per Share as at the Latest Practicable Date; and

(v) a significant premium of approximately 183.3% over the unaudited consolidated net asset value of the Company of approximately HK$0.66 per Share as at 30 June 2013.

The basis for determination of the Consideration

The Consideration of the Proposed Acquisitions was determined after arm's length negotiations between the parties and with reference to the historical financial performance and the business prospects of CAM and Kerberos. The Company is optimistic about the future business prospects of the fund management business in Hong Kong, which is the principal business of CAM. It is anticipated that more investment capital inflows will come from the Mainland China and demand for asset management activities and fund advisory services in Hong Kong. In addition, the Company considers that Hong Kong has been widely recognized as an international asset management centre in Hong Kong and hence, Hong Kong is a popular domicile for investment funds. Based on such consideration, the Board is of the view that the consideration of the Proposed Acquisitions of approximately HK$30.1 million represented a relatively low price to earning ratio, and is therefore fair and reasonable.

The Issue Price of approximately HK$1.87 per CAM Consideration Share and approximately HK$1.87 per Kerberos Consideration Share were arrived at after arm's length negotiations between the parties with reference to the closing price of the Shares for the last five trading days preceding to the date of the Sale and Purchase Agreements.

The Consideration Shares Comparables

In assessing the fairness and reasonableness of the Issue Price, we have identified, on a best effort basis, the transactions (the "**Consideration Shares Comparables**") announced during the period from 1 April 2013 to the date prior to the date of the Announcement (i.e. almost six complete calendar months) by companies listed in Hong Kong involving the issue of shares to the relevant vendors to satisfy all or part of the consideration for the relevant acquisitions, which in our view, can form a fair and representative pool of samples for illustration purpose and additional reference by the Independent Shareholders for the general market practice of share-financing activities under the then prevailing market sentiment, notwithstanding (i) the different size of the Consideration Shares Comparables, (ii) the different size of the acquisitions involved for each Consideration Shares Comparable, and (iii) the different nature of business activities involved in by the Consideration Shares Comparables etc., mainly on the grounds that consideration and/or determination of the pricing level for issuing shares was based on, including but not limited to, the then prevailing market condition, financial position and business prospect of each individual listed Consideration Shares Comparable, and the bargaining power between the Consideration Shares Comparables and the relevant vendors in each case. On such basis, we are of the view that it could not provide a complete, fair and reasonable picture for the Independent Shareholders' reference for the overall general market practice of share-financing activities at the prevailing time as if we had arbitrarily short-listed the Consideration Shares Comparables in the market over the period, and have not considered any other alternative factors for making our conclusion in this respect because the present list of Consideration Shares Comparables can provide indication for share performance of those listed companies issuing their shares for consideration over the period, details of which are as follows:

Company name	Stock code	Date of announcement	Amount involved *(HK$' million)*	Issue price *(HK$)*	Percentage of the consideration shares as compared to the issued share capital for the respective Consideration Shares Comparables *(%)*	Issue price at premium over/(discount) to the closing price of the corresponding last trading day *(%)*
The Hong Kong Parkview Group Limited	207	24/9/2013	245.4	2.00	22.9	(50.00)
China Outdoor Media Group Limited	254	16/9/2013	130.0	0.06	20.0	7.14
Jinchuan Group International Resources Co. Ltd.	2362	27/8/2013	1,595.9	1.00	57.9	(29.08)
Beijing Enterprises Holdings Limited	392	29/7/2013	6,221.9	55.00	9.7	(0.63)
China Bio-Med Regeneration Technology Limited	8158	29/7/2013	202.5	0.135	16.6	(16.15)
Lung Cheong International Holdings Limited	348	4/7/2013	60.0	0.30	3.66	(13.04)
Pearl Oriental Oil Limited	632	28/6/2013	330.1	0.55	18.51	14.58
Kaisun Energy Group Limited	8203	24/6/2013	50.0	0.20	9.6	26.6
VODone Limited	82	24/6/2013	82.3	0.60	4.35	13.2
China Chengtong Development Group Limited	217	24/6/2013	29.7	0.36	1.71	10.77
China Jiuhao Health Industry Corporation Limited	419	4/6/2013	17.5	0.70	0.98	108.96
China Taiping Insurance Holdings Company Limited	966	27/5/2013	13,277.5	15.39	50.6	24.51

Company name	Stock code	Date of announcement	Amount involved *(HK$' million)*	Issue price *(HK$)*	Percentage of the consideration shares as compared to the issued share capital for the respective Consideration Shares Comparables *(%)*	Issue price at premium over/ (discount) to the closing price of the corresponding last trading day *(%)*
Winteam Pharmaceutical Group Limited	570	24/5/2013	935.2	2.80	18.73	(26.9)
China Huiyuan Juice Group Limited	1886	23/5/2013	1,386.7	3.10	30.3	(5.20)
Thiz Technology Group Limited	8119	22/5/2013	40.0	0.10	23.77	112.77
China Automotive Interior Decoration Holdings Limited	8321	15/5/2013	14.4	0.20	6.67	4.17
Chinlink International Holdings Limited	997	14/5/2013	13.2	0.495	1.67	(1.00)
China Investment Development Limited	204	13/5/2013	7.5	0.50	2.33	108.33
New Times Energy Corporation Limited	166	10/5/2013	17.2	0.80	2.61	9.59
Far East Hotels and Entertainment Limited	37	30/4/2013	18.5	0.232	16.3	26.09
Modern Media Holdings Limited	72	23/4/2013	2.5	2.32	0.246	2.65
Branding China Group Limited	8219	19/4/2013	144.4	3.084	23.41	2.80
Zhuhai Holdings Investment Group Limited	908	10/4/2013	300.0	1.33	20.16	8.13
					Maximum	112.77
					Median	7.14
					Average	14.71
					Minimum	(50.00)
The Company	**1019**	**30/9/2013**	**30.1**	**1.87**	**3.48**	**6.25**

Source: www.hkex.com.hk, and the respective announcements containing details of the Consideration Shares Comparables.

As noted in the table above, the Consideration Shares Comparables were issuing shares within a range of approximately 50.00% discount to and 112.77% premium over the corresponding closing prices on the relevant last trading day, with an average premium of approximately 14.71%. We note that the premium of approximately 6.25% represented by the Issue Price to the closing price on the Last Trading Day is within the above range and is closely comparable with the median premium of the Consideration Shares Comparables of approximately 7.14%. Given the current prolonging sluggish market sentiment following the financial tsunami in 2008, the Consideration Shares issuing at a premium over the recent closing price of the Shares is considered to be fair and reasonable for the Company and the Shareholders as a whole.

Having considered the above analysis and factors, we consider that the basis for determining the Consideration is fair and reasonable and the terms of the Sale and Purchase Agreements are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

7. Possible financial effects of the Proposed Acquisitions on the Group

Earnings

Upon the Completion, there will be no immediate material impact on earnings of the Group, while CAM and Kerberos are expected to become wholly-owned subsidiaries of the Company and their financial results are expected to be fully consolidated into the Group after the Completion. Based on our discussion with the management of the Group and as mentioned in the "Letter from the Board" of the Circular that the Directors are not aware of any material adverse change in the financial position of each of CAM and Kerberos from 30 June 2013 up to the Latest Practicable Date, and in view of the profitable track record of the CAM and Kerberos as analysed above, we therefore concur with the Directors' view that the Acquisition Targets will provide positive contribution to the earnings base of the Group but the quantification of such impact will depend on the future performance of CAM and Kerberos.

According to the Appendix IIA to the Circular, CAM had recorded (i) revenue of approximately HK$33.9 million, HK$49.1 million, HK$63.1 million and HK$41.9 million for each of the three years ended 31 December 2010 to 2012 and the six months ended 30 June 2013 respectively; and (ii) net (loss)/ profit of approximately HK$(0.4) million, HK$1.2 million, HK$6.0 million and HK$4.3 million for the same period respectively, which had demonstrated a strong growth in terms of revenue and net profit over the period. On such basis, we do not foresee that there would be negative impact on the earning capability of the Enlarged Group following the Completion.

Working capital

Based on the Interim Report, the working capital (i.e. total current assets less total current liabilities) and cash and cash equivalents (i.e. excluding restricted cash) of the Group as at 30 June 2013 amounted to approximately HK$120.3 million and HK$184.2 million respectively, representing a current ratio of approximately 1.5 times. Since the Consideration will be fully financed by allotment and issue of Consideration Shares, there will be no direct effect on the working capital position of the Group other than the immaterial transaction costs incurred for completing the Proposed Acquisitions.

Net asset value

According to the Interim Report, the unaudited consolidated net asset value (i.e. including non-controlling interests) of the Group was approximately HK$276.7 million as at 30 June 2013. Based on the unaudited pro forma financial information of the Enlarged Group as set out in the Appendix III to the Circular, the pro forma net asset value of the Enlarged Group will be approximately HK$295.9 million, representing an increase of approximately HK$19.2 million or 6.9% when compared to that of the Group of approximately HK$276.7 million immediately before Completion. The considerable increase in the net asset value based on the pro forma net asset value of the Enlarged Group mainly arises because of (i) the share premium attributable to the issuance of the Consideration Shares, less (ii) the estimated legal and professional fees incurred for the Proposed Acquisitions. Based on such scenario, there will not be any significant adverse impact on the net asset value of the Group immediately following the Proposed Acquisitions.

Gearing

As at 30 June 2013, the Group had no interest-bearing borrowings, and therefore no gearing position. Since the Group will settle the Consideration in full by the allotment and issue of the Consideration Shares without incurring any external interest-bearing borrowings, the gearing position of the Group (excluding CAM and Kerberos) would remain unchanged immediately after Completion.

Conclusion

In light of the foregoing effect of the Proposed Acquisitions on the earnings, working capital, net asset value and gearing of the Group, we are of the view that the Proposed Acquisitions would have no significant adverse impact on the Group's operating and financial positions save and except for the immaterial dilution effect in shareholding in the Company which is inevitable as the Company intends to finance full amount of the Consideration of the Proposed Acquisitions by the allotment and issue of the Consideration Shares. Therefore, we are of the view that the Proposed Acquisitions are an effective business development strategy which is aimed at building an all-rounded financial service platform and positioning the Group for better growth in the future which, in the long run, will benefit the Company and the Shareholders as a whole.

8. Dilution in shareholding

Based on the shareholding structure of the Company as set out in the "Letter from the Board" of the Circular, the public Shareholders were interested in 189,081,166 Shares or approximately 40.84% of the issued share capital of the Company as at the Latest Practicable Date. Assuming there is no change in the issued share capital during the period from the Latest Practicable Date to the date of Completion, such corresponding shareholding will be slightly diluted to approximately 39.47% after the Completion. While the dilution effect on earnings per Share and shareholding is inevitable for issuance of new Shares to satisfy the full amount of the Consideration, the Proposed Acquisitions would increase (i) the net asset value of the Enlarged Group from approximately HK$276.7 million to HK$295.9 million, and (ii) net asset value per Share from approximately HK$0.66 to HK$0.68; while the Group's cash resources could be preserved for other business opportunities and/or general working capital.

The Company has considered that settlement of the consideration for the Proposed Acquisitions by way of allotment and issuance of the Consideration Shares allows it to preserve sufficient cash flow for general working capital and potential business development, and therefore provides flexibility to the financing arrangement of the Company. Further, the allotment and issuance of the Consideration Shares to CFG and Convoy Inc., being the controlling shareholders of the Company, will provide incentive to and motivate them to contribute to the business development of the Group in the long-term future. On the other hand, the Company has also considered that any dilution effect resulting from the aforesaid allotment and issuance of Consideration Shares shall, in any event, be minimal to the other Independent Shareholders; and that such payment terms will be advantageous to the Company and in the best interests of the Company and the Shareholders as a whole.

Having considered the overall possible financial effects on, and expected long-term benefits to, the Group as mentioned above, we are of the view that the aforesaid dilution of the public Shareholders from approximately 40.84% currently to approximately 39.47% after the Completion is acceptable, though on its own is not favourable, after taking into account of the overall increase in net asset value of the Enlarged Group after the Completion.

B. Deed of Non-Competition (2013)

Reference is made to the listing document of the Company dated 29 June 2010, in view of the listing of the Shares on the Stock Exchange in 2010, a Deed of Non-Competition was entered into in favor of the Company, pursuant to which each of the controlling shareholders of the Company and their respective associates (the "**Original Covenantors**") undertook and covenanted with the Company that for so long as the controlling shareholders and/or their respective associates, directly or indirectly, whether individually or taken together, remain the controlling shareholders of the Company, he/she/it will not and will procure his/her/its respective associates not to directly or indirectly (whether as an investor, shareholder, partner, agent or otherwise or whether for profit, reward or otherwise) engage or otherwise be interested in any business including insurance and MPF schemes brokerage business which is or may be in competition with the business of any members of the Group from time to time.

As disclosed in the Announcement (October), pursuant to the Deed of Non-Competition, no variation or amendment to the Deed of Non-Competition shall be effective, save by an instrument in writing and signed by or on behalf of the parties thereto. To the best of the knowledge and belief of the Company, three of the original parties to the Deed of Non-Competition, each being a former shareholder of Convoy Inc., (the "**Convoy Former Shareholders**") have already ceased to be the controlling shareholders of the Company, in light of the change of the circumstances, on 24 October 2013, the Company entered into the Deed of Non-Competition (2013) with the same parties to the Deed of Non-Competition (except for the Convoy Former Shareholders) (the "**Covenantor(s)**"). The parties to the Deed of Non-Competition (2013) refers to the shareholders of Convoy Inc. and their associates who were original parties to the Deed of Non-Competition only and does not include all the existing shareholders of Convoy Inc. and their associates. To the best of the knowledge and belief of the Company, the existing shareholders of Convoy Inc. who are not parties to the Deed of Non-Competition (2013) do not engage or otherwise be interested in any insurance and MPF schemes brokerage business carried out by the Group which is or may be in competition with the business of any members of the Group. As the purpose of entering into the Deed of Non-Competition (2013) is to amend the restricted scope of business as defined in the Deed of Non-Competition, the Company considers that only the original parties to the Deed of Non-Competition are relevant and are necessary to be involved. The Directors consider that the Deed of Non-Competition (2013) entered into, without the Convoy Former Shareholders being the signing parties, would not affect the original protection for the Group and its Shareholders as a whole by the Deed of Non-Competition.

The terms of the Deed of Non-Competition (2013) are substantially similar to the Deed of Non-Competition, except the scope of restricted business not to be engaged by the Covenantors which shall be more specifically defined to be the "insurance and MPF schemes brokerage business carried out by the Group".

1. Conditions precedent of the Deed of Non-Competition (2013)

The Deed of Non-Competition (2013) shall only become effective on the date when all of the following conditions precedent being fulfilled:–

(a) the Independent Shareholders having approved the Deed of Non-Competition (2013) in accordance with the applicable requirements under the Listing Rules;

(b) any other consents, approvals, or authorizations (if any) as may be required under the law or applicable rules and regulations of governmental or regulatory authorities, including the Stock Exchange having been obtained or granted;

(c) the CAM Acquisition pursuant to the CAM Sale and Purchase Agreement (as supplemented and amended by the CAM Supplemental Sale and Purchase Agreement) having been completed; and

(d) the Kerberos Acquisition pursuant to the Kerberos Sale and Purchase Agreement (as supplemented and amended by Kerberos Supplemental Sale and Purchase Agreement) having been completed.

2. Reasons for and benefits of the Deed of Non-Competition (2013)

Apart from the Group, as at the Latest Practicable Date, Convoy Inc. and CFG (both being the controlling shareholder of the Company) are directly or indirectly interested in CAM and CIS.

CAM is principally engaged in the provision of investment advisory, funds dealing, introducing broker and asset management services in Hong Kong and is licensed by the SFC to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

CIS offers investment services including but not limited to securities, futures, options and other investment brokerage, margin financing, securities underwriting and placing and discretionary investment. CIS is registered in the Stock Exchange as an Exchange Participant and is licensed by the SFC to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

At present, the business and operation of CAM and CIS can be clearly delineated. Based on our discussion with and understanding from the Management, there has been no obvious duplication of business activities between CAM and CIS so far.

In respect of Type 1 (dealing in securities) regulated activity under the SFO, CAM is currently focusing on introducing brokers (i.e. not being an Exchange Participant with trading right(s) at the Stock Exchange) to provide investment advice or recommendation to investors, but CAM has delegated the task of executing trades to firms which operate on a trading floor. On the other hand, the present principal business of CIS is to focus on executing trading transactions for the investors, which is an area that CAM is not currently engaging in.

In respect of Type 4 (advising on securities) regulated activity under the SFO, CAM and CIS are currently advising to their own clients on their respective services provided under Type 1 (dealing in securities) regulated activity. By taking into account the difference between the services provided by CAM and CIS under Type 1 (dealing in securities) regulated activity as stated in the above, the regulated activities carried out by each of CAM and CIS under Type 4 (advising on securities), respectively, shall therefore be clearly delineated accordingly.

At present, the major principal business of CAM is to provide asset management services under Type 9 (asset management) regulated activity under the SFO, CAM's managed portfolio focuses on exchange traded funds and bonds; whilst CIS's managed portfolio focuses on various equities listed on the Stock Exchange, cash and cash equivalents. At present, CAM does not have licence for conducting Type 2 (dealing in futures contracts) regulated activity under the SFO which CIS possesses.

CIS's managed portfolio focuses on various equities listed on the Stock Exchange, cash and cash equivalents; while CAM's managed portfolio focuses on exchange trade funds and bonds. The Directors do not see that the interests of the Shareholders will be jeopardized even though there may be potential business competition from CIS, because CAM and CIS are focusing on different segments of DPMS based on their business plans.

However, as both of CAM and CIS are licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, there may be potential business competition between these two companies in case any one of them expands its services. So far as the Company is aware of, apart from CIS, no other companies owned by the controlling shareholders of the Company are engaged in business that may be potentially competed with CAM and Kerberos.

Based on our review of the business plans of each of the CAM and CIS, we have noted that they are focusing on different segments of DPMS and targeting at different classes of potential clients. CAM's managed portfolio focuses on exchange traded funds and bonds mainly outside Hong Kong with targets of middle-class individuals with emerging affluence who are poorly served by retail banks and whose net worth is too small for them to be prospects for private banks. CIS's managed portfolio focuses on various equities listed on the Stock Exchange, cash and cash equivalents with targets of those wealthier clients whose net worth is relatively higher. We further noted that CIS has just obtained its licence for conducting Type 9 regulated activity in January 2013, but not yet commenced its full-scale of business operation so far, and therefore only very minimal direct revenue attributable to the asset management business segment has been recorded based on the unaudited management accounts of CIS for the nine months ended 30 September 2013. On such basis, we do not see there is currently any conflict of interests between CAM and CIS, while the Directors have committed to exercise best endeavour to ensure the investment products/funds etc. to be provided by CAM's potential clients would not overlap with those of CIS in the future, notwithstanding there are currently no concrete written measures or mechanism that will be taken by the controlling shareholders of the Company to avoid possible business competitions with the Group after the Completion.

However, as both of CAM and CIS are licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, there may be potential business competition between these two companies in case any one of them expands its services. As confirmed by the Directors, the Group targets CAM's eligibility to carry out Type 9 regulated activity with contained risk exposure and proven track record. Given that CIS is a rather a new company, the number of registered investment representatives for conducting Type 9 (asset management) regulated activity is not more than 10 persons, which is far less than those registered under CAM (i.e. over 1,000), the Group did not consider CIS as a valuable acquisition target. Moreover, apart from the controlling shareholders of the Company, CIS is currently owned as to 49% by some other minority shareholders, the Group has considered that the negotiation for a sale from such minority shareholders of CIS would be much more difficult. At present, the Company does not have intention or plan to acquire CIS in the future. In addition, based on our discussion with the Management, the Group is not ready, and has no present intention, to carry out full-scale of stock and futures broking operations under the Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities under the SFO, in view of the current competitive market environment as well as the operating cost consideration when compared to the expected revenue that can be generated by such operations. On such basis, we consider that CAM and Kerberos have been selected by the Group as acquisition targets under the Proposed Acquisitions instead of CIS is commercially justifiable for its business development. Although the business and operation of CAM and CIS are currently clearly delineated, both CAM and CIS are licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, there may be potential business competition between these two companies in case any one of them, CAM or the Enlarged Group expands its services in the future, in order to avoid any potential, though unlikely, breach of the Deed of Non-Competition by CFG, the amendment to the restricted business scope shall be a condition precedent to the CAM Acquisition. Accordingly, in order to avoid the possible breach of the Deed of Non-Competition after the Completion, it is proposed that the scope of the restricted business to be covered under the Deed of Non-Competition shall be revised and confined to the "insurance and MPF schemes brokerage business carried out by the Group", which is the original principal activities of the Group since its Listing.

The Directors considered that the purpose of the Deed of Non-Competition was to protect the legitimate interest of the Shareholders in the core business of the Group at the time of Listing, which is insurance and MPF schemes brokerage business. After a few years after the Listing, the Group is considering to expand its business to other financial services by acquiring CAM. If the scope of the restricted business under the Deed of Non-Competition is not revised, it may hinder the Group from expanding its business which may be in competition with the controlling shareholders of the Company. In an alternative consideration by expanding the restricted scope of business under the new deed of non-competition, CFG may be at risk for a potential breach in the future in case the Group expands the business of CAM, which may fall within the expanded restricted scope of business under the new deed of non-competition. In order to avoid such potential breach by the controlling shareholders of the Company, the Group will be restricted to develop its business in CAM after the Completion and the interests of the Group and the Shareholders as a whole will be hindered in this presumable scenario. The Company has also considered that it is unlikely that the controlling shareholders of the Company will agree to sell CAM as if any amendment to the restricted scope of business (i.e. expanded scope of restricted business) will confine the development of the Enlarged Group and will render them prone to possible breach under the new deed of non-competition. Given that the Company considers that the CAM Acquisition is beneficial to the business development of the Group and after taking into account the commercial position and interests of the controlling shareholders, the restricted scope of business shall preferably be confined instead of be further expanded.

In addition, as insurance and MPF schemes brokerage business are the principal business of the Group since the Listing, and it is the common intention of the parties to the Deed of Non-Competition that the restricted scope of business thereunder shall be defined to include the principal business of the Group only, the Deed of Non-Competition (2013) therefore serves to clarify the initial common intention of the parties to the Deed of Non-Competition.

In light of the of expansion of the business scope of the Group into business areas which may have potential competition between the Group with CIS and/or the controlling shareholders of the Company (or their respective associates) upon the Completion in the future, the Deed of Non-Competition (2013) revises the scope of the restricted business as defined under the Deed of Non-Competition so as to allow flexibility for the Group to tap into business areas in which the controlling shareholders of the Company (or their respective associates) are currently engaging. While the Deed of Non-Competition will continue to protect the interest of the Group, the Deed of Non-Competition (2013) allows the Group to expand its scope of business into financial services with growth potential and thus strengthen its market competitiveness and further growth prospects. The controlling shareholders of the Company will use their best endeavour to avoid any possible business competition between the Group and CIS immediately following the Completion and in the foreseeable future. In light of the above, the Company considers confining the scope of restricted business under the Deed of Non-Competition (2013) is preferable when taking into account the respective commercial positions and the interests of both the Enlarged Group and CIS.

As explained above, the businesses of CAM and CIS can be clearly delineated. As represented by the management of CAM and CIS, their present intentions are to continue to focus on their existing managed investment portfolio, which are very unlikely to be competitive with each other between them. Accordingly, the Company does not see any business competition between CAM and CIS at present. Based on such consideration, we concur with the Directors view in this regard, and are of the view that the competitive advantages attributable to the Acquisition Targets that may be brought into the Group in operating and managing the business of CAM are in the interests of the Company and the Shareholders as a whole, which may outweigh the unlikely potential competition that might arise in the future.

The Board (excluding Mr. Wong Lee Man, Ms. Fong Sut Sam and Mr. Mak Kwong Yiu who are shareholders of Convoy Inc. and deemed to have a material interest in CFG, hence abstained from voting on the relevant resolution(s) considered and approved by the Board) consider that the terms of the Deed of Non-Competition (2013) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We were given to understand that the Proposed Acquisitions can broaden the foundation of the Group's business operations in the provision of financial services. Being the Group's principal business enterprise platform for provision of asset management services by the Acquisition Targets, the Directors are of the view that the Deed of Non-Competition (2013) as ancillary and incidental to the Proposed Acquisitions can help the Group, to the best possible extent, to clearly define its business positioning and to eliminate any potential competition with the controlling shareholders of the Company, so as to facilitate it to develop synergies between the business segments invested in or to be invested in by the Group in the foreseeable future. We noted that, save and except for the amendments under the Deed of Non-Competition (2013), all other material terms and conditions under the Deed of Non-competition shall remain in full force and effect. Accordingly, we are of the view that the Deed of Non-competition (2013) is fair and reasonable.

Given that (i) the Proposed Acquisitions and the transactions contemplated under the Sale and Purchase Agreements are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; (ii) the scope of principal business activities of the Group will be broadened so as to allow it to expand its scope of business into financial services with growth potential and thus strengthen its market competitiveness and further growth prospects upon Completion and in the long-term future, which may outweigh the unlikely potential competition that might arise in the future; (iii) the wordings of the existing Deed of Non-Competition are in fact quite ambiguous and difficult for the Group to be properly followed without hindering it from expanding its business in the future; (iv) the controlling shareholders of the Company have committed to exercise their best endeavour to avoid any possible, though unlikely, competition that might arise in the future; and (v) the Deed of Non-Competition (2013) will continue to provide the Group the original protection from any issues arising from competition under the existing Deed of Non-Competition, we are of the opinion that the entering into of the Deed of Non-Competition (2013) is necessary and justifiable because it is ancillary and incidental to the Proposed Acquisitions pursuant to the Sale and Purchase Agreements, and also concur with the Directors' view that the terms of the Deed of Non-Competition (2013) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Having taken into consideration the above principal factors and reasons, in particular, the long-term benefits of the Proposed Acquisitions to the Group, we are of the view that (A) the terms of the Sale and Purchase Agreements (comprising the CAM Sale and Purchase Agreement and the Kerberos Sale and Purchase Agreement) and the Supplemental Sale and Purchase Agreements are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned, and the Proposed Acquisitions are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; while (B) the entering into of the Deed of Non-competition (2013) is fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

We therefore recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions to approve the (A) Proposed Acquisitions and the transactions contemplated thereunder (including the allotment and issue of the Consideration Shares) or in connection with the Sale and Purchase Agreements (comprising the CAM Sale and Purchase Agreement and the Kerberos Sale and Purchase Agreement) and the Supplemental Sale and Purchase Agreements; and (B) the entering into of the Deed of Non-Competition (2013), at the EGM.

Yours faithfully,
For and on behalf of
First Shanghai Capital Limited

Eric Lee	**Fanny Lee**
Managing Director	*Managing Director*

1. THREE YEARS FINANCIAL INFORMATION

The financial information of the Group for the three years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013 have been set out in the Company's annual reports and interim report for the three years ended 31 December 2010, 2011 and 2012 and for the six months ended 30 June 2013 dated 27 April 2011, 23 April 2012, 25 April 2013 and 27 September 2013 respectively, which were published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.convoy.com.hk).

2. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The Group is engaged in the independent financial advisory ("**IFA**") business, money lending business and proprietary investment business. After completion of the Proposed Acquisitions, the Enlarged Group will also engage in provision of investment advisory, funds dealing, introducing broker and asset management services in Hong Kong.

Starting from April 2013, the Group commenced the money lending business which provides our clients with more diversified financial services, aiming at creating the maximum profit for our Shareholders. It is believed that there is a huge room for money lending business to grow due to the increasing demand for in Hong Kong, either from corporate borrowers for business expansion or individual borrowers for financing property mortgage. The Group believes that this business can help to create cross-selling synergies and broaden our client base in IFA business.

In April 2013, the Group further expands its business scope to the proprietary investment business which would strengthen the Group's capability in investment decision process that would eventually assist the Group in asset management business.

Besides, the Group has entered into IFA industry in Mainland China since January 2011. CONVOY brand is gradually being recognized in Mainland China. The Group is actively exploring opportunities to expand in equity investment service sector in Mainland China. On 12 November 2013, the Group, through one its wholly-owned subsidiary, entered into a cooperation framework agreement with CAM for the establishment of a joint venture company which will be principally engaged in promoting the establishment of equity investment enterprises, administering the entrusted equity investment enterprises and consulting on equity investment. The Group would integrate the platform in Hong Kong with Mainland China in bid to establish one of the strongest regional all-rounded financial services platform to serve our clients in the midst of continuous growing overseas investment needs.

IFA business

It is expected that revenue derived from ILAS will continue to be the major contributor to the Group's total revenue generated from Hong Kong's IFA business. In the view of the cyclical nature of ILAS business and its stringent regulatory environment, the Group will continue to further diversify its business proactively to non-linked insurance and general insurance business which would be more counter-cyclical than ILAS business. The Group will continue to offer non-linked insurance incentives and launch cross-selling projects to boost up sales. The Group will also continue to pursue its strategy to diversify its client portfolio so as to achieve healthy and stable growth in revenue.

Money Lending Business

The Group commenced the money lending business and started to provide our clients with more diversified financial services, aiming at creating the maximum profit for our Shareholders in April 2013. As an all-rounded financial service platform, the Group recognized the importance of liquidity to our clients when they are making important investment decisions and will continue to provide timely and efficient financial support and improve our clients' flexibility in their financial planning. The profit margin of this segment would be expected to improve upon economy of scale achieved.

Proprietary Investment Business

Starting from April 2013, the Group has further expanded its business scope to proprietary investment business, which would provide immediate economic benefits to the Shareholders, strengthen the Group's capability in investment decision process which would eventually assist the Group in asset management business which helps our clients make better investment returns.

Investment Advisory, funds dealing, introducing broker and asset management services

It is expected that after completion of the Proposed Acquisitions, the Enlarged Group, through CAM and Kerberos, will continue to be principally engaged in the provision of investment advisory, fund dealings, introducing broker and asset management services. The Enlarged Group will continue to choose funds for inclusion in the Discretionary Portfolio Management Services ("**DPMS**") and investment advisory services from major fund sectors so as to offer its clients with a broad spectrum of funds for investment.

Building a better
working world

Ernst & Young
22nd Floor
CITIC Tower
1 Tim Mei Avenue, Central
Hong Kong

安永會計師事務所
香港中環添美道1號
中信大廈22樓

Tel: +852 2846 9888
Fax: +852 2868 4432
www.ey.com

電話: +852 2846 9888
傳真: +852 2868 4432

22 November 2013

The Directors
Convoy Financial Services Holdings Limited
39th Floor, @CONVOY
169 Electric Road
North Point
Hong Kong

Dear Sirs,

We set out below our report on the financial information of Convoy Assets Management Limited ("**CAM**") comprising the statements of comprehensive income, statements of changes in equity and statements of cash flows of CAM for each of the years ended 31 December 2010, 2011 and 2012, and the six months ended 30 June 2013 (the "**Relevant Periods**"), and the statements of financial position of CAM as at 31 December 2010, 2011 and 2012 and 30 June 2013, together with the notes thereto (the "**Financial Information**"), and the statement of comprehensive income, statement of changes in equity and statement of cash flows of CAM for the six months ended 30 June 2012 (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 22 November 2013 in connection with the proposed acquisition of the entire issued share capital of CAM by Favour Sino Holdings Limited, an indirectly wholly-owned subsidiary of the Company.

CAM was incorporated in Hong Kong with limited liability on 24 November 1999. The principal activities of CAM consisted of the provision of investment advisory, funds dealing, introducing broker and asset management services.

For the purpose of this report, the sole director of CAM has prepared the financial statements of CAM (the "**Underlying Financial Statements**") in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The Underlying Financial Statements for each of the years ended 31 December 2010, 2011 and 2012, and the six months ended 30 June 2013 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

DIRECTOR'S RESPONSIBILITY

The sole director is responsible for the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that give a true and fair view in accordance with HKFRSs, and for such internal control as the sole director determines is necessary to enable the preparation of the Underlying Financial Statements, 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 carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

We have also performed a review of the Interim Comparative Information in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. 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, the Financial Information gives a true and fair view of the state of affairs of CAM as at 31 December 2010, 2011 and 2012 and 30 June 2013 and of the results and cash flows of CAM 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

STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 December			Six-month period ended 30 June	
	Section II Notes	2010 *HK$*	2011 *HK$*	2012 *HK$*	2012 *HK$* (unaudited)	2013 *HK$*
REVENUE	*4*	33,868,416	49,133,291	63,104,444	27,374,153	41,894,050
Other income and gains	*4*	21,391	630,194	11,001	(29,162)	76,031
Commission expenses		(19,953,873)	(30,320,434)	(39,466,762)	(16,819,999)	(27,895,322)
Staff costs		(9,632,212)	(10,688,114)	(11,712,062)	(5,072,572)	(5,142,919)
Depreciation		(301,758)	(435,320)	(397,869)	(240,423)	(157,446)
Other expenses		(4,369,193)	(7,130,660)	(5,565,297)	(2,845,090)	(4,304,821)
PROFIT/(LOSS) BEFORE TAX	*5*	(367,229)	1,188,957	5,973,455	2,366,907	4,469,573
Income tax expense	*8*	–	–	–	–	(191,998)
PROFIT/(LOSS) FOR THE YEAR/PERIOD		(367,229)	1,188,957	5,973,455	2,366,907	4,277,575
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD						
Item to be reclassified to profit or loss in subsequent periods:						
Change in fair value of an available-for-sale investment	*11*	(1,898)	(10,192)	3,640	(3,224)	(10,764)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD		(369,127)	1,178,765	5,977,095	2,363,683	4,266,811
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNER OF CAM	*9*					
Basic and diluted		(0.07)	0.23	1.16	0.45	0.83

STATEMENTS OF FINANCIAL POSITION

	Section II Notes	As at 31 December 2010 HK$	2011 HK$	2012 HK$	As at 30 June 2013 HK$
NON-CURRENT ASSETS					
Property, plant and equipment	*10*	390,059	971,379	573,510	416,064
Available-for-sale investment	*11*	51,012	40,820	44,460	33,696
Total non-current assets		441,071	1,012,199	617,970	449,760
CURRENT ASSETS					
Accounts receivable	*12*	1,903,876	5,233,159	6,642,364	1,337,890
Prepayments		48,797	188,485	210,692	271,459
Due from the immediate holding company	*17(b)*	1,000,000	–	–	–
Due from a fellow subsidiary	*17(b)*	–	3,898,613	5,599,096	5,603,451
Cash and bank balances		14,358,806	11,731,115	22,797,672	25,705,568
Total current assets		17,311,479	21,051,372	35,249,824	32,918,368
CURRENT LIABILITIES					
Accounts payable	*13*	5,233,678	7,585,291	12,572,782	8,422,598
Other payables and accruals	*14*	2,848,321	3,633,409	6,473,046	3,412,424
Due to fellow subsidiaries	*17(b)*	4,445	–	–	252,331
Tax payable		–	–	–	146,041
Total current liabilities		8,086,444	11,218,700	19,045,828	12,233,394
NET CURRENT ASSETS		9,225,035	9,832,672	16,203,996	20,684,974
TOTAL ASSETS LESS CURRENT LIABILITIES		9,666,106	10,844,871	16,821,966	21,134,734
NON-CURRENT LIABILITIES					
Deferred tax liabilities	*15*	–	–	–	45,957
Net assets		9,666,106	10,844,871	16,821,966	21,088,777
EQUITY					
Issued capital	*16*	5,160,000	5,160,000	5,160,000	5,160,000
Reserves		4,506,106	5,684,871	11,661,966	15,928,777
Total equity		9,666,106	10,844,871	16,821,966	21,088,777

STATEMENTS OF CHANGES IN EQUITY

	Section II Note	Issued capital HK$	Share premium account HK$	Available-for-sale investment revaluation reserve HK$	Retained profits/ (accumulated losses) HK$	Total equity HK$
At 1 January 2010		5,100,000	4,900,000	35,637	(3,000,404)	7,035,233
Loss for the year		–	–	–	(367,229)	(367,229)
Other comprehensive loss for the year:						
Change in fair value of an available-for-sale investment		–	–	(1,898)	–	(1,898)
Total comprehensive loss for the year		–	–	(1,898)	(367,229)	(369,127)
Issue of new shares	16	60,000	2,940,000	–	–	3,000,000
At 31 December 2010 and 1 January 2011		5,160,000	7,840,000*	33,739*	(3,367,633)*	9,666,106
Profit for the year		–	–	–	1,188,957	1,188,957
Other comprehensive loss for the year:						
Change in fair value of an available-for-sale investment		–	–	(10,192)	–	(10,192)
Total comprehensive income/(loss) for the year		–	–	(10,192)	1,188,957	1,178,765
At 31 December 2011 and 1 January 2012		5,160,000	7,840,000*	23,547*	(2,178,676)*	10,844,871
Profit for the year		–	–	–	5,973,455	5,973,455
Other comprehensive income for the year:						
Change in fair value of an available-for-sale investment		–	–	3,640	–	3,640
Total comprehensive income for the year		–	–	3,640	5,973,455	5,977,095
At 31 December 2012 and 1 January 2013		5,160,000	7,840,000*	27,187*	3,794,779*	16,821,966
Profit for the period		–	–	–	4,277,575	4,277,575
Other comprehensive loss for the period:						
Change in fair value of an available-for-sale investment		–	–	(10,764)	–	(10,764)
Total comprehensive income/(loss) for the period		–	–	(10,764)	4,277,575	4,266,811
At 30 June 2013		5,160,000	7,840,000*	16,423*	8,072,354*	21,088,777

	Issued capital HK$	Share premium account HK$	Available-for-sale investment revaluation reserve HK$	Retained profits/ (accumulated losses) HK$	Total equity HK$
1 January 2012	5,160,000	7,840,000	23,547	(2,178,676)	10,844,871
Profit for the period	–	–	–	2,366,907	2,366,907
Other comprehensive income for the period:					
Change in fair value of an available-for-sale investment	–	–	(3,224)	–	(3,224)
Total comprehensive income/(loss) for the period	–	–	(3,224)	2,366,907	2,363,683
At 30 June 2012 (unaudited)	5,160,000	7,840,000	20,323	188,231	13,208,554

* These reserve accounts comprise the reserves of HK$4,506,106, HK$5,684,871, HK$11,661,966 and HK$15,928,777 in the statements of financial position as at 31 December 2010, 31 December 2011, 31 December 2012 and 30 June 2013, respectively.

STATEMENTS OF CASH FLOWS

		Year ended 31 December			Six-month period ended 30 June	
	Section II Notes	2010 *HK$*	2011 *HK$*	2012 *HK$*	2012 *HK$* (unaudited)	2013 *HK$*
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(loss) before tax		(367,229)	1,188,957	5,973,455	2,366,907	4,469,573
Adjustments for:						
Bank interest income	*4*	(1,124)	(1,633)	(6,444)	(1,631)	(9,239)
Dividend income from a listed investment	*4*	(561)	–	(2,019)	–	–
Depreciation	*5*	301,758	435,320	397,869	240,423	157,446
Write-off of accounts receivable	*5*	28,206	–	–	–	–
		(38,950)	1,622,644	6,362,861	2,605,699	4,617,780
Decrease/(increase) in accounts receivable		(1,700,507)	(3,329,283)	(1,409,205)	3,513,595	5,304,474
Decrease/(increase) in prepayments		(24,323)	(139,688)	(22,207)	15,513	(60,767)
Decrease/(increase) in an amount due from the immediate holding company		(1,000,000)	1,000,000	–	–	–
Decrease/(increase) in an amount due from a fellow subsidiary		–	(3,898,613)	(1,700,483)	1,161,045	252,331
Increase/(decrease) in accounts payable		3,864,151	2,351,613	4,987,491	(1,079,403)	(4,150,184)
Increase/(decrease) in other payables and accruals		1,538,514	785,088	2,839,637	(1,998,116)	(3,060,622)
Decrease in amounts due to fellow subsidiaries		(4,040,254)	(4,445)	–	–	(4,355)
Cash generated from/(used in) operations		(1,401,369)	(1,612,684)	11,058,094	4,218,333	2,898,657
Bank interest received		1,463	1,633	6,444	1,631	9,239
Net cash flows from/(used in) operating activities		(1,399,906)	(1,611,051)	11,064,538	4,219,964	2,907,896

	Section II Notes	Year ended 31 December 2010 HK$	2011 HK$	2012 HK$	Six-month period ended 30 June 2012 HK$ (unaudited)	2013 HK$
CASH FLOWS FROM INVESTING ACTIVITIES						
Dividend received from a listed investment		561	–	2,019	–	–
Purchases of items of property, plant and equipment		(33,000)	(1,016,640)	–	–	–
Net cash flows from/(used in) investing activities		(32,439)	(1,016,640)	2,019	–	–
CASH FLOWS FROM A FINANCING ACTIVITY						
Proceeds from issue of new shares	*16*	3,000,000	–	–	–	–
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,567,655	(2,627,691)	11,066,557	4,219,964	2,907,896
Cash and cash equivalents at beginning of year/period		12,791,151	14,358,806	11,731,115	11,731,115	22,797,672
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		14,358,806	11,731,115	22,797,672	15,951,079	25,705,568
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances		14,358,806	11,731,115	22,797,672	15,951,079	25,705,568

II. NOTES TO FINANCIAL INFORMATION

1. Corporate information

CAM is a limited company incorporated in Hong Kong. The principal place of business of CAM is located at 39/F, @CONVOY, 169 Electric Road, Hong Kong.

During the Relevant Periods, CAM was principally engaged in the provision of investment advisory, funds dealing, introducing broker and asset management services.

In the opinion of the sole director, the immediate holding company of CAM is Convoy Financial Group Limited, and the ultimate holding company of CAM is Convoy Inc., both of which are incorporated in the British Virgin Islands.

2.1 Basis of preparation

The Financial Information has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 January 2013, together with the relevant transitional provisions, have been early adopted by CAM 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 except for the available-for-sale investment which has been measured at fair value. These financial statements are presented in Hong Kong dollars ("**HK$**").

2.2 Issued but not yet effective Hong Kong Financial Reporting Standards

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

HKFRS 9	*Financial Instruments*[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[1]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivative and Continuation of Hedge Accounting*[1]
HK(IFRIC)-Int 21	*Levies*[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 January 2015

CAM is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, CAM considers these new and revised HKFRSs are unlikely to have a significant impact on CAM's results of operations and financial position.

2.3 Summary of significant accounting policies

(a) Impairment of non-financial assets

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises.

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

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, CAM recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

Motor vehicle	30%
Furniture and fixtures	20%
Computer equipment	30%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

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

(c) Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as loans and receivables and available-for-sale financial investments. CAM determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus directly attributable transaction costs.

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

Subsequent measurement

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

Loans and receivables

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

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed equity investments. 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 investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the investment revaluation reserve to profit or loss. Dividends earned whilst holding the available-for-sale financial investments are reported as dividend income and are recognised in profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

(d) Impairment of financial assets

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

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

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

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

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

(e) Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or

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

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

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

(f) Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings

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

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

(g) Derecognition of financial liabilities

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

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

(h) Offsetting of financial instruments

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

(i) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. These techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

(j) Cash and cash equivalents

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

For the purpose of the statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits with initial terms of three months or less, which are not restricted to use.

(k) Revenue recognition

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

(i) investment advisory commission income, commissions and brokerage income from funds dealing, introducing broker and asset management service income, on an accrual basis in accordance with the terms of the underlying agreements;

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

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

(l) Income tax

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

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the jurisdictions in which CAM operates.

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

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

(m) Related parties

A party is considered to be related to CAM if:

(i) the party is a person or a close member of that person's family and that person:

(1) has control or joint control over CAM;

(2) has significant influence over CAM; or

(3) is a member of the key management personnel of CAM or of a parent of CAM; or

(ii) the party is an entity where any of the following conditions applies:

(1) the entity and CAM are members of the same group;

(2) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(3) the entity and CAM are joint ventures of the same third party;

(4) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(5) the entity is a post-employment benefit plan for the benefit of employees of either CAM or an entity related to CAM;

(6) the entity is controlled or jointly controlled by a person identified in (i); and

(7) a person identified in (i)(1) 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).

(n) Foreign currency transactions

These financial statements are presented in HK$, which is CAM's functional and presentation currency. Foreign currency transactions recorded by CAM are initially recorded using the functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

(o) Employee benefits

Pension scheme

CAM operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to 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 CAM in an independently administered fund. CAM's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Paid leave carried forward

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

3. Segment information

All of CAM's revenue and operating profit are generated from the provision of investment advisory, funds dealing, introducing broker and asset management services during the Relevant Periods. Information reported to CAM's chief operating decision maker, for the purpose of resources allocation and assessment performance, is focused on the operating results of CAM as a whole as CAM's resources are integrated and no discrete financial information is available. Accordingly, no segment analysis is presented.

Since all of CAM's revenue from external customers was generated in Hong Kong and all of CAM's non-current assets were located in Hong Kong, no geographical information related to revenue and non-current assets are presented.

4. Revenue, other income and gains

Revenue, which is also CAM's turnover, represents income earned from the provision of investment advisory, funds dealing, introducing broker and asset management services during the Relevant Periods.

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

	Year ended 31 December			Six-month period ended 30 June	
	2010	2011	2012	2012	2013
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Revenue:					
Investment advisory commission and introducing broker income	2,065,587	1,648,312	1,330,135	556,597	820,841
Commission and brokerage income from funds dealing	30,445,104	40,404,762	53,813,281	23,079,445	36,576,739
Asset management service income	1,357,725	7,080,217	7,961,028	3,738,111	4,496,470
	33,868,416	49,133,291	63,104,444	27,374,153	41,894,050

	Year ended 31 December			Six-month period ended 30 June	
	2010	2011	2012	2012	2013
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Other income and gains:					
Bank interest income	1,124	1,633	6,444	1,631	9,239
Dividend income from a listed investment	561	–	2,019	–	–
Contribution by the sole director for an item of property, plant and equipment *(note 17(a)(iv))*	–	584,750	–	–	–
Others	19,706	43,811	2,538	(30,793)	66,792
	21,391	630,194	11,001	(29,162)	76,031

5. Profit/(loss) before tax

CAM's profit/(loss) before tax is arrived at after charging/(crediting):

	Year ended 31 December			Six-month period ended 30 June	
	2010	2011	2012	2012	2013
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Auditors' remuneration	210,000	341,700	82,033	2,033	146,000
Employee benefit expenses (including the sole director's remuneration *(note 6)*):					
Salaries, allowances, bonuses and benefits in kind	9,427,681	10,352,908	11,154,302	4,775,811	4,826,023
Pension scheme contributions (defined contribution scheme)	204,531	335,206	557,760	296,761	316,896
	9,632,212	10,688,114	11,712,062	5,072,572	5,142,919
Foreign exchange differences, net	(35,585)	4,773	(76,994)	79,506	720,405
Depreciation	301,758	435,320	397,869	240,423	157,446
Write-off of accounts receivable	28,206	–	–	–	–

6. Director's remuneration

Remuneration of the sole director, Mr. Ng Ka Wai, Eric, for the Relevant Periods, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Year ended 31 December			Six-month period ended 30 June	
	2010	2011	2012	2012	2013
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Fees	–	–	–	–	–
Other emoluments:					
Salaries, allowances and benefits in kind	1,185,626	1,472,105	1,837,048	848,008	949,642
Discretionary bonuses	380,500	497,406	632,140	–	–
Pension scheme contributions	12,625	12,000	148,158	74,079	77,040
	1,578,751	1,981,511	2,617,346	922,087	1,026,682

Included in the remuneration of the sole director during the year ended 31 December 2010 and 2011 was rental benefit for accommodation of HK$300,000 and HK$396,000, respectively.

7. Five highest paid employees

The five highest paid employees for the Relevant Periods included the sole director, details of whose remuneration are disclosed in note 6 above. Details of the remuneration of the remaining four highest paid employees for the Relevant Periods are as follows:

	Year ended 31 December			Six-month period ended 30 June	
	2010	**2011**	**2012**	**2012**	**2013**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Salaries, allowances and bonuses	2,920,694	2,862,705	3,481,540	1,481,070	1,589,840
Pension scheme contributions	115,000	124,840	207,333	120,002	133,440
	3,035,694	2,987,545	3,688,873	1,601,072	1,723,280

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-month period ended 30 June	
	2010	**2011**	**2012**	**2012**	**2013**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
No more than HK$1,000,000	4	3	2	4	4
HK$1,000,001 to HK$1,500,000	–	1	2	–	–
	4	4	4	4	4

8. Income tax

No provision for Hong Kong profits tax had been made for the year ended 31 December 2010 as CAM did not generate any assessable profits arising in Hong Kong during that year.

No provision for Hong Kong profits tax had been made for the years ended 31 December 2011 and 2012 as CAM had available tax losses brought forward from prior years to offset the assessable profits generated during those years.

Hong Kong profits tax has been provided at the rate 16.5% on the estimated assessable profits arising in Hong Kong for the six months ended 30 June 2013.

	Year ended 31 December			Six-month period ended 30 June	
	2010	**2011**	**2012**	**2012**	**2013**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Charge for the year/period	–	–	–	–	146,041
Deferred *(note 15)*	–	–	–	–	45,957
Total tax charge for the year/period	–	–	–	–	191,998

A reconciliation of the tax expense/(credit) applicable to profit/(loss) for the Relevant Periods at the Hong Kong statutory tax rate to the tax amount at CAM's effective tax rate is as follows:

	Year ended 31 December			Six-month period ended 30 June	
	2010	**2011**	**2012**	**2012**	**2013**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Profit/(loss) before tax for the year/period	(367,229)	1,188,957	5,973,455	2,366,907	4,469,573
Tax at the Hong Kong statutory tax rate of 16.5%	(60,593)	196,178	985,620	390,540	737,480
Income not subject to tax	(278)	(96,753)	(1,396)	(269)	(1,524)
Expenses not deductible for tax	48,565	71,828	65,648	39,670	25,979
Tax losses utilised from previous periods	–	(164,762)	(1,136,171)	(424,236)	(565,940)
Tax losses not recognised	45,717	–	–	–	–
Others	(33,411)	(6,491)	86,299	(5,705)	(3,997)
Tax amount at CAM's effective rate	–	–	–	–	191,998

CAM had estimated tax losses arising in Hong Kong of HK$10,252,836, HK$9,254,278 and HK$2,960,569 as at 31 December 2010, 2011 and 2012, respectively, subject to the agreement by the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of CAM. No deferred tax asset in respect of these losses has been recognised on account of the unpredictability of future profit streams of CAM. The tax losses brought forward have been utilised in full during the six months ended 30 June 2013.

9. Earnings/(loss) per share attributable to the owner of CAM

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the Relevant Periods attributable to the owner of CAM, and the weighted average number of ordinary shares in issue during the Relevant Periods.

The calculation of diluted earnings/(loss) per share is based on the profit/(loss) for the Relevant Periods attributable to ordinary equity holder of CAM. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the Relevant Periods, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all the dilutive potential ordinary shares into ordinary shares.

CAM had no potentially dilutive ordinary shares in issue during the Relevant Periods.

The calculations of basic and diluted earnings/(loss) per share are based on:

	Year ended 31 December			Six-month period ended 30 June	
	2010	**2011**	**2012**	**2012**	**2013**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Earnings					
Profit/(loss) for the year/period attributable to owner of CAM, used in the basic and diluted earnings/(loss) per share calculation	(367,229)	1,188,957	5,973,455	2,366,907	4,277,575
Shares					
Weighted average number of ordinary shares in issue during the year/period used in the basic and diluted earnings per share calculation	5,160,000	5,160,000	5,160,000	5,160,000	5,160,000

10. Property, plant and equipment

	Motor Vehicle *HK$*	Furniture and fixtures *HK$*	Computer equipment *HK$*	Total *HK$*
31 December 2010				
At 1 January 2010:				
Cost	–	11,446	1,080,756	1,092,202
Accumulated depreciation	–	(8,965)	(424,420)	(433,385)
Net carrying amount	–	2,481	656,336	658,817
At 1 January 2010, net of accumulated depreciation	–	2,481	656,336	658,817
Additions	–	–	33,000	33,000
Depreciation provided during the year	–	(2,290)	(299,468)	(301,758)
At 31 December 2010, net of accumulated depreciation	–	191	389,868	390,059
At 31 December 2010:				
Cost	–	11,446	1,113,756	1,125,202
Accumulated depreciation	–	(11,255)	(723,888)	(735,143)
Net carrying amount	–	191	389,868	390,059

	Motor Vehicle *HK$*	Furniture and fixtures *HK$*	Computer equipment *HK$*	Total *HK$*
31 December 2011				
At 31 December 2010 and 1 January 2011:				
Cost	–	11,446	1,113,756	1,125,202
Accumulated depreciation	–	(11,255)	(723,888)	(735,143)
Net carrying amount	–	191	389,868	390,059
At 1 January 2011, net of accumulated depreciation	–	191	389,868	390,059
Additions	820,350	–	196,290	1,016,640
Depreciation provided during the year	(123,052)	(191)	(312,077)	(435,320)
At 31 December 2011, net of accumulated depreciation	697,298	–	274,081	971,379
At 31 December 2011:				
Cost	820,350	11,446	1,310,046	2,141,842
Accumulated depreciation	(123,052)	(11,446)	(1,035,965)	(1,170,463)
Net carrying amount	697,298	–	274,081	971,379

	Motor Vehicle *HK$*	Furniture and fixtures *HK$*	Computer equipment *HK$*	Total *HK$*
31 December 2012				
At 31 December 2011 and 1 January 2012:				
Cost	820,350	11,446	1,310,046	2,141,842
Accumulated depreciation	(123,052)	(11,446)	(1,035,965)	(1,170,463)
Net carrying amount	697,298	–	274,081	971,379
At 1 January 2012, net of accumulated depreciation	697,298	–	274,081	971,379
Depreciation provided during the year	(246,105)	–	(151,764)	(397,869)
At 31 December 2012, net of accumulated depreciation	451,193	–	122,317	573,510
At 31 December 2012:				
Cost	820,350	11,446	1,310,046	2,141,842
Accumulated depreciation	(369,157)	(11,446)	(1,187,729)	(1,568,332)
Net carrying amount	451,193	–	122,317	573,510

	Motor Vehicle *HK$*	Furniture and fixtures *HK$*	Computer equipment *HK$*	Total *HK$*
30 June 2013				
At 31 December 2012 and 1 January 2013:				
Cost	820,350	11,446	1,310,046	2,141,842
Accumulated depreciation	(369,157)	(11,446)	(1,187,729)	(1,568,332)
Net carrying amount	451,193	–	122,317	573,510
At 1 January 2013, net of accumulated depreciation	451,193	–	122,317	573,510
Depreciation provided during the period	(123,053)	–	(34,393)	(157,446)
At 30 June 2013, net of accumulated depreciation	328,140	–	87,924	416,064
At 30 June 2013:				
Cost	820,350	11,446	1,310,046	2,141,842
Accumulated depreciation	(492,210)	(11,446)	(1,222,122)	(1,725,778)
Net carrying amount	328,140	–	87,924	416,064

11. Available-for-sale investment

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	HK$	*HK$*	*HK$*	*HK$*
Listed equity investment, at fair value:				
Hong Kong	51,012	40,820	44,460	33,696

The gross loss in respect of CAM's available-for-sale investment recognised in other comprehensive income for the years ended 31 December 2010 and 2011, and the six months ended 30 June 2013 amounted to HK$1,898, HK$10,192 and HK$10,764, respectively. The gross profit recognised in other comprehensive income for the year ended 31 December 2012 amounted to HK$3,640.

The above investment consists of an investment in equity securities which was designated as an available-for-sale financial asset and has no fixed maturity date or coupon rate.

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

12. Accounts receivable

	As at 31 December			As at 30 June
	2010	**2011**	**2012**	**2013**
	HK$	*HK$*	*HK$*	*HK$*
Accounts receivable	1,903,876	5,233,159	6,642,364	1,337,890

CAM's accounts receivable arose from the provision of investment advisory, funds dealing, introducing broker and asset management services. CAM's trading terms with its customer are mainly on credit terms of 30 to 60 days or a credit period mutually agreed between the contracting parties. CAM trades only with recognised and creditworthy parties on credit terms. CAM seeks to maintain strict control over its outstanding accounts receivable and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. CAM does not hold any collateral or other credit enhancements over its account receivable balances. Accounts receivable are non-interest-bearing.

The aged analysis of accounts receivable as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December			As at 30 June
	2010	**2011**	**2012**	**2013**
	HK$	*HK$*	*HK$*	*HK$*
Outstanding balances with ages:				
Within 1 month	1,897,949	5,227,896	6,603,306	1,143,685
1 to 2 months	1,482	96	33,586	188,830
2 to 3 months	–	115	96	210
Over 3 months	4,445	5,052	5,376	5,165
	1,903,876	5,233,159	6,642,364	1,337,890

The aged analysis of accounts receivable that are not individually nor collectively considered to be impaired is as follows:

	As at 31 December			As at 30 June
	2010	**2011**	**2012**	**2013**
	HK$	*HK$*	*HK$*	*HK$*
Neither past due nor impaired	1,897,949	5,227,896	6,603,306	1,143,685
Less than 1 month past due	1,482	96	33,586	188,830
1 to 3 months past due	–	115	192	305
Over 3 months past due	4,445	5,052	5,280	5,070
	1,903,876	5,233,159	6,642,364	1,337,890

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

Receivables that were past due but not impaired relate to debtors that have a good track record with CAM. Based on past experience, the sole director is of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

13. Accounts payable

An aged analysis of CAM's trade payables at the end of each of the Relevant Periods, based on the settlement due date, is as follows:

	As at 31 December			As at 30 June
	2010	**2011**	**2012**	**2013**
	HK$	*HK$*	*HK$*	*HK$*
Within 1 month	3,843,580	4,859,598	8,248,213	3,524,245
1 to 2 months	512,409	370,824	1,641,650	3,632,046
2 to 3 months	688,863	199,355	295,216	347,338
Over 3 months	188,826	2,155,514	2,387,703	918,969
	5,233,678	7,585,291	12,572,782	8,422,598

The accounts payables are non-interest-bearing.

14. Other payables and accruals

	As at 31 December			As at 30 June
	2010	**2011**	**2012**	**2013**
	HK$	*HK$*	*HK$*	*HK$*
Other payables	2,603,321	2,798,697	3,242,287	2,945,156
Accruals	245,000	834,712	3,230,759	467,268
	2,848,321	3,633,409	6,473,046	3,412,424

Other payables are non-interest-bearing and have an average term of three months.

15. Deferred tax liabilities

The movements in deferred tax liabilities during the Relevant Periods are as follows:

	Depreciation allowance in excess of related depreciation
	HK$
At 1 January 2010, 31 December 2010, 1 January 2011, 31 December 2011, 1 January 2012, 31 December 2012 and 1 January 2013	–
Deferred tax charged to profit or loss during the period *(note 8)*	45,957
At 30 June 2013	45,957

16. Share capital

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	HK$	*HK$*	*HK$*	*HK$*
Authorised:				
6,000,000 ordinary shares of HK$1 each	6,000,000	6,000,000	6,000,000	6,000,000
Issued and fully paid:				
5,160,000 ordinary shares of HK$1 each	5,160,000	5,160,000	5,160,000	5,160,000

The movement in share capital during the Relevant Periods was as follows:

(a) On 28 April 2010, 40,000 ordinary shares of HK$1 each were issued at HK$50 per share for cash to the existing shareholder of CAM, which results in additional share capital of HK$40,000 and share premium of HK$1,960,000. The purpose of the issue was to provide additional working capital.

(b) On 23 June 2010, 20,000 ordinary shares of HK$1 each were issued at HK$50 per share for cash to the existing shareholder of CAM, which results in additional share capital of HK$20,000 and share premium of HK$980,000. The purpose of the issue was to provide additional working capital.

17. Related party transactions

(a) In addition to the balances and transactions detailed elsewhere in the Financial Information, CAM had the following material transactions with related parties during the Relevant Periods:

		Year ended 31 December			Six-month period ended 30 June	
		2010	2011	2012	2012	2013
	Notes	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
					(unaudited)	
Commission income from a fellow subsidiary	*(i)*	595,656	477,156	157,666	71,686	62,996
Commission expenses to a fellow subsidiary	*(ii)*	–	–	46,346	–	392,447
Administrative service fee paid to a fellow subsidiary	*(iii)*	–	160,846	–	–	–
Contribution by the sole director for an item of property, plant and equipment	*(iv)*	–	584,750	–	–	–

Notes:

(i) The commission income arose from the introduction of customers to a fellow subsidiary for securities and futures dealing, which is calculated at rates ranging from 30% to 100% of the relevant securities and futures transaction value.

(ii) The commission expenses arose from the introduction of customer from the fellow subsidiary for funds dealing, which is approximately 5% of relevant revenue generated by CAM.

(iii) The administrative service fee was paid to a fellow subsidiary of CAM based on terms agreed between the two parties.

(iv) During the year ended 31 December 2011, the sole director contributed an amount of HK$584,750 to CAM for the purchase of a motor vehicle at a consideration of HK$820,350. As at 31 December 2011, 2012 and 30 June 2013, the motor vehicle with a net carrying amount of HK$697,298, HK$451,193 and HK$328,140 was held on trust by the sole director on behalf of CAM.

(b) Outstanding balances with related parties:

The balances with the immediate holding company and fellow subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

(c) Details of the sole director's emoluments are disclosed in note 6 to the financial information.

18. Financial instruments by category

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

Financial assets

	Loans and receivables			
	As at 31 December			As at 30 June
	2010	**2011**	**2012**	**2013**
	HK$	*HK$*	*HK$*	*HK$*
Accounts receivable	1,903,876	5,233,159	6,642,364	1,337,890
Due from the immediate holding company	1,000,000	–	–	–
Due from a fellow subsidiary	–	3,898,613	5,599,096	5,603,451
Cash and bank balances	14,358,806	11,731,115	22,797,672	25,705,568
	17,262,682	20,862,887	35,039,132	32,646,909

	Available-for-sale financial asset			
	As at 31 December			As at 30 June
	2010	2011	2012	2013
	HK$	*HK$*	*HK$*	*HK$*
Available-for-sale investment	51,012	40,820	44,460	33,696

Financial liabilities

	Financial liabilities at amortised cost			
	As at 31 December			As at 30 June
	2010	2011	2012	2013
	HK$	*HK$*	*HK$*	*HK$*
Accounts payable	5,233,678	7,585,291	12,572,782	8,422,598
Financial liabilities included in other payables and accruals	2,789,605	3,541,307	6,395,463	3,413,110
Due to fellow subsidiaries	4,445	–	–	252,331
	8,027,728	11,126,598	18,968,245	12,088,039

19. Fair value measurement

As at the end of each of the Relevant Periods, the carrying amounts of CAM's financial assets and liabilities approximated to their fair values.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of accounts receivable, balances with the immediate holding company and fellow subsidiaries, cash and bank balances, accounts payable, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the available-for-sale investment is based on the quoted price in an active market.

Fair value hierarchy

CAM uses the following hierarchy for determining and disclosing the fair values of financial instruments:

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

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

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

For financial instruments that are recognised at fair value on a recurring basis, CAM determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each Relevant Periods.

Asset measured at fair value:

	Level 1			
				As at
	As at 31 December			**30 June**
	2010	**2011**	**2012**	**2013**
	HK$	*HK$*	*HK$*	*HK$*
Available-for-sale investment *(note 11)*	51,012	40,820	44,460	33,696

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

CAM did not have any financial liabilities measured at fair value at the end of each of the Relevant Periods.

20. Financial risk management objectives and policies

CAM's principal financial instruments comprise cash and bank balances. The main purpose of these financial instruments is to finance CAM's operations. CAM has other financial assets and liabilities such as accounts receivable, an available-for-sale investment, balances with the immediate holding company and fellow subsidiaries, accounts payable and financial liabilities included in other payables and accruals, which arise directly from its operations.

The main risks arising from CAM's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The sole director reviews and agrees policies for managing these risks and they are summarised below.

Interest rate risk

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

Credit risk

The credit risk of CAM's financial assets, which comprise accounts receivable, cash and bank balances, an available-for-sale investment and amounts due from the immediate holding company and a fellow subsidiary, arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments.

At 31 December 2010, 2011, 2012 and 30 June 2013, CAM had a concentration of credit risk as 22%, 33%, 82% and 7% as well as 81%, 85%, 89% and 15% of the total accounts receivable were made up by the outstanding balances of CAM's largest customer and the five largest customers, respectively, which contributed an aggregate of 38 %, 27%, 36% and 43% to the revenue of CAM for the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013, respectively.

Liquidity risk

In the management of liquidity risk, CAM monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance CAM's operations. CAM also maintains a balance between continuity of funding and flexibility through the funding from shareholders in order to meet its liquidity requirements both in the short and long terms.

The maturity profile of CAM's financial liabilities at the end of each of the Relevant Periods, based on the contractual undiscounted payments, were either repayable on demand or within one year.

Foreign currency risk

CAM has transactional currency exposures. These exposures arise from revenue or expenses in currencies other than HK$, CAM's functional currency. The majority of CAM's revenue and expenses are denominated in United States dollars ("**US$**"), Australian dollars ("**AUD**") and HK$. As the exchange rate between the US$ and HK$ is pegged, CAM does not anticipate any significant movement in the exchange rate and the corresponding financial risk is expected to be minimal.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the AUD exchange rate, with all other variables held constant, of CAM's profit/(loss) for the year/period.

	Increase/ (decrease) in AUD rate %	**Increase/ (decrease) in profit for the year/period**
30 June 2013		
If HK$ weakens against AUD	10%	637,217
If HK$ strengthens against AUD	(10%)	(637,217)
31 December 2012		
If HK$ weakens against AUD	10%	619,259
If HK$ strengthens against AUD	(10%)	(619,259)
31 December 2011		
If HK$ weakens against AUD	10%	28,862
If HK$ strengthens against AUD	(10%)	(28,862)
31 December 2010		
If HK$ weakens against AUD	10%	21,268
If HK$ strengthens against AUD	(10%)	(21,268)

Capital management

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

CAM manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, CAM may return capital to the shareholder or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

CAM is a regulated entity under the Securities and Futures Commission of Hong Kong and subject to the relevant minimum capital and minimum liquid capital requirements. Liquid capital requirement is defined as the amounts by which liquid assets exceed ranking liabilities as stated in the Hong Kong Securities and Futures (Financial Resources) Rules. During the Relevant Periods, CAM complied with the externally requirements at all times by maintaining minimum paid-up share capital of HK$5,000,000 and reviewing the excess of liquid assets over ranking liabilities against its required liquid capital on a daily basis.

Capital of CAM comprises all components of shareholder's equity.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by CAM in respect of any period subsequent to 30 June 2013.

Yours faithfully
Ernst & Young
Certified Public Accountants
Hong Kong

EY 安永
Building a better working world

Ernst & Young
22nd Floor
CITIC Tower
1 Tim Mei Avenue, Central
Hong Kong

Tel: +852 2846 9888
Fax: +852 2868 4432
www.ey.com

安永會計師事務所
香港中環添美道1號
中信大廈22樓

電話: +852 2846 9888
傳真: +852 2868 4432

22 November 2013

The Directors
Convoy Financial Services Holdings Limited
39th Floor, @CONVOY
169 Electric Road
North Point
Hong Kong

Dear Sirs,

We set out below our report on the financial information of Kerberos (Nominee) Limited ("**Kerberos**") comprising the statements of comprehensive income, statements of changes in equity and statements of cash flows of Kerberos for each of the years ended 31 December 2010, 2011 and 2012, and the six months ended 30 June 2013 (the "**Relevant Periods**"), and the statements of financial position of Kerberos as at 31 December 2010, 2011 and 2012 and 30 June 2013, together with the notes thereto (the "**Financial Information**"), and the statement of comprehensive income, statement of changes in equity and statement of cash flows of Kerberos for the six months ended 30 June 2012 (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 22 November 2013 in connection with the proposed acquisition of the entire issued share capital of Kerberos by Favour Sino Holdings Limited, an indirectly wholly-owned subsidiary of the Company.

Kerberos was incorporated in Hong Kong with limited liability on 20 April 2007. The principal activity of Kerberos consisted of the provision of nominee services on behalf of its fellow subsidiary.

For the purpose of this report, the sole director of Kerberos has prepared the financial statements of Kerberos (the "**Underlying Financial Statements**") in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The Underlying Financial Statements for each of the years ended 31 December 2010, 2011 and 2012, and the six months ended 30 June 2013 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

DIRECTOR'S RESPONSIBILITY

The sole director is responsible for the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that give a true and fair view in accordance with HKFRSs, and for such internal control as the sole director determines is necessary to enable the preparation of the Underlying Financial Statements, 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 carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

We have also performed a review of the Interim Comparative Information in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. 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, the Financial Information gives a true and fair view of the state of affairs of Kerberos as at 31 December 2010, 2011 and 2012 and 30 June 2013 and of the results and cash flows of Kerberos 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

STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 December			Six-month period ended 30 June	
	Section II Notes	2010 *HK$*	2011 *HK$*	2012 *HK$*	2012 *HK$* (unaudited)	2013 *HK$*
REVENUE	*4*	–	–	–	–	–
Other income and gain	*4*	5,837	2,022	171,112	70,289	65,811
Administrative expenses		(37,080)	(54,569)	(38,714)	(18,334)	(22,592)
PROFIT/(LOSS) FOR THE YEAR/PERIOD AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD	*5*	(31,243)	(52,547)	132,398	51,955	43,219
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO THE OWNER OF KERBEROS	*8*					
Basic and diluted		(31,243)	(52,547)	132,398	51,955	43,219

STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 June
	Section II	**2010**	**2011**	**2012**	**2013**
	Notes	*HK$*	*HK$*	*HK$*	*HK$*
CURRENT ASSETS					
Due from the ultimate holding company	*12(b)*	1	1	1	1
Due from a fellow subsidiary	*12(b)*	4,445	–	–	–
Cash held on behalf of customers	*9*	56,533,702	133,261,625	46,926,637	68,078,480
Bank balances		3,505,368	7,355,892	7,327,244	7,372,319
Total current assets		60,043,516	140,617,518	54,253,882	75,450,800
CURRENT LIABILITIES					
Accounts payable	*10*	56,533,702	133,261,625	46,926,637	68,078,480
Accruals		5,000	5,000	5,000	2,500
Due to fellow subsidiaries	*12(b)*	3,522,765	7,421,391	7,260,345	7,264,701
Total current liabilities		60,061,467	140,688,016	54,191,982	75,345,681
NET ASSETS/ (LIABILITIES)		(17,951)	(70,498)	61,900	105,119
EQUITY/(DEFICIENCY IN ASSETS)					
Issued capital	*11*	1	1	1	1
Retained profits/ (accumulated losses)		(17,952)	(70,499)	61,899	105,118
Total equity/(net deficiency in assets)		(17,951)	(70,498)	61,900	105,119

STATEMENTS OF CHANGES IN EQUITY

	Issued capital *HK$*	Retained profits/ (accumulated losses) *HK$*	Total equity/ (net deficiency in assets) *HK$*
At 1 January 2010	1	13,291	13,292
Loss for the year and total comprehensive loss for the year	–	(31,243)	(31,243)
At 31 December 2010 and 1 January 2011	1	(17,952)	(17,951)
Loss for the year and total comprehensive loss for the year	–	(52,547)	(52,547)
At 31 December 2011 and 1 January 2012	1	(70,499)	(70,498)
Profit for the year and total comprehensive income for the year	–	132,398	132,398
At 31 December 2012 and 1 January 2013	1	61,899	61,900
Profit for the period and total comprehensive income for the period	–	43,219	43,219
At 30 June 2013	1	105,118	105,119
At 1 January 2012	1	(70,499)	(70,498)
Profit for the period and total comprehensive income for the period	–	51,955	51,955
At 30 June 2012 (unaudited)	1	(18,544)	(18,543)

STATEMENTS OF CASH FLOWS

		Year ended 31 December			Six-month period ended 30 June	
	Section II Note	2010 *HK$*	2011 *HK$*	2012 *HK$*	2012 *HK$* (unaudited)	2013 *HK$*
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(loss) for the year/period		(31,243)	(52,547)	132,398	51,955	43,219
Adjustment for bank interest income	*4*	(5,769)	(2,022)	(168,830)	(68,007)	(65,811)
		(37,012)	(54,569)	(36,432)	(16,052)	(22,592)
Decrease/(increase) in an amount due from a fellow subsidiary		(4,445)	4,445	–	–	–
Decrease/(increase) in cash held on behalf of customers		(42,450,503)	(76,727,923)	86,334,988	93,289,217	21,151,843
Increase/(decrease) in accounts payable		42,450,503	76,727,923	(86,334,988)	(93,289,217)	(21,151,843)
Increase/(decrease) in accruals		5,000	–	–	(5,000)	(2,500)
Cash used in operations		(36,457)	(50,124)	(36,432)	(21,052)	(25,092)
Bank interest received		5,769	2,022	168,830	68,007	65,811
Net cash flows from/(used in) operating activities		(30,688)	(48,102)	132,398	46,955	40,719
CASH FLOWS FROM A FINANCING ACTIVITY						
Advance from/(repayment to) fellow subsidiaries		(599,186)	3,898,626	(161,046)	(1,161,046)	4,356
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(629,874)	3,850,524	(28,648)	(1,114,091)	45,075
Cash and cash equivalents at beginning of year/period		4,135,242	3,505,368	7,355,892	7,355,892	7,327,244
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		3,505,368	7,355,892	7,327,244	6,241,801	7,372,319
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Bank balances		3,505,368	7,355,892	7,327,244	6,241,801	7,372,319

II. NOTES TO FINANCIAL INFORMATION

1. Corporate information

Kerberos is a limited company incorporated in the Hong Kong. The principal place of business of Kerberos is located at 39/F, @CONVOY, 169 Electric Road, Hong Kong.

During the Relevant Periods, Kerberos was principally engaged in the provision of nominee services on behalf of its fellow subsidiary.

In the opinion of the sole director, the parent and the ultimate holding company of Kerberos is Convoy Inc., which is incorporated in the British Virgin Islands.

2.1 Basis of preparation

The Financial Information has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 January 2013, together with the relevant transitional provisions, have been early adopted by Kerberos in the preparation of the Financial Information throughout the Relevant Periods and the period covered by the Interim Comparative Information.

2.2 Issued but not yet effective Hong Kong Financial Reporting Standards

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

HKFRS 9	*Financial Instruments*[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[1]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivative and Continuation of Hedge Accounting*[1]
HK(IFRIC)-Int 21	*Levies*[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 January 2015

Kerberos is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, Kerberos considers these new and revised HKFRSs are unlikely to have a significant impact on Kerberos's results of operations and financial position.

2.3 Summary of significant accounting policies

(a) Financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as loans and receivables. Kerberos determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus directly attributable transaction costs.

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

Subsequent measurement of loans and receivables

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

(b) Impairment of financial assets

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

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

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

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

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

(c) Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or

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

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

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

(d) Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings

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

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

(e) Derecognition of financial liabilities

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

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

(f) Offsetting of financial instruments

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

(g) Cash and cash equivalents

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

For the purpose of the statements of financial position, cash and cash equivalents comprise cash at banks, including term deposits with initial terms of three months or less, which are not restricted to use.

(h) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to Kerberos and when the revenue can be measured reliably. Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash over through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

(i) Income tax

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

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the jurisdictions in which Kerberos operates.

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

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

(j) Related parties

A party is considered to be related to Kerberos if:

(i) the party is a person or a close member of that person's family and that person

(1) has control or joint control over Kerberos;

(2) has significant influence over Kerberos; or

(3) is a member of the key management personnel of Kerberos or of a parent of Kerberos; or

(ii) the party is an entity where any of the following conditions applies:

(1) the entity and Kerberos are members of the same group;

(2) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(3) the entity and Kerberos are joint ventures of the same third party;

(4) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(5) the entity is a post-employment benefit plan for the benefit of employees of either Kerberos or an entity related to Kerberos;

(6) the entity is controlled or jointly controlled by a person identified in (i); and

(7) a person identified in (i)(1) 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).

(k) Foreign currency transactions

These financial statements are presented in HK$, which is Kerberos's functional and presentation currency. Foreign currency transactions recorded by Kerberos are initially recorded using the functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

3. Segment information

For management purposes, the sole director considers that Kerberos has only one operating segment which is the nominee service segment. Since there is only one operating segment for Kerberos, no further operating segment analysis is presented.

As Kerberos did not generate any revenue during the Relevant Periods, no geographical information related to revenue from external customers, or information about major customers is presented.

Since Keberos did not hold any non-current assets, no geographical information related to non-current assets is presented.

4. Revenue, other income and gain

Kerberos did not earn any revenue during the Relevant Periods.

An analysis of other income and gain are as following:

	Year ended 31 December			Six-month period ended 30 June	
	2010	2011	2012	2012	2013
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Bank interest income	5,769	2,022	168,830	68,007	65,811
Foreign exchange gain, net	68	–	2,282	2,282	–
	5,837	2,022	171,112	70,289	65,811

5. Profit/(loss) for the year/period

Kerberos's profit/(loss) for the year/period is arrived at after charging/(crediting):

	Year ended 31 December			Six-month period ended 30 June	
	2010	2011	2012	2012	2013
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Auditors' remuneration	5,390	5,400	5,400	400	2,500
Foreign exchange differences, net	(68)	2,145	(2,282)	(2,282)	6,027

6. Director's remuneration

The sole director, Mr. Ng Ka Wai, Eric did not receive any fees or emoluments in respect of his services rendered to Kerberos during the Relevant Periods.

7. Income tax

No provision for Hong Kong profits tax had been made as Kerberos did not generate any assessable profits arising in Hong Kong during the Relevant Periods.

A reconciliation of the tax expense/(credit) applicable to profit/(loss) for the Relevant Periods at the Hong Kong statutory tax rate to the tax amount at Kerberos's effective tax rate is as follows:

	Year ended 31 December			Six-month period ended 30 June	
	2010	2011	2012	2012	2013
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Profit/(loss) for the year/period	(31,243)	(52,547)	132,398	51,955	43,219
Tax at the Hong Kong statutory tax rate of 16.5%	(5,155)	(8,670)	21,846	8,573	7,131
Income not subject to tax	(952)	(334)	(27,857)	(11,221)	(10,859)
Expenses not deductible for tax	–	590	–	–	–
Tax losses not recognised	6,107	8,414	6,011	2,648	3,728
Tax amount at Kerberos's effective rate	–	–	–	–	–

Kerberos has estimated tax losses arising in Hong Kong of approximately HK$125,000, HK$176,000, HK$212,430 and HK$235,024 as at 31 December 2010, 2011, 2012, and 30 June 2013, respectively, subject to the agreement by the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of Kerberos. No deferred tax asset in respect of these losses has been recognised on account of the unpredictability of future profit streams of Kerberos.

8. Earnings/(loss) per share attributable to the owner of Kerberos

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the Relevant Periods attributable to the owner of Kerberos, and the weighted average number of ordinary share in issue during the Relevant Periods.

The calculation of diluted earnings/(loss) per share is based on the profit/(loss) for the Relevant Periods attributable to the owner of Kerberos. The weighted average number of ordinary share used in the calculation is the number of ordinary share in issue during the Relevant Periods, as used in the basic earnings/(loss) per share calculation, and the weighted average number of ordinary share assumed to have been issued at no consideration on the deemed exercise of all the dilutive potential ordinary share into ordinary share.

Kerberos had no potentially dilutive ordinary shares in issue during the Relevant Periods.

The calculations of basic and diluted earnings/(loss) per share are based on:

	Year ended 31 December			Six-month period ended 30 June	
	2010	2011	2012	2012	2013
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Earnings/(loss)					
Profit/(loss) for the year/period attributable to owner of Kerberos, used in the basic and diluted earnings/(loss) per share calculation	(31,243)	(52,547)	132,398	51,955	43,219
Share					
Weighted average number of ordinary share in issue during the year/period used in the basic and diluted earnings/(loss) per share calculation	1	1	1	1	1

9. Cash held on behalf of customers

Kerberos maintains segregated trust accounts with licensed banks to hold clients' monies arising from its normal course of business. Kerberos has classified the clients' monies as cash held on behalf of customers under the current assets section of the statements of financial position and recognised the corresponding accounts payable to respective clients on grounds that it is liable for any loss or misappropriation of clients' monies. Kerberos is not allowed to use the clients' monies to settle its own obligations.

	As at 31 December			As at 30 June
	2010	**2011**	**2012**	**2013**
	HK$	*HK$*	*HK$*	*HK$*
Third party customers	56,533,702	133,261,625	42,726,637	68,078,480
A fellow subsidiary	–	–	4,200,000	–
	56,533,702	133,261,625	46,926,637	68,078,480

10. Accounts payable

Included in the accounts payable as at 31 December 2012 was an amount payable to a fellow subsidiary of Kerberos amounting to HK$4,200,000, which was non-interest-bearing and fully settled during the period ended 30 June 2013.

The accounts payables are non-interest-bearing and repayable on demand.

11. Share capital

	As at 31 December			As at 30 June
	2010	**2011**	**2012**	**2013**
	HK$	*HK$*	*HK$*	*HK$*
Authorised:				
10,000 ordinary shares of HK$1 each	10,000	10,000	10,000	10,000
Issued and fully paid:				
1 ordinary share of HK$1	1	1	1	1

12. Related party transactions

(a) During the Relevant Periods, Kerberos provided nominee service on behalf of a fellow subsidiary at nil consideration.

(b) Outstanding balances with related parties:

The balances with the ultimate holding company and fellow subsidiaries disclosed on the face of the statements of financial position are unsecured, interest-free and have no fixed terms of repayment, except for an amount of HK$4,200,000 due to a fellow subsidiary, Convoy Investment Services Limited, included in accounts payable as at 31 December 2012 which was repayable on demand.

(c) Details of the sole director's emoluments are included in note 6 to the financial information.

13. Financial instruments by category

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

Financial assets

	Loans and receivables			
				As at
	As at 31 December			**30 June**
	2010	**2011**	**2012**	**2013**
	HK$	*HK$*	*HK$*	*HK$*
Due from the ultimate holding company	1	1	1	1
Due from a fellow subsidiary	4,445	–	–	–
Cash held on behalf of customers	56,533,702	133,261,625	46,926,637	68,078,480
Bank balances	3,505,368	7,355,892	7,327,244	7,372,319
	60,043,516	140,617,518	54,253,882	75,450,800

Financial liabilities

	Financial liabilities at amortised cost			
				As at
	As at 31 December			**30 June**
	2010	**2011**	**2012**	**2013**
	HK$	*HK$*	*HK$*	*HK$*
Accounts payable	56,533,702	133,261,625	46,926,637	68,078,480
Accruals	5,000	5,000	5,000	2,500
Due to fellow subsidiaries	3,522,765	7,421,391	7,260,345	7,264,701
	60,061,467	140,688,016	54,191,982	75,345,681

14. Fair values

As at the end of each of the Relevant Periods, the carrying amounts of Kerberos's financial assets and liabilities approximated to their fair values.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of balances with the ultimate holding company and fellow subsidiaries, cash held on behalf of customers, bank balances, accounts payable and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

15. Financial risk management objectives and policies

Kerberos's principal financial instruments comprise bank balances and balances with fellow subsidiaries. The main purpose of these financial instruments is to finance Kerberos's operations. Kerberos has other financial assets and liabilities such as balance with the ultimate holding company, accounts payable and accruals, which arise directly from its operations.

The main risks arising from Kerberos's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The sole director reviews and agrees policies for managing these risks and they are summarised below.

Interest rate risk

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

Foreign currency risk

Kerberos has transactional currency exposures. These exposures arise from receipts or payments in currencies other than Kerberos's functional currency. The majority of Kerberos's transactions are denominated in United States dollars ("**US$**") and HK$. As the exchange rate between the US$ and HK$ is pegged, Kerberos does not anticipate any significant movement in the exchange rate and the corresponding financial risk is expected to be minimal.

Credit risk

The credit risk of Kerberos's financial assets, which comprise bank balances, cash held on behalf of customers and amounts due from the ultimate holding company and a fellow subsidiary, arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments.

Liquidity risk

In the management of liquidity risk, Kerberos monitors and maintains a level of cash and cash equivalents deemed adequate by management. In addition, the ultimate holding company agreed to provide financial support to Kerberos to finance its operations. Kerberos also maintains a balance between continuity of funding and flexibility through the funding from shareholders in order to meet its liquidity requirements both in the short and long terms.

The maturity profile of Kerberos's financial liabilities at the end of each of the Relevant Periods, based on the contractual undiscounted payments, were either repayable on demand or within one year.

Capital management

The primary objective of Kerberos's capital management is to safeguard Kerberos's ability to continue as a going concern.

Kerberos manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, Kerberos may adjust the return capital to the shareholder or issue new shares. Kerberos is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

Capital of Kerberos comprises all components of shareholder's equity.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Kerberos in respect of any period subsequent to 30 June 2013.

Yours faithfully
Ernst & Young
Certified Public Accountants
Hong Kong

1. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Introduction

The accompanying 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**"), Convoy Asset Management Limited ("**CAM**") and Kerberos (Nominee) Limited ("**Kerberos**") (CAM and Kerberos hereinafter collectively referred to as the "**Target Companies**") (the Target Companies together with the Group hereinafter referred to as the "**Enlarged Group**") has been prepared by the directors of the Company (the "**Directors**") to illustrate the effect of the proposed acquisition of 5,160,000 shares of CAM and 1 share of Kerberos, representing 100% of the issued share capital of the Target Companies (the "**Proposed Acquisition**").

The unaudited pro forma consolidated statement of financial position of the Enlarged Group has been prepared based upon: (i) the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2013, which was extracted from the published interim report of the Company for the six months ended 30 June 2013; (ii) the audited statements of financial position of the Target Companies as at 30 June 2013, which were extracted from the accountants' reports thereon set out in Appendix IIA and Appendix IIB to the circular dated 22 November 2013 (the "**Circular**") issued by the Company, and adjusted on a pro forma basis to reflect the effect of the Proposed Acquisition as explained in the accompanying notes that are directly attributable to the Proposed Acquisition and not relating to future events or decisions, and are factually supportable.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared as if the Proposed Acquisition has been completed on 30 June 2013 and is prepared by the Directors based on a number of assumptions, estimates, uncertainties and currently available information to provide information of the Enlarged Group upon completion of the Proposed Acquisition. As it is prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the actual financial position of the Enlarged Group on completion of the Proposed Acquisition. Further, the accompanying Unaudited Pro Forma Financial Information of the Enlarged Group does not purport to predict the future financial position of the Enlarged Group after completion of the Proposed Acquisition. The Unaudited Pro Forma Financial Information of the Enlarged Group was prepared in accordance with paragraph 29 of Chapter 4 and paragraph 67(6)(a)(ii) of Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the financial information of the Group as set out in the published annual report of the Group for the year ended 31 December 2012, published interim report of the Group for the six months ended 30 June 2013, the accountants' reports of the Target Companies as set out in Appendix IIA and Appendix IIB to the Circular, the Company's announcement dated 30 September 2013 and other financial information included elsewhere in the Circular.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP AS AT 30 JUNE 2013

	The Group	Target Companies CAM	Target Companies Kerberos	Pro forma adjustments	Notes	Pro forma: The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*		*HK$'000*
	Note 1	*Note 2*	*Note 2*	*Note 3*		
NON-CURRENT ASSETS						
Property, plant and equipment	44,552	416	–	–		44,968
Prepayments, deposits and other receivables	50,088	–	–	–		50,088
Goodwill	39,840	–	–	–		39,840
Intangible assets	1,797	–	–	–		1,797
Loans receivable	3,034	–	–	–		3,034
Available-for-sale investment	4,976	34	–	–		5,010
Restricted cash	1,550	–	–	–		1,550
Deferred tax assets	10,594	–	–	–		10,594
Total non-current assets	156,431	450	–	–		156,881
CURRENT ASSETS						
Accounts receivable	61,977	1,338	–	–		63,315
Loans receivable	25,456	–	–	–		25,456
Prepayments, deposits and other receivables	20,597	271	–	–		20,868
Equity investments at fair value through profit or loss	56,455	–	–	–		56,455
Due from fellow subsidiaries	643	5,603	–	(5,603)	*4*	643
Restricted cash	453	–	–	–		453
Cash held on behalf of customers	–	–	68,078	–		68,078
Cash and cash equivalents	184,213	25,706	7,372	–		217,291
Total current assets	349,794	32,918	75,450	(5,603)		452,559
CURRENT LIABILITIES						
Accounts payable	162,045	8,424	68,078	–		238,547
Other payables and accruals	49,123	3,412	2	2,000	*5*	54,537
Due to the immediate holding company	915	–	–	1,662	*4*	2,577
Due to fellow subsidiaries	–	252	7,265	(7,265)	*4*	252
Tax payable	10,005	146	–	–		10,151
Commission clawback	7,449	–	–	–		7,449
Total current liabilities	229,537	12,234	75,345	(3,603)		313,513
NET CURRENT ASSETS	120,257	20,684	105	(2,000)		139,046
TOTAL ASSETS LESS CURRENT LIABILITIES	276,688	21,134	105	(2,000)		295,927
NON-CURRENT LIABILITIES						
Deferred tax liabilities	–	46	–	–		46
NET ASSETS	276,688	21,088	105	(2,000)		295,881

Notes:

1. These balances were extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2013 as presented in the Company's published interim report for the six months ended 30 June 2013.

2. The balances were extracted from the accountants' reports of the Target Companies as set out in Appendix IIA and Appendix IIB to this Circular and are rounded to the nearest thousand.

3. The Proposed Acquisition constitutes a business combination under common control as defined under Accounting Guideline 5 ("**AG5**") *Merger Accounting for Common Control Combinations* issued by the Hong Kong Institute of Certified Public Accountants for which the Group will apply the principles of merger accounting to account for the Proposed Acquisition.

   Under the application of merger accounting, the net assets of the Target Companies are combined with the Group using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of the Group's interest in the net fair value of the Target Companies' identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the Group's interest.

4. The adjustment represented (i) the elimination of intercompany balance of HK$5,603,000 between CAM and Kerberos, which would be eliminated in full upon the completion of Proposed Acquisition; and (ii) reclassification of an amount of HK$1,662,000 due by Kerberos to Convoy Financial Group Limited ("**CFG**"), a fellow subsidiary of Kerberos and the immediate holding company of the Group, which would be reclassified from "Due to fellow subsidiaries" to "Due to the immediate holding company" upon the completion of the Proposed Acquisition.

5. The adjustment represented estimated direct expenses including audit, financial advice, legal and other professional services in relation to the Proposed Acquisition. The accruals which were made according to the signed contracts entered into between the Target Companies with the Vendors, vendors' quotation and actual payments made.

2. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

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 1 of Appendix III to this circular.

EY 安永
Building a better working world

Ernst & Young
22nd Floor
CITIC Tower
1 Tim Mei Avenue, Central
Hong Kong

Tel: +852 2846 9888
Fax: +852 2868 4432
www.ey.com

安永會計師事務所
香港中環添美道1號
中信大廈22樓

電話: +852 2846 9888
傳真: +852 2868 4432

22 November 2013

The Directors
Convoy Financial Services Holdings Limited
39th Floor, @CONVOY
169 Electric Road
North Point
Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Convoy Financial Services Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated statement of financial position as at 30 June 2013 and related notes as set out on pages III-2 and III-3 of the Circular dated 22 November 2013 (the "**Circular**") issued by the Company (the "**Pro Forma Financial Information**") in connection with the proposed acquisition (the "**Proposed Acquisition**") of 100% of the issued share capital of Convoy Asset Management Limited and Kerberos (Nominee) Limited (collectively the "**Target Companies**") by the Group. The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in section headed "Introduction" in Section 1 of Appendix III to the Circular.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of Proposed Acquisition on the Group's financial position as at 30 June 2013 as if the transaction had taken place at 30 June 2013. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's published unaudited interim financial statements for the six months period ended 30 June 2013. Information about the Target Companies' financial position has been extracted by the Directors from the financial statements of the Target Companies for the six months period ended 30 June 2013 on which accountants' reports have been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the 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* ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Reporting Accountant's responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the 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 Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information, in accordance with paragraph 4.29 of the Listing Rules and with reference to AG7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Proposed Acquisition on unadjusted financial information of the Group as if the Proposed Acquisition had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Acquisition would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Proposed Acquisition, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the Proposed Acquisition in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

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

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

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

Yours faithfully,

Certified Public Accountants
Hong Kong

MANAGEMENT DISCUSSIONS AND ANALYSIS FOR CAM

CAM was established in 1999 and engaged in provision of investment advisory, funds dealing, introducing broker and asset management services. The following is the management discussion and analysis of the business and financial results of the CAM for each of the three years ended 31 December 2010, 2011 and 2012 and the six months period ended 30 June 2013.

For the year ended 31 December 2010

Business and Financial Review

During the year under review, CAM recorded revenue and net loss of approximately HK$33,868,000 and HK$367,000 respectively.

For the year ended 31 December 2010, the total other operating expenses excluding commission expense of CAM was approximately HK$14,303,000. No income tax expense incurred for the year ended 31 December 2010.

Liquidity and Financial Resources

The working capital of CAM was mainly funded by its internally generated funds and group companies. As at 31 December 2010, the cash and bank balances of CAM were approximately HK$14,359,000 (2009: HK$12,791,000) and had no bank borrowings.

The gearing ratio of CAM as at 31 December 2010, which was calculated on the basis of total bank borrowings divided by total assets, was nil (2009: Nil) and the current ratio was 2.14.

Employees and Remuneration Policies

CAM had approximately 21 employees as at 31 December 2010. CAM remunerates its employees mainly based on industry practices and their respective educational background, experience and performance.

Capital Commitment

CAM had no capital commitment as at 31 December 2010 (2009: Nil).

Foreign Exchange Exposure

CAM has transactional currency exposures. Such exposures arise from monetary assets and liabilities denominated in currencies other than its functional currency. Majority of its monetary assets and liabilities are denominated in either United States dollars ("**USD**") or Hong Kong dollars (CAM's functional currency). As Hong Kong dollars are pegged to USD, CAM does not anticipate significant movements in the USD to Hong Kong dollars exchange rate.

Contingent Liabilities

CAM had no contingent liabilities as at 31 December 2010 (2009: Nil).

Capital Structure

As at 31 December 2010, CAM had an authorised share capital of HK$6,000,000 divided into 6,000,000 shares of HK$1 each.

Pursuant to an ordinary resolution passed on 28 April 2010 and 23 June 2010, 40,000 and 20,000 ordinary shares of HK$1 each were allotted and issued at premium for cash to CFG respectively. The purpose of the issues was to provide additional working capital. As at 31 December 2010, the issued share capital was HK$5,160,000 divided of into 5,160,000 of HK$1 each.

Material Investment, Acquisition and Disposal

CAM had no material investment, acquisition and disposal as at 31 December 2010.

Charges on Assets

As at 31 December 2010, CAM had no charges on assets (2009: Nil).

Future Plans for Material Investments or Capital Assets

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

For the year ended 31 December 2011

Business and Financial Review

During the year under review, CAM recorded revenue and net profit of approximately HK$49,133,000 (2010: HK$33,868,000) and HK$1,189,000 (2010: net loss of HK$367,000) respectively. Revenue increased by approximately HK$15,265,000, or by approximately 45.07%, as compared to that for the year ended 31 December 2010. The net profit margin was 2.4%. The increase in net profit for the year ended 31 December 2011 was mainly attributable to the growth in revenue from asset management service, commission and brokerage income from funds dealing.

For the year ended 31 December 2011, the total other operating expenses excluding commission expense of CAM was approximately HK$18,254,000 (2010: HK$14,303,000). No income tax expense incurred for the year ended 31 December 2011.

Liquidity and Financial Resources

The working capital of CAM was mainly funded by its internally generated funds and group companies. As at 31 December 2011, the cash and bank balances of CAM were approximately HK$11,731,000 (2010: HK$14,359,000) and had no bank borrowings.

The gearing ratio of CAM as at 31 December 2011, which was calculated on the basis of total bank borrowings divided by total assets, was nil (2010: Nil) and the current ratio was 1.88.

Employees and Remuneration Policies

CAM had approximately 24 employees as at 31 December 2011. CAM remunerates its employees mainly based on industry practices and their respective educational background, experience and performance.

Capital commitment

CAM had no capital commitment as at 31 December 2011 (2010: Nil).

Foreign Exchange Exposure

CAM has transactional currency exposures. Such exposures arise from monetary assets and liabilities denominated in currencies other than its functional currency. Majority of its monetary assets and liabilities are denominated in either United States dollars ("**USD**") or Hong Kong dollars (CAM's functional currency). As Hong Kong dollars are pegged to USD, CAM does not anticipate significant movements in the USD to Hong Kong dollars exchange rate.

Contingent Liabilities

CAM had no contingent liabilities as at 31 December 2011 (2010: Nil).

Capital Structure

There was no change in capital structure as at 31 December 2011.

Material Investment, Acquisition and Disposal

CAM had no material investment, acquisition and disposal as at 31 December 2011.

Charges on Assets

As at 31 December 2011, CAM had no charges on assets (2010: Nil).

Future Plans for Material Investments or Capital Assets

As at 31 December 2011, CAM had no significant investment and future plans for material investments or capital assets.

For the year ended 31 December 2012

Business and financial review

During the year under review, CAM recorded revenue and net profit of approximately HK$63,104,000 (2011: HK$49,133,000) and HK$5,973,000 (2011: HK$1,189,000) respectively. Revenue increased by approximately HK$13,971,000, or by approximately 28.44%, as compared to that for the year ended 31 December 2011. The net profit margin was 9.5%. The reason for the increase in revenue and net profit when compare with last financial year was mainly due to increase in revenue from commission and brokerage income from funds dealing.

For the year ended 31 December 2012, the total other operating expenses excluding commission expense of CAM was approximately HK$17,675,000 (2011: HK$18,254,000). No income tax expense incurred for the year ended 31 December 2012.

Liquidity and Financial Resources

The working capital of CAM was mainly funded by its internally generated funds and group companies. As at 31 December 2012, the cash and bank balances of CAM were approximately HK$22,798,000 (2011: HK$11,731,000) and had no bank borrowings.

The gearing ratio of CAM as at 31 December 2012, which was calculated on the basis of total bank borrowings divided by total assets, was nil (2011: Nil) and the current ratio was 1.85.

Employees and Remuneration Policies

CAM had approximately 22 employees as at 31 December 2012. CAM remunerates its employees mainly based on industry practices and their respective educational background, experience and performance.

Capital commitment

CAM had no capital commitment as at 31 December 2012 (2011: Nil).

Foreign Exchange Exposure

CAM has transactional currency exposures. Such exposures arise from monetary assets and liabilities denominated in currencies other than its functional currency. Majority of its monetary assets and liabilities are denominated in United States dollars ("**USD**"), Australian dollars ("**AUD**") and Hong Kong dollars (CAM's functional currency). As Hong Kong dollars are pegged to USD, CAM does not anticipate significant movements in the USD to Hong Kong dollars exchange rate.

As at the year ended 31 December 2012, if Hong Kong dollars appreciate/devalue by 10% against AUD, with all other variables held constant, the potential effects on profit for the year was HK$619,259.

Contingent Liabilities

CAM had no contingent liabilities as at 31 December 2012 (2011: Nil).

Capital Structure

There was no change in capital structure as at 31 December 2012 (2011: Nil).

Material Investment, Acquisition and Disposal

CAM had no material investment, acquisition and disposal as at 31 December 2012.

Charges on Assets

As at 31 December 2012, CAM had no charges on assets (2011: Nil).

Future Plans for Material Investments or Capital Assets

As at 31 December 2012, CAM had no significant investment and future plans for material investments or capital assets.

For the six months ended 30 June 2013

Business and financial review

For the six months ended 30 June 2013, CAM recorded revenue of approximately HK$41,894,000 (2012: HK$27,374,000), representing an increase of 53.0% as compared with that of the corresponding period in 2012. The sharp increase was mainly due to increase in investment advisory commission income during the period.

Net profit of approximately HK$4,278,000 (2012: HK$2,367,000) was recorded and net profit margin for the period under review was 10.2%.

For the period ended 30 June 2013, the total other operating expenses excluding commission expense of CAM was approximately HK$9,605,000 (2012: HK$8,158,000). The income tax expense incurred for the period was HK$192,000.

Liquidity and Financial Resources

The working capital of CAM was mainly funded by its internally generated funds and group companies. As at 30 June 2013, the cash and bank balances of CAM were approximately HK$25,706,000 (as at 31 December 2012: HK$22,798,000) and had no bank borrowings.

The gearing ratio of CAM as at 30 June 2013, which was calculated on the basis of total bank borrowings divided by total assets, was nil (as at 31 December 2012: Nil) and the current ratio was 2.69.

Employees and Remuneration Policies

CAM had approximately 23 employees as at 30 June 2013. CAM remunerates its employees mainly based on industry practices and their respective educational background, experience and performance.

Capital commitment

CAM had no capital commitment as at 30 June 2013.

Foreign Exchange Exposure

CAM has transactional currency exposures. Such exposures arise from monetary assets and liabilities denominated in currencies other than its functional currency. Majority of its monetary assets and liabilities are denominated in United States dollars ("**USD**"), Australian dollars ("**AUD**") and Hong Kong dollars (CAM's functional currency). As Hong Kong dollars are pegged to USD, CAM does not anticipate significant movements in the USD to Hong Kong dollars exchange rate.

As at the period ended 30 June 2013, if Hong Kong dollars appreciate/devalue by 10% against AUD, with all other variables held constant, the potential effects on profit for the period was HK$637,217.

Contingent Liabilities

CAM had no contingent liabilities as at 30 June 2013.

Capital Structure

There was no change in capital structure as at 30 June 2013.

Material Investment, Acquisition and Disposal

CAM had no material investment, acquisition and disposal as at 30 June 2013.

Charges on Assets

As at 30 June 2013, CAM had no charges on assets (as at 31 December 2012: Nil).

Future Plans for Material Investments or Capital Assets

As at 30 June 2013, CAM had no significant investment and future plans for material investments or capital assets.

MANAGEMENT DISCUSSIONS AND ANALYSIS FOR KERBEROS

Kerberos was established in 2007 and engaged in provision of nominee service. The following is the management discussion and analysis of the business and financial results of the Kerberos for each of the three years ended 31 December 2010, 2011 and 2012 and the six months period ended 30 June 2013.

For the year ended 31 December 2010

Business and financial review

During the year under review, Kerberos recorded a net loss approximately HK$31,000 for the year ended 31 December 2010 (2009: HK$36,000).

Capital Structure, Liquidity and Financial Resources

The working capital of Kerberos was mainly funded by its internally generated funds and group companies. As at 31 December 2010, the cash and bank balances of Kerberos were approximately HK$3,505,000 (2009: HK$4,134,000) and had no bank borrowings.

The gearing ratio of Kerberos as at 31 December 2010, which was calculated on the basis of total bank borrowings divided by total assets, was nil (2009: Nil) and the current ratio was 1.00.

Employees and Remuneration Policies

There was no staff employed by Kerberos as at 31 December 2010.

Capital commitment

Kerberos had no capital commitment as at 31 December 2010 (2009: Nil).

Foreign Exchange Exposure

Kerberos has transactional currency exposures. Such exposures arise from monetary assets and liabilities denominated in currencies other than its functional currency. Majority of its monetary assets and liabilities are denominated in either United States dollars ("**USD**") or Hong Kong dollars (Kerberos's functional currency). As Hong Kong dollars are pegged to USD, Kerberos does not anticipate significant movements in the USD to Hong Kong dollars exchange rate.

Contingent Liabilities

Kerberos had no contingent liabilities as at 31 December 2010 (2009: Nil).

Material Investment, Acquisition and Disposal

Kerberos had no material investment, acquisition and disposal as at 31 December 2010.

Charges on Assets

As at 31 December 2010, Kerberos had no charges on assets (2009: Nil).

Future Plans for Material Investments or Capital Assets

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

For the year ended 31 December 2011

Business and financial review

During the year under review, Kerberos recorded a net loss approximately HK$53,000 for the year ended 31 December 2011 (2010: HK$31,000).

Capital Structure, Liquidity and Financial Resources

The working capital of Kerberos was mainly funded by its internally generated funds and group companies. As at 31 December 2011, the cash and bank balances of Kerberos were approximately HK$7,356,000 (2010: HK$3,505,000) and had no bank borrowings.

The gearing ratio of Kerberos as at 31 December 2011, which was calculated on the basis of total bank borrowings divided by total assets, was nil (2010: Nil) and the current ratio was 1.00.

Employees and Remuneration Policies

There was no staff employed by Kerberos as at 31 December 2011.

Capital commitment

Kerberos had no capital commitment as at 31 December 2011 (2010: Nil).

Foreign Exchange Exposure

Kerberos has transactional currency exposures. Such exposures arise from monetary assets and liabilities denominated in currencies other than its functional currency. Majority of its monetary assets and liabilities are denominated in either United States dollars ("**USD**") or Hong Kong dollars (Kerberos's functional currency). As Hong Kong dollars are pegged to USD, Kerberos does not anticipate significant movements in the USD to Hong Kong dollars exchange rate.

Contingent Liabilities

Kerberos had no contingent liabilities as at 31 December 2011 (2010: Nil).

Material Investment, Acquisition and Disposal

Kerberos had no material investment, acquisition and disposal as at 31 December 2011.

Charges on Assets

As at 31 December 2011, Kerberos had no charges on assets (2010: Nil).

Future Plans for Material Investments or Capital Assets

As at 31 December 2011, Kerberos had no significant investment and future plans for material investments or capital assets.

For the year ended 31 December 2012

Business and financial review

During the year under review, Kerberos recorded a net profit approximately HK$132,000 for the year ended 31 December 2012 (2011: Net loss of approximately HK$53,000), which was mainly due to increase in bank interest income.

Capital Structure, Liquidity and Financial Resources

The working capital of Kerberos was mainly funded by its internally generated funds and group companies. As at 31 December 2012, the cash and bank balances of Kerberos were approximately HK$7,327,000 (2011: HK$7,356,000) and had no bank borrowings.

The gearing ratio of Kerberos as at 31 December 2012, which was calculated on the basis of total bank borrowings divided by total assets, was nil (2011: Nil) and the current ratio was 1.00.

Employees and Remuneration Policies

There was no staff employed by Kerberos as at 31 December 2012.

Capital commitment

Kerberos had no capital commitment as at 31 December 2012 (2011: Nil).

Foreign Exchange Exposure

Kerberos has transactional currency exposures. Such exposures arise from monetary assets and liabilities denominated in currencies other than its functional currency. Majority of its monetary assets and liabilities are denominated in either United States dollars ("**USD**") or Hong Kong dollars (Kerberos's functional currency). As Hong Kong dollars are pegged to USD, Kerberos does not anticipate significant movements in the USD to Hong Kong dollars exchange rate.

Contingent Liabilities

Kerberos had no contingent liabilities as at 31 December 2012 (2011: Nil).

Material Investment, Acquisition and Disposal

Kerberos had no material investment, acquisition and disposal as at 31 December 2012.

Charges on Assets

As at 31 December 2012, Kerberos had no charges on assets (2011: Nil).

Future Plans for Material Investments or Capital Assets

As at 31 December 2012, Kerberos had no significant investment and future plans for material investments or capital assets.

For the period ended 30 June 2013

Business and financial review

During the year under review, Kerberos recorded a net profit approximately HK$43,000 for the period ended 30 June 2013 (2012: HK$52,000).

Capital Structure, Liquidity and Financial Resources

The working capital of Kerberos was mainly funded by its internally generated funds and group companies. As at 30 June 2013, the cash and bank balances of Kerberos were approximately HK$7,372,000 (as at 31 December 2012: HK$7,327,000) and had no bank borrowings.

The gearing ratio of Kerberos as at 30 June 2013, which was calculated on the basis of total bank borrowings divided by total assets, was nil (as at 31 December 2012: Nil) and the current ratio was 1.00.

Employees and Remuneration Policies

There was no staff employed by Kerberos as at 30 June 2013.

Capital commitment

Kerberos had no capital commitment as at 30 June 2013 (31 December 2012: Nil).

Foreign Exchange Exposure

Kerberos has transactional currency exposures. Such exposures arise from monetary assets and liabilities denominated in currencies other than its functional currency. Majority of its monetary assets and liabilities are denominated in either United States dollars ("**USD**") or Hong Kong dollars (Kerberos's functional currency). As Hong Kong dollars are pegged to USD, Kerberos does not anticipate significant movements in the USD to Hong Kong dollars exchange rate.

Contingent Liabilities

Kerberos had no contingent liabilities as at 30 June 2013 (31 December 2012: NIl).

Material Investment, Acquisition and Disposal

Kerberos had no material investment, acquisition and disposal as at 30 June 2013.

Charges on Assets

As at 30 June 2013, Kerberos had no charges on assets (as at 31 December 2012: Nil).

Future Plans for Material Investments or Capital Assets

As at 30 June 2013, Kerberos had no significant investment and future plans for material investments or capital assets.

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 Group. 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 or this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were, and immediately after the issue of the Consideration Shares (assuming that save for the issue of the Consideration Shares, there is no issue of new Shares from the Latest Practicable Date to the completion of the Proposed Acquisitions will be, as follows:–

	Number of Shares	*HK$*
Authorized		
Shares as at the Latest Practicable Date	1,000,000,000	100,000,000
Issued and fully paid		
Shares in issue as at the Latest Practicable Date	463,000,000	46,300,000
Consideration Shares to be issued at the completion of the Proposed Acquisitions	16,104,000	1,610,400
Total	479,104,000	47,910,400

All the existing Shares in issue are fully paid and rank pari passu in all respects including all rights as to voting, dividends and interests in capital. The Consideration Shares to be issued upon completion of the Proposed Acquisitions will rank pari passu in all respects with all other Shares in issue as at the date of the completion of the Proposed Acquisitions and be entitled to all dividends and other distributions the record date for which falls on or after the date of the completion of the Proposed Acquisitions.

As at the Latest Practicable Date, the Company did not have any outstanding convertible debt securities.

3. STATEMENT OF INDEBTEDNESS

At the close of business on 30 September 2013, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, apart from the intra-group liabilities, the Enlarged Group did not have any debt securities issued and outstanding, or authorized or otherwise created but unissued, or term loans; nor any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments; nor any mortgages or charges; nor any contingent liabilities or guarantees.

4. SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that taking into account the Enlarged Group's internal resources and the estimated net proceeds from the Proposed Acquisitions, the Enlarged Group has sufficient working capital, without relying on any external facilities, for its present requirements for at least the next twelve months from the date of this circular.

5. DIRECTORS' AND CHIEF EXECUTIVE'S DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") were as follows:

Long position in the ordinary shares in the Company

Name of associated corporation	Name of Director	Capacity	Number of shares held	Percentage of total issued share capital as at the Latest Practicable Date
Convoy Inc.	Mr. Wong Lee Man	Beneficial owner	Long position	21.02%
	Ms. Fong Sut Sam	Beneficial owner	Long position	20.97%
	Mr. Mak Kwong Yiu	Beneficial owner	Long position	5.77%

Save as disclosed, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO which were required, (i) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) pursuant to the Model Code of the Listing Rules to be notified to the Company and the Stock Exchange.

Save as disclosed, as at the Latest Practicable Date, none of the Directors is a director or employee of a company which has 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.

6. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS

As at the Latest Practicable Date, so far as is known to the Directors and chief executives of the Company, the persons (other than Directors or chief executives of the Company) who have interests or short positions in the shares or 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 who are 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 any other member of the Group are as follows:

Long and short positions in the shares, underlying shares and debentures of the Company

Shareholder	Long/short position	Capacity	Number of ordinary shares interested	Approximate percentage in the Company's share capital
Substantial shareholders:				
Convoy Inc. *(Note 1)*	Long position	Interests of a controlled corporation	273,918,834	59.16%
Perfect Team Group Limited	Long position	Interests of a controlled corporation	273,918,834	59.16%
CFG	Long position	Beneficial owner	273,918,834	59.16%

Note 1:

The 273,918,834 Shares are held by CFG which is owned as to approximately 43.79% by Convoy Inc. and approximately 56.21% by Perfect Team Group Limited. As a result of such relationship as described in this paragraph, Convoy Inc. and Perfect Team Group Limited are deemed to be interested in 273,918,834 Shares held by CFG by virtue of the SFO. CFG is beneficially interested in 273,918,834 Shares.

Save as disclosed, as at the Latest Practicable Date, the Directors and the chief executives of the Company were not aware of any person (other than Directors or chief executives of the Company) who had any interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were 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 any other member of the Group.

7. 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.

Save as disclosed, in so far as the Directors are aware, none of the Directors or any of their respective associates had an interest in a business that competes or may compete with the business of the Group.

8. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or was proposing to enter, into any service contract with the Company or its subsidiaries which is not expiring or may not be terminated by the Company within a year without payment of any compensation (other than statutory compensation).

9. INTERESTS IN ASSETS AND/OR CONTRACTS AND OTHER INTEREST

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors had any interest, either directly or indirectly, in any assets which has since 31 December 2012 (being the date to which the latest published audited consolidated financial statements of the Group were made up), up to the Latest Practicable Date, been 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.

10. 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:

(i) Supplemental Sale and Purchase Agreements;

(ii) Deed of Non-Competition (2013);

(iii) Sale and Purchase Agreements;

(iv) a subscription agreement between the Company and First Credit Finance Group Limited (formerly known as "First Credit Holdings Limited") ("**First Credit**", stock code 8215) dated 17 April 2013 pursuant to which the Company has conditionally agreed to subscribe for, and First Credit has conditionally agreed to allot and issue, 200,000,000 shares of First Credit at a subscription price of HK$0.09 per share of First Credit;

(v) a subscription agreement between the Company and Town Health International Investments Limited ("**Town Health**") dated 26 March 2013 pursuant to which Town Health has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, the 19,000,000 Shares at the subscription price of HK$2.30 per Share;

(vi) a warrant placing agreement between the Company and CIS dated 25 February 2013 in connection with a warrant placing, pursuant to which CIS agreed to place, on a best effort basis, 40,000,000 warrants (I) and 40,000,000 warrants (II) conferring rights to subscribe for respectively 40,000,000 warrants shares and 40,000,000 warrants shares at a warrant exercise price of HK$1.41 per warrant share (subject to adjustment upon the occurrence of certain adjustment events) to not less than six warrant placees who and their respective ultimate beneficial owners are independent third parties;

(vii) a provisional agreement for sale and purchase dated 9 November 2012 in relation to an acquisition of a property which is located at 10/F., Rykadan Capital Tower, 135 Hoi Bun Road, Hong Kong was entered into between Genius Choice Holdings Limited and Vital Success Development Limited at a consideration of HK$86,947,200; and

(viii) the supplemental capital increase agreement dated 18 October 2012 entered into between Convoy China Insurance Agency Co., Limited ("**CCIA**") (an indirectly non wholly-owned subsidiary of the Company), Mr. Gao Lijun（高立軍先生）, Ms. Zhou Lan（周瀾女士）, Ms. Zhang Qi（張琪女士）and Ms. Liu Lanfang（劉蘭芳女士）and 北京碧升保險代理有限公司 (Beijing Bisheng Insurance Agency Limited) ("**Beijing Bisheng**"), which has amended certain terms and conditions of the capital increase agreement dated 8 April 2011 entered into between the same parties in respect of the capital injection in the amount of RMB14,000,000 to be made by CCIA into Beijing Bisheng.

11. LITIGATION

So far as the Directors are aware, no member of the Enlarged Group was engaged in any litigation or claims of material importance and no litigation or claims of material importance was pending or threatened against any member of the Enlarged Group as at the Latest Practicable Date.

12. EXPERTS

The following is the qualification of the experts who had given opinion or advice which is contained in this circular:

Name	**Qualifications**
First Shanghai	A licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO
Ernst & Young	Certified Public Accountants

First Shanghai and Ernst & Young have given and have not withdrawn their written consent to the issue of this circular with the inclusion herein of its letter and references to their name in the form and context in which they respectively appear.

First Shanghai and Ernst & Young do 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.

First Shanghai and Ernst & Young do not have any direct or indirect interest in any assets which have been, since the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

13. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2012, the date to which the latest published audited accounts of the Company were made up.

14. GENERAL

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

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

(c) The Company Secretary of the Company is Mr. Chow Kim Hang who is a practising solicitor in Hong Kong.

(d) In case of inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over the Chinese text.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Company at 39th Floor, @CONVOY, 169 Electric Road, Hong Kong during normal business hours up to and including the date of the EGM (and any adjournment thereof):–

(a) CAM Sale and Purchase Agreement and the CAM Supplemental Sale and Purchase Agreement;

(b) Kerberos Sale and Purchase Agreement and the Kerberos Supplemental Sale and Purchase Agreement;

(c) Deed of Non-Competition;

(d) Deed of Non-Competition (2013);

(e) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 34 to 35 of this circular;

(f) the letter from the First Shanghai, the text of which is set out on pages 36 to 75 of this circular;

(g) the accountants' reports on the CAM and Kerberos, the text of which is set out in Appendices IIA to IIB of this circular;

(h) the letter from Ernst & Young reporting on the Unaudited Pro Forma Financial Information of the Enlarged Group as set out in Appendix III to this circular;

(i) the written consents referred to under the section headed "Experts" in this Appendix;

(j) the annual reports of the Company for each of the years ended 31 December 2011 and 2012;

(k) the interim report of the Company for the six months ended 30 June 2013;

(l) the memorandum and articles of association of the Company;

(m) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix; and

(n) this circular.

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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Convoy Financial Services Holdings Limited (the "**Company**") will be held on Thursday, 12 December 2013, at 3/F., Nexxus Building, 77 Des Voeux Road Central, Hong Kong, at 11:00 a.m., to consider, and, if thought fit, pass the following resolutions:

ORDINARY RESOLUTIONS

1. "**THAT**:

(a) an agreement dated 30 September 2013 (the "**CAM Sale and Purchase Agreement**") entered into between Convoy Financial Group Limited ("**CFG**") (as vendor) and Favour Sino Holdings Limited ("**Favour Sino**") (as purchaser), an indirect wholly-owned subsidiary of the Company, in respect of the acquisition of the 100% issued share capital of Convoy Asset Management Limited ("**CAM**") by Favour Sino from CFG at the consideration of HK$30,000,000, which shall be satisfied by the allotment and issue of 16,050,000 new shares (the "**CAM Consideration Shares**") by the Company to CFG (or its nominee which shall be a wholly-owned subsidiary of CFG) at an issue price of approximately HK$1.87 per CAM Consideration Share, a copy of the CAM Sale and Purchase Agreement is tabled at the meeting and marked "A" and initialed by the chairman of the meeting for identification purpose, be and is hereby confirmed, approved and ratified;

(b) an agreement dated 24 October 2013 (the "**CAM Supplemental Sale and Purchase Agreement**") entered into between CFG and Favour Sino in relation to the amendments to the condition precedent under CAM Sale and Purchase Agreement, be and is hereby confirmed, approved and ratified;

(c) conditional upon the Listing Committee of the Stock Exchange of Hong Kong Limited granting approval for the listing of, and permission to deal in the CAM Consideration Shares to be issued and allotted by the Company to CFG pursuant to the CAM Sale and Purchase Agreement, the allotment and issue by the Company of the CAM Consideration Shares be and are hereby approved; and

(d) any one director of the Company or the company secretary of the Company (if affixation of the common seal of the Company is necessary, by one director of the Company and the company secretary of the Company or by two directors of the Company), be and is hereby authorized to execute all documents and to do all such things and take all such other steps which, in his/her opinion, may be necessary or desirable in connection with the matters contemplated in and for completion of the CAM Sale and Purchase Agreement (as supplemented and amended by the CAM Supplemental Sale and Purchase Agreement)."

2. "**THAT**:

(a) an agreement dated 30 September 2013 (the "**Kerberos Sale and Purchase Agreement**") entered into between Convoy Inc. ("**Convoy Inc**.") (as vendor) and Favour Sino Holdings Limited ("**Favour Sino**") (as purchaser), an indirect wholly-owned subsidiary of the Company, in respect of the acquisition of the 100% issued share capital of Kerberos (Nominee) Limited ("**Kerberos**") by Favour Sino from Convoy Inc. at the consideration of HK$101,000, which shall be satisfied by the allotment and issue of 54,000 new shares (the "**Kerberos Consideration Shares**") by the Company to Convoy Inc. (or its nominee which shall be a wholly-owned subsidiary of Convoy Inc.) at an issue price of approximately HK$1.87 per Kerberos Consideration Share, a copy of the Kerberos Sale and Purchase Agreement is tabled at the meeting and marked "B" and initialed by the chairman of the meeting for identification purpose, be and is hereby confirmed, approved and ratified;

(b) an agreement dated 24 October 2013 (the "**Kerberos Supplemental Sale and Purchase Agreement**") entered into between Convoy Inc. and Favour Sino in relation to the amendments to the condition precedent under Kerberos Sale and Purchase Agreement, be and is hereby confirmed, approved and ratified;

(c) conditional upon the Listing Committee of the Stock Exchange of Hong Kong Limited granting approval for the listing of, and permission to deal in the Kerberos Consideration Shares to be issued and allotted by the Company to Convoy Inc. pursuant to the Kerberos Sale and Purchase Agreement, the allotment and issue by the Company of the Kerberos Consideration Shares be and are hereby approved; and

(d) any one director of the Company or the company secretary of the Company (if affixation of the common seal of the Company is necessary, by one director of the Company and the company secretary of the Company or by two directors of the Company), be and is hereby authorized to execute all documents and to do all such things and take all such other steps which, in his/her opinion, may be necessary or desirable in connection with the matters contemplated in and for completion of the Kerberos Sale and Purchase Agreement (as supplemented and amended by the Kerberos Supplemental Sale and Purchase Agreement)."

3. "**THAT**:

the deed of non-competition (2013) dated 24 October 2013 (the "**Deed**") entered into between the Company and among others, Convoy Financial Group Limited, Convoy Inc., Mr. Wong Lee Man, Ms. Fong Sut Sam and Mr. Mak Kwong Yiu, a copy of the Deed is tabled at the meeting and marked "C" and initialed by the chairman of the meeting for identification purpose, be and is hereby confirmed, approved and ratified."

On behalf of the Board
Convoy Financial Services Holdings Limited
Wong Lee Man
Chairman

Hong Kong, 22 November 2013

Notes:

(1) A shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint or, if he/she is the holder of two or more shares, more than one proxy to attend and vote instead of him/her in accordance with the Bye-laws of the Company. A proxy need not be a shareholder of the Company.

(2) A proxy form for use at the EGM is enclosed in the circular to the shareholders of the Company dated 22 November 2013.

(3) To be valid, the proxy form, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the EGM or any adjournment thereof (as the case may be) and in default thereof the proxy form and such power or authority shall not be treated as valid.

(4) Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the EGM or any adjournment thereof (as the case may be) and in such event, the instrument appointing a proxy shall be deemed to be revoked.

(5) As at the date of this notice, the executive directors of the Company are Mr. Wong Lee Man (Chairman), Ms. Fong Sut Sam, Mr. Mak Kwong Yiu and Mr. Kwok Shun Tim and the independent non-executive directors of the Company are Mrs. Fu Kwong Wing Ting, Francine, Dr. Wu Ka Chee, Davy and Mr. Ma Yiu Ho, Peter.