

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.



CONVOY GLOBAL HOLDINGS LIMITED

康宏環球控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1019)

DISCLOSEABLE TRANSACTION: DISPOSAL OF THE TARGET

DISPOSAL OF THE TARGET

The Board announces that after trading hours on 13 July 2017, the Vendor, a wholly-owned subsidiary of the Company, the Guarantor and the Purchaser entered into the SP Agreement, pursuant to which the Purchaser conditionally agreed to purchase and accept the assignment of, and the Vendor conditionally agreed to sell and assign, the Sale Share and the Shareholder's Loan at an aggregate Consideration of HK\$145,370,000 (subject to adjustment). The Sale Share represents the entire issued share capital of the Target and the Shareholder's Loan represents the unsecured interest-free loans owing by the Target to the Vendor at Completion. As at 31 May 2017, the Shareholder's Loan owing by the Target to the Vendor amounted to approximately HK\$123.6 million.

The Target holds the entire issued share capital of the Target Subsidiary, which in turn is the legal and beneficial owner of the Property. As at the date of this announcement, all office units and car parking spaces comprised in the Property are vacant. The Target Group is principally engaged in property holding and investment holding in Hong Kong and its principal assets are the Property. Upon Completion, the Company will cease to hold any interest in the Target Group.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposal is more than 5% and is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

The Board wishes to announce that after trading hours on 13 July 2017, the Vendor, a wholly-owned subsidiary of the Company, the Guarantor and the Purchaser entered into the SP Agreement in relation to the sale and purchase of the Sale Share and the assignment of the Shareholder's Loan at an aggregate Consideration of HK\$145,370,000 (subject to adjustment). The principal terms of the SP Agreement are as follows:

THE SP AGREEMENT

Date : 13 July 2017

Vendor : Convoy (BVI) Limited, a company incorporated in the BVI with limited liability

Guarantor : CSL Securities Limited, a company incorporated in Hong Kong with limited liability

Each of the Vendor and the Guarantor is a wholly-owned subsidiary of the Company.

Purchaser : A company incorporated in the BVI with limited liability

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) each of the Purchaser and its ultimate beneficial owner is an Independent Third Party; and (ii) the principal business of the Purchaser is investment holding.

Subject matter

(1) The Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Share free from all encumbrances and/or claims and with all rights on or after the Completion Date attached thereto and (2) the Vendor conditionally agreed to assign, and the Purchaser conditionally agreed to accept the assignment of the Shareholder's Loan free from all encumbrances.

Consideration

The aggregate Consideration for the purchase of the Sale Share and the assignment of the Shareholder's Loan is HK\$145,370,000 (subject to adjustment), apportioned as follows:

- (a) the price for the assignment of the Shareholder's Loan shall be the face value of the total outstanding amount of the Shareholder's Loan as at the Completion;
- (b) the price for the sale of the Sale Share shall be the amount of the Consideration less the consideration for the assignment of Shareholder's Loan as referred to above; and

- (c) if the total outstanding amount of the Shareholder's Loan exceeds or equals to the Consideration, the price for the assignment of the Shareholder's Loan shall then be HK\$145,369,999 and the price for the sale of the Sale Share shall be HK\$1.

As at 31 May 2017, the amount of the Shareholder's Loan was approximately HK\$123.6 million.

The Consideration shall be payable by the Purchaser in the following manner:

- (a) before the date of the SP Agreement, a sum of HK\$7,000,000, being the initial deposit ("**Initial Deposit**"), has been paid to the Vendor's solicitors as stakeholders;
- (b) a sum of HK\$7,537,000, being the further deposit ("**Further Deposit**") and part payment of the Consideration, to be paid to the Vendor's solicitors as stakeholders upon the signing of the SP Agreement; and
- (c) the remaining balance of the Consideration (as adjusted) after the deduction of the Initial Deposit and the Further Deposit shall be paid to the Vendor upon Completion in cash.

Adjustment of Consideration

The Consideration shall be adjusted in the following manner:

- (a) The Vendor shall procure the preparation of a Draft Completion Accounts as at the Completion Date and deliver the same to the Purchaser as soon as reasonably practicable but in any event no later than five (5) Business Days before the Completion Date for review by the Purchaser. The Draft Completion Accounts shall be prepared in accordance with the accounting policies consistent with the applicable accounting standards issued by the Hong Kong Institute of Certified Public Accountants and as adopted in the unaudited balance sheet and profit and loss accounts of the Target for the year ended on 31 December 2015 and the audited balance sheet and profit and loss accounts of the Target Subsidiary for the year ended on 31 December 2015 respectively. The Vendor and the Purchaser shall in good faith attempt to mutually agree on the Draft Completion Accounts no later than three (3) Business Days before the Completion Date. The Vendor shall deliver the Completion Accounts to the Purchaser on the Completion Date.
- (b) The Consideration shall be adjusted:
 - (i) upward for such excess of the Net Current Asset Value as set out in the Completion Accounts if the Net Current Asset Value as set out in the Completion Accounts is a positive figure (i.e. the amount of the Current Assets is higher than the Current Liabilities), provided that any upward adjustment on the Consideration hereunder, together with the upward adjustment on the Consideration made under sub-paragraph (c) below, shall in aggregate be subject to a maximum cap of HK\$5,330,000; or

- (ii) downward for such deficiency of the Net Current Asset Value as set out in the Completion Accounts if the Net Current Asset Value as set out in the Completion Accounts is a negative figure (i.e. the amount of the Current Assets is less than the Current Liabilities); and

no adjustment to the Consideration is required if the Net Current Asset Value as set out in the Completion Accounts is zero (i.e. the amount of the Current Assets is equal to the Current Liabilities).

- (c) After Completion, the Vendor shall procure that the Completion Accounts to be audited by the auditors as specified under the SP Agreement (“**Auditors**”) and shall use all reasonable endeavours to ensure that the Auditors will deliver to the Vendor and the Purchaser within ninety (90) days after the Completion Date the audited Completion Accounts which shall give a true and fair view of the state of affairs and financial position of the Target and the Target Subsidiary as at the Completion Date. The tax computation for the period from 1 January 2016 to the Completion Date as derived from the Completion Accounts (“**Tax Computation**”) shall be prepared by the Auditors, and all of the tax payable under such Tax Computation shall be classified as Current Liabilities (for the purpose of making the adjustments to the Consideration). If there is any difference in the Net Current Asset Value as calculated by reference to the Completion Accounts and the audited Completion Accounts, the Consideration shall be further adjusted:

- (i) upward based on the difference between the Net Current Asset Value as calculated by reference to the Completion Accounts and the Net Current Asset Value as calculated by reference to the audited Completion Accounts if the Net Current Asset Value as calculated by reference to the Completion Accounts is lower than the Net Current Asset Value as calculated by reference to the audited Completion Accounts, provided that any further upward adjustment on the Consideration hereunder, together with the upward adjustment on the Consideration made under sub-paragraph (b) above, shall in aggregate be subject to a maximum cap of HK\$5,330,000, and in such case, any shortfall shall be paid to the Vendor without interest and within ten (10) Business Days after the date on which the audited Completion Accounts is finalised; or

- (ii) downward based on the difference between the Net Current Asset Value as calculated by reference to the Completion Accounts and the Net Current Asset Value as calculated by reference to the audited Completion Accounts if the Net Current Asset Value as calculated by reference to the Completion Accounts is greater than the Net Current Asset Value as calculated by reference to the audited Completion Accounts, and in such case, any excess paid on Completion by the Purchaser shall be returned to the Purchaser without interest and within ten (10) Business Days after the date on which the audited Completion Accounts is finalised; and

no further adjustment to the Consideration is required if the Net Current Asset Value as calculated by reference to the Completion Accounts is equal to the Net Current Asset Value as calculated by reference to the audited Completion Accounts.

The consideration of the Disposal was determined after arm's length negotiations between the parties to the SP Agreement on normal commercial terms principally with reference to the Net Current Asset Value of the Target Group and the market value of the Property.

Upon Completion, the Group expects to record an unaudited gain on disposal of approximately HK\$27 million. The actual gain or loss as a result of the Disposal to be recorded by the Group will be dependent on the financial position of the Target Group as at Completion and is subject to audit.

Guarantee

The Guarantor has agreed to guarantee the obligations and liabilities of the Vendor under the SP Agreement.

Conditions Precedent

Completion is conditional upon the following Conditions Precedent being fulfilled/satisfied or waived (to the extent that they can be waived in accordance with the SP Agreement) on or before the Long Stop Date:

- (a) the Vendor being the legal and beneficial owner of the Sale Share and the Shareholder's Loan free from all encumbrances and/or claims and the Target being the legal and beneficial owner of all issued shares of the Target Subsidiary free from all encumbrances and/or claims;
- (b) the Target Subsidiary being able to show and prove its title to the Property in accordance with section 13 of the CPO and give good title to the Property in accordance with section 13A of the CPO and all applicable Hong Kong law;
- (c) the contents and figures (including the amount of any provisions) set out in the Draft Completion Accounts are all agreed by the Vendor and the Purchaser;
- (d) subject to certain provisions under the SP Agreement, all encumbrances in the Property and the Sale Share and the shares of the Target Subsidiary shall be released and/or discharged on or before Completion Date;
- (e) no material adverse change in the business, operation, assets, position (financial trading or otherwise), profits or prospect and/or other matters or affairs of the Target, the Target Subsidiary and/or the Property (other than resulting from or in connection with fluctuation in market price or value of the Property due to market conditions) having occurred on or before the Completion;

- (f) the Vendor's warranties as set out in the SP Agreement remaining true, complete and not misleading in all material respects on the date of the SP Agreement and at all times up to and including the Completion Date;
- (g) all other consents, approvals, waivers and clearances which are necessary under applicable laws (including from governmental or official authorities or board approval) in connection with the execution, delivery and performance of the SP Agreement and the consummation of the transactions as contemplated thereunder having been obtained;
- (h) no applicable law or judicial decision which would prohibit, restrict or materially delay the execution, delivery or performance of the SP Agreement and/or the consummation of the transactions as contemplated thereunder;
- (i) any debts, loans or liabilities owing by any member of the Target Group to the Vendor and/or its affiliates (of a person, any other person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, the first mentioned person) or any of their subsidiaries, other than members of the Target Group, which do not form part of the Shareholder's Loan shall be fully repaid and/or settled on or before the Completion Date;
- (j) subject to certain provisions under the SP Agreement, all liabilities (other than the Current Liabilities as shown in the Completion Accounts and the Shareholder's Loan) of each member of the Target Group shall be fully discharged on or before the Completion Date;
- (k) subject to certain provisions under the SP Agreement, completion of the due diligence review over each member of the Target Group and the Property and the result of which shall be to the reasonable satisfaction of the Purchaser;
- (l) all compliance requirements as required under the Listing Rules and/or requested by the Stock Exchange relating to the SP Agreement and the transactions contemplated thereunder having been duly complied with by the Purchaser's ultimate holding company; and
- (m) all compliance requirements as required under the Listing Rules and/or requested by the Stock Exchange relating to the SP Agreement and the transactions contemplated thereunder having been duly complied with by the Vendor's ultimate holding company.

The Purchaser may in its absolute discretion waive either in whole or in part at any time by notice in writing to the Vendor any of the Conditions Precedent (other than the those set out in sub-paragraphs (g), (h), (l) and (m) above).

If a party has used its reasonable endeavours to fulfil/satisfy the Conditions Precedent for which it is responsible for but such Conditions Precedent cannot be fulfilled/satisfied by the Long Stop Date, such party shall not be deemed as having committed a breach of the SP Agreement.

Termination

If any Condition Precedent has not been fulfilled/satisfied in full (or waived) on or before the Long Stop Date, then neither party shall be bound to proceed with the sale and purchase of the Sale Share and assignment of the Shareholder's Loan, and the SP Agreement shall be terminated and ceased to have any effect, save for the provision for termination and miscellaneous provisions thereunder and save in respect of claims arising out of any antecedent breach of the SP Agreement by any party.

If the transaction as contemplated under the SP Agreement is rescinded under the SP Agreement in relation to requisition or objection relating to title to the Property or its use or occupation enjoyment, the SP Agreement shall be terminated and ceased to have any effect, save for provision for termination and miscellaneous provisions thereunder and save in respect of claims arising out of any antecedent breach of the SP Agreement by any party.

Upon the termination or rescission of the SP Agreement as provided above, the Vendor shall immediately arrange and procure its solicitors to return the Initial Deposit and/or the Further Deposit which have been paid by the Purchaser (without interest) to the Purchaser within seven (7) Business Days from the Long Stop Date (for the termination of the SP Agreement due to non-fulfilment of Condition(s) Precedent) or the date when the SP Agreement is otherwise terminated or rescinded (in relation to requisition or objection relating to title to the Property or its use or occupation enjoyment).

Completion

Subject to fulfilment/satisfaction and/or waiver (as the case may be) of the Conditions Precedent, Completion shall take place on the Completion Date at or before 5:00 p.m. at the office of the Vendor's solicitors or otherwise as the parties may agree in writing.

INFORMATION OF THE TARGET GROUP

The Target is a company incorporated in the BVI with limited liability. The Target Subsidiary is a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Target.

The Target Group is principally engaged in property holding and investment holding in Hong Kong. The principal assets of the Target Group is the Property, which is for non-residential use and which comprises the whole of the 20th floor and car parking space nos. P50 and P51 on basement floor of the development erected on Sha Tin Town Lot No. 412 (also known as No. 3 On Kwan Street), Shatin, New Territories, Hong Kong with a gross floor area of approximately 15,000 square feet. As at the date of this announcement, all office units and car parking spaces comprised in the Property are vacant.

Set out below is a summary of certain unaudited consolidated financial information of the Target for the two years ended 31 December 2015 and 2016:

	For the year ended 31 December 2015	For the year ended 31 December 2016
	<i>HK\$</i>	<i>HK\$</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Net profit (loss) before tax	(18,663)	(6,815,519)
Net profit (loss) after tax	(18,663)	(6,815,519)

The unaudited consolidated total asset value and net liability value of the Target as at 31 May 2017 were approximately HK\$115,784,000 and HK\$7,851,000 respectively.

Upon Completion, the Company will cease to hold any interest in the Target Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The principal activity of the Company is investment holding. The Group is principally engaged in independent financial advisory business, money lending business, proprietary investment business, asset management business, corporate finance advisory business and securities dealing business.

In view of the gain which is expected to derive from the Disposal, the Disposal, if materialises, represents an opportunity for the Group to realise its investment in the Property and to utilise the net proceeds from the Disposal as general working capital for the Group's existing businesses, the repayment of borrowings and/or financing future potential investment opportunities of the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of the SP Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposal is more than 5% and is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in Hong Kong are open for general business and excludes Saturdays, Sundays, public holidays in Hong Kong and any day on which a tropical cyclone warning signal no. 8 or above is issued or remains issued in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. or on which a “black rainstorm” warning signal is issued or remains issued in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“BVI”	the British Virgin Islands
“Company”	Convoy Global Holdings Limited (康宏環球控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Share and assignment of the Shareholder’s Loan as specified in the SP Agreement
“Completion Accounts”	the unaudited balance sheet and profit and loss accounts of the Target and the unaudited balance sheet and profit and loss accounts of the Target Subsidiary (prepared on consolidated basis or other basis as mutually agreed between the Vendor and the Purchaser) setting out the Net Current Asset Value as at the Completion Date (but immediately prior to Completion) to be prepared on the accounting policies and basis as stated in the SP Agreement and as ultimately settled thereunder, and “Draft Completion Accounts” shall mean the draft Completion Accounts to be prepared and delivered on a pro forma basis five (5) Business Days before the Completion Date and reviewed and agreed by the Purchaser
“Completion Date”	subject to the satisfaction or waiver of the Conditions Precedent, 14 August 2017 or such other date as may be agreed between the parties to the SP Agreement in writing, on which the Completion occurs

“Conditions Precedent”	conditions to Completion, as set out in the section headed “Conditions Precedents” in this announcement
“Consideration”	the consideration payable by the Purchaser to the Vendor for the purchase of the Sale Share and the assignment of the Shareholder’s Loan in the aggregate sum of HK\$145,370,000, subject to the upward or downward adjustments as set out in the section headed “Adjustment of Consideration” in this announcement
“CPO”	Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong)
“Current Assets”	the aggregate amount of all current assets (including all natures of current assets whatsoever such as cash at bank but excluding deferred tax assets and the Property) of each member of the Target Group as set out in the Completion Accounts
“Current Liabilities”	the aggregate of all current liabilities (including all natures of current liabilities but excluding the audit fees (as specified in the SP Agreement), the Shareholder’s Loan, outstanding indebtedness under the bank loans (as specified under the SP Agreement) of each member of the Target Group as set out in the Completion Accounts
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share and the assignment of the Shareholder’s Loan respectively from the Vendor to the Purchaser pursuant to the SP Agreement
“Group”	the Company and its subsidiaries
“Guarantor”	CSL Securities Limited (康證有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party”	a third party independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	14 August 2017 (or such other date as the Purchaser and the Vendor may agree in writing)
“Net Current Asset Value”	at any time, the Current Assets less the Current Liabilities as set out in the Completion Accounts
“Purchaser”	a company incorporated under the laws of the BVI with limited liability and an Independent Third Party
“Property”	Offices A, B, C, D, E, F, G, H, J, K, L, M, N & P on 20/F., and Car Parking Space Nos. P50 and P51 on Basement Floor, Kings Wing Plaza 1, No. 3 On Kwan Street, Shatin, New Territories, Hong Kong
“Sale Share”	one ordinary issued and fully paid up share of US\$1 in the capital of the Target and beneficially owned by the Vendor, representing the entire issued and paid up share capital of the Target
“Shareholder’s Loan”	the unsecured interest-free loans owing by the Target to the Vendor at Completion, which shall exclude any bank loans, loans from related parties or any third parties liability or encumbrances
“SP Agreement”	the agreement dated 13 July 2017 entered into between the Purchaser, the Vendor and the Guarantor in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Waller Holdings Limited, a limited company incorporated under the laws of the BVI on 17 November 2014
“Target Group”	collectively, the Target and the Target Subsidiary

“Target Subsidiary”	Rich Victory (Hong Kong) Limited (益旺 (香港) 有限公司), a company incorporated under the laws of Hong Kong with limited liability on 5 December 2014
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	Convoy (BVI) Limited, a company incorporated under the laws of the BVI with limited liability and a wholly-owned subsidiary of the Company

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

13 July 2017

As at the date of this announcement, the executive Directors are Mr. Wong Lee Man (Chairman), Ms. Fong Sut Sam, Mr. Tan Ye Kai, Byron, Mr. Ng Wing Fai, Ms. Chan Lai Yee and Dr. Cho Kwai Chee; the non-executive Director is Mr. Wang John Hong-chiun; and the independent non-executive Directors are Mr. Ma Yiu Ho, Peter, Mr. Chan Ngai Sang, Kenny, Mr. Pun Tit Shan and Mr. Mak Ka Wing, Patrick.