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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
PROPOSED CONNECTED TRANSACTION –
PROPOSED SUPPLEMENTAL DEED OF NON-COMPETITION**

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



A. SALE AND PURCHASE AGREEMENTS

The Board is pleased to announce that:–

- (a) 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; and

(b) 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.

CAM is principally engaged in the provision of investment advisory, funds dealing, introducing broker and asset management services while Kerberos is principally engaged in the provision of nominee services.

As at the date of this announcement, CFG and Convoy Inc. are substantial shareholders of the Company and Favour Sino is an indirect wholly-owned subsidiary of the Company. 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 shall constitute major and connected transactions of the Company and are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

B. PROPOSED SUPPLEMENTAL DEED OF NON-COMPETITION

As one of the conditions precedent to each of the Sale and Purchase Agreements, the Company shall enter into the Proposed Supplemental Deed of Non-Competition 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 date of this announcement, CFG and Convoy Inc. 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 Proposed Supplemental Deed of Non-Competition 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. Further announcement will be made by the Company when the Proposed Supplemental Deed of Non-Competition is entered into in accordance with the Listing Rules.

The EGM will be convened for the purpose of considering and, if thought fit, approving (a) the CAM 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, the transactions contemplated thereunder (including the allotment and issue of the Kerberos Consideration Shares); and (c) the Proposed Supplemental Deed of Non-Competition. As CFG is deemed to have material interests in the Proposed Acquisitions and the Proposed Supplemental Deed of Non-Competition, CFG shall abstain from voting in respect of the resolutions approving the Proposed Acquisitions and the Proposed Supplemental Deed of Non-Competition at the EGM.

A circular, containing, 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 Proposed Supplemental Deed of Non-Competition; (iv) recommendation of the Independent Board Committee; (v) letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (vi) notice of the EGM will be despatched to the Shareholders on or before 22 November 2013 as more time is needed to prepare the financial information to be included in the circular.

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

INTRODUCTION

The Board is pleased to announce that:–

- (a) 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; and

- (b) 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.

A. SALE AND PURCHASE AGREEMENTS

(a) Principal terms of the CAM Sale and Purchase Agreement

Date	:	30 September 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, 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 authorisations 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 Proposed Supplemental Deed of Non-Competition 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 all transactions as contemplated thereunder (including the allotment and issue of the CAM Consideration Shares); and (ii) the Proposed Supplemental Deed of Non-Competition, 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 having become unconditional (other than the condition that the CAM 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 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 (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 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 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, 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 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

- Date : 30 September 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, 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 authorisations 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 Proposed Supplemental Deed of Non-Competition 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 and all transactions as contemplated thereunder (including the allotment and issue of the Kerberos Consideration Shares); and (ii) the Proposed Supplemental Deed of Non-Competition, 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 having become unconditional (other than the condition that the Kerberos 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 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 (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 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 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, 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 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.

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.

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. 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.

EFFECTS OF THE PROPOSED ACQUISITIONS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The consideration of the CAM Sale and Purchase Agreement 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 date of this announcement 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 Sale and Purchase Agreement 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 date of this announcement 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 date of this announcement and immediately following completion of the Proposed Acquisitions:–

Name of the Shareholder	As at the date of this announcement		Immediately following completion of the Proposed Acquisitions	
	<i>No. of</i>		<i>No. of</i>	
	<i>Shares held</i>	<i>Approximate %</i>	<i>Shares held</i>	<i>Approximate %</i>
Convoy Inc.	300,000,000 <i>(Note 1)</i>	64.79%	316,104,000 <i>(Note 2)</i>	65.98%
Other Shareholders	<u>163,000,000</u>	<u>35.21%</u>	<u>163,000,000</u>	<u>34.02%</u>
Total	<u>463,000,000</u>	<u>100%</u>	<u>479,104,000</u>	<u>100%</u>

Notes:

1. The 300,000,000 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 300,000,000 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) 316,050,000 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 316,050,000 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 this announcement from the date of this announcement 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 date of this announcement 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.

INFORMATION OF CAM

CAM is held as to 100% by CFG and is principally engaged in the provision of investment advisory, funds dealing, introducing broker and asset management services.

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 will be set out in the circular to be despatched to the Shareholders:–

	For the year ended 31 December		
	2010	2011	2012
	(Audited) <i>HK\$</i>	(Audited) <i>HK\$</i>	(Audited) <i>HK\$</i>
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

INFORMATION OF KERBEROS

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

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 will be set out in the circular to be despatched to the Shareholders:–

	For the year ended 31 December		
	2010	2011	2012
	(Audited) <i>HK\$</i>	(Audited) <i>HK\$</i>	(Audited) <i>HK\$</i>
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

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.

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 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.

B. PROPOSED SUPPLEMENTAL DEED OF NON-COMPETITION

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 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 one of the conditions precedent to each of the Sale and Purchase Agreements, the Company shall enter into the Proposed Supplemental Deed of Non-Competition 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 above scope of restricted business such that the scope of the restricted business shall be revised and confined to the “insurance and MPF schemes brokerage business carried out by the Group.”

The Proposed Supplemental Deed of Non-Competition shall be subject to, among other conditions, the independent shareholders’ approval at the EGM.

The terms and conditions under the Deed of Non-Competition provided by the parties thereto shall remain unchanged and in full force and effect subject to the Proposed Supplemental Deed of Non-Competition.

REASONS FOR AND BENEFITS OF THE PROPOSED SUPPLEMENTAL DEED OF NON-COMPETITION

Apart from the Group, as at the date of this announcement, 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. 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.

Therefore, in order to avoid the possible breach of the Deed of Non-Competition after completion of 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.

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 Proposed Supplemental Deed of Non-Competition 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 Proposed Supplemental Deed of Non-Competition 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.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Convoy Inc. held approximately 43.79% interest in CFG and CFG held approximately 64.79% 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 date of this announcement, 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 Proposed Supplemental Deed of Non-Competition 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. Further announcement will be made by the Company when the Proposed Supplemental Deed of Non-Competition is entered into in accordance with 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 Proposed Supplemental Deed of Non-Competition.

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, the transactions contemplated thereunder (including the allotment and issue of the CAM Consideration Shares); (b) the Kerberos Sale and Purchase Agreement, the transactions contemplated thereunder (including the allotment and issue of the Kerberos Consideration Shares); and (c) the Proposed Supplemental Deed of Non-Competition (upon its execution).

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

GENERAL

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.

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.

EXTRAORDINARY GENERAL MEETING

A circular, containing, among other things, (i) further details of the Proposed Acquisitions; (ii) further details of financial information of CAM and Kerberos; (iii) further details of the Proposed Supplemental Deed of Non-Competition; (iv) recommendation of the Independent Board Committee; (v) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (vi) notice of the EGM for the purpose of considering and, if thought fit, approving (a) the CAM 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, the transactions contemplated thereunder (including the allotment and issue of the Kerberos Consideration Shares); and (c) the Proposed Supplemental Deed of Non-Competition will be despatched to the Shareholders on or before 22 November 2013 as more time is needed to prepare the financial information to be included in the circular.

As at the date of this announcement, CFG held approximately 64.79% 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 Proposed Supplemental Deed of Non-Competition and shall abstain from voting in respect of the resolutions approving the Proposed Acquisitions and the Proposed Supplemental Deed of Non-Competition at the EGM.

DEFINITIONS

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

“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
“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
“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

“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
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and 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 Proposed Supplemental Deed of Non-Competition
“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 its 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 Proposed Supplemental Deed of Non-Competition (upon its execution)

“Independent Financial Adviser”	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 Proposed Supplemental Deed of Non-Competition (upon its execution)
“Independent Shareholder(s)”	Shareholders who are not required to abstain from voting at the EGM to approve (i) the Proposed Acquisitions; and (ii) the Proposed Supplemental Deed of Non-Competition
“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
“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.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Proposed Acquisitions”	collectively, (i) CAM Acquisition and (ii) Kerberos Acquisition
“Proposed Supplemental Deed of Non-Competition”	the proposed supplemental deed of non-competition to be entered into between the Company, among others, CFG, Convoy Inc., Mr. Wong Lee Man, Ms. Fong Sut Sam and Mr. Mak Kwong Yiu
“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 share(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”	has the meaning ascribed to it under the Listing Rules

On behalf of the Board
CONVOY FINANCIAL SERVICES HOLDINGS LIMITED
Wong Lee Man
Chairman

Hong Kong, 30 September 2013

As at the date of this announcement, the executive Directors 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 are Mrs. Fu Kwong Wing Ting, Francine, Dr. Wu Ka Chee, Davy and Mr. Ma Yiu Ho, Peter.