

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



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)

ISSUE OF NEW SHARES

SUBSCRIPTION AGREEMENT

After trading hours on 26 March 2013, the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, the 19,000,000 Subscription Shares at the Subscription Price of HK\$2.30 per Subscription Share.

The aggregate Subscription Price will be payable by the Subscriber in cash upon Completion which, subject to the satisfaction of the conditions precedent as set out in the paragraph headed "Conditions Precedent" in this announcement, will take place on the fifth Business Day after the satisfaction of all the conditions precedent as set out in the Subscription Agreement (or such other date as may be agreed by the Company and the Subscriber in writing).

SUBSCRIPTION SHARES

The 19,000,000 Subscription Shares to be allotted and issued under the Subscription represent (i) approximately 4.75% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 4.53% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to Completion (other than as a result of the allotment and issue of the Subscription Shares on Completion)).

The Subscription Shares shall be allotted and issued pursuant to the Specific Mandate to be sought at the EGM.

USE OF PROCEEDS

Assuming that a total of 19,000,000 Subscription Shares are issued, the aggregate gross proceeds of the Subscription will be HK\$43.7 million and the aggregate net proceeds of the Subscription, after deduction of expenses, are estimated to be approximately HK\$43.6 million, representing a net issue price of approximately HK\$2.29 per Subscription Share. It is proposed that the net proceeds from the Subscription will be used for money lending business and development of the Group's business.

THE EGM

The EGM will be convened and held for the Shareholders to consider, and if thought fit, to approve, among other matters, the Subscription Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the Subscription Shares.

A circular containing, among other matters, (i) further information on the Subscription and (ii) the notice convening the EGM and a form of proxy, are expected to be despatched to the Shareholders as soon as practicable.

THE SUBSCRIPTION AGREEMENT

The Board wishes to announce that after trading hours on 26 March 2013, the Company entered into the Subscription Agreement with the Subscriber. Major terms of the Subscription Agreement are set out below.

Date

26 March 2013

Parties

- (1) the Company; and
- (2) the Subscriber.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, each of the Subscriber and its ultimate beneficial owners is an Independent Third Party. As confirmed by the Subscriber, a wholly-owned subsidiary of the Subscriber owns 1,104,000 Shares as at the date of the Subscription Agreement.

Subscription Shares

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe for the Subscription Shares.

The 19,000,000 Subscription Shares (of an aggregate nominal value of HK\$1,900,000) to be allotted and issued under the Subscription represent (i) approximately 4.75% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 4.53% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to Completion (other than as a result of the allotment and issue of the Subscription Shares on Completion)).

Subscription Price

The Subscription Price of HK\$2.30 per Subscription Share represents (i) a discount of approximately 2.54% to the closing price of HK\$2.360 per Share as quoted on the Stock Exchange on 26 March 2013, being the date of the Subscription Agreement; (ii) a premium of approximately 3.23% over the average of the closing price of HK\$2.228 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement; and (iii) a discount of approximately 1.20% to the average of the closing price of HK\$2.328 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Subscription Agreement.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Subscriber with reference to the recent trading prices of the Shares. The Directors (including the independent non-executive Directors) consider that the Subscription Price and the terms and conditions of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The aggregate Subscription Price will be payable by the Subscriber in cash upon Completion.

Ranking

The Subscription Shares, when fully paid and allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Shareholders at the EGM.

Application for listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Conditions precedent

Completion of the Subscription shall be subject to the following conditions being satisfied:

- (a) the Stock Exchange granting the listing of and permission to deal in the Subscription Shares;
- (b) the compliance with the applicable requirements under the Listing Rules by each of the Company and the Subscriber; and
- (c) without prejudice to condition (b) above, the passing of a resolution by the Shareholders (to the extent they are entitled to vote on such resolution) at the EGM approving the terms of the Subscription Agreement and the transactions contemplated thereunder including but not limited to the grant of the Specific Mandate to the Directors.

If the conditions set out above have not been satisfied (other than as a result of the default of the Company and/or, as the case may be, the Subscriber) at or before 5:00 p.m. on 30 June 2013 (or such later date as the Company and the Subscriber may agree in writing), the Subscription Agreement shall cease and determine.

Completion Date

Completion shall take place on the fifth Business Day after the satisfaction of all the conditions precedent referred to above (or such other date as may be agreed by the Company and the Subscriber in writing).

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Group is principally engaged in independent financial advisory business.

The Board considers that the Subscription represents good opportunities to enhance shareholders' base and raise additional funds at a reasonable cost for the Company. The Subscription also sets ground for future business cooperation with the Subscriber if opportunity arises which will be beneficial to the business strategy and development of the Group.

The aggregate gross proceeds of the Subscription will be HK\$43.7 million and the aggregate net proceeds of the Subscription, after deduction of expenses, are estimated to be approximately HK\$43.6 million, representing a net issue price of approximately HK\$2.29 per Subscription Share. It is proposed that the net proceeds from the Subscription will be used for money lending business and development of the Group's business.

The Directors are of the view that the Subscription Agreement is on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

Save for the fund raising activity mentioned below, the Company, has not carried out other fund raising activities during the 12 months immediately preceding the date of this announcement.

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
25 February 2013	Placing of non-listed warrants to subscribe for an aggregate of 80,000,000 Shares	Approximately HK\$0.6 million when the warrants were placed and a further of approximately HK\$112.7 million upon full exercise of the subscription rights	General working capital of the Group	Fully utilised as intended

CHANGES IN SHAREHOLDING STRUCTURE

The shareholding structure of the Company as at the date of this announcement and the shareholding structure of the Company upon issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to Completion (other than as a result of the allotment and issue of the Subscription Shares on Completion)) are set out below:

Shareholders	As at the date of this announcement		Immediately after Completion	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Convoy Financial Group Limited (<i>note 1</i>)	300,000,000	75.00	300,000,000	71.60
<i>Public</i>				
Subscriber and its subsidiaries	1,104,000	0.28	20,104,000	4.80
Other public Shareholders	98,896,000	24.72	98,896,000	23.60
	<u>400,000,000</u>	<u>100.00</u>	<u>419,000,000</u>	<u>100.00</u>

Notes:

1. The 300,000,000 Shares are held by Convoy Financial Group Limited which is owned as to approximately 43.8% by Convoy Inc. and 56.2% by Perfect Team Group Limited. Perfect Team Group Limited is owned as to 84.5% by Convoy Inc. and 15.5% by 21 individuals. Convoy Inc., a company incorporated in the British Virgin Islands with limited liability on 29 January 2001, is owned by Ms. Fong Sut Sam (a Director), Mr. Wong Lee Man (a Director) and Mr. Mak Kwong Yiu (a Director) as to approximately 20.97%, 21.02% and 5.76% respectively.
2. Pursuant to the placing agreement dated 25 February 2013 entered into between the Company and Convoy Investment Services Limited, the Company issued unlisted warrants conferring the rights to the holders thereof to subscribe for an aggregate of 80,000,000 Shares at a subscription price of HK\$1.41 per Share (subject to adjustments), details of which were set out in the Company's announcement dated 25 February 2013.

THE EGM

The EGM will be convened and held to consider, and if thought fit, to approve, among other matters, the Subscription Agreement and the transactions contemplated thereunder, including the allotment and issue of the Subscription Shares. The votes of the Shareholders regarding the resolution for approval of the Subscription Agreement and the transactions contemplated thereunder will be taken by way of poll at the EGM.

Under Rule 2.15 of the Listing Rules, the wholly-owned subsidiary of the Subscriber which owns 1,104,000 Shares, being a shareholder having a material interest in the transaction, shall abstain from voting at the EGM.

To the best of the Directors' knowledge, information and belief, no Shareholder (save for the Subscriber's subsidiary as mentioned above) is required to abstain from voting at the EGM.

A circular containing, among other matters, (i) further information on the Subscription; and (ii) the notice convening the EGM and a form of proxy, are expected to be despatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Board”	the board of Directors
“Business Day”	a day (excluding a Saturday, Sunday or public holiday and any day on which a tropical cyclone warning signal 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 signal 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 generally open for business throughout their normal business hours

“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
“Completion”	completion of the Subscription
“Completion Date”	the day on which the Completion shall take place and such day shall fall on the fifth Business Day after the satisfaction of all the conditions precedent as set out in the Subscribing Agreement (or such other date as may be agreed by the Company and the Subscriber in writing)
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for approving the Subscription Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	independent third party who is not connected person (as defined in the Listing Rules) of the Company and is independent of and not connected with the connected persons of the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	the ordinary shares which have a par value of HK\$0.1 each in the capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Specific Mandate”	the mandate to allot and issue the Subscription Shares to be sought at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Town Health International Investments Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability whose issued shares are listed on the Main Board of the Stock Exchange (stock code: 3886)

“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 26 March 2013 and entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Price”	the subscription price of HK\$2.30 per Subscription Share
“Subscription Shares”	19,000,000 new Shares to be allotted and issued to the Subscriber upon Completion and each a “Subscription Share”
“%”	per cent.

By Order of the Board
CONVOY FINANCIAL SERVICES HOLDINGS LIMITED
Wong Lee Man
Chairman

Hong Kong, 26 March 2013

As at the date of this announcement, the executive directors of the Company are Mr. Wong Lee Man (Chairman), Ms. Fong Sut Sam and Mr. Mak Kwong Yiu 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.