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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)

UPDATE ON SUSPENSION OF TRADING

Reference is made to the announcements of Convoy Global Holdings Limited (the “**Company**”, which together with its subsidiaries, the “**Group**”) dated 7 December 2017, 27 March 2018, 1 August 2018, 1 November 2018, 1 February 2019, 19 February 2019, 30 April 2019, 1 August 2019 and 15 August 2019 (the “**Suspension Update Announcements**”). Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as defined in the Suspension Update Announcements.

This announcement is made pursuant to the Rules 13.09 and 13.24A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) to provide the shareholders of the Company and the public with an update on the suspension.

For reasons summarized below, the Company, in the morning of 7 December 2017, made a proactive decision to request a halt in the trading of its shares to protect the interests of the Company and its shareholders, and the Company was not suspended under Rule 13.24. The conditions of resumption of trading were subsequently given to the Company on 22 March 2018.

Referring to the Suspension Update Announcements, the Company would like to supplement further information detailing the background leading to the Suspension of Trading and the relentless efforts of the new management team (“**New Management Team**”) led by Mr. Johnny Chen (Chairman and Executive Director) and Mr. Ng Wing Fai (Group President and Executive Director) since December 2017 to safeguard, de-risk, stabilize and rebuild the Company.

The Company is a significant and important company in the retail financial services industry in Hong Kong with over 20 years of operating track record serving a large base of local and foreign retail customers. The Company is the largest independent financial advisors (“**IFA**”) in Hong Kong with over 1,300 financial advisors and 400 corporate staff (including customer services, direct sales and other client-facing professionals) serving a large base of customers in Hong Kong for a full range of their personal financial needs. The Company believes it is one of the largest IFA in the world.

References are made to the announcements of the Company dated 14 November 2016, 24 August 2018, 20 November 2018, and 23 January 2019. The Company has a significant and valuable portfolio of financial technology (“**Fintech**”) assets in the U.K., the U.S.A and Europe which include (i) CurrencyFair – a global digital peer-to-peer exchange marketplace with a presence in six countries in Europe and Asia, (ii) Tandem Money – a large U.K. based digital challenger bank backed by Qatar Investment Authority as its largest shareholder, (iii) Nutmeg – a large scale London-based and the largest robo-advised asset management company in the European market, and (iv) Oscar Insurance – a leading U.S.-based digital health insurance company.

BACKGROUND LEADING TO THE VOLUNTARY SUSPENSION ON 7 DECEMBER 2017

Before 8 December 2017, the Company was effectively operated and managed by the previous management team largely comprised of Dr. Cho Kwai Chee (“**Dr. Cho**”) (a former Executive Director who was removed by the Board on 17 August 2018), Mr. Wong Lee Man (Executive Director, former Chairman, executive duties currently suspended), Ms. Fong Sut Sam (Executive Director, executive duties currently suspended), Ms. Chan Lai Yee (Executive Director, executive duties currently suspended) and Mr. Tan Ye Kai, Byron (former Executive Director, resigned on 6 January 2018 when his employment was terminated) (the “**Previous Management**”). According to the pleadings filed by the Company in the High Court in HCA 2922/2017, the Company asserts that the Previous Management was answerable to the instructions and directions of Dr. Cho.

Subsequently, in May and in July 2019, the Independent Commission Against Corruption of Hong Kong (the “ICAC”) formally charged three members of the Previous Management who will appear for trial at the District Court of Hong Kong:

Name	Date Charged
Dr. Cho Kwai Chee	16 May 2019
Ms. Chan Lai Yee	22 July 2019
Mr. Tan Ye Kai, Byron	22 July 2019

Reference is made to the inside information announcement of the Company dated 25 July 2019 regarding a charge against Ms. Chan Lai Yee by the ICAC on 22 July 2019.

Further, on 22 July 2019, the ICAC charged Mr. Mak Kwong Yiu Mark (former Executive Director of the Company until 31 March 2016) who will also appear for trial at the District Court of Hong Kong.

The Company was first alerted to potential wrongdoings in February 2016 when it received an inquiry from an authority which subsequently led to the Company’s full cooperation with the Securities and Futures Commission of Hong Kong (the “SFC”) and the ICAC after Mr. David Webb published a report on the “Enigma Network” on 15 May 2017 which included the Company as one of the companies in the Enigma Network. On 7 December 2017, the authorities conducted enforcement operations and arrested three members of the Previous Management. Immediately, in the morning of the same day, the Company voluntarily suspended trading of the shares of the Company to safeguard the interests of the Company and its shareholders.

BRIEF BACKGROUND ON THE AFTERMATH OF EVENTS HAPPENED IN DECEMBER 2017

The New Management Team (led by Mr. Johnny Chen (Chairman and Executive Director) and Mr. Ng Wing Fai (Group President and Executive Director)) faced a period of extreme uncertainties in the aftermath of the arrests of three members of the Previous Management that took place on 7 December 2017.

Since December 2017, with determined mission to rebuild the damaged reputation and corporate governance of the Company, the New Management Team has been putting in substantial amount of time and resources in strengthening the Company's business and management including but not limited to the total revamp of corporate organization, re-strategizing the Company's long-term business vision, and strengthening corporate governance and control of the Company.

Further efforts have also been put in by the New Management Team in rebuilding the corporate branding of the Company with a completely new branding and corporate image launched in May 2018. Concurrently, the New Management Team has also been proactive in sending a strong signal to the general public that the Company is not under the influence of the Previous Management by actively cooperating with the authorities in their investigations. The efforts of the New Management Team in assisting the authorities have since been acknowledged by public announcements of the ICAC.

After twenty-two months of dedicated efforts, the New Management Team has successfully re-strategized and transformed the Company into a Fintech-centric full financial services company – from a traditional single IFA business to the full-scale omni-channel financial service platform through in-house and collaboration with recognized Fintech partners in the U.K. and the U.S.A. In addition, the Company will be relocating to its new headquarters, located at Trust Tower, 68 Johnston Road, Wan Chai, Hong Kong in the second half of 2020. The relocation upon lease expiry will consolidate our workforce in one location for improved productivity and cost efficiency. Reference is made to the announcement of the Company dated 17 June 2019 in relation to the Lease Agreement.

In the final stage of the Company's recovery, business transformation and rebuilding program, the Company is committed to fulfilling the Resumption Conditions imposed by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The following sections set out the details of progress of fulfilling the Resumption Conditions.

DETAILS OF PROGRESS OF FULFILLING THE RESUMPTION CONDITIONS

Since March 2018, the Company has implemented steps and taken concrete actions in fulfilling the Resumption Conditions, a summary of which is set out below. The Company has engaged an advisor to advise on its final preparation for the trading resumption of the Company.

1. **The First Resumption Condition** – *disclose details of the irregularities (regarding the trading in the Company’s shares have been suspended since 7 December 2017 pending release of an announcement in relation to inside information of the Company, which relates to details of the cases that had led to the arrest of three of its executive directors, namely Mr. Wong Lee Man, Ms. Fong Sut Sam and Ms. Chan Lai Yee by the ICAC), assess the impact on the Company’s financial and operation position, and take appropriate remedial actions*

As referred to in the Suspension Update Announcements, the Company would like to supplement the earlier disclosure of the steps taken by the Company to fulfill the First Resumption Condition, to now include, *inter alia*:

The Company has taken two-pronged approaches in rectifying the potential damage to the Company caused by the Previous Management, namely assessment of the damage and taking remedial actions.

Assessment of the damage

- (i) The Company appointed FTI Consulting (Hong Kong) Limited (“**FTI**”), a leading independent global business advisory firm in forensic auditing and risk management, on 30 June 2017 to carry out investigations and a forensic review of the data and available information to identify any misfeasance, misconduct or wrongdoings, committed or suspected to have been committed by any person connected with the Company and identified parties (the “**FTI Review**”). The FTI Review assisted the New Management Team’s subsequent discovery of irregular transactions. Certain identified transactions with relevant materials were provided to authorities.
- (ii) The findings in the FTI Review were largely concerned with the business activities of certain subsidiaries of the Company including, *inter alia*, Convoy Collateral Limited (“**CCL**”), CSL Securities Limited (“**CSL**”) and Convoy Private Equity Limited (“**CPE**”).

Taking remedial actions

- (i) In December 2017, immediately after taking up the management responsibility of the Company, the New Management Team took decisive actions to protect the interest of the Company including (a) the suspension of the executive duties of three executive directors namely, Mr. Wong Lee Man, Ms. Fong Sut Sam and Ms. Chan Lai Yee on 8 December 2017; (b) the appointment of three new independent non-executive directors on 8 December 2017 and three executive directors on 9 December 2017 to the Board of the Company; and (c) a complete revamp of the senior management team and the termination of the employment of certain personnel.
- (ii) The New Management Team had taken immediate actions to restructure the business of CCL and CSL and terminated the operations of CPE. The Company further confirmed that all personnel of these three entities under the Previous Management were terminated in early 2018. Currently, Mr. Yap E Hock (Executive Director) and Mr. Cheung Wai Kwok, Gary (Chief Executive Officer of CSL) are in charge of the operations of CCL and CSL respectively. Both Mr. Yap E Hock and Mr. Gary Cheung are lifelong veterans of high reputation in the financial industry specializing in consumer finance and securities field respectively.
- (iii) Previously under the management of Byron Tan of the Previous Management, CSL business was substantially restricted by authorities since July 2017. The Company took decisive actions in terminating Byron Tan and most of CSL's previous employees in January 2018 to begin a comprehensive de-risking and operation improvement program. The Company on 18 April 2018 appointed Mr. Gary Cheung to lead and turn around CSL. After 18 months of dedicated efforts of Gary Cheung and his new CSL team, CSL has successfully had the restrictions lifted in October 2019. With the recent successful normalization of the operations of CSL, the Company is pleased that CSL has now returned to be a core part of the Company's long-term business growth and profitability.

- (iv) Another example of the New Management Team's success in cleaning up the past faults incurred during the period from 2012 to 2014 is the Company's recent conclusion with the Mandatory Provident Fund Schemes Authority of Hong Kong ("MPFA") on certain issues in relation to the Conduct Guidelines. The New Management Team uncovered the issues in around March 2018 and proactively worked with the MPFA. The MPFA acknowledged the proactive manner that the Company had taken in its immediate implementation of remedial actions and made a disciplinary order including a fine of HK\$500,000 to have the issues concluded to mutual satisfaction. Reference is made to the press statement of the MPFA dated 24 September 2019.
- (v) Further, on 18 December 2017, CCL and CSL filed legal proceedings in the High Court of Hong Kong (HCA2922/2017) against various parties on certain identified transactions which involved, among others, the Previous Management, in order to protect the interest of the Company. Since 2018, the Company commenced an additional seven legal proceedings, further details of the litigations are set out in the Litigation Update section below.
- (vi) While being vigilant in relation to expense control related to legal actions, the Company and the New Management Team have retained experienced legal advisors to advise in relation to the litigation and to provide legal advice to the Company concerning regulatory matters since December 2017.
- (vii) As of to date, the Company has taken necessary legal actions on identified irregularities which have caused loss and damage to the Company and its subsidiaries. In particular, on 6 February 2018, CCL filed (and obtained on 7 February 2018) a freezing injunction against Cho and another party in Eastern Caribbean Supreme Court of the British Virgin Islands regarding assets up to the value of US\$75,583,490.03, being the claim amount of CCL against Cho and others for loss and damage suffered by CCL (the "**BVI Freezing Injunction**").

On 14 February 2018, the Company filed another legal case against the 13 defendants including Dr, Cho and certain members of the Previous Management in the High Court of the Hong Kong with a claim in approximate amount of HK\$715 million ("**HCA 399/2018**"). Reference is made to the announcement of the Company dated 5 March 2018 in relation to the litigations.

The identified financial impact and damage discovered from the investigations conducted by the New Management Team, with the assistance of the independent experts, have been taken into account in the 2017 financial statements of the Company, which will be discussed in the Fourth Resumption Condition section below. Currently, the effect of the BVI Freezing Injunction and the legal proceedings in HCA 399/2018 are continuing, the Company will make appropriate disclosures in accordance with the Listing Rules.

(viii) Further the Company has implemented appropriate remedial actions on its operations which will be discussed in the Second Resumption Condition section below.

2. The Second Resumption Condition – *demonstrate that the Company has put in place adequate internal control systems to meet the obligations under the Listing Rules*

The Company has carried out, *inter alia*, the following work towards fulfilling the Second Resumption Condition:

Since December 2017, the Company has worked on two parallel streams in addressing the Second Resumption Condition ensuring the remedial work and transformation of the previous operation deficiencies are carried out smoothly.

Appointments of upstanding professionals

- (i) On 8 December 2017, three independent non-executive directors (namely Mrs. Fu Kwong Wing Ting, Francine, Mr. Pak Wai Keung, Martin and Mr. Yan Tat Wah, Joseph) were appointed to the Board to oversee and advise the Company. On the next day on 9 December 2017, Mr Johnny Chen was appointed to the Board as an executive director.
 - (a) Mr. Johnny Chen is a lifelong veteran in the financial auditing and insurance industry with decades of C-Level experiences in the auditing and insurance space. He was the former Chairman of Zurich Insurance of China and executive member of the Management Board and the Operating Committee of PricewaterhouseCoopers (“PwC”), as well as a managing partner of PwC’s Beijing office.

- (b) Mrs. Francine Fu possesses over 22 years track record in the insurance and financial services industries. She was the former committee members of the Investor Education Advisory Committee of the SFC, Investment-linked Assurance & Pool Retirement Fund and Advisory Committee of Applied Mathematics of the Hong Kong Polytechnic University.
- (c) Mr. Martin Pak was the Chief Financial Officer of a finance company. He possesses over 25 years experience in finance, corporate and governance affairs. He is a member of Hong Kong Institute of Certified Public Accountants, associate member of the Institute of Chartered Secretaries and Administrators in the United Kingdom and the Hong Kong Institute of Chartered Secretaries.
- (d) Mr. Joseph Yan is the senior partner and founder of LKY China, Certified Public Accountants (Practising). He is the fellow member of Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Institute of Chartered Accountants in England and Wales.

Mr. Johnny Chen and the three newly appointed independent non-executive directors are lifelong experienced financial professionals.

As part of the efforts to improve corporate governance, the Company has held regular full-board briefing since January 2018 to update the Board. With the newly added board members, a truly functioning and independent board has been put in place to guide and govern the Company.

- (ii) Governed by the New Management Team, the Company further reorganized the second-level control by revamping the Company Secretary Department and the Legal and Compliance Department, and setting up the Internal Audit Department.

In December 2017, the Company took proactive action by assigning Mr. Lau Hok Yuk, Alvin (Director, Corporate Development), to completely revamp the functions of company secretarial, compliance control and corporate governance matters and to ensure efficient administration of the Company and promote good corporate governance. Mr. Alvin Lau is an accounting and corporate finance specialist with over 30 years of track record. He has more than 13 years of experience in acting as senior executives in various companies listed on the Stock Exchange to manage finance, corporate governance and compliance matters. On 30 June 2018, Mr. Alvin Lau was officially appointed as the Company Secretary of the Company.

Since January 2018, the Company has assigned additional resources to strengthen the internal control and corporate governance. Ms. Chong Chui Wan, Carmen (Head of Compliance Audit) was appointed in January 2019 and is leading the role in overseeing the internal audit of the Company. Ms. Carmen Chong is a certified professional with over 18 years of solid experience. She specializes in corporate governance cross the Three Lines of Defence with proven track records. She has held senior positions in risk management, compliance and audit in a number of major insurance companies in Hong Kong.

In June 2018, the Company appointed Ms. Leung Pui Yee, Rosa as the Head of Compliance. Ms. Rosa Leung possesses over 25 years experience in the compliance field in the banking industry. The Legal and Compliance Department of the Company has since been reorganised with the termination of employment of over 10 staff members under the Previous Management and hiring of experienced professionals. The Legal and Compliance Department has been completely revamped by the introduction of rigorous compliance practice to ensure the Company's compliance level adheres to the highest standard.

Compliance review by FTI

- (i) The Company further appointed FTI on 10 January 2018 to conduct a review of the Company's then existing compliance programme, with the overall aim of identifying areas of the programme that required updating or remediation (the **"Compliance Review"**).

- (ii) The Compliance Review involved conducting an extensive review of the then existing policies and procedures, holding fact-finding meetings with key employees and performing walkthroughs of key processes to assess compliance level with the then existing policies and internal controls. The work performed covered the following segments:
- (a) asset management (Convoy Asset Management Limited);
 - (b) proprietary investment (Convoy Private Equity Limited);
 - (c) securities dealing (CSL Securities Limited);
 - (d) money lending (Hong Kong Credit Corporation Limited);
 - (e) finance and accounts department;
 - (f) administrative and procurement process; and
 - (g) information technology department (system access control).

Targeted field work and analysis were conducted by FTI Consulting in January and February 2018, whereby results of the Compliance Review were communicated to New Management from March 2018 onwards. FTI concluded the Compliance Review with a report in March 2018: it identified relevant compliance and control weakness of the Company's operations. The New Management Team took immediate actions in completely revamping the Company's corporate governance and compliance framework. The new "Three Lines of Defence" corporate governance and compliance framework governing the Company have been successfully implemented since April 2018.

To address the deficiencies in policy and controls identified by FTI, the Company formed an Internal Compliance team led by Mr. Yap E Hock to oversee the implementation of the internal compliance and control from March 2018 onwards. The internal compliance has prepared to put in place a management action and execution plan. Such remedial work includes revamping the reporting guideline and procedure of each business unit, appointing relevant key personnel to the subsidiaries' board, conducting organizational on job duties and group-wide process view, conducting relevant process review trainings to relevant departments and staff. The remedial actions are supervised by the Internal Audit Department as part of the 2019 Internal Audit Plan.

- (iii) In order to ensure the Company's compliance with applicable requirements under the Listing Rules, the Company engaged FTI in October 2019 to review the internal control systems of the Company in the final phase of its preparation for resumption of trading. FTI has begun the relevant field work. We will make further announcement(s) in this respect as appropriate.
- (iv) Further to the above, we will make further announcement(s) concerning the independent review conducted by the independent board committee as announced on 1 November 2018 when and as appropriate.

3. The Third Resumption Condition – *demonstrate that there is no reasonable regulatory concern about management integrity*

The Company has carried out, *inter alia*, the following work towards fulfilling the Third Resumption Condition:

The Company led by the New Management Team has taken substantial amount of time in sourcing and recruiting experienced professionals to lead and implement the business transformation program. The efforts and measures taken by the Company include:

- (i) suspending the duties of the three executive directors from the Previous Management team as disclosed in the announcement of the Company dated 8 December 2017 and removing Cho as an executive director on 17 August 2018 as discussed above;

- (ii) In respect of the New Management Team, the Company had appointed three independent non-executive Directors discussed in the Second Resumption Condition above on 8 December 2017 and three Executive Directors, namely Mr. Johnny Chen, Mr. Yap E Hock and Ms. Ip Yee Kwan, on 9 December 2017. Reference is made to the announcement of the Company dated 11 December 2017. Mr. Johnny Chen was later appointed as the Chairman of the Company's Board on 21 December 2017, which was disclosed in the announcement of the Company dated 22 December 2017.

Mr. Chen's appointment as the Chairman, together with the three newly appointed independent non-executive Directors and the reconstituted Board allowed the Company to stabilize within a short period after the action taken by the authorities in December 2017.

- (iii) In December 2017, the New Management Team has initiated a complete organizational restructuring which includes de-risking the crisis brought by and minimizing the influence of the Previous Management through fresh recruitment of management personnel. Since 7 December 2017, the Company has replaced a substantial number of senior staff which has resulted in a complete change in the senior management of the Company. Further, the Company has taken an organization review across the departments and replaced almost 50% of the staff across the Group.

In particular, since 2018, the senior management team of the Company has been completely revamped by the recruitment of highly experienced and seasoned professionals with execution focus and impeccable credentials in the operations of the business of the Company. The New Management Team's diversified wealth of experience in respective fields ensures the Company revamped business direction will be successfully carried out and it consists of, among others, the following members:

Department	Management In-charge
Internal Control, Internal Restructuring and Lending	Mr. Yap E Hock (Executive Director) Mr. Yap possesses over 35 years of track record in banking and financial restructuring. He is also the founder of Prime Credit, one of the most successful consumer credit companies in Hong Kong.

IFA Business	<p>Mr. Shin Kin Man, Henry (Executive Director)</p> <p>Mr. Henry Shin is the CEO of Convoy Financial Services Limited, the IFA-business arm of the Company. He has over 20 years track record in business development and team management of the IFA business.</p>
Securities	<p>Mr. Cheung Wai Kwok, Gary (Chief Executive Officer of CSL)</p> <p>Mr. Gary Cheung had been with a number of financial institutions and held senior positions including that of Sun Hung Kai, South China Financial Holdings and Tung Shing Group. He has over 35 years of experience in the securities industry.</p>
Insurance	<p>Ms. Bonita Jennifer Leong (Group Chief Product and Strategy Officer)</p> <p>Ms. Bonita Leong is an actuary with decades of experience in insurance products and strategies. She was the former Regional Director, Strategic Management, Insurance of Prudential.</p>
Asset Management	<p>Ms. Lai Sin Wan, Jenny (Head of Asset Management)</p> <p>Ms. Jenny Lai was formerly the Managing Director of MC Asset Management. She has over 23 years track record in asset management covering marketing strategies, distribution and operations.</p>
Company Secretary	<p>Mr. Lau Hok Yuk, Alvin (Company Secretary)</p> <p>Mr. Alvin Lau is an accounting and corporate finance specialist with over 30 years of track record. He also has more than 13 years of experience acting as senior executive in various companies listed on the Stock Exchange to manage finance, corporate governance and compliance matters.</p>
Finance	<p>Ms. Lam Ching Man, Aldonza (Chief Financial Officer)</p> <p>Ms. Aldonza Lam possesses over 20 years of experience in banking and finance operations. She was the former CFO and COO of Hang Seng Bank (China) of HSBC Group China.</p>

Human Resources	<p>Ms. Wong Suet Fai, Almond (Group Chief People and Culture Officer)</p> <p>Ms. Almond Wong is the Chief People and Culture Officer of the Company. She has over 20 years of track record in organization and talent development, compensation, and benefits, and staff training.</p>
Information Technology	<p>Mr. Ho Choon Leng, Patrick (Chief Digital Officer)</p> <p>Mr. Patrick Ho is the pioneer of iFast, one of the most successful online investment platforms in Asia. He has over 20 years of track record in Information Technology and Fintech in Asia.</p>
Private Wealth Management	<p>Mr. Chung Kwok Wai, Kelvin (Head of Distribution Management, Alternate Channel)</p> <p>Mr. Kelvin Chung has over 25 years of experience with major banks in Hong Kong on distribution development and wealth management focusing on high-net-worth individuals. He was formerly the Senior Director, Head of Bancassurance Sales of Prudential Hong Kong.</p>
Digital Wealth Management	<p>Ms. Chiu Wai Ling, Venus (Head of Digital Wealth Management and Innovation)</p> <p>Ms. Venus Chiu has over 20 years of experience in wealth management and banking industry. She took up several senior positions in Wing Lung Bank, DBS Bank and Hang Seng Bank, and was formerly the Executive General Manager, Private Banking and Wealth Management in China CITIC Bank International.</p>
Fintech	<p>Mr. Yap Soon Ming, Michael (Head of Venture Capital)</p> <p>Mr. Michael Yap oversees financial technology initiatives at the Group and the strategic partnerships with the Group's portfolio companies. He has 10 years of experience and formerly worked in Corporate Finance at Standard Chartered.</p>

Operations	<p>Mr. Liu Xuexiao, Dick (Operations Research Director)</p> <p>Mr. Dick Liu was the former Operation Expert of McKinsey & Company. He possesses over 16 years of track record in operations, business process and system improvements.</p>
Legal and Compliance	<p>Ms. Leung Pui Yee, Rosa (Head of Compliance)</p> <p>Ms. Rosa Leung possesses over 25 years experience in the compliance field in the banking industry. She was the former Regional Head of Investment Banking Compliance of Societe Generale.</p>
Internal Control	<p>Ms. Chong Chui Wan, Carmen (Head of Compliance Audit)</p> <p>Ms. Carmen Chong possesses over 18 years of experience in risk management, compliance and internal audit with major insurance companies in Hong Kong.</p>

4. The Fourth Resumption Condition – *publish all outstanding financial results and address any audit qualification(s)*

As at the date of this Announcement, the outstanding financial results and reports are annual results for 2017 and 2018, annual reports for 2017 and 2018, interim results for 2018 and 2019 and interim reports for 2018 and 2019 (collectively, the “**Outstanding Financial Results**”).

Reference is made to the announcements of the Company dated 1 August 2019 and 23 August 2019. The Company has been diligently liaising with the auditors to complete the audit procedures and it expects to publish all the Outstanding Financial Results as soon as practicable thereafter.

The Company will publish further announcement(s) to inform the shareholders of the Company of any other update information as and when appropriate.

5. The Fifth Resumption Condition – *inform the market of all material information for the shareholders and the investors to appraise the Company’s position*

The Company is of the view that, save for the publication of the Outstanding Financial Results, the Company has been proactively and consistently informing the market of all ongoing material updates regarding the development of the Group by way of voluntary announcements in relation to litigation and business operations, disclosable transactions, and quarterly update on the suspension since its trading suspension. At present and save for those disclosed in the litigation sections, the Company has no material litigation unannounced.

The Company will continue to inform the market of all material information as and when appropriate.

BUSINESS OPERATIONS UPDATE

The board of directors of the Company would like to provide the shareholders and potential investors of the Company with updates on the latest operations of the Group as of the date of this announcement.

The Group is principally engaged in the IFA business, money lending business, proprietary investment business, asset management business and securities dealing business. Today, the Group is by far one of the largest financial advisory firms in Hong Kong with over 1,300 financial advisors and 400 corporate staff (including customer services, direct sales and other client-facing professionals) serving a sizable share of Hong Kong’s working population. Adapting global Fintech business technology, the New Management Team has successfully transformed the Company from an IFA into a one-stop omni-channel financial service platform since 2018.

Currently, the Company’s business strategy comprises three core priorities:

- Growing and strengthening the fundamental pillars;
- Diversifying the business portfolio by launching new products and services;
- Optimising operational performance with powerful infrastructure.

The strategy reflects the need to anticipate and adapt to structural forces shaping the economies and driving the Fintech landscape, especially when the market and financial products are competing, and customer segments are converging at an unprecedented pace. Considering how technology is influencing the way business is running and customers are transacting, this requires the Company to simultaneously invest for growth and create better infrastructure. The Company aims to achieve the scale to deliver quality services to the customers seamlessly, that means investing in platforms and creating an ecosystem for the customers.

In early 2018, the Company undertook an extensive review of each of its major businesses and core activities. The review reinforced the fact that the Company benefits enormously from a strong distribution channel in Hong Kong. At the same time, the Company sees opportunities to expand its addressable market and grow new business. There is great potential in the opportunities identified, whilst at the same time it is important for the Company to be diligent and measured in its long-term decision making. As the Company pursues these opportunities, its focus is placed on strong risk management and controls, which are central to the Company's sustainable ability to comply with the regulatory requirements and to meet the expectations of its customers and the shareholders.

Below is a summary of the opportunities and priorities the Company which will be focused on in the months and year ahead.

Growing and strengthening the fundamental pillars

The Company's first strategic priority is to expand the existing businesses and further enhance its profitability. The Company is now executing various growth initiatives. In relation to the IFA salesforce, the Company has embarked on a broad footprint expansion strategy including proactive recruitment, potential acquisitions of small competitors and increasing product coverage. In the six months period before the New Management Team took over the running of the Company, it lost over 200 financial advisors to competitors in a deteriorating trend. From December 2017, the New Management Team aggressively embarked on a dual-pronged approach in raising both the productivity and recruitment and retention intensity of its large force of financial advisors.

Today, the Company remains one of the largest independent insurance distribution firms in Hong Kong, with a significant size to impact the market and accounted for a significant share of life insurers' business origination. The Company believes that both customers and insurers place great importance on the Company's deep intermediation capabilities and expertise. The Company sees further potential in this business by growing the insurance salesforce, expanding product offering, offering unbiased product advices and broadening its customer base. The Company's strong track record in the insurance industry built over the past decades has positioned it well in providing customers with long-term protection and investing opportunities.

Diversifying the business portfolio with new products and services

The Company has made considerable progress over the past two years, but there is more to do in the years ahead. Since 2018, the Company has created a product offering of strong Fintech investments and partnerships in the United Kingdom, the United States and Europe, and the Company is now bringing advanced technology to Hong Kong to connect its growing customer base and their growing wealth with the Company's broader suite of services. Over time, the Company expects this will grow to be another core capability of its customer-centric multi-channel platform.

The Company is pleased with the early progress: it has investment in Tandem, a UK digital bank with a full banking license; Nutmeg, an established digital wealth management platform in the UK; CurrencyFair, the industry pioneer in digital payment for international and foreign exchange markets merged with the Group's payment operations, for Hong Kong and the Greater China partnerships. Together with the self-built product comparison platforms for life and general insurance products, the potential for the Company in this space is significant. The Company will build on these strong relationships and forge new ones by delivering new solutions that solve customer frustrations around outdated technology, limited customization and siloed service offerings.

The Company sees a real opportunity to provide its customers with a financial management platform that is both secure and flexible. The Company expects this business to provide synergy to adjacent businesses, including generating more customer flows and cross-selling opportunities. The Company is making tangible progress in building this platform and expects to launch some new offerings to customers next year.

Optimising operational performance with powerful infrastructure

The third strategic priority of the Company is to ensure excellence in the business infrastructure by investing in product intelligence, technology and operations that will improve customer experience and drive efficiency across the businesses. The Company has a broad product knowledge base with product comparison built with proprietary technology, and the business units are currently led by industry veterans with deep expertise. The Company is also revamping and upgrading all systems to become fully digitalized with a straight through transaction process when the vendors are ready. The Company strives to drive operational efficiency and process standardization in the back-office operations to achieve high standard performance, reducing the staff level from 503 in November 2017 to 410 in September 2019.

Strengthening overall risk management capabilities

As the Company grows and expands its business reach, bringing the Company closer and to more customers, the Company is dedicated to maintaining the primacy of the control function and upholding the highest standards in risk and operational management. There are important lessons learnt from difficult situations and as it relates to the wrongdoings of the Previous Management, the Company has looked back and will continue to reflect on anything else the Company could have done better. It remains a priority for the Company that the culture of integrity, compliance and escalation only improves from this experience. Effective risk management and robust control infrastructure require constant vigilance. An unwavering cultural commitment to it lies at the heart of an effective financial institution and it is a core competence that helps define the Company going forward.

Building a new corporate culture

The Company is committed to building a capable team and institutionalizing the achievement culture based on the three core values of professionalism, integrity and passion. As a result of the New Management Team's effort, the Company has successfully revamped the top executive rank and workforce, with a change of almost 50% of its workforce in 2018. To further strengthen the engagement intensity and accountability of its employees, the Company has been promoting open communication proactively (e.g. monthly mission update) across the entire organization to share business directions, project progress and receive employees' feedback; provides training programmes (e.g. Mini-MBA with the Chinese University of Hong Kong) for the employees to broaden their capabilities and accelerate their career development, and host community events (e.g. Green Money) to promote corporate social responsibilities. The Company is also dedicated to launching programmes (e.g. graduate trainee, internship) and platforms (e.g. Hackathon) to nurture young talents in Hong Kong. The New Management Team has improved the overall people capabilities across the Company while keeping the headcount low – the Company has managed to reduce its corporate headcount from 503 in December 2017 to 410 at present.

Looking ahead

The Company is building new business and reorienting itself for a broader set of opportunities, with a robust risk management approach and a strong balance sheet with the talent to deploy it. The Company has successfully rebuilt its brand and is investing across its businesses and bringing the advanced technology and expertise to serve new and existing customers, to build a one-stop omni-channel financial service platform. With these distinctive advantages and comprehensive business plan in place, the New Management Team is confident that the Company is in a solid position to accelerate the Company's ambitions in the financial services sector and poised for strong growth in years to come.

LITIGATION UPDATE

As reported above, the Company has been thrust into an unfortunate situation from late 2017 to be involved in a number of litigations. Since late 2017, the Company has been involved in a total of sixteen material litigations of which eight were initiated and filed by the Company:

Litigations filed by the Company:

Advised by its legal advisors, the Company has initiated eight litigations listed below in order to protect the interest of the Company.

Action Number	Filing date	Status
High Court Action No. 2922 of 2017	18 December 2017	Live
High Court Action No. 3001 of 2017	22 December 2017	Live
FSD 286 of 2017 (Grand Court of the Cayman Islands)	29 December 2017	Live
High Court Action No. 399 of 2018	14 February 2018	Live
BVIHC (COM) 0019 of 2018 (filed in the British Virgin Islands)	6 February 2018	Live. Ex parte injunction obtained on 7 February 2018. Inter parte injunction against Broad Idea obtained on 31 July 2019.
High Court Miscellaneous Proceedings No. 1350 of 2018	29 August 2018	Live
High Court Action No 2000 of 2018	24 August 2018	Live
High Court Action No 1228 of 2019	9 July 2019	Live

Litigations against the Company and New Management Team:

Action Number	Filing date	Status
High Court Miscellaneous Proceedings No. 2773 of 2017	29 December 2017	Put on hold pending the resolutions of HCA 2922/2017
Hong Kong Miscellaneous Proceedings No. 41 of 2018	11 January 2018	Dismissed on 31 March 2019
High Court Action No. 187 of 2018	22 January 2018	Dismissed on 31 July 2018
High Court Action No. 258 of 2018	30 January 2018	Dismissed on 31 July 2018
High Court Action No. 702 of 2018	27 March 2018	Live. The Company filed a counterclaim on 23 August 2018.
High Court Miscellaneous Proceedings No. 900 of 2018	15 June 2018	Interim Injunction dismissed on 26 June 2018
High Court Action No. 1479 of 2018	27 June 2018	Live. Pending strike-out application on 16 December 2019.
High Court Action No. 1619 of 2018	11 July 2018	Live. Pending strike-out application on 16 December 2019.

As of to date and in relation to all the legal proceedings filed against the Company and the New Management Team, the Company and the New Management Team have obtained favourable outcome insofar as those which have been concluded:

- (a) HCMP 900 of 2018 – A purported shareholder of the Company applied for an injunction against the Company, CCL and the New Management Team from selling certain assets held by CCL to an independent party. On 26 June 2018, Mr. Justice Harris of the High Court of Hong Kong dismissed the injunction application, with costs on an indemnity basis awarded to the Company, CCL and the New Management Team.
- (b) HCMP 41 of 2018 – A purported shareholder of the Company applied to the High Court of Hong Kong to challenge the Company Chairman’s decision in ruling out the votes of his questionable shares in an Extraordinary General Meeting of the Company held on 29 December 2017. After trial, Mr. Justice Harris of the High Court of Hong Kong dismissed the application in its entirety on 31 March 2019. On 26 April 2019, the purported shareholder served his notice of appeal against Mr. Harris’ latest decision.
- (c) HCA 187 and 258 of 2018 – On 22 January 2018, Enhance Pacific Limited and Best Year Enterprises Limited commenced High Court Action No. 187 of 2018 (“**HCA 187/2018**”) against two subsidiaries of the Company, namely CCL and CSL and their respective then directors. On 30 January 2018, Mr. Sin Kwok Lam commenced legal proceedings against CCL in High Court Action No. 258 of 2018 (“**HCA 258/2018**”). On 31 July 2018, both of HCA 187/2018 and HCA 258/2018 were dismissed by agreement of the parties involved.

Detailed disclosures of significant progress of the material litigations involved is set out in Appendix A.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was halted from 11:04 a.m. on 7 December 2017 (automatically converted to “**being suspended**” thereafter), and will remain suspended until further notice. The Company will keep the public informed of the latest developments by making further announcement(s) as and when appropriate.

Shareholders and potential investors should note that the resumption of trading in the shares on the Stock Exchange is subject to various conditions which may or may not be fulfilled. There is no guarantee that resumption of trading in the shares will take place. Shareholders and potential investors of the Company are reminded to exercise caution when dealing with the shares.

The Company will keep the public informed of the latest developments by making further announcement(s) as and when appropriate.

By Order of the Board
CONVOY GLOBAL HOLDINGS LIMITED
Johnny Chen
Chairman and Executive Director

Hong Kong, 4 November 2019

As at the date of this announcement, the executive Directors are Mr. Johnny Chen (Chairman), Mr. Ng Wing Fai, Mr. Yap E Hock and Mr. Shin Kin Man; the non-executive Director is Mr. Chen Shih-pin; and the independent non-executive Directors are Mr. Pun Tit Shan, Mrs. Fu Kwong Wing Ting, Francine, Mr. Pak Wai Keung, Martin and Mr. Yan Tat Wah. The duties of the executive Directors namely Mr. Wong Lee Man, Ms. Fong Sut Sam and Ms. Chan Lai Yee have been suspended since 8 December 2017.

APPENDIX A

HCA 2922/2017

On 18 December 2017, the Company together with two of its subsidiaries (namely Convoy Collateral Limited and CSL Securities Limited) commenced legal proceedings against 28 Defendants in High Court Action No. 2922 of 2017 (“**HCA 2922/2017**”), and these defendants include: (1) Dr. Cho Kwai Chee (“**Dr, Cho**”), a former Executive Director of the Company, (2) Mr. Wong Lee Man Quincy, an Executive Director of the Company whose duties are suspended, (3) Mr. Mak Kwong Yiu Mark, a former Executive Director of the Company, (4) Mr. Tan Ye Kai Byron, a former Executive Director of the Company, (5) Ms. Fong Sut Sam Rosetta, an Executive Director of the Company whose duties are suspended, (6) Ms. Chan Lai Yee Christie, an Executive Director of the Company whose duties are suspended, (7) Mr. Kwok Hiu Kwan, a purported registered shareholder (through himself or his nominee) of 4,468,182,000 ordinary shares of the Company and (8) Mr. Chen Pei Xiong, a purported registered shareholder (through himself or his nominee) of 1,085,280,000 ordinary shares of the Company.

The Company’s claims against the defendants arise from a placement of the Company’s shares which took place on 29 October 2015 whereby a substantial number of shares (“**Wrongfully Allotted Shares**”) were allotted to certain placees holding out as independent placees (“**Alleged Independent Placees**”). It is the Company’s case that the Wrongfully Allotted Shares had then been wrongfully transferred to Mr. Kwok Hiu Kwan and Mr. Chen Pei Xiong respectively.

Among other things, the Company sought the following relief:

- (a) An order as against the Alleged Independent Placees that the allotment of the Wrongfully Allotted Shares be set aside;
- (b) A declaration as against Mr. Kwok Hiu Kwan and Mr. Chen Pei Xiong that the transfer of the Wrongfully Allotted Shares to Mr. Kwok Hiu Kwan and Mr. Chen Pei Xiong is null and void and/or invalid and/or rescinded;
- (c) A declaration that Dr. Cho and others acted in breach of fiduciary, common law and/or statutory duties owed to the Company by procuring the allotment of the Wrongfully Allotted Shares to the Alleged Independent Placees;

- (d) An injunction as against Mr. Kwok Hiu Kwan and Mr. Chen Pei Xiong, that they be restrained from exercising the voting rights of, or transferring or otherwise dealing with their interest in, the Wrongfully Allotted Shares.

On 28 December 2017, the Company commenced legal proceedings in the Grand Courts of Cayman Islands (Cause No. FSD 282 of 2017) against the same 28 defendants of HCA 2922/2017 for, among other things, recognition by way of common law of any judgment made in HCA 2922/2017 in Cayman Islands.

On 28 June 2018, Mr. Justice Harris granted leave for the Company to amend the Writ of Summons filed on 18 December 2017 to include 11 more Defendants, after the New Management Team of the Company having unearthed further findings and evidence relevant to the legal proceedings after 18 December 2017.

On 24 August 2018, Mr. Choi Chee Ming applied to the High Court of Hong Kong to seek leave to be joined as a party to the legal proceedings. Mr. Choi Chee Ming was added as the 40th Defendant on 1 November 2018.

On 6 May 2019, the Company filed a Summons to further amend the Amended Statement of Claim. The amendment is mainly on the inclusion of one Ms. Wang Pengying as the 41st Defendant being a purported registered shareholder of about 2.3% Convoy shareholding who was (according to the Company's case) acting in concert with Mr. Kwok Hiu Kwan and Mr. Chen Peixiong. On 12 July 2019, Mr. Justice Harris approved the addition of Ms. Wang Pengying as a 41st Defendant.

HCA 3001 of 2017

On 22 December 2017, the Company and two of its subsidiaries (namely Convoy Financial Services Limited and CSL Securities Limited) have commenced legal proceedings in the High Court of Hong Kong in High Court Action No. 3001 of 2017 against four defendants, namely (1) Mr. Wong Lee Man Quincy, an executive director of the Company whose duties are suspended, (2) Mr. Mak Kwong Yiu Mark, a former executive Director of the Company, (3) Convoy Investment Services Limited (which is not a subsidiary of the Group) and (4) Gransing Securities Co., Limited, in respect of, among others, breach of fiduciary duty and passing off, which had caused losses and damages to the Company.

FSD 286 of 2017

During the extraordinary general meeting of the Company (the “**2017 December EGM**”) held on 29 December 2017, resolution no. 14 as set out in the notice of 2017 December EGM dated 20 November 2017 was withdrawn from consideration at the 2017 December EGM subject to the decision of the Cayman Islands courts on the question of validity of resolution no. 14 under the Cayman Islands laws. In this regard, on 29 December 2017, the Company issued an originating summons in the Grand Court of the Cayman Islands (FSD 286 of 2017) to seek, among others, a declaration that the abovementioned resolution no. 14 is unlawful, invalid, and/or insufficiently specific to enable the shareholders of the Company to make informed decisions and/or should otherwise not be put to the members at the 2017 December EGM.

On 28 May 2018, the Grand Courts of the Cayman Islands approved the application that Mr. Kwok Hiu Kwan be joined as a defendant in FSD 286 of 2017.

HCMP 2773 of 2017

On 29 December 2017, the Company received a petition (“**Zhu Petition**”) issued on 29 December 2017 in High Court Miscellaneous Proceedings No. 2773 of 2017 (“**HCMP 2773/2017**”) filed by an individual named Ms. Zhu Xiao Yan in the High Court of Hong Kong against 33 respondents, including Dr. Cho, Mr. Wong Lee Man Quincy, Mr. Kwok Hiu Kwan, Mr. Chen Pei Xiong, the Company and four of its subsidiaries, namely, Convoy Collateral Limited, CSL Securities Limited, Convoy Financial Services Limited and Convoy Wealth Management Limited. Ms. Zhu Xiao Yan sought in the Zhu Petition, among others, against the Company (i) a declaration that the placing of certain shares of the Company (the “**Placing Shares**”) on 29 October 2015 to six of the respondents named in the Zhu Petition (the “**Placees**”) and/or the Placing Shares are void ab initio and of no legal effect or, alternatively, be set aside; (ii) a declaration that the transfer of the Placing Shares from the Placees to Mr. Kwok Hiu Kwan and Mr. Chen Pei Xiong and/or the Placing Shares are void ab initio and of no legal effect or, alternatively, be set aside; and (iii) a declaration that any votes on the Placing Shares, whether at the 2017 December EGM or otherwise, be disregarded for the purposes of counting votes for the passing of shareholders’ resolutions of the Company.

On 6 March 2018, Mr. Justice Harris sitting as a Judge in the High Court of Hong Kong ordered that HCMP 2773/2017 be put on hold pending the resolutions of HCA 2922/2017.

HCMP 41 of 2018

On 11 January 2018, the Company received an originating summons dated 11 January 2018 in Hong Kong Miscellaneous Proceedings No. 41 of 2018 (“**HCMP 41/2018**”) issued in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region by Mr. Kwok Hiu Kwan against the Company, the Company’s Chairman of the 2017 December EGM (“**the Chairman**”) and three of the executive directors of the Company (“**the defendant directors**”) for, among others, (i) a declaration that the decision of the Chairman at the 2017 December EGM for not counting the voting rights in respect of 4,468,182,000 ordinary shares in the Company held by Mr. Kwok Hiu Kwan was unlawful, void and/or of no legal effect; (ii) the Company, the Chairman and the defendant directors be restrained from refusing to count the votes attaching to the Mr. Kwok Hiu Kwan’s shares at any general meeting of the Company, or in any way to disregard, diminish or qualify the Mr. Kwok Hiu Kwan’s rights as a shareholder of the Company; (iii) a declaration that the Mr. Kwok Hiu Kwan’s shares be counted towards the ordinary resolutions 1-5 and 7 at the 2017 December EGM and that they were duly passed; (iv) a declaration that the decision at the 2017 December EGM to put ordinary resolutions 15 and 16 to vote was unlawful, void and/or of no legal effect; (v) a declaration that ordinary resolutions 9 and 11 ought to have been put to vote in the 2017 December EGM; (vi) a declaration that the withdrawal of ordinary resolutions 9 and 11 in the 2017 December EGM was wrongfully made, void and/or had no legal effect; (vii) a declaration that the withdrawal of ordinary resolution 14 in the 2017 December EGM was wrongfully made, void and/or had no legal effect; and (viii) an Order that the 2017 December EGM be re-convened in which ordinary resolutions 9, 11 and 14 be put to vote, duly counting Mr. Kwok Hiu Kwan’s Shares in the voting.

The first hearing of HCMP 41/2018 took place on 6 March 2018. Upon the application taken out by the defendant directors to strike out the action as against each of them, Mr. Kwok Hiu Kwan withdrew HCMP 41/2018 against all the defendant directors.

The substantive hearing of HCMP 41 of 2018 was heard before the Honourable Mr. Justice Harris sitting as a High Court Judge in Hong Kong during 27 August 2018 to 29 August 2018. On 29 August 2018, Mr. Justice Harris ruled on a preliminary issue of law (“**Preliminary Issue**”), the written reasons for which were handed down on 13 September 2018. In respect of the Preliminary Issue, the learned Judge ruled that:

- (1) The Chairman had the power under Article 74 of the Amended and Restated Articles of Association of the Company (“**Article 74**”) to determine that the voting rights in respect of the 4,468,182,000 ordinary shares in the Company purportedly registered in the name of Mr. Kwok Hiu Kwan (or his nominee) should not be counted at the 2017 December EGM; and
- (2) The Chairman’s decision at the 2017 December EGM exercised under Article 74 was final and conclusive. It can only be challenged in Court if Mr. Kwok Hiu Kwan can demonstrate either it was reached in bad faith or it is demonstrated that the Court should intervene on other common law grounds.

In view of the ruling of the Court, Mr. Justice Harris set down HCMP 41 of 2018 for trial commencing on 19 March 2019.

On 12 September 2018, Mr. Kwok Hiu Kwan filed a summons to seek leave to appeal against Mr. Justice Harris’ decision on the Preliminary Issue.

On 31 March 2019, Mr. Justice Harris, after trial commencing from 19 March 2019, dismissed Mr. Kwok Hiu Kwan’s originating summons in its entirety, with written reasoned judgment to be handed down.

On 26 April 2019, Mr. Kwok Hiu Kwan served his notice of appeal against Mr. Harris’ latest decision.

HCA 187 of 2018 and HCA 258 of 2018

On 22 January 2018, Enhance Pacific Limited and Best Year Enterprises Limited commenced High Court Action No. 187 of 2018 (“**HCA 187/2018**”) against two subsidiaries of the Company, namely Convoy Collateral Limited and CSL Securities Limited and their respective then directors.

On 30 January 2018, Mr. Sin Kwok Lam commenced legal proceedings against Convoy Collateral Limited in High Court Action No. 258 of 2018 (“**HCA 258/2018**”).

On 31 July 2018, both of HCA 187/2018 and HCA 258/2018 were dismissed by agreement of the parties involved.

BVIHK0019 of 2018 and HCA 399 of 2018

On 14 February 2018, a subsidiary of the Company, Convoy Collateral Limited (“**CCL**”) issued a Writ of Summons in High Court Action No. 399 of 2018 (“**HCA 399/2018**”) in the High Court of The Hong Kong Special Administrative Region against 13 defendants, including Dr. Cho, former executive director of the Company and Ms. Chan Lai Yee, executive director of the Company whose duties are suspended. Pursuant to HCA 399/2018, CCL claims against the defendants for, among others, damages or equitable compensation for the loss and damage suffered arising from various transactions in which all or some of the defendants were involved respectively, in the approximate amount of HK\$715 million. Such loss and damage has arisen from:

- (i) the wrongful acquisition of shares in First Credit Finance Group Limited, a company listed on GEM of the Stock Exchange (stock code: 8215), and manipulation of the share price of such company, causing the then loss and damage to CCL in approximately the amount of HK\$259.9 million;
- (ii) the manipulation of share price of China Green (Holdings) Limited, a company listed on the Main Board of the Stock Exchange (stock code: 904), and dishonesty and conspiracy in failing to convert convertible notes entered into between CCL and China Green (Holdings) Limited at a profit, causing loss and damage to CCL up to the amount of approximately HK\$298 million;
- (iii) the wrongful acquisition of True Surplus International Investment Limited for the consideration of HK\$89.4 million, which CCL is seeking rescission or alternatively damages or equitable compensation;
- (iv) the grant of unsecured loan to Athena Power Limited on uncommercial, irrational and/or serious disadvantageous terms, causing loss and damage to CCL in approximately the amount of HK\$34.6 million; and
- (v) the misappropriation of funds transferred to Checkmate Finance Hong Kong Limited, causing loss and damage to CCL in approximately the amount of HK\$33.2 million.

Further, CCL has obtained an ex parte freezing order (the “**Freezing Order**”) made by Mr. Justice Chivers QC in the Eastern Caribbean Supreme Court in the High Court of Justice of the British Virgin Islands (the “**BVI Court**”) on 7 February 2018 in BVIHK0019 of 2018, until further order of the BVI Court, against Broad Idea International Limited (“**Broad Idea**”) and Cho that:

- (i) Broad Idea be restrained from, among others, (a) in any way disposing of, dealing with or diminishing the value of any shares in Town Health International Medical Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 3886), up to a value of US\$75,583,490.03; (b) registering or causing to be registered any change in the legal ownership of Cho’s shares in Broad Idea (“**Cho’s Shares**”) in any way; (c) in any way recognising or causing to be recognised in the register of shares of Broad Idea any such purported change in or transfer of all or any part of the legal ownership of Cho’s Shares; (d) in any way recognising or recording or causing to be recognised or recorded on the register of shares of Broad Idea any change or transfer of the ownership of all or part of the equitable interest in Cho’s Shares; (e) removing, or allowing or instructing or causing to be removed, or instructing the removal of, the share certificates pertaining to Cho’s Shares from the territory of the British Virgin Islands; and (f) cancelling Cho’s Shares and/or reissuing such shares or causing or instructing the same; and
- (ii) Cho be restrained from, among others, (a) in any way disposing of, dealing with or diminishing the value of his assets within the British Virgin Islands up to a value of US\$75,583,490.03; (b) in any way disposing of, diminishing, or dealing with the value of Cho’s Shares, whether they are in or outside the British Virgin Islands, whether in his or its name or not, and whether owned jointly, beneficially, legally, or otherwise; and (c) effecting or allowing to be created or effected any changes, variations or amendments to any agreement, trust and/or any other similar arrangement in relation to which Cho’s Shares are held.

On 3 April 2019, Judge Adderley of the BVI Court discharged the Freezing Order as against Cho on jurisdictional ground without adjudicating the merits of CCL’s case. CCL has filed a notice of appeal against Judge Adderley’s decision. On 25 June 2019, the BVI Court of Appeal stayed the discharge of the Freezing Order pending the appeal. On 18 October 2019, the BVI Court of Appeal heard the appeal with judgment reserved. Up to date, the effect of the Freezing Order as against Cho is still continuing.

On 31 July 2019, Judge Adderley of the BVI Court after an inter parte hearing granted the Freezing Order against Broad Idea.

On 26 June 2019, CCL filed a mareva injunction against Cho and Broad Idea in HCA 399/2018. The substantive hearing of the mareva injunction as against Cho was heard before Mr. Justice Harris in the High Court of Hong Kong on 30 October 2019. Mr. Justice Harris reserved judgment.

HCA 702/2018 and HCMP 1350/2018

On 27 March 2018, Convoy (Trademarks) Limited (“CTL”) as plaintiff, which is not a subsidiary of the Company, commenced legal proceedings in the High Court of the Hong Kong Special Administrative Region, against the Company and seven of its subsidiaries as defendants.

CTL claimed that the Company and other defendants have (allegedly) infringed of a number of registered trade marks (the “**Marks**”) (purportedly) registered in the name of CTL.

The Company and its subsidiaries are actively defending the case. On 23 August 2018, the Company and its subsidiaries filed a Defence and Counterclaim. Among other grounds of defence, the Company’s defence is that its subsidiary, Convoy Financial Services Limited (“CFS”), was and still is at all times the beneficial owner of the Marks. The Company and CFS also counterclaimed against Mr. Wong Lee Man Quincy (executive director of the Company whose duties are suspended) and Mr. Mak Kwong Yiu Mark (former executive director of the Company) for breach of their fiduciary duties by causing the Marks to be transferred to CTL (a company of which both of them are interested) at nominal value.

On 29 August 2018, CFS commenced legal proceedings in HCMP 1350/2018 against CTL, Mr. Wong Lee Man Quincy and Mr. Mak Kwong Yiu Mark to claim for the beneficial ownership of three further trademarks.

HCMP 900/2018

On 15 June 2018, Mr. Kwok Hiu Kwan commenced legal proceedings by way of originating summons issued in the Court of First Instance of the High Court (“**HCMP 900/2018**”) against the Company, CCL and all the directors of the Company (apart from those whose duties have been suspended), which Mr. Kwok Hiu Kwan sought an injunction against the Company, its directors and CCL from selling CCL’s shareholdings in First Credit Finance Group Limited, a company listed on GEM of the Stock Exchange (stock code: 8215).

The interim hearing was heard on 22 and 26 June 2018 before Mr. Justice Harris. On 26 June 2018, his Lordship dismissed the application of interim injunction application of Mr. Kwok Hiu Kwan against all the parties involved, with costs on an indemnity basis to be paid forthwith by Mr. Kwok Hiu Kwan to the Company, CCL and its directors.

HCA 2000 of 2018

On 24 August 2018, the Company as the 1st Plaintiff and CSL Securities Limited (“**CSL**”) (an indirect wholly-owned subsidiary of the Company) as the 2nd Plaintiff commenced legal proceedings in the High Court of Hong Kong in HCA 2000 of 2018 against Mr. Kwok Hiu Kwan (as 1st Defendant) and Mr. Chen Pei Xiong (as 2nd Defendant) in which the Company and CSL sought the following relief from the Court:

1. A declaration that Mr. Kwok Hiu Kwan and/or Mr. Chen Pei Xiong has/have contravened section 131 of the Securities and Futures Ordinance (“**SFO**”), in that Mr. Kwok Hiu Kwan and/or Mr. Chen Pei Xiong (acting as associates or otherwise) has/have become and continued to be (purported) substantial shareholder(s) of CSL, by acquiring and continuing to hold an approximately aggregate of 37.38% shareholding in the Company (“**the 37% Stake**”) without the necessary approval to do so from the Securities and Futures Commission under section 132 of the SFO.
2. A declaration that Mr. Kwok Hiu Kwan and/or Mr. Chen Pei Xiong has/have contravened section 131 of the SFO, in that the Mr. Kwok Hiu Kwan and/or Mr. Chen Pei Xiong has/have purported to exercise the voting rights conferred by the 37% Stake (or any part thereof) which is not exercisable by virtue of section 131(4) of the SFO.

3. An injunction order prohibiting Mr. Kwok Hiu Kwan and Mr. Chen Pei Xiong from exercising the purported voting rights conferred by the 37% Stake, unless and until the Securities and Futures Commission approves the Mr. Kwok Hiu Kwan and/or Mr. Chen Pei Xiong to become and continue to be (purported) substantial shareholder(s) of CSL under section 132 of the SFO.

The relief sought by the Company and CSL in HCA 2000 of 2018 is expressly made without prejudice to the relief of rescission of the 37% Stake sought by the Company and its subsidiaries in proceedings HCA 2922 of 2017.

HCA 1228 of 2019

On 9 July 2019, CCL commenced legal proceedings against 8 Defendants which include Cho and Hui Ka Wah Ronnie who are both former executive directors of the Company and Ms. Chan Lai Yee Christie (executive director of the Company with duties suspended) for loss and damage arising from the loans extended to Blue Farm Limited in the sum of HK\$19,000,000.

HCA 1479 and 1619 of 2018

On 27 June 2018 and 11 July 2018 respectively, Ms. Wang Pengying commenced HCA 1479 of 2018 and HCA 1619 of 2018. Despite the Company and two of its subsidiaries were named as defendants in the two actions, no relief was sought against the Company and its subsidiaries in the two actions. The two actions are now being subject to a strike-out application which will be heard in the High Court of Hong Kong on 16 December 2019.