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)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS

Key financial information:	**2017** *HK$'000*	2016 *HK$'000*	Change %
Revenue	**863,885**	1,205,145	-28.3
Loss before tax	**(1,422,208)**	(65,008)	2,087.7
EBITDA	**(1,333,391)**	18,366	-7,360.1

The board (the "Board") of directors (the "Directors") of Convoy Global Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") is pleased to present the consolidated results of the Group for the year ended 31 December 2017, together with the comparative amounts for the corresponding period of last year as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2017

	Notes	**2017** *HK$'000*	2016 *HK$'000* (Restated)
REVENUE	*6*	**863,885**	1,205,145
Other income and gains, net	*6*	**41,534**	7,830
Commission and advisory expenses		**(631,423)**	(577,541)
Staff costs		**(297,099)**	(236,390)
Depreciation		**(37,996)**	(33,658)
Loss attributable to non-controlling investors of investment funds		**13,919**	1,596
Other expenses		**(525,332)**	(299,922)
Finance costs	*7*	**(50,821)**	(49,278)
Impairment of financial assets		**(377,483)**	(77,564)
Impairment of investment in an associate		**(321,242)**	–
Share of losses of associates		**(95,993)**	(3,648)
Share of loss of a joint venture		**(4,157)**	(1,578)
LOSS BEFORE TAX		**(1,422,208)**	(65,008)
Income tax expenses	*8*	**(29,623)**	(39,202)
LOSS FOR THE YEAR	*9*	**(1,451,831)**	(104,210)
Other comprehensive income after tax:			
Items that may be reclassified to profit or loss:			
Change in fair value of available-for-sale investments		**15,206**	2,035
Reclassification adjustment to profit or loss on impairment of available-for-sale investments		**66,443**	16,018
Reclassification adjustment to profit or loss on disposal of available-for-sale investments		**(21,916)**	–
Exchange differences on translating foreign operations		**33,868**	(5,562)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**93,601**	12,491
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(1,358,230)**	(91,719)

	Notes	**2017** *HK$'000*	2016 *HK$'000* (Restated)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(1,435,341)**	(95,522)
Non-controlling interests		**(16,490)**	(8,688)
		(1,451,831)	(104,210)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(1,340,310)**	(83,918)
Non-controlling interests		**(17,920)**	(7,801)
		(1,358,230)	(91,719)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*11*		
Basic (HK cents)		**(18.45)**	(1.23)
Diluted (HK cents)		**(18.45)**	(1.23)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	At 31 December 2017 HK$'000	At 31 December 2016 HK$'000 (Restated)	At 1 January 2016 HK$'000 (Restated)
Non-current assets				
Property, plant and equipment		**64,021**	77,839	53,010
Investment properties		**65,600**	176,200	63,922
Goodwill		**–**	23,541	12,820
Intangible assets		**–**	–	438
Investments in associates	*12*	**166,409**	582,156	20,293
Investment in a joint venture		**1,857**	5,776	7,459
Deferred tax assets		**231**	28,927	27,169
Held-to-maturity investments		**7,985**	126,326	229,324
Available-for-sale investments	*13*	**927,817**	761,755	367,005
Loans receivable	*14*	**417,360**	509,984	638,287
Prepayments, deposits and other receivables		**21,464**	23,337	57,541
Restricted cash		**15,688**	1,116	331
		1,688,432	2,316,957	1,477,599
Current assets				
Held-to-maturity investments		**10,200**	15,489	30,000
Financial assets at fair value through profit or loss	*15*	**624,815**	1,105,957	644,722
Accounts receivable	*16*	**101,645**	93,241	86,855
Loans receivable	*14*	**363,211**	1,304,677	1,550,239
Prepayments, deposits and other receivables		**38,015**	79,475	67,142
Due from a joint venture		**644**	–	–
Due from an associate		**2,834**	–	–
Due from a related party		**723**	–	–
Tax recoverable		**43,314**	32,540	21,200
Restricted cash		**–**	1,176	644
Cash held on behalf of clients		**409,231**	620,036	228,761
Pledged bank deposit		**10,169**	10,103	10,035
Cash and cash equivalents		**2,021,552**	967,073	2,113,521
		3,626,353	4,229,767	4,753,119

	Notes	At 31 December 2017 HK$'000	At 31 December 2016 HK$'000 (Restated)	At 1 January 2016 HK$'000 (Restated)
Current liabilities				
Accounts payable	*17*	**554,963**	740,042	397,349
Other payables and accruals		**488,055**	146,803	147,334
Issued bonds	*18*	**–**	–	6,389
Net assets attributable to redeemable participation rights		**7,001**	5,533	34,598
Financial liabilities at fair value through profit or loss	*15*	**167**	35,122	25,586
Interest-bearing bank and other borrowings		**–**	59,854	13,495
Tax payable		**7,898**	61,075	35,743
		1,058,084	1,048,429	660,494
Net current assets		**2,568,269**	3,181,338	4,092,625
Total assets less current liabilities		**4,256,701**	5,498,295	5,570,224
Non-current liabilities				
Other payables and accruals		**106,915**	9,362	8,605
Issued bonds	*18*	**595,508**	616,449	601,023
Deferred tax liabilities		**1,404**	1,278	–
		703,827	627,089	609,628
NET ASSETS		**3,552,874**	4,871,206	4,960,596
Equity attributable to owners of the Company				
Share capital	*19*	**777,860**	777,860	777,860
Reserves		**2,814,957**	4,115,369	4,197,033
		3,592,817	4,893,229	4,974,893
Non-controlling interests		**(39,943)**	(22,023)	(14,297)
TOTAL EQUITY		**3,552,874**	4,871,206	4,960,596

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. CORPORATE AND GROUP INFORMATION

Convoy Global Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands on 12 March 2010. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

During the year, the Group was principally engaged in the IFA business, money lending business, proprietary investment business, asset management business, corporate finance business and securities dealing business.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") ("Listing Rules") and by the Hong Kong Companies Ordinance.

HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale investments and financial assets/liabilities at fair value through profit or loss which are carried at their fair values.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 January 2017. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRSs"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the consolidated financial statements of the Group.

4. RESTATEMENT AND RECLASSIFICATION DUE TO PRIOR YEAR CORRECTION

In preparing the Group's consolidated financial statements for the year ended 31 December 2017, the Group has identified certain errors in the comparative financial information presented. The Group has reclassified some prior year amounts. These reclassifications had no effect on the reported results of operations. A detailed description of the nature of these reclassifications is shown as below.

Prior year adjustments with impact on presentation and reclassification

(a) Reclassification of certain placing proceed in 2015 previously reported under issued capital and share premium account to 2015 placing shares reserve in consolidated statement of changes in equity in relation to High Court Action No. 2922 of 2017 ("HCA 2922/2017"). Details of HCA 2922/2017 are disclosed in "Litigation" section of this announcement.

Effect of correction of the consolidated statement of changes in equity as at 1 January 2016

	As previously reported *HK$'000*	Note 4(a) *HK$'000*	Restated *HK$'000*
Issued capital	1,493,890	(716,030)	777,860
Share premium account	3,616,046	(1,699,593)	1,916,453
2015 placing shares reserve	–	2,415,623	2,415,623
Capital reserve	(64,379)	–	(64,379)
Merger reserve	(1,920)	–	(1,920)
Warrant reserve	776	–	776
Shares held for share award scheme	(723)	–	(723)
Share option reserve	–	–	–
Available-for-sale investments revaluation reserve	(4,853)	–	(4,853)
Exchange fluctuation reserve	(1,367)	–	(1,367)
Reserve funds	660	–	660
Legal reserve	49	–	49
Other reserves	(4,149)	–	(4,149)
Accumulated losses	(59,137)	–	(59,137)
Total	4,974,893		4,974,893
Non-controlling interests	(14,297)	–	(14,297)
Total equity	4,960,596		4,960,596

Effect of correction of the consolidated statement of changes in equity as at 31 December 2016

	As previously reported ***HK$'000***	**Note 4(a)** ***HK$'000***	**Restated** ***HK$'000***
Issued capital	**1,493,890**	**(716,030)**	**777,860**
Share premium account	**3,616,046**	**(1,699,593)**	**1,916,453**
2015 placing shares reserve	**–**	**2,415,623**	**2,415,623**
Capital reserve	**(64,379)**	**–**	**(64,379)**
Merger reserve	**(1,920)**	**–**	**(1,920)**
Warrant reserve	**776**	**–**	**776**
Shares held for share award scheme	**(723)**	**–**	**(723)**
Share option reserve	**2,327**	**–**	**2,327**
Available-for-sale investments revaluation reserve	**13,200**	**–**	**13,200**
Exchange fluctuation reserve	**(7,816)**	**–**	**(7,816)**
Reserve funds	**750**	**–**	**750**
Legal reserve	**49**	**–**	**49**
Other reserves	**(4,222)**	**–**	**(4,222)**
Accumulated losses	**(154,749)**	**–**	**(154,749)**
Total	**4,893,229**		**4,893,229**
Non-controlling interests	**(22,023)**	**–**	**(22,023)**
Total equity	**4,871,206**		**4,871,206**

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has the following reportable operating segments:

(a) the IFA segment engages in insurance brokerage business and the provision of IFA services;

(b) the money lending segment engages in the provision of loan financing in Hong Kong;

(c) the proprietary investment segment engages in investing listed and unlisted investments;

(d) the asset management segment engages in the provision of asset management services;

(e) the corporate finance segment engages in the provision of corporate finance and related advisory services; and

(f) the securities dealing segment engages in the provision of securities brokerage, share placing and margin financing services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's loss before tax except that unallocated other income and gains, net, as well as head office and corporate expenses are excluded from such measurement.

Inter-segment transactions, if any, are conducted with reference to the prices charged to third parties.

Revenue and Results

Year ended 31 December 2017

	IFA segment *HK$'000*	Money lending segment *HK$'000*	Proprietary investment segment *HK$'000*	Asset management segment *HK$'000*	Corporate finance segment *HK$'000*	Securities dealing segment *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Revenue								
External	**886,827**	**79,230**	**(265,023)**	**46,371**	**5,999**	**110,481**	**–**	**863,885**
Inter-segment	**–**	**–**	**–**	**3,706**	**4,070**	**–**	**(7,776)**	**–**
Segment revenue	**886,827**	**79,230**	**(265,023)**	**50,077**	**10,069**	**110,481**	**(7,776)**	**863,885**
Results								
Segment results	**(498,973)**	**(53,824)**	**(883,920)**	**3,860**	**(9,125)**	**77,680**	**–**	**(1,364,302)**
Unallocated income								
Other income and gains, net								**38,093**
Unallocated corporate expenses								
Staff costs								**(36,731)**
Other expenses								**(58,596)**
Others								**(672)**
Loss before tax								**(1,422,208)**
Income tax								**(29,623)**
Loss for the year								**(1,451,831)**

Year ended 31 December 2016

	IFA segment *HK$'000*	Money lending segment *HK$'000*	Proprietary investment segment *HK$'000*	Asset management segment *HK$'000*	Corporate finance segment *HK$'000*	Securities dealing segment *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Revenue								
External	698,637	144,040	157,473	38,045	39,079	127,871	–	1,205,145
Inter-segment	–	1,439	137	2,376	380	3,129	(7,461)	–
Segment revenue	698,637	145,479	157,610	40,421	39,459	131,000	(7,461)	1,205,145
Results								
Segment results	(216,913)	17,634	99,370	5,829	(1,017)	92,024	–	(3,073)
Unallocated income								
Other income and gains, net								7,830
Unallocated corporate expenses								
Staff costs								(24,371)
Other expenses								(44,617)
Others								(777)
Loss before tax								(65,008)
Income tax								(39,202)
Loss for the year								(104,210)

Segment assets and liabilities

As at 31 December

	2017	2016
	HK$'000	*HK$'000*
Segment assets		
IFA segment	**165,280**	190,287
Money lending segment	**713,053**	914,526
Proprietary investment segment	**1,750,863**	2,599,488
Asset management segment	**373,269**	375,552
Corporate finance segment	**1,579**	11,959
Securities dealing segment	**176,562**	1,218,583
Total segment assets	**3,180,606**	5,310,395
Unallocated assets		
Cash and cash equivalents	**2,021,552**	967,073
Other receivables	**1,485**	–
Investment properties	**65,600**	176,200
Tax recoverable	**43,314**	32,540
Deferred tax assets	**231**	28,927
Others	**1,997**	31,589
Total assets	**5,314,785**	6,546,724
Segment liabilities		
IFA segment	**578,444**	227,846
Money lending segment	**675,808**	624,806
Proprietary investment segment	**31,903**	64,386
Asset management segment	**359,670**	359,651
Corporate finance segment	**1,039**	2,921
Securities dealing segment	**63,188**	289,276
Total segment liabilities	**1,710,052**	1,568,886
Unallocated liabilities		
Other payables and accruals	**41,256**	40,633
Tax payable	**7,898**	61,075
Deferred tax liabilities	**1,404**	1,278
Others	**1,301**	3,646
Total liabilities	**1,761,911**	1,675,518

For the purposes of monitoring segment performance and allocating resources between segments:

(a) All assets other than investment properties, cash and cash equivalents, tax recoverable, deferred tax assets and other head office and corporate assets are allocated to operating segments as these assets are managed on a group basis; and

(b) All liabilities other than tax payable, deferred tax liabilities and other head office and corporate liabilities are allocated to operating segments as these liabilities are managed on a group basis.

Geographical Information

(a) *Revenue from external customers*

	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**1,054,967**	955,380
PRC	**72,107**	83,379
Macau	**1,834**	8,913
	1,128,908	1,047,672

The revenue information above is based on the location of the operations. For the purpose of identifying major external customers, revenue derived from the proprietary investment segment is excluded.

(b) *Non-current assets*

	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**148,341**	294,388
PRC	**2,612**	6,278
Macau	**132**	251
	151,085	300,917

The non-current asset information above is based on the locations of the assets and excludes investments in associates, investments in a joint venture, loans receivable, available-for-sale investments, held-to-maturity investments, restricted cash and deferred tax assets.

6. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents the aggregate of (i) commission income, management fee income and service income from IFA, securities dealing and corporate finance services; (ii) interest income from loan and margin financing; (iii) net fair value changes on investments at and designated at fair value through profit or loss, interest income, dividend income from the proprietary investment business; and (iv) the value of services rendered from asset management and corporate finance businesses, earned during the year.

	2017	2016
	HK$'000	*HK$'000*
Revenue		
IFA segment		
IFA commission income	**779,054**	612,328
Management fee income	**107,773**	86,309
	886,827	698,637
Money lending segment		
Interest income from loan financing	**79,230**	144,040
Proprietary investment segment		
Fair value changes on financial assets at fair value through profit or loss, net	**(58,584)**	30,763
Fair value changes on financial assets designated at fair value through profit or loss, net	**(251,033)**	41,518
Gain/(loss) on disposal of available-for-sale investments	**21,916**	(320)
Interest income from debt investments	**12,933**	29,731
Interest income from financial assets designated at fair value through profit or loss, net	**–**	7,121
Dividend income	**9,745**	48,660
	(265,023)	157,473
Asset management segment		
Asset management service income	**46,371**	38,045
Corporate finance segment		
Bond placing commission income	**–**	28,547
Corporate finance service income	**5,999**	10,532
	5,999	39,079
Securities dealing segment		
Interest income from margin financing	**86,784**	66,338
Share placing commission income	**12,324**	40,922
Securities dealing commission income	**11,373**	20,611
	110,481	127,871
Total revenue	**863,885**	1,205,145

	2017	2016
	HK$'000	*HK$'000*
Other income and gains, net		
Bank interest income	**522**	635
Other interest income	**152**	–
Service fee income	**3,555**	3,748
Gain on disposal of a subsidiary	**28,789**	–
Gross rental income	**1,999**	1,746
Foreign exchange differences, net	**1,307**	–
Others	**5,210**	1,701
	41,534	7,830

7. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interest on:		
Issued bonds	**46,224**	46,316
Bank borrowings	**2,437**	829
Other borrowings	**2,160**	2,133
	50,821	49,278

8. INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates.

	2017	2016
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax		
Provision for the year	**18,599**	40,470
Over-provision in prior years	**(18,295)**	(269)
Current tax — Overseas		
Provision for the year	**479**	825
Under/(Over)-provision in prior years	**18**	(40)
Deferred tax	**28,822**	(1,784)
	29,623	39,202

9. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2017	2016
	HK$'000	*HK$'000*
Depreciation charge of property, plant and equipment	**37,996**	33,658
Amortisation of intangible assets	**–**	438
Auditor's remuneration		
— Audit services	**3,500**	3,839
Loss on disposal of property, plant and equipment	**2,050**	367
Loss on disposal of an associate	**2,300**	–
Gain on disposal of a subsidiary	**(28,789)**	–
(Gain)/loss on disposal of an available-for-sale investment	**(21,916)**	320
Fair value (gain)/loss on investment properties	**(4,500)**	8,494
Operating lease charges		
— Land and buildings	**57,815**	81,391
Direct operating expenses of investment properties that generate rental income	**–**	278
Foreign exchange (gain)/loss, net	**(1,307)**	483
Write off of property, plant and equipment	**2,057**	–
Provision for buying back of investment brokerage products	**137,448**	–
Provision for buying back of investment in private equity funds	**76,914**	–
Provision for compensation payable	**20,000**	–
Impairment of goodwill	**23,541**	3,853
Impairment of investment in an associate	**321,242**	–
Impairment of investment in a joint venture	**162**	–
Impairment of property, plant and equipment	**2,597**	–
Impairment of financial assets		
Impairment of available-for sale investments	**66,443**	32,905
Impairment of loans receivable	**30,084**	40,736
Impairment of accounts receivable	**1,743**	–
Impairment of prepayments, deposits and other receivables	**279,213**	3,923
	377,483	77,564
Staff costs including directors' emoluments		
— Salaries, allowances, bonuses and benefits in kind	**238,816**	219,906
— Equity-settled share-based payments	**40,697**	2,327
— Pension scheme contributions	**17,586**	14,157
	297,099	236,390

10. DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share amount is based on the loss for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 7,778,596,000 (2016: 7,778,596,000) in issue during the year.

No adjustment had been made to the basic loss per share amount presented for the years ended 31 December 2017 and 2016 in respect of a dilution as the impact of the warrants and share options of the Company outstanding had an anti-dilutive effect on the basic loss per share amount presented.

The calculations of the basic and diluted earnings per share are based on:

	2017	2016
	HK$'000	*HK$'000*
Loss:		
Loss for the year attributable to owners of the Company used in the basic and diluted loss per share calculation	**(1,435,341)**	(95,522)

	Number of shares	
	2017	2016
		(Restated)
Shares:		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	**7,778,596,000**	7,778,596,000

12. INVESTMENTS IN ASSOCIATES

	2017	2016
	HK$'000	*HK$'000*
Listed investments in Hong Kong:		
Share of net assets	**284,913**	272,972
Goodwill	**99,482**	99,482
	384,395	372,454
Unlisted investments:		
Share of net assets	**103,256**	209,702
Impairment loss *(Note (i))*	**(321,242)**	–
	166,409	582,156

Particulars of the Group's associates are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group		Principal activities
			2017	2016	
First Credit Finance Group Limited ("First Credit") (i)	Ordinary shares	Cayman Islands/ Hong Kong	**29.5%**	29.5%	Provision and arrangement of credit facilities in Hong Kong
JFA Capital (ii)	Participating shares	Cayman Islands	**60.2%**	60.2%	Investment fund
貴州產業投資基金管理有限公司 ("貴州產投") (iii)	Ordinary shares	PRC	**(iii)**	31.0%	Provision of asset management services
Fubon Convoy Asset Management (HK) Limited ("FCAM") (iv)	Ordinary shares	Hong Kong	**51.0%**	N/A	Inactive

Notes:

(i) During the year ended 31 December 2016, the Group acquired 29.5% interest in First Credit from open market for an aggregate consideration of approximately HK$372,473,000. In the opinion of the Directors, the Group was in a position to exercise significant influence over First Credit and its investment in First Credit is then accounted for as an associate of the Group. The shares of First Credit are listed on GEM of the Stock Exchange (stock code: 8215). As at 31 December 2016, the market value of the Group's investment in First Credit was approximately HK$497,736,000.

On 24 November 2017, the Securities and Futures Commission directed the Stock Exchange to suspend all dealings in the shares of First Credit. Subsequent to the end of reporting period, on 8 June 2018, the Group's entire 29.5% interest in First Credit was sold to an independent third party at a consideration of HK$57,800,000. As at 31 December 2017, the Directors of the Group considered all the facts and circumstances for the purpose of determining the value in use and the recoverable amounts and assessed the most appropriate treatment to account for the Group's investment in First Credit be HK$63,153,000, resulting in impairment loss amounting to approximately HK$321,242,000.

(ii) On 22 February 2016, the Group appointed 1 out of 3 directors to the board of directors of JFA Capital. JFA Capital has also appointed an independent party as the fund manager. Pursuant to the memorandum of association of JFA Capital, the participating shares have no voting rights but entitled the holder to dividends declared and residual interests of the investment fund upon winding up. In the opinion of the Directors, the Group does not obtain control but has significant influence over JFA Capital.

(iii) On 3 March 2015, the Group, through its wholly-owned subsidiary, invested RMB15,500,000 (equivalent to approximately HK$17,301,000) in the 31% equity interest in 貴州產投. The transaction resulted in a gain on bargain purchase of approximately HK$1,564,000. On 30 May 2017, the Group disposed of the entire 31% equity interest in 貴州產投 at a consideration of RMB17,515,000 (equivalent to approximately HK$20,265,000) and this resulted in a loss on disposal of approximately HK$2,300,000.

(iv) FCAM was incorporated on 23 February 2017. The Group, through its wholly-owned subsidiary, holds 51% equity interest in FCAM while the remaining equity interest is held by another shareholder (the "Other Shareholder"). Pursuant to the shareholders' agreement of FCAM, each shareholder (as long as each not hold less than 25%) shall have the right to nominate and remove two directors while the Other Shareholder has the right to appoint one of the directors as chairman of the board. All decision making shall be by a simple majority or two-third vote of the directors. The chairman of the board of FCAM (who is not the representative appointed by the Group) has the casting vote in cases when the votes are equally divided. As at the end of the reporting period, the board comprised four directors where two directors were appointed by the Group and the other two directors, including the chairman, were appointed by the Other Shareholder. In the opinion of the Directors, the Group has only significant influence over FCAM.

There was no commitment and contingent liability in respect of associates as at 31 December 2017 and 2016.

13. AVAILABLE-FOR-SALE INVESTMENTS

	2017	2016
	HK$'000	*HK$'000*
Available-for-sale investments, at cost		
— unlisted equity investments	**–**	13,304
— unlisted fund investments	**–**	88,383
	–	101,687
Available-for-sale investments, at fair value		
— listed equity investments	**120,256**	88,550
— unlisted equity investments	**435,571**	399,048
— unlisted fund investments	**358,290**	160,350
— club debentures	**13,700**	12,120
	927,817	660,068
Total	**927,817**	761,755

There was significant or prolonged decline in the fair value of certain unlisted fund investments during the year ended 31 December 2017. The Directors consider that such a decline indicated that the unlisted fund investments have been impaired and an impairment loss of HK$66,443,000 (2016: HK$16,018,000), which included a reclassification from other comprehensive income, has been recognised in profit or loss for the year ended 31 December 2017.

The unlisted funds investments of HK$358,290,000 (2016: HK$160,350,000) represent investments in unconsolidated structured entities. The maximum exposure to loss is HK$358,290,000 (2016: HK$160,350,000) which represents the fair value as at 31 December 2017 (2016: fair value as at 31 December 2016). During the year, the Group did not provide financial support to these unconsolidated structured entities and has no intention of providing financial or other support.

14. LOANS RECEIVABLE

	2017	2016
	HK$'000	*HK$'000*
Loans receivable from:		
Money lending business	**770,764**	937,878
Securities dealing business — margin financing	**90,959**	931,488
	861,723	1,869,366
Less: impairment losses	**(81,152)**	(54,705)
	780,571	1,814,661
Analysed as:		
Current assets	**363,211**	1,304,677
Non-current assets	**417,360**	509,984
	780,571	1,814,661

Loans receivable arising from the money lending business of the Group bear interest at rates ranging from 1% to 15% per annum (2016: 1% to 22% per annum). The grants of these loans were approved and monitored by the management of the relevant subsidiaries of the Group. As at 31 December 2017, certain loans receivable with an aggregate carrying amount of HK$216,650,000 (2016: HK$302,591,000) were secured by the pledge of collaterals and unsecured loans of HK$89,000,000 (2016: HK$74,625,000) were provided with personal guarantees by certain independent third parties.

Loans receivable arising from the margin financing business in the securities dealing segment are secured by the pledge of customers' securities as collateral. As at 31 December 2017, the total value of securities pledged as collateral in respect of the margin receivables was approximately HK$400,020,000 (2016: HK$3,811,015,000) based on the market value of the securities at the end of the reporting period.

An ageing analysis of the loans receivable that are not considered to be impaired as at the end of the reporting period, based on the payment due date, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Neither past due nor impaired	**742,719**	1,787,964
Past due within 1 month	**14,725**	20,071
1 to 3 months past due	**585**	1,755
Over 3 months past due	**22,542**	4,871
	780,571	1,814,661

15. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss

	Notes	**2017** **HK$'000**	2016 *HK$'000*
Financial assets at fair value through profit or loss — held for trading			
Listed equity investments — Hong Kong		**386,344**	548,047
Listed equity investments — Overseas		**58,293**	106,556
Listed debt investments		**–**	29,211
Unlisted debt investments		**–**	7,080
Unlisted fund investments	*(i)*	**67,558**	53,319
		512,195	744,213
Financial assets designated at fair value			
Private equity investments		**8,106**	5,114
Convertible note receivables	*(ii)*	**104,514**	339,518
Equity with option	*(iii)*	**–**	17,112
		112,620	361,744
		624,815	1,105,957

Financial liabilities at fair value through profit or loss

	2017 **HK$'000**	2016 *HK$'000*
Short position — held for trading		
Listed equity investments — Hong Kong	**54**	19,967
Listed equity investments — Overseas	**113**	15,155
	167	35,122

Notes:

(i) The unlisted funds investments of HK$67,558,000 (2016: HK$53,319,000) represent investments in unconsolidated structured entities. The maximum exposure to loss is HK$67,558,000 (2016: HK$53,319,000) which represents the fair value as at 31 December 2017 (2016: fair value as at 31 December 2016). During the year, the Group did not provide financial support to these unconsolidated structured entities and has no intention of providing financial or other support. The above investments were designated upon initial recognition of financial assets at fair value through profit or loss.

(ii) Included in the balance is a convertible note issued by China Green (Holdings) Limited ("China Green"), of which its shares are listed on the Stock Exchange, amounted of HK$Nil in 2017 (2016: HK$233,060,000). On 18 November 2015, the Group advanced a loan of HK$190,000,000 to China Green with original maturity on 18 May 2016, bearing interest of 13.9% ("China Green Loan") and was classified as loans receivable as at 31 December 2015. During the year ended 31 December 2016, China Green issued a convertible loan note of HK$190,000,000 with coupon rate of 12% per annum and matured on 22 August 2017 ("China Green Convertible Note") to the Group. Upon maturity, the Group may subscribe a maximum of 1,418,666,666 shares at HK$0.15 per share, representing 16.97% of enlarged capital of China Green based on the existing capital structure as at 31 December 2016. Accordingly, the Group derecognised the China Green Loan with a carrying value of HK$190,000,000 from loans receivable and recognised the China Green Convertible Note with a fair value of HK$305,270,000 as financial assets designated as at fair value through profit and loss on the issue date of the China Green Convertible Note on 22 August 2016, resulting a gain of HK$115,270,000 which has recognised in the profit or loss for the year ended 31 December 2016.

On 15 December 2016, the Group entered into a modification deed with China Green to extend the China Green Convertible Note to 22 August 2019 with zero coupon and the conversion price is changed from HK$0.15 per share to HK$0.10 per share. The effective date of the modified terms is 17 February 2017.

Subsequently, at maturity of the China Green Convertible Note on 22 August 2019, the management of China Green defaulted by failing to repay any of the principal amount of HK$190,000,000. The Management of the Group endeavored to negotiate a resolution to the situation with the management of China Green, but in vain by having constant refusal for communication in any form. The Management of the Group is in the view that neither the principal amount nor any default interest will be recovered and decides to fully impair all outstanding amount of the convertible note. As at 31 December 2017, the fair value of the convertible note amounted HK$Nil, thus an impairment of HK$233,060,000 was made during the year.

(iii) The Group, through its investment entity, invested in 18.27% equity shares of a company (the "Investee"), which provide information technology and smartphone application development services and digital marketing services, with an option to purchase up to 10% issued shares of the Investee at a fixed price. Upon exercise of the option, the Group will own 28.11% of the enlarged capital of the Investee based on its share structure as at 31 December 2016. The equity investment, together with the option, is measured at fair value. The option expired on 30 June 2017 and the directors considered that the investment is of HK$Nil value as at 31 December 2017. The change of the fair value of HK$17,112,000 has been recognised and included in fair value changes on financial assets designated at fair value through profit or loss in the consolidated statement of profit or loss for the year.

16. ACCOUNTS RECEIVABLE

	2017	2016
	HK$'000	*HK$'000*
Accounts receivable from:		
Product issuers	**65,580**	69,754
Customers	**19,924**	14,990
Cash clients	**2,399**	1,589
Brokers and dealers	**1,143**	1,779
Clearing houses	**14,342**	5,129
	103,388	93,241
Less: Provision for impairment	**(1,743)**	–
	101,645	93,241

The normal settlement terms of accounts receivable from product issuers arising from provision of brokerage services are within 45 days upon the execution of the insurance policies, investment product subscription agreements and/or receipt of statements from product issuers. Product issuers represent mainly non-bank financial institutions which provide products for the Group's IFA business.

Credit terms with customers of investment advisory, funds dealing, asset management and corporate finance services are mainly 30 to 60 days or a credit period mutually agreed between the contracting parties.

The normal settlement terms of accounts receivable arising from the provision of securities dealing business are within 2 days after trade date, which these accounts receivable are from cash clients, brokers and clearing houses.

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing.

An aging analysis of the accounts receivable as at the end of the reporting period, based on the date of recognition of revenue, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 1 month	**93,764**	84,578
1 to 2 months	**1,393**	724
2 to 3 months	**1,667**	716
Over 3 months	**4,821**	7,223
	101,645	93,241

17. ACCOUNTS PAYABLE

	2017	2016
	HK$'000	*HK$'000*
Accounts payable to:		
Consultants	**136,196**	106,466
Brokers	**–**	1,954
Cash held on behalf of clients from securities dealing business	**90,653**	286,363
Cash held on behalf of clients from asset management business	**328,114**	345,259
	554,963	740,042

Accounts payable to consultants arising from provision of IFA services and asset management services are generally settled within 30 days to 120 days upon receipt of payments from product issuers/fund houses by the Group.

Accounts payable to clearing house, brokers, clients arising from the securities dealing businesses and asset management businesses are repayable on settlement date. The normal settlement terms of the said accounts payable are, in general, within 2 days after the trade date.

An aging analysis of accounts payable at the end of reporting period is as follows:

	2017	2016
	HK$'000	*HK$'000*
Cash held on behalf of clients		
Repayable on demand	**418,767**	631,622
Accounts payable:		
Within 1 month/repayable on demand	**85,342**	82,893
1 to 2 months	**28,732**	20,547
2 to 3 months	**759**	3,372
Over 3 months	**21,363**	1,608
	554,963	740,042

Accounts payable are non-interest-bearing.

Included in the accounts payable were commission payables totaling HK$365,000 (2016: HK$618,000) to the spouse, a brother and a cousin of a director of the Company (the director was appointed on 15 January 2018 and prior to the appointment, the director is also a director of the Group's major operating subsidiary) who are consultants of the Group, which are payable on terms similar to those offered to other consultants of the Group.

18. ISSUED BONDS

	2017	2016
	HK$'000	*HK$'000*
Unsecured unlisted bonds, at nominal value		
Repayable after one year but within five years	**625,500**	–
Repayable after five years	**10,000**	656,500
	635,500	656,500
Discount and issue costs	**(39,992)**	(40,051)
	595,508	616,449
Analysed as:		
Current liabilities	**–**	–
Non-current liabilities	**595,508**	616,449
	595,508	616,449

At the end of the reporting period, the particulars of bonds issued by the Company are as follows:

Straight bond	**Placing period**	**Maturity from issue date**	**Coupon rate**	**Effective interest rate**	**Principal outstanding**	
					2017	2016
					HK$'000	*HK$'000*
A	8 July 2014–7 July 2015	7th anniversary	6%	7.53%	**50,000**	50,000
B	16 September 2014–15 September 2015	7th anniversary	6%	7.53%	**300,000**	300,000
C	14 November 2014–2 July 2015	7th anniversary	9%	9.02%	**–**	16,000
D	14 January 2015–13 January 2016	7th anniversary	9%	9.02%	**–**	5,000
E	21 January 2015–20 January 2016	7th anniversary	6%	7.53%	**285,500**	285,500
					635,500	656,500

All bonds are unsecured and contain no conversion feature.

19. SHARE CAPITAL

	At 31 December 2017	At 31 December 2016	At 1 January 2016
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Authorised:			
20,000,000,000 (2016: 20,000,000,000) ordinary shares of HK$0.10 each	**2,000,000**	2,000,000	2,000,000
Issued and fully paid:			
7,778,596,000 (2016: 7,778,596,000) ordinary shares of HK$0.10 each	**777,860**	777,860	777,860

During the years ended 31 December 2017 and 2016, no movement in the Company's authorised and issued share capital was noted.

According to the audited financial statements of the Company for the year ended 31 December 2016 as contained in the 2016 Annual Report, the issued and fully paid share capital of the Company as at 31 December 2016 was stated to be 14,938,896,000 ordinary shares ("Original Share Capital"). For the purpose of these financial statements, a total of 7,160,300,000 ordinary shares (representing approximately 47.93% of the Original Share Capital) shall be null and void and/or invalid and/or rescinded, and such ordinary shares shall be recognised and stated as reserve (rather than share capital) as a matter of financial reporting.

Out of the Original Share Capital, an aggregate of 7,508,300,000 ordinary shares ("Amended Specific Mandate Placing Shares") (representing approximately 50.26% of the Original Share Capital) were issued by the Company under the Amended Specific Mandate Placing Agreement (as referred to in the Company's announcement dated 29 October 2015), the completion of which took place on 29 October 2015. According to the Company's announcement dated 29 October 2015, it was said that the Amended Specific Mandate Placing Shares had been placed to not less than six Amended Specific Mandate Placees (as referred to in the Company's announcement dated 29 October 2015).

On 18 December 2017, the Company together with two of its subsidiaries commenced legal proceedings in the High Court of Hong Kong in High Court Action No. 2922 of 2017 ("the Principal Action"). The Company's case in the Principal Action is that, out of the Amended Specific Mandate Placing Shares, 7,160,300,000 shares (representing approximately 47.93% of the Original Share Capital) were actually wrongfully allotted ("Wrongfully Allotted Shares") which had been issued to non-independent placees ("Alleged Independent Placees") who held the Wrongfully Allotted Shares subject to the control, influence and/or interest of one Cho Kwai Chee Roy, and that the share subscription of many of the Alleged Independent Placees were enabled and/or assisted by circular financing arrangement.

Between July and October 2017, in order to disguise the wrongful nature of the initial allotment and subscription, a large number of the Wrongfully Allotted Shares allotted to the Alleged Independent Placees were transferred by the Alleged Independent Placees directly or indirectly to Mr. Kwok Hiu Kwan ("Mr. Kwok"), Mr. Chen Peixiong ("Mr. Chen") and Madam Wang Pengying ("Madam Wang") respectively. During the relevant period, Mr. Kwok, Mr. Chen and Madam Wang acquired about respectively 29.91%, 7.47% and 2.3% of the Company's shareholding (or in total about 39.68% of the Company's shareholding) through a premeditated scheme and series of coordinated transactions avoiding the detection of the regulators.

Under the laws of Cayman Islands as per the expert evidence filed by the Company, improper allotment of shares by a company render those shares void ab initio. The Company is seeking in the Principal Action, among other things, (1) a declaration and order as against the Alleged Independent Placees that the allotment of the Wrongfully Allotted Shares is null and void, or has been rescinded and set aside; and (2) a declaration and order as against Mr. Kwok, Mr. Chen and Madam Wang that the transfer of the Wrongfully Allotted Shares to Mr. Kwok, Mr. Chen, and Madam Wang is null and void and/or invalid and/or rescinded. Please refer to the Company's announcement dated 3 January 2021.

In making a judgement on the accounting treatment for the Wrongfully Allotted Shares, the Company is conscious that financial information must faithfully represent the substance of the economic phenomena, rather than merely representing the legal form. Representing a legal form that differs from the economic substance of the underlying economic phenomenon could not result in a faithful representation.

The Company is also conscious that financial statements portray the financial effects of transactions and other events by grouping them into broad classes according to their economic characteristics. Elements of financial statements should be classified by their nature and function in the business of the entity in order to display information in the manner most useful to users for purposes of making economic decisions.

By nature, the Wrongfully Allotted Shares, being null and void and/or invalid and/or rescinded, are not shares (ordinary or otherwise) of the Company and therefore the share capital represented by the Wrongfully Allotted Shares ("Wrongful Share Capital") is not share capital.

The Wrongful Share Capital on one hand and the remainder of the Original Share Capital ("Non-Wrongful Share Capital") on the other hand do not share similar economic characteristics, with the former being null and void and/or invalid and/or rescinded and the latter being ordinary shares of the Company. The two should not be grouped into the same broad class because of their different economic characteristics.

In the premises, it is the judgement of the Company that the recognition of the Wrongful Share Capital as share capital is a material error and it should correct the error retrospectively by restating the Wrongful Share Capital as reserve, with a view to displaying information in the manner most useful to users for purposes of making economic decisions.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Group performance

The Group reported a loss before tax of HK$1,422.2 million for the year, a decline of 2,087.7% over the 2016 loss before tax of HK$65.0 million.

Group revenue

Revenue increased from IFA commission income together with interest income from margin financing and asset management service income. The increase however was offset by the significant decline in fair value of financial instruments, lower interest income from debts held and money lending business, and lower income from corporate finance business. As a result, revenue was at HK$863.9 million for the year, dropped by HK$341.3 million against the 2016 revenue.

The Group revenue by reportable segments is as follows:

Revenue by reportable segments:	**2017**	2016	**Increase/ (decrease)**	**Change**
	HK$'000	*HK$'000*	*HK$'000*	%
IFA segment	**886,827**	698,637	188,190	26.9%
Money lending segment	**79,230**	144,040	(64,810)	-45.0%
Proprietary investment segment	**(265,023)**	157,473	(422,496)	-268.3%
Asset management segment	**46,371**	38,045	8,326	21.9%
Corporate finance segment	**5,999**	39,079	(33,080)	-84.6%
Securities dealing segment	**110,481**	127,871	(17,390)	-13.6%
Total	**863,885**	1,205,145	(341,260)	-28.3%

Group operating and other expenses

Total operating and other expenses increased substantially as a result of higher level of impairment on assets, including impairment of investment of an associate, namely First Credit Financial Group Limited, impairment of goodwill, impairment on available-for-sales investments, impairment on loans and other receivables, together with provision for losses on investment brokerage products and share of loss of an associate, namely JFA Capital. Increases in other operating costs were in general in line with business activities.

Loss after tax was HK$1,451.8 million that denoted a drop of HK$1,347.6 million against the 2016 of HK$104.2 million.

Group financial position

Total consolidated assets of the Group decreased by 18.8% from HK$6,546.7 million as at 31 December 2016 to approximately HK$5,314.8 million as at 31 December 2017. Reduction recorded mostly in non-current assets as a result of impairment of financial and non-financial assets, disposals of investments and investment properties. With a substantial repayment of loans from money lending business in 2017, the reduction resulted in a corresponding increase in cash and cash equivalents. Group's liquidity was strengthened.

PROSPECTS AND OUTLOOK

Key events highlights

Before 8 December 2017, Convoy was effectively operated and managed by the previous management team largely comprised of Dr. Cho Kwai Chee ("Roy Cho") (a former executive Director who was removed by the New Board on 17 August 2018), Mr. Wong Lee Man ("Quincy Wong") (former Chairman and executive Director whose duty had been suspended since 8 December 2017 and was removed at the adjourned extraordinary general meeting held on 7 January 2021), Ms. Fong Sut Sam ("Rosetta Fong") (a former executive Director whose duty had been suspended since 8 December 2017 and resigned on 16 November 2020), Ms. Chan Lai Yee ("Christie Chan") (a former Executive Director whose duty had been suspended since 8 December 2017 and was removed at the adjourned extraordinary general meeting held on 7 January 2021) and Mr. Tan Ye Kai, Byron (former executive Director, resigned on 6 January 2018 when his employment was terminated) ("Previous Management Team").

On 15 November 2016, Roy Cho who was not a director of Convoy at the time procured the then Convoy board to grant share options of 149,388,000 shares at an exercise price of HK$0.2332 to some senior executives, including Quincy Wong, purportedly in recognition of their "past and continuous contribution which has contributed significantly to the business operation and performance" of the Convoy Group. However, the Human Resources Department, which is the department responsible for determining matters such as appraisal, performance evaluation and remuneration, was deliberately excluded from the decision-making process.

During 2017, Convoy encountered a series of unforeseen planned attacks and challenges engineered by Roy Cho with collaboration of Previous Management and certain Convoy shareholders from the Enigma Network with a motive to completely concealing all evidence of irregularities and wrongdoings.

In January 2017, the Previous Management Team led by Roy Cho unexpectedly stopped the operation funding of a wholly owned subsidiary of Convoy, Hong Kong Credit Corporation Limited ("HKCC"), and totally ignored the potential legal and financial liabilities that caused to the Group. HKCC is a money lending arm of Convoy which focuses on mortgage financing business targeting the profitable niche non-bank customers segment. HKCC had built an instant success program, Mortgage Insurance Program ("HKCC MIP"), jointly with a reputable general insurance company in Hong Kong in second half of 2016. HKCC MIP was the first ever formal collaboration between a licensed money license lender and insurance company in Hong Kong with many unique first-of-its-kind features in the consumer finance industry in Hong Kong. HKCC was expected to build a long-term sustainable and profitable business for the Group. The instant success built by HKCC within months was immediately collapsed after the sudden stopped of funding by the Previous Management Team. The unexpected destruction of HKCC business by the Previous Management Team has caused a serious financial, reputation and brand damages to both HKCC and the Group. Despite maintaining its loan book with profitable results, HKCC had no longer generating new business after December 2017.

On 9 May 2017, the former Chairman of Convoy, Quincy Wong, received an email from a 1.23% minority shareholder, Town Ally Enterprise Limited (wholly owned by an Enigma Network company), requested the then entire Board to voluntarily seek re-election in the annual general meeting in June 2017 ("June 2017 AGM"). Despite the informal and non-binding nature of the request and the minor shareholding status of the shareholder making the request, Quincy Wong acted upon the request by asking the then board to resign without first discussing with the then Board and without first consulting with legal advisors. Worse still, all of the then Directors (except Mr. Ng Wing Fai) swiftly agreed to resign and seek re-election in June 2017 AGM.

On 15 May 2017, the Webb Report was published which included Convoy as one of the companies in the Enigma Network. Soon after the publishment of the Webb Report, the regulators formally conducted raid and investigations on Convoy of any potential irregularities and wrongdoings on 28 June 2017. In cooperation with the regulators, Convoy appointed FTI Consulting (Hong Kong) Limited, an independent internal control advisor on 30 June 2017 to conduct investigations and forensic review to identify any misfeasance, misconduct or wrongdoings, committed or suspected to have been committed by any person connected with the Group and identified parties.

During the period between July and October 2017, Mr. Kwok Hiu Kwan ("Mr. Kwok") and Mr. Chen Pei Xiong ("Mr. Chen") started to acquire Shares in a manipulative and coordinated arrangement from certain Enigma Network companies and individuals (according to the pleadings filed by Convoy in HCA 2922/2017). Mr. Kwok and Mr. Chen then respectively filed the disclosure of interests with the Stock Exchange as shareholder of Convoy with approximately 29.91% and 7.26% interest respectively.

On 30 October 2017, Convoy received a notice from Mr. Kwok requisitioning an extraordinary general meeting to remove all the then directors except Quincy Wong, Rosetta Fong and Mr. Ma Yiu Ho, Peter ("Peter Ma") (a former independent non-executive Director who resigned on 5 July 2018), and to appoint five nominees or persons at Mr. Kwok's choice in order to exert a complete control of Convoy ("Requisition"). Convoy then announced on 20 November 2017 that the Requisition extraordinary general meeting was fixed and held on 29 December 2017.

Immediately after the Requisition, two Directors of Convoy resigned in November 2017, namely:

i. Mr. Mak Ka Wing, Patrick resigned as an independent non-executive Director effective 2 November 2017; and

ii. Mr. Chan Ngai Sang, Kenny resigned as an independent non-executive Director effective 29 November 2017.

On 7 December 2017, one of the regulators conducted enforcement operations led to the arrest of three members of the Previous Management including Quincy Wong, Rosetta Fong and Christie Chan ("Arrest"). In order to protect the interest of Convoy and its shareholders, Convoy then immediately made a proactive action to request a voluntary suspension on trading of Convoy shares in the morning on 7 December 2017. In facing extreme uncertainties in the aftermath of the Arrest and series resignation of the then directors, Convoy learned the urgency to appoint new qualified professionals to the Board to oversee and advise Convoy, more importantly, to stabilize and rebuild the Group. With that in mind, Convoy took decisive decision to appoint new board members below ("New Board"):

i. Mrs. Fu Kwong Wing Ting, Francine Fu was appointed as an independent non-executive Director on 8 December 2017;

ii. Mr. Pak Wai Keung, Martin was appointed as an independent non-executive Director on 8 December 2017;

iii. Mr. Yan Tat Wah was appointed as an independent non-executive Director on 8 December 2017;

iv. Mr. Johnny Chen was appointed as an executive Director on 9 December 2017;

v. Mr. Yap E Hock, was appointed as an executive Director on 9 December 2017; and

vi. Ms. Ip Yee Kwan ("Ms. Ip"), was appointed as an executive Director on 9 December 2017.

With the appointment of new directors above, the New Board of Convoy was officially formed and Mr. Johnny Chen was appointed as the chairman of the New Board on 21 December 2017. Ms. Ip was also appointed as the Chief Financial Officer of the Group. The New Board under the assistance of Ms. Ip immediately led a team and took control of the finance department, assessed the financial damages and verified the cash positions of the Group.

The new management team ("New Management Team") led by Mr. Johnny Chen and Mr. Ng Wing Fai with a determined mission to safeguard, de-risk, stabilize and rebuild the Group immediately undertook a complete organizational restructuring which includes de-risking the crisis brought by and minimizing the influence of the Previous Management Team through fresh recruitment of management personnel. Since 7 December 2017, Convoy has replaced a substantial number of senior staff which has resulted in a complete change of senior management of the Group.

On 18 December 2017, with the advices of legal advisors, Convoy together with two of its subsidiaries (namely Convoy Collateral Limited and OnePlatform Securities Limited (formerly named CSL Securities Limited) ("OnePlatform Securities") commenced legal proceedings against 28 Defendants in High Court Action No 2922 of 2017 ("HCA 2922/2017"). Convoy's claim against these defendants arise from a placement of Convoy's shares which took place on 29 October 2019 where a substantial number of shares ("Wrongfully Allotted Shares") were allotted to certain placees holding out as independent placees ("Alleged Independent Placees"). It is Convoy's case that the Wrongfully Allotted Shares had then been wrongfully transferred to Mr. Kwok and Mr. Chen respectively. Reference is made to the Company's announcements dated 9 January 2018, 12 February 2018, 5 March 2018, 24 September 2018, 19 June 2020, 17 November 2020 and 3 January 2021.

Although Convoy experienced a year of significant watershed in 2017 and encountered unmanned challenges, looking into the future, the Group will further integrate its internal and external resources, aiming to promote its business. The Group is committed to executing upon its long-term strategy, strengthening the market-leading positions of its core business, and investing for growth in new businesses and opportunities. In doing so, the Group is well-positioned to compete in the years ahead, deliver higher, more sustainable returns for its shareholders, and becomes a trusted partner for institutions and individuals.

BUSINESS REVIEW

IFA business

Hong Kong and Macau

The IFA Business has experienced a series of unprecedented challenges since early 2015 with first the change of regulatory requirements of the Investment-linked Assurance Scheme ("ILAS") that took effect on 1 January 2015 which led to serious deterioration of the IFA Business in 2015. With limited efforts by the Previous Management Team in rebuilding the IFA Business during 2016 and 2017, the IFA Business again suffered destructive damages with the loss of over 250 consultancy force after the enforcement operations in December 2017.

Notwithstanding the immense reputational and financial damages, our various diversification strategies by way of adding business partners, strengthening consultancy force and enlarging product variety helped driving a steady growth of the revenue from IFA business in Hong Kong. While Mandatory Provident Fund Schemes Authority continues to promote the Employee Contribution Arrangement ("ECA") and study feasibility for the implementation of "MPF full portability", the Group believes that the demand on our MPF financial planning and advisory services would continue to increase. With the Group's persistent efforts on implementing these strategies, we have confidence to maintain our competitiveness in the IFA industry in Hong Kong.

For Macau, we will continue to explore opportunities to scale up our business operations in order to enhance regional connectivity and tap new business opportunities.

Mainland China

To seize business opportunities on the increasing demand for wealth management and financial planning services from Mainland China, the Group has devoted substantial resources in Mainland China in the past few years to build up and broaden our client base. By adjusting our business strategies from time to time, strengthening our client base and implementing stringent cost controls, we would target to achieve profitability for our Mainland China operations in long run.

Money lending business

The Group's money lending business was significantly affected with the sudden destruction of HKCC by the Previous Management Team in January 2017. Notwithstanding the serious negative impacts and damage caused to the Group, the New Management Team will continue to revamp and develop its all-rounded financial services platform which manages wealth and provides liquidity for customers. To effectively use the Group resources, we will continue to extend prudent lending to the retail markets this business into the in-building fintech platform, while at the same time continue to strengthen credit quality and credit risk management to accumulate a stable income stream for the Group.

Asset management business

Revenue from asset management business increased by approximately 21.9% from approximately HK$38.0 million in prior year to approximately HK$46.4 million in current year which was mainly due to a slight increase in fund management fee along with our steady growth in number of funds and asset under management and also extra income from performance fee sharing.

With the healthy growth in investment brokerage and asset management business, we believe that our asset management platform will continue to create substantial value for our shareholders by means of generating stable and recurring income for our Group.

Securities dealing business

The securities dealing business suffered a setback in the second half of 2017 particularly after the investigation by the regulator into OnePlatform Securities, primarily carrying on securities dealing business, with regard to its margin lending operation triggered by the "Enigma Network Stock". After the probe, OnePlatform Securities was accused of failing to comply with certain requirements as set out in the Code of Conduct for Persons Licensed by and Registered with the SFC applicable to securities margin financing activity. As a penalty for the non-compliance, certain operational conditions and restrictions on OnePlatform Securities was imposed in the form of an undertaking made to SFC (the "Undertaking") in July 2017. The Undertaking was accepted by the previous management of OnePlatform Securities who confirmed to strictly abide by it until SFC is satisfied that OnePlatform Securities has undergone a reshuffle, enhancing its system and controls in relation to securities margin financing operation.

After the Undertaking to SFC, the securities margin loans were substantially recovered. Margin loan balance plummeted from over HK$900 million on average in 2016 to less than HK$100 million on average in 2017. On shrinking securities margin financing business, revenue from securities dealing businesses dropped in 2017.

Proprietary investments

The proprietary investments suffered approximately HK$883 million losses in 2017 primarily comprising of legacy investments under the previous management. To safeguard the interest of the Group and all stakeholders, the new management team had in early 2018 taken immediate action and terminated the operation of proprietary investments.

LIQUIDITY AND FINANCIAL RESOURCES

The Group mainly relies upon the shareholders' fund, placing of bonds and cash generated from its business operations to finance its operations and expansion. As at 31 December 2017, the Group had cash and cash equivalents of approximately HK$2,021.6 million (2016: HK$967.1 million), bond payables of approximately HK$595.5 million (2016: HK$616.4 million) and interest-bearing bank and other borrowings of HK$Nil (2016: HK$59.9 million). The gross gearing ratio, calculated on the basis of the aggregate of the Group's bond payables and interest-bearing bank and other borrowings divided by equity attributable to owners of the Company, was approximately 16.6% (2016: 13.8%). As at 31 December 2017, the net current assets of the Group amounted to approximately HK$2,568.3 million (2016: HK$3,181.3 million) and the current ratio (current assets/current liabilities) was approximately 3.4 (2016: 4.0).

CAPITAL STRUCTURE

As at 31 December 2017 and 2016, the authorised share capital of the Company was HK$2,000 million divided into 20,000,000,000 shares of HK$0.1 each and the issued share capital of the Company was approximately HK$777.9 million divided into 7,778,596,000 shares of HK$0.1 each. Please refer to notes 4 and 19 to the consolidated financial statements in this announcement for the detailed explanation on the share capital structure of the Company.

During the years ended 31 December 2017 and 2016, no movement in the Company's authorised and issued share capital was noted.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 31 December 2017, the Group employed 503 (2016: 491) supporting staff and 14 (2016: 17) salary-based/daily rate trainees. The total remuneration of the employees (including the Directors' remuneration) was approximately HK$297.1 million for the year ended 31 December 2017 (2016: HK$236.4 million).

The Group offered competitive market remuneration packages for employees and granted bonuses with reference to employees' performance during the reporting periods according to the general rules of the Group's remuneration policy.

The emoluments of the Directors are in accordance with the remuneration policy of our Group that it is our Group's remuneration objective to, in consultation with the Remuneration Committee, remunerate Directors fairly but not excessively for their efforts, time and contributions made to the Group and the remuneration of Directors would be determined with reference to various factors such as duties and level of responsibilities of each Director, the available information in respect of companies of comparable business or scale, the performance of each Director and the Group's performance for the financial year concerned and the prevailing market conditions.

In addition, the Company's retirement policy scheme was adopted for the primary purpose to retain critical participants for the continual operation and development of the Group. The Company also operates a share option scheme which was adopted on 23 June 2010 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The share option scheme, unless otherwise cancelled or amended, will remain in force for 10 years from that the adoption date.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2017, the financial investments held by the Group are as follows:

	2017	2016
	HK$'000	*HK$'000*
Held-to-maturity investments	**18,185**	141,815
Available-for-sale investments	**927,817**	761,755
Financial assets at fair value through profit or loss	**624,815**	1,105,957
Financial liabilities at fair value through profit or loss	**(167)**	(35,122)
Total	**1,570,650**	1,974,405

Save as disclosed above, the Group did not hold any other significant financial investment as at 31 December 2017.

Information in relation to the top 3 significant financial investments as at 31 December 2017 are set out as follows:

Stock code	**Name of investee company/fund**	**Nature of investment**	**Principal business or investment scope of the investee company/fund**	**Carrying value**		**Investment during the year**	**Change in fair value during the year**
				2017	2016		
				HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Not applicable	Nutmeg Saving and Investment Limited	Investment in shares	Provision of online discretionary investment management services and is regulated by the Financial Conduct Authority of the United Kingdom	**254,004**	236,148	–	17,856
1140	OP Financial Limited	Investment in listed shares	Provision of management services and trading in securities	**203,885**	162,815	–	41,070
Not applicable	Mulberry Health Inc.	Investment in shares	High growth technology and date driven health insurance company	**165,036**	155,000	–	10,036

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

On 13 July 2017, the Group disposed of its entire equity interest in Waller Holdings Limited to an independent third party for a consideration of approximately HK$145.4 million, which included the settlement by repayment of loan of approximately HK$138.2 million and cash consideration received of approximately HK$7.2 million, resulting in a gain on disposal of approximately HK$28.8 million.

Save as disclosed above, the Group did not have any other material acquisition and disposal of subsidiaries for the year ended 31 December 2017.

FUTURE PLANS RELATING TO MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 December 2017, the Group's capital commitments related to the capital investments in available-for-sale investments amounted to HK$50.4 million (2016: HK$205.3 million).

Save as disclosed above, the Group had not executed any agreement in respect of material investments or capital assets and did not have any other future plans relating to material investments or capital assets as at the end of the reporting period.

CONTINGENT LIABILITIES

The Group has been served a number of claims and counterclaims by various independent parties. These claims and counterclaims are in relation to the normal commercial activities of the Group. No material provision was made against these claims and counterclaims because the directors believe that the Group has meritorious defenses against the claimants or the amounts involved in these claims are not expected to be material. For details of the litigation which the Group is involved, please refer to "Litigation" section of this announcement.

Save as the above, the Group did not have any significant contingent liabilities as at 31 December 2017 and 2016.

PLEDGE OF ASSETS

As at 31 December 2017, assets pledged to banks to secure banking facilities (including bank borrowings and bank overdraft) granted to the Group are as follows:

	2017 ***HK$'000***	2016 *HK$'000*
Investment property	**–**	111,300
Building	**–**	22,155
Bank deposit	**10,169**	10,103
Total	**10,169**	143,558

EVENTS AFTER THE REPORTING YEAR

(i) On 8 June 2018, an indirect wholly-owned subsidiary of the Company entered into the sale and purchase agreement to sell an aggregate of 1,070,400,000 shares in First Credit Finance Group Limited ("First Credit"), representing 29.5% of the total issued share capital of First Credit on the date of announcement, for an aggregate consideration of HK$61,012,800 as disclosed in the announcement dated 13 June 2018 made by the Company.

(ii) In addition to the investment into Nutmeg Saving and Investment Limited ("Nutmeg") in 2016, on 2 January 2019, Convoy Technologies Limited (now known as TAG Technologies Limited ("Convoy Tech")), an indirect wholly-owned subsidiary of the Company, entered into a new investment agreement with Nutmeg, Goldman Sachs PSI Global Holdings, LLC and other independent parties pursuant to which Convoy Tech agrees to make a further investment (the "Further Investment") of up to 1,949,865 E1 preferred ordinary shares in Nutmeg for a consideration of up to £25,000,000.00. Details of the Further Investment is set out in the announcement dated 23 January 2019.

(iii) On 20 November 2018, Convoy Tech entered into the subscription agreement with Tandem Money Limited ("Tandem Money"), pursuant to which Convoy Tech agrees to subscribe and Tandem Money agrees to issue a certain number of ordinary B shares in Tandem Money for a consideration of £15 million (the "Previous Subscription"). In addition, on 2 April 2020, Convoy Tech entered into a further subscription agreement with Tandem Money, pursuant to which Convoy Tech agrees to subscribe and Tandem Money agrees to issue a certain number of ordinary B shares in Tandem Money for a consideration of £10 million (the "Further Subscription"). Details of the Previous Subscription is set out in the announcement dated 20 November 2018 and details of the Further Subscription is set out in the announcements dated 3 April 2020 and 8 April 2020.

(iv) On 24 August 2018, the Group has entered into a strategic partnership with CurrencyFair Limited ("CurrencyFair"), a leading provider of international money transfer services. The partnership includes an investment of approximately €6 million (the "Investment") by the Group and the merger (the "Merger") of the Group's existing payment business, Convoy Payments Limited, with CurrencyFair. Details of the Investment and Merger is set out in the announcement dated 24 August 2018.

(v) On 22 June 2020, the Board was approached by National Arts Entertainment and Culture Group Limited ("National Arts"), a company listed on the GEM board of the Stock Exchange (Stock Code: 8228), about a conditional voluntary share exchange offer by National Arts to acquire all of the issued shares in the share capital of the Company (the "General Offer"), subject to fulfilment of certain conditions. Details of the General Offer is set out in the announcements dated 29 June 2020, 29 July 2020, 17 August 2020, 24 August 2020, 28 August 2020 and 28 September 2020, 28 October 2020, 27 November 2020, 24 December 2020 and 25 January 2021.

(vi) On 25 November 2020, the Company entered into a non-binding Term Sheet with AGBA Acquisition Limited ("AGBA"), a company listed on NASDAQ, pursuant to which the Company conditionally proposes to dispose of its entire platform business and 30% of its independent financial advisory business to AGBA for a total consideration of US$400,000,000 (HK$3,100,000,000) to be satisfied by the payment of US$100,000,000 (HK$775,000,000) in cash and the issue of US$300,000,000 (HK$2,325,000,000) of new AGBA shares at an issue price of US$10 (HK$77.50) per AGBA share, subject to, among other things, satisfactory due diligence by AGBA. Details of this proposed transaction is set out in the announcement dated 25 November 2020.

(vii) References are made to the announcements of the Company dated 7 December 2017, 8 December 2017 and 21 December 2017 in relation to the enforcement operations conducted by the enforcement authority, involving two former executive Directors. 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 remains suspended as at the date of this announcement.

On 22 March 2018, the Company received a letter the Stock Exchange setting out the resumption guidance for the Company. On 29 May 2020, the Company received a letter from the Stock Exchange stating the decision of the Listing Committee of the Stock Exchange made on 28 May 2020 to cancel the Company's listing under Rule 6.01A of the Listing Rules (the "Delisting Decision").

Reference is also made to the announcement of the Company dated 1 November 2020 on update regarding resumption conditions. The Company has submitted a written request to the secretary of the Listing Review Committee of the Stock Exchange pursuant to Rule 2B.06(2) of the Listing Rules for a review of the Delisting Decision. In summary, key to the Company's application to resume trading is the fulfilment of the five resumption conditions ("Resumption Conditions"), being:

1. disclosure of details of the irregularities by the previous management and assessment of the impact of such irregularities on the Company's financial and operation position;

2. demonstrating to the Stock Exchange that the Company has put in place adequate internal control systems to meet the obligations under the Listing Rules;

3. demonstrating to the Stock Exchange that there is no reasonable regulatory concern about management integrity;

4. publication of all outstanding financial results and address any audit qualifications; and

5. informing the market of all material information for the shareholders and the investors to appraise the Company's position.

Of the above five Resumption Conditions, as of 1 November 2020 (being the date of the announcement), the Board was of the view that only Resumption Condition 4 — the publication of the financial results for the three years ended 31 December 2017, 2018 and 2019 remained outstanding, and this condition will be fulfilled once the annual results for the three years ended 31 December 2017, 2018 and 2019 are published.

The Company understands that the date of the review hearing with the Listing Review Committee of the Stock Exchange has not yet been fixed as at the date of this announcement.

For the update on the Company's resumption of trading of the shares, please refer to the quarterly update announcements of the Company on the status of resumption.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2017 (2016: HK$Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

LITIGATION

Material litigation cases involving the Company

Reference is made to the announcements of the Company made through the Stock Exchange of Hong Kong Limited ("Stock Exchange") dated 21 December 2017, 27 December 2017, 3 January 2018, 4 January 2018, 9 January 2018, 16 January 2018, 12 February 2018, 5 March 2018, 8 March 2018, 13 April 2018, 19 June 2018, 4 July 2018, 18 July 2018, 24 September 2018, 4 November, 2019, 20 December 2019, 3 February 2020, 5 June 2020, 19 June 2020, 31 July 2020, 27 August 2020, 30 September 2020, 19 October 2020, 30 October 2020, 17 November 2020, 24 November 2020 and 3 January 2021. Since late 2017, the Company has been involved in not less than 17 material litigations of which ten were initiated and filed by the Company to protect the Company's interests and not less than 7 material proceedings against the Company:

Material Litigations filed by the Company:

Action Number	Filing date	Status
(a) High Court Action No. 2922 of 2017	18 December 2017	Live
(b) High Court Action No. 3001 of 2017	22 December 2017	Live
(c) FSD 286 of 2017 (Grand Court of the Cayman Islands)	29 December 2017	Live
(g) High Court Action No. 399 of 2018	14 February 2018	Live
(h) BVIHC (COM) 0019 of 2018 (filed in the British Virgin Islands)	6 February 2018	On appeal to the Privy Council heard on 16 and 17 February 2021.
(i) High Court Miscellaneous Proceedings No. 1350 of 2018	29 August 2018	Live
(k) High Court Action No. 2000 of 2018	24 August 2018	On appeal to the Court of Appeal.
(l) High Court Action No. 1228 of 2019	9 July 2019	Live
(m) High Court Action No. 2416 of 2019	30 December 2019	Live
(n) High Court Action No. 1435 of 2020	25 August 2020	Live

Material Litigation against the Company:

Action Number	Filing date	Status
(d) High Court Miscellaneous Proceedings No. 2773 of 2017	29 December 2017	Stayed pending the resolutions of HCA 2922/2017
(e) Hong Kong Miscellaneous Proceedings No. 41 of 2018	11 January 2018	Dismissed with reasons handed down on 4 March 2020. The appeal was dismissed on 24 November 2020.
(f) High Court Action No. 187 of 2018	22 January 2018	Dismissed on 31 July 2018
(f) High Court Action No. 258 of 2018	30 January 2018	Dismissed on 31 July 2018
(i) High Court Action No. 702 of 2018	27 March 2018	Live. The Company filed a counterclaim on 23 August 2018.
(j) High Court Miscellaneous Proceedings No. 900 of 2018	15 June 2018	Interim Injunction dismissed on 26 June 2018
(o) High Court Miscellaneous Proceedings No. 1578 of 2020	20 October 2020	Interim Injunction dismissed on 13 November 2020

Details of the litigation cases are set out as follows:

(a) HCA 2922/2017

On 18 December 2017, the Company together with two of its subsidiaries (namely Convoy Collateral Limited ("CCL") and CSL Securities Limited (now known as OnePlatform Securities Limited) ("OPSL") 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, a former Executive Director of the Company ("Cho"); (2) Mr. Wong Lee Man Quincy ("Wong"), a former Executive Director of the Company; (3) Mr. Mak Kwong Yiu Mark ("Mak"), a former Executive Director of the Company; (4) Mr. Tan Ye Kai Byron Tan, a former Executive Director of the Company; (5) Ms. Fong Sut Sam Rosetta, a former Executive Director of the Company; (6) Ms. Chan Lai Yee ("Chan"), a former Executive Director of the Company; (7) Mr. Kwok Hiu Kwan ("Kwok"), 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 ("Chen"), 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 (the "Wrongfully Allotted Shares") were allotted to certain placees holding out as independent placees (the "Alleged Independent Placees"). It is the Company's case that the Wrongfully Allotted Shares had then been wrongfully transferred to Kwok and Chen respectively. Among other things, the Company sought the following relief:

(i) an order as against the Alleged Independent Placees that the allotment of the Wrongfully Allotted Shares be set aside;

(ii) a declaration as against Kwok and Chen that the transfer of the Wrongfully Allotted Shares to Kwok and Chen is null and void and/or invalid and/or rescinded;

(iii) a declaration that 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; and

(iv) an injunction as against Kwok and Chen, that they be restrained from exercising the voting rights of, or transferring or otherwise dealing with their interest in, the Wrongfully Allotted Shares.[1]

On 28 December 2017, the Company commenced legal proceedings in the Grand Court of the 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 the 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 further findings and evidence relevant to the legal proceedings were unearthed.

On 24 August 2018, Mr. Choi Chee Ming ("Choi") applied to the High Court of Hong Kong to seek leave to be joined as a party to the legal proceedings. Choi was added as the 40th Defendant on 1 November 2018.[2]

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 ("Wang") as the 41st Defendant being a purported registered shareholder of about 2.3% of the Company's shareholding who was (according to the Company's case) acting in concert with Kwok and Chen. On 12 July 2019, Mr. Justice Harris approved the addition of Wang as the 41st Defendant.[3]

(b) HCA 3001/2017

On 22 December 2017, the Company and two of its subsidiaries, namely Convoy Financial Services Limited ("CFS") and OPSL, have commenced legal proceedings in the High Court of Hong Kong in High Court Action No. 3001 of 2017 against four defendants, namely (1) Wong, (2) Mak, (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.[4]

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1 Announcements 21/12/2017& 09/01/2018
2 Announcement 24/09/2018
3 Announcement 04/11/2019
4 Announcements 27/12/2017 & 04/11/2019

(c) FSD 286 of 2017

During the extraordinary general meeting of the Company held on 29 December 2017 (the "2017 December EGM"), 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.[5]

On 28 May 2018, the Grand Courts of the Cayman Islands approved the application that Kwok be joined as a defendant in FSD 286 of 2017.[6]

(d) HCMP 2773/2017

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 Zhu Xiao Yan in the High Court of Hong Kong against 33 respondents, including Cho, Wong, Kwok, Chen, the Company and four of its subsidiaries, namely, CCL, OPSL, CFS and Convoy Wealth Management Limited. Zhu Xiao Yan sought in the Zhu Petition, among others, against the Company (i) a declaration that the placing of 3,989,987,999 Shares (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 Kwok and Chen 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.[7]

On 6 March 2018, Mr. Justice Harris sitting as a Judge in the High Court of Hong Kong ordered that HCMP 2773/2017 be stayed pending the resolutions of HCA 2922/2017.[8]

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[5] Announcement 03/01/2018

[6] Announcement 04/11/2019

[7] Announcements 03/01/2018 & 04/01/2018

[8] Announcement 8/3/2018

(e) HCMP 41/2018

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 Hong Kong by Kwok 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 Kwok 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 Kwok's shares at any general meeting of the Company, or in any way to disregard, diminish or qualify the Kwok's rights as a shareholder of the Company; (iii) a declaration that the Kwok'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 Kwok's shares in the voting.[9]

The first hearing of HCMP 41/2018 took place on 6 March 2018.[10] Upon the application taken out by the defendant directors to strike out the action as against each of them, Kwok withdrew HCMP 41/2018 against all the defendant directors.

The substantive hearing of HCMP 41/2018 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:

(i) 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 Kwok (or his nominee) should not be counted at the 2017 December EGM; and

(ii) 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 Kwok can demonstrate either it was reached in bad faith or it is demonstrated that the Court should intervene on other common law grounds.

[9] Announcement 16/01/2018
[10] Announcement 12/02/2018

In view of the ruling of the Court, Mr. Justice Harris set down HCMP 41/2018 for trial commencing on 19 March 2019.[11]

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

On 31 March 2019, Mr. Justice Harris dismissed Kwok's originating summons in its entirety with written reasons handed down on 4 March 2020.

Upon Kwok's appeal against the judgment of Mr. Justice Harris, the Court of Appeal dismissed Kwok's appeal on 24 November 2020. After the dismissal of the Kwok's appeal, Kwok has applied for leave to appeal to the Court of Final Appeal.

(f) HCA 187/2018 and HCA 258/2018

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 OPSL, 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 or about 31 July 2018, both of HCA 187/2018 and HCA 258/2018 were dismissed.[12]

(g) HCA 399/2018

On 14 February 2018, CCL issued a Writ of Summons in High Court Action No. 399 of 2018 ("HCA 399/2018") in the High Court of Hong Kong against 13 defendants, including, Cho and Chan. 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 according to the Writ of Summons filed in HCA 399/2018. According to the Writ of Summons filed in HCA 399/2018, such loss and damage have arisen from:

(i) the wrongful acquisition of shares in First Credit Finance Group Limited ("First Credit"), 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 ("China Green"), 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 at a profit, causing loss and damage to CCL up to the amount of approximately HK$298 million;

[11] Announcement 24/09/2018
[12] Announcement 04/11/2019

(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.[13]

On 26 June 2019, CCL filed a Mareva injunction against Cho and Broad Idea International Limited ("Broad Idea"), a company incorporated in the British Virgin Islands, registered or held in the name of Cho, in HCA 399/2018.

By a Court Order on 16 June 2020, the Court of Appeal granted a Worldwide Mareva Injunction against Cho up to and including the trial of HCA 399/2018 or further order of the Court that Cho must not:

(i) remove from Hong Kong any of his assets which are within Hong Kong, whether in his own name or not, and whether solely or jointly owned, up to the value of HK$769,581,153.66; or

(ii) in any way dispose of or deal with or diminish the value of any of his assets, whether within or outside Hong Kong, whether in his own name or not, and whether solely or jointly owned up to the value of HK$769,581,153.66. This prohibition includes (but is not limited to) in particular the shares in Broad Idea, or their net sale money.

[13] Announcements 05/03/2018 & 04/11/2019

(h) BVIHK 0019 of 2018 and its appeal

In tandem with the proceedings under HCA 399/2018, CCL obtained a 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 BVIHK 0019 of 2018, until further order of the BVI Court, against Cho and Broad Idea, that:

(i) Broad Idea be restrained from, among others, (i) 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; (ii) 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; (iii) 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; (iv) 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; (v) 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 (vi) cancelling Cho's Shares and/or reissuing such shares or causing or instructing the same; and

(ii) Cho be restrained from, among others, (i) 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; (ii) 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 (iii) 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.[14]

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 and subsequently dismissed the appeal on 30 March 2020.

On 31 July 2019, Judge Adderley of the BVI Court after an inter parte hearing granted the Freezing Injunction against Broad Idea in favor of CCL.[15]

On 29 May 2020, the BVI Court of Appeal allowed the appeal brought by Broad Idea against the decision of Judge Adderley of the BVI Court of 31 July 2019 in relation to the Freezing Injunction against Broad Idea. The BVI Court of Appeal allowed the appeal and set aside the Freezing Injunction against Broad Idea.

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[14] Announcements 05/03/2018 & 24/09/2018
[15] Announcement 04/11/2019

CCL has applied for leave to appeal to the Privy Council in relation to the BVI Court of Appeal decisions concerning the Freezing Injunctions against Broad Idea and Cho on 18 June 2020 and 29 June 2020.[16]

On 30 September 2020, the Judicial Committee of the Privy Council granted the application made by CCL to stay the order of the BVI Court of Appeal dated 29 May 2020 as against Broad Idea pending CCL's appeal to the Privy Council concerning the Freezing Injunction against Broad Idea. CCL's appeal against the BVI Court of Appeal decision concerning the Freezing Injunction against Broad Idea and the Freezing Injunction against Cho will take place in the Privy Council on 16 and 17 February 2021.[17]

(i) HCA 702/2018 and HCMP 1350/2018

On 27 March 2018, Convoy (Trademarks) Limited as plaintiff, which is not a subsidiary of the Company, ("CTL") commenced legal proceedings in the High Court of Hong Kong against the Company and seven of its subsidiaries as defendants. CTL claimed that the Company and other defendants have infringed of a number of registered trademarks (the "Marks") registered in the name of CTL.[18]

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, CFS, was and still is at all times the beneficial owner of the Marks. The Company and CFS also counterclaimed against Wong and Mak 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, Wong and Mak to claim for the beneficial ownership of three further trademarks.[19]

(j) HCMP 900/2018

On 15 June 2018, Kwok 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 Kwok sought an injunction against the Company and its directors and CCL from disposing CCL's shareholdings in First Credit.[20]

The interim hearing was heard on 22 and 26 June 2018 before Mr. Justice Harris. His Lordship dismissed the application of interim injunction application of Kwok against all the parties involved, with costs on an indemnity basis to be paid forthwith by Kwok to the Company, CCL and its directors.[21]

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[16] Announcement 31/07/2020
[17] Announcement 30/10/2020
[18] Announcement 13/04/2018
[19] Announcement 04/11/2019
[20] Announcement 19/06/2018
[21] Announcement 04/07/2018

(k) HCA 2000/2018

On 24 August 2018, the Company and OPSL commenced legal proceedings in the High Court of Hong Kong in HCA 2000 of 2018 against Kwok and Chen in which the Company and OPSL sought the following relief from the Court:

(i) A Declaration that Kwok and/or Chen has/have contravened section 131 of the Securities and Futures Ordinance ("SFO"), in that Kwok and/or Chen (acting as associates or otherwise) has/have become and continued to be (purported) substantial shareholder(s) of OPSL, 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 ("SFC") under section 132 of the SFO.

(ii) A Declaration that Kwok and/or Chen has/have contravened section 131 of the SFO, in that the Kwok and/or Chen 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.

(iii) An injunction order prohibiting Kwok and Chen from exercising the purported voting rights conferred by the 37% Stake, unless and until the SFC approves Kwok and/or Chen to become and continues to be (purported) substantial shareholder(s) of OPSL under section 132 of the SFO.

The relief sought by the Company and OPSL 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.[22]

On 8 July 2020, the strike out application by Kwok and Chen was heard in the High Court of Hong Kong by Mr. Justice Coleman. On 10 July 2020, Mr. Justice Coleman handed down the decision that HCA2000/2018 be struck out for the reasons that, among other things, it is the SFC which is the relevant person granted the policing powers under the relevant section of the SFO and that it is perfectly open to the Company to lay the same facts before the SFC, and to invite the SFC to exercise the powers given to the SFC under the SFO.[23] The Company and OPSL have subsequently filed an appeal against Mr. Justice Coleman's decision to the Court of Appeal.

(l) HCA 1228/2019

On 9 July 2019, CCL commenced legal proceedings against 8 defendants which include Cho and Hui Ka Wah Ronnie, a former executive director of the Company and Chan, for loss and damage arising from the loans extended to Blue Farm Limited in the sum of HK$19,000,000.[24]

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22 Announcement 24/09/2018

23 Announcement 31/07/2020

24 Announcement 04/11/2019

(m) HCA 2416/2019

On 30 December 2019, the Company together with three of its wholly-owned subsidiaries filed a Writ of Summons in the High Court of Hong Kong in High Court Action No. 2416 of 2019 ("HCA 2416/2019") against Ernst & Young ("EY"), a professional accounting firm. According to the Writ of Summons, the plaintiffs claim EY for losses and damages as a result of, among other matters, breach of contract, breach of duty, negligence, misrepresentation and/or negligent misstatement by EY during the period from 1 January 2013 to 31 December 2013 in connection with or arising out of:

(i) auditing and/or certification of the Plaintiffs' audited and other financial statements; and

(ii) the giving of financial, tax, accounting, auditing, business and/or regulatory advice and services and other advice and services to the Plaintiffs.[25]

On 24 August 2020, the plaintiffs filed and served the Amended Writ of Summons and the Statement of Claim of HCA 2416/2019 with the High Court. According to the Statement of Claim, the plaintiffs claim against EY for losses and damages, inter alia, arising as a result of EY's negligence and breach of its contractual obligations in respect of EY's conduct of the audit of the financial statements of the Plaintiffs for the years ended 31 December 2013, 31 December 2014, 31 December 2015 and 31 December 2016 and seek the following relief:

(i) damages and/or equitable compensation;

(ii) interest calculated on a compound or alternatively, a simple basis, pursuant to Section 48 of the High Court Ordinance (Chapter 4 of the Laws of Hong Kong) or the equitable jurisdiction of the Court, on all sums at such rate and for such period as the Court thinks fit;

(iii) costs; and

(iv) further or alternatively such further or other relief as the Court thinks fit.[26]

(n) HCA 1435 of 2020

Convoy International Holdings Limited ("CIHL"), an indirectly wholly owned subsidiary of the Company, is a shareholder of OJBC Co. Ltd. ("OJBC"). OJBC wholly owns Nippon Wealth Limited ("NWB"), a company incorporated in Hong Kong which is licensed as a Restricted Licence Bank by the Hong Kong Monetary Authority and licensed to carry out Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities by the SFC. It is understood that CIHL's shareholding in OJBC was acquired in or about 2014.

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[25] Announcement 3/2/2020

[26] Announcement 27/8/2020 and 30/10/2020

On 25 August 2020, CIHL as plaintiff commenced legal proceedings in the High Court of Hong Kong in High Court Action No.1435 of 2020 suing on behalf of itself and all other shareholders in OJBC (except Shinsei Bank, Limited ("Shinsei Bank"), another shareholder of OJBC) and NWB against 7 directors of NWB ("NWB 7 Directors") and Shinsei Bank as defendants, by the filing of a Writ of Summons indorsed with a Statement of Claim.

According to the Statement of Claim, CIHL seeks:

(i) a declaration against the NWB 7 Directors that the NWB 7 Directors have acted in breach of their duties in recommending and facilitating the sale of the consumer finance business of NWB (the "Consumer Finance Business") to a nominee corporate vehicle of Shinsei Bank ("Shinsei Bank Nominee");

(ii) a declaration against the NWB 7 Directors that the sale of the Consumer Finance Business to the Shinsei Bank Nominee was at an gross undervalue and hence, null and void, or has been rescinded or set aside;

(iii) a declaration that the Shinsei Bank Nominee holds the Consumer Finance Business on trust on behalf of NWB for the benefit of NWB;

(iv) an order that the Shinsei Bank Nominee do forthwith return or deliver to NWB the Consumer Finance Business or its fair market value thereof;

(v) an order that the Shinsei Bank Nominee do give a full account for all profits, dividends, income, benefits and/or proceeds derived from the Consumer Finance Business;

(vi) equitable compensation from the NWB 7 Directors, Shinsei Bank and Shinsei Bank Nominee for loss caused by reason of the breach of fiduciary duties by the NWB 7 Directors or dishonest assistance of such breach by Shinsei Bank and Shinsei Bank Nominee;

(vii) account of profits from NWB 7 Directors and Shinsei Bank and the Shinsei Bank Nominee arising from the breach of fiduciary duties by the NWB 7 Directors or dishonest assistance of such breach by Shinsei Bank and Shinsei Bank Nominee;

(viii) Damages, interests, and costs.[27]

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[27] Announcement 27/8/2020

(o) HCMP 1578 of 2020

On 28 September 2020, the Company received an originating summons issued by Kwok against the Company in the High Court of Hong Kong under action number HCMP 1578/2020.

On 19 October 2020, the Company made an application to the High Court of Hong Kong to strike out and dismiss the originating summons in HCMP 1578/2020.

On 20 October 2020, Kwok filed an application for an interim injunction against the Company in HCMP 1578/2020.

In a summary, Kwok sought in the interim injunction application, among other matters, an injunction against the Company (whether by itself, its directors, chairman and other officers, agents or otherwise) from interfering with, obstructing, abating, disregarding or howsoever prejudicing the exercise of the (purported) rights over the (purported) shares of Kwok and his agent(s) in the capital of the Company in the Company's extraordinary general meeting scheduled to be held on 26 November 2020, in the absence of an appropriate declaration against Kwok made by a competent court or any court order restraining Kwok and his agent(s) from exercising their respective (purported) rights as (purported) shareholders of the Company.

The injunction application was heard on 12 November before Mr. Justice Coleman. On 13 November 2020, Mr. Justice Coleman handed down his judgment dismissing Kwok's interim injunction application. On 3 December 2020, Mr. Justice Coleman ordered Kwok to pay 50% of the Company's costs on an indemnity basis.

CORPORATE GOVERNANCE PRACTICES

The New Board recognises the importance of good corporate governance in the management of the Group and is committed to establishing and maintaining good corporate governance practices and procedures to safeguard the interests of the Company's shareholders, ensure the sustainability of the Group's business and to enhance the Board and senior management's accountability and transparency.

Due to limited books of accounts and records available to the Company and the New Board, and that many key personnel or members of the Previous Board had ceased to be Directors of the Company or with duties suspended, the New Board noted that the historical information in respect of the corporate governance of the Company available to them may not be complete and sufficient to establish an accurate and reliable review of the corporate governance of the Company and may contain significant errors. The corporate governance report was prepared in accordance with the limited information available to the New Board.

For the reasons discussed above and based on the limited information available, the New Board considered that (i) the Company appeared to have failed to ensure the compliance of certain of the then provisions of the Corporate Governance Code ("CG Code"); and (ii) there was insufficient information to determine if certain CG Code provisions have been complied with. Below is a summary of these relevant CG Code provisions:

CG Code provisions	Description of deviations
A.1.1 and A.1.3	The Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals, with proper prior notice being given to all Directors. The Company has failed to comply with such requirements for most of the Board meetings convened during the year ended 31 December 2017.
A.1.2, A.1.4–1.7	Based on the limited information available, the New Board is not able to confirm whether the Company has complied with these provisions, noting that the Company may not possess the full and complete record of the board meetings such as resolutions, notices and agenda for the year ended 31 December 2017. Looking ahead, the New Board is committed to ensure compliance of these code provisions.
A.2.1	The Company does not have an official position of chief executive officer and the day-to-day management of the Group's business has been handled by the executive Directors collectively and led by the president of the Company. The Board believes that the arrangement is adequate to ensure an effective management and control of the Group's business operations. The situation is under constant review and the Board will assess whether any changes to the current practice, including re-designation of the president as chief executive officer, are needed.

CG Code provisions	Description of deviations
A.2.2–A.2.9	The current Chairman of the Company, Mr. Johnny Chen, was appointed on 21 December 2017 following the suspension of duties of Mr. Wong Lee Man, the Chairman of the Previous Board. Based on the limited information available, the significant change in the board composition and Mr. Wong Lee Man's duties being suspended, the New Board is unable and is not in an appropriate position to determine whether these provisions have been complied for the year ended 31 December 2017. The existing Chairman is committed to taking adequate action to observe the relevant requirements in these code provisions.
A.5.1	Mr. Mak Ka Wing, Patrick ("Mr. Mak"), and Mr. Chan Ngai Sang, Kenny ("Mr. Chan") who was also the Chairman of the Remuneration Committee and a member each of the Nomination Committee and the Audit Committee, resigned as independent non-executive Directors with effect from 7 November 2017 and 29 November 2017, respectively. Following the resignation of Mr. Chan, the Nomination Committee comprised only two members, one of whom was an executive Director. As a remedial action, the Company appointed Mrs. Fu Kwong Wing Ting, Francine, Mr. Pak Wai Keung, Martin and Mr. Yan Tat Wah as independent non-executive Directors all with effect from 8 December 2017. Further, on 12 December 2017, the Company appointed sufficient number of independent non-executive Directors to the Nomination Committee.
A.6.1	As the additional members of the New Board as at December 2017 were only appointed to the board in December 2017 (i.e. Mr. Johnny Chen, Mr. Yap E Hock, Ms. Ip Yee Kwan, Mr. Chen Shih-pin, Mrs. Fu Kwong Wing Ting, Francine, Mr. Pak Wai Keung, Martin and Mr. Yan Tat Wah), the Company did not provide any training for them during the year ended 31 December 2017. The New Board is aware of its duty under this code provision and intends to comply with these provisions in future.

CG Code provisions	Description of deviations
A.6.4	For the year ended 31 December 2017, no written guidelines had been put in place for employees in respect of their dealings in the Company's securities. However, records show that the Company had sought confirmation with the then Directors as to whether each of them had complied with the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") for the half year ended 30 June 2017. In addition, Directors for the year ended 31 December 2017 have returned a written confirmation to the Company confirming he/she had complied with the Model Code for the period of their office during the year 2017, except Mr. Tan Ye Kai Byron and Ms. Chan Lai Yee. The New Board is aware of its duty under this code provision and intends to adopt relevant written guidelines as soon as possible.
A.6.5 and I.(i)	The Company did not receive training records from Mr. Wong Lee Man and Ms. Chan Lai Yee (whose duty had been suspended since 8 December 2017 and they subsequently were removed on 7 January 2021) and the former Directors, namely Dr. Cho Kwai Chee ("Dr. Cho") and Mr. Tan Ye Kai, Byron. Mr. Wang John Hong-chiun replied that he did not receive any training during the year ended 31 December 2017. As the additional members of the New Board as at December 2017 were only appointed to the board in December 2017 (i.e. Mr. Johnny Chen, Mr. Yap E Hock, Ms. Ip Yee Kwan, Mr. Chen Shih-pin, Mrs. Fu Kwong Wing Ting, Francine, Mr. Pak Wai Keung, Martin and Mr. Yan Tat Wah), the Company did not provide any training for them during the year ended 31 December 2017. The New Board is aware of its duty under this code provision and intends to comply with these provisions in future.
A.7.1–A.7.3	Based on the limited information available and the significant change in the board composition, the New Board is not able to confirm whether the Company has complied with this provision, noting that the Company does not possess the full and complete record of the board meetings such as resolutions, notices and agenda for the year ended 31 December 2017. The New Board is committed to ensure compliance of these code provisions.

CG Code provisions	Description of deviations
B.1.1 and C.1.1	Based on the limited information available and the significant change in the board composition, the New Board is not able to confirm whether the Company has complied with these provisions. The New Board is committed to ensure compliance of these code provisions.
C.1.2	The Company's management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their relevant duties. The management of the Company has failed to provide any management updates on a monthly basis during the year ended 31 December 2017.
C.2.1 , C.2.3, and Q.(b)–Q.(c)	The Company engaged an independent professional firm to conduct risk management assessment for the year ended 31 December 2017 in 2018. As such, the Company did not conduct a review of the effectiveness of the Group's risk management and internal control system except through the Audit Committee which conducted two meetings in 2017 to, amongst others, review the effectiveness of the Group's financial controls, risk management and internal control system. However, based on the limited information available and the significant change in the board composition, the New Board is not in an appropriate position to confirm the effectiveness of the risk management and internal control system and its related review.
C.2.5 and Q.(a)	The Company did not have an internal audit function for the year ended 31 December 2017. Based on the limited information available and the significant change in the board composition, the New Board is not in an appropriate position to review the need for an internal audit function for the year ended 31 November 2017. However, the New Board is committed to improving the internal audit practices of the Group and set up the internal audit function in March 2018.

CG Code provisions	Description of deviations
C.3.1	While the minutes of the meetings of the Audit Committee during the year ended 31 December 2017 were kept, based on the limited information available, the New Board is not able to confirm whether such minutes were circulated for comments and record within a reasonable time after the meetings. The New Board is committed to ensure compliance of these code provisions.
D.1.1 and D.1.2	Based on the limited information available and the significant change in the board composition, the New Board is not able to confirm whether the Company has complied with this provision, noting that the Company may not possess the full and complete record of the board meetings such as resolutions, notices and agenda for the year ended 31 December 2017. The New Board is committed to ensure compliance of these code provisions.
D.1.4	Whilst there were relevant letters of appointment or service agreement with the relevant Directors, based on the limited information available and the significant change in the board composition, the New Board is not able to confirm whether the Company has complied with this provision in relation to the members of the Previous Board. The New Board is committed to ensure compliance of these code provisions.
E.1.4	As at 31 December 2017, no formal shareholders' communication policy has been put in place. Moving forward, the New Board intends to adopt such policy to reflect the current practices as soon as possible.
F.1.3 and F.1.4	Based on the limited information available and the significant change in the board composition, the New Board is not able to confirm whether the Company has complied with these provisions. The New Board is committed to ensure compliance of these code provisions.

CG Code provisions	Description of deviations
H(c)	As detailed below, the Company did not receive confirmation from Ms. Chan Lai Yee whose duties had been suspended since 8 December 2017 and she subsequently was removed on 7 January 2021, nor did the Company receive the said confirmation from the ex-Directors, namely Dr. Cho and Mr. Tan Ye Kai, Byron regarding the compliance of the required standard set out in the Model Code during their tenure of office. As such, the New Board is not able to confirm whether the Company has complied with these provisions.
I.(f)	Mr. Mak and Mr. Chan (who was also the Chairman of the Remuneration Committee and a member each of the Nomination Committee and the Audit Committee), resigned as independent non-executive Directors with effect from 7 November 2017 and 29 November 2017, respectively. Following the resignation of Mr. Mak, the number of independent non- executive Directors fell below one-third of the Board. As a remedial action, the Company appointed Mrs. Fu Kwong Wing Ting, Francine, Mr. Pak Wai Keung, Martin and Mr. Yan Tat Wah as independent non-executive Directors all with effect from 8 December 2017. By so doing, the number of independent non-executive Directors was increased to more than three and made up of at least one-third of the Board.
N.(b)	Based on the limited information available and the significant change in the board composition, the New Board is not able to confirm whether this provision was complied with or not. The New Board is committed to ensure compliance of this code provision.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by Directors of the Company. Having made specific enquiry of all Directors, the Directors (save that the Company did not receive the confirmations from Mr. Tan Ye Kai Byron and Dr. Cho Kwai Chee who are former Directors and Ms. Chan Lai Yee, whose duty had been suspended since 8 December 2017, and she subsequently was removed as a Director at the adjourned extraordinary general meeting of the Company on 7 January 2021) confirmed that they have complied with the required standard as set out in the Model Code for the year ended 31 December 2017.

AUDIT COMMITTEE

The Company established an audit committee ("Audit Committee") with written terms of reference in compliance with the Listing Rules. As at the date of this announcement, the Audit Committee which comprises three independent non-executive Directors, namely Mr. Pak Wai Keung, Martin (the chairman of the Audit Committee), Mr. Yan Tat Wah and Mrs. Fu Kwong Wing Ting, Francine. The Audit Committee has reviewed a near final draft of the consolidated results of the Group for the year ended 31 December 2017 and has submitted its comments and recommendations to the board. Having received the comments and recommendations of the Audit Committee, management has revised certain disclosures in the financial results and the final version was submitted to the Board for approval. The Audit Committee has met the external auditors of the Company, ZHONGHUI ANDA CPA Limited.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2017, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2017 as set out in this announcement have been agreed by the Group's independent auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on this announcement.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

The auditor will issue a qualified opinion in the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2017. The details of which are extracted as follows:

"Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

(i) Loans receivable

Included in loans receivable on the consolidated statement of financial position as at 31 December 2017 and 2016 were loans receivable of approximately HK$528,017,000 and HK$786,642,000 respectively which were granted to certain borrowers. We were unable to obtain sufficient appropriate audit evidence and reasonable explanation to substantiate the commercial substance and nature of the relevant transactions and the relationship between the Group and these borrowers.

Included in revenue on the consolidated statement of profit or loss and other comprehensive income for the years ended 31 December 2017 and 2016 amounted to HK$71,483,000 and HK$79,214,000 respectively, representing interest income from loan financing and margin financing, in relation to the abovementioned loans receivable. We were unable to obtain sufficient appropriate audit evidence and reasonable explanation to substantiate the nature of the relevant transactions between the Group and these borrowers.

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the recoverability of loans receivable of approximately HK$16,460,000 as at 31 December 2017. There are no other satisfactory audit procedures that we could adopt to determine whether any allowance for non-recovery of the amount should be made in the consolidated financial statements for the year ended 31 December 2017.

(ii) Financial assets at fair value through profit or loss

Included in financial assets at fair value through profit or loss on the consolidated statement of financial position as at 31 December 2017 and 2016 were investment in a convertible note receivable (the "Note") of approximately HK$Nil and HK$233,060,000 respectively. Such Note arose from a restructuring (the "Loan Restructuring") of an unsecured loan (the "Unsecured Loan") during the year ended 31 December 2016. We were unable to obtain sufficient appropriate audit evidence and reasonable explanation to substantiate the commercial substance and nature of the grant of the Unsecured Loan and the subsequent Loan Restructuring during the year ended 31 December 2016.

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the carrying amount of the financial assets at fair value through profit or loss of approximately HK$87,048,000 and HK$320,108,000 respectively as at 31 December 2017 and 2016 and whether the fair value loss of approximately HK$233,060,000 and HK$72,210,000 respectively for the years ended 31 December 2017 and 2016 were appropriately recorded.

(iii) Acquisition of a subsidiary in 2016

The Group acquired a subsidiary in 2016 with net book value of approximately HK$89,338,000 at a consideration of approximately HK$89,338,000. No purchase price allocation had been performed on the date of acquisition of the said subsidiary and we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the accuracy and valuation of recognising and measuring goodwill or a gain from a bargain purchase in relation to the acquisition of a subsidiary in 2016 in accordance with HKFRS 3 "Business Combinations" .

(iv) Available-for-sale investments

Included in available-for-sale investments on the consolidated statement of financial position as at 31 December 2017 and 2016 were investment in unlisted fund investments of approximately HK$79,824,000 and HK$140,491,000 respectively. We were unable to obtain sufficient appropriate audit evidence and reasonable explanation to substantiate the commercial substance and nature of the relevant transactions.

Included in available-for-sale investments on the consolidated statement of financial position as at 31 December 2017 and 2016 were investment in unlisted fund investments of approximately HK$79,824,000 and HK$140,491,000 respectively. We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the carrying amount of investment in unlisted fund investments of approximately HK$79,824,000 and HK$140,491,000 respectively as at 31 December 2017 and 2016, and whether the change in fair value of available-for-sale investments of approximately HK$73,259,000 and HK$Nil respectively for the years ended 31 December 2017 and 2016 were appropriately recorded.

(v) Investment in an associate

Included in investments in associates on the consolidated statement of financial position as at 31 December 2017 and 2016 were investment in an associate of approximately HK$80,108,000 and HK$190,268,000 respectively. We were unable to obtain sufficient appropriate audit evidence and reasonable explanation to substantiate the commercial substance and nature of the relevant transactions and the relationship between the Group and the vendor.

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the carrying amount of the abovementioned investment of approximately HK$80,108,000 and HK$190,268,000 respectively as at 31 December 2017 and 2016, and as to the share of losses of associates of approximately HK$110,160,000 and HK$4,613,000 respectively in relation to the abovementioned investment for the years ended 31 December 2017 and 2016.

(vi) Compensation payable

Included in other payables and accruals on the consolidated statement of financial position as at 31 December 2017 was a compensation in relation to an investment of HK$20,000,000. We were unable to obtain sufficient appropriate audit evidence and reasonable explanation to substantiate the commercial substance and nature of the relevant transactions and the relationship between the Group and the payee.

(vii) 2015 placing shares reserve

Included in reserves on the consolidated statement of financial position as at 31 December 2017 and 2016 was a reserve in relation to one placement of the Company's shares which took place on 29 October 2015 (the "Placements") of approximately HK$2,415,623,000. We were unable to obtain sufficient appropriate audit evidence and reasonable explanation to substantiate the outcome of the litigation as stipulated in note 54(a) to the notes to consolidated financial statements, as well as the accounting treatment on the Placements.

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the accuracy on the calculation of loss per share attributable to owners of the Company for the years ended 31 December 2017 and 2016.

(viii) Fund transfer transactions between subsidiaries and a trustee of a subsidiary (the "Trustee")

As at 31 December 2016, the Group had set-off other receivable and other payable of the Trustee amounted to approximately HK$228,139,000 and HK$189,108,000 respectively, with the difference amounted to approximately HK$39,031,000 was recognised as an exchange loss in consolidated statement of comprehensive income for the year ended 31 December 2016. We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the set-off of other receivable and other payable of the Trustee of approximately HK$228,139,000 and HK$189,108,000 respectively were properly accounted for in the consolidated statement of financial position as at 31 December 2016 and the exchange loss of approximately HK$39,031,000 were properly accounted for in the consolidated statement of other comprehensive income for the year ended 31 December 2016.

Included in prepayments, deposits and other receivables on the consolidated statement of financial position as at 31 December 2017 was other receivable of the Trustee of approximately HK$Nil, against which an impairment loss of approximately HK$262,084,000 had been made for the year ended 31 December 2017. We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the carrying amount of the other receivable of the Trustee of approximately HK$Nil as at 31 December 2017, and whether the impairment loss related to the other receivable of the Trustee of approximately HK$262,084,000 for the year ended 31 December 2017 were appropriately recorded.

Included in other payables and accruals on the consolidated statement of financial position as at 31 December 2017 was other payable of the Trustee of approximately HK$239,498,000. We were unable to obtain sufficient appropriate audit evidence to assess the accuracy and completeness of the above liability. There are no other satisfactory alternative procedures that we could perform to satisfy ourselves that this balance as at 31 December 2017 was free from material misstatement and the related disclosures have been properly recorded and reflected in the consolidated financial statements of the Company.

Included in exchange differences on translating foreign operations on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017 was an exchange gain of approximately HK$39,031,000. We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the exchange gain of approximately HK$39,031,000 were properly accounted for in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017.

Any adjustments to the figures as described above might have a consequential effect on the Group's result and cashflows for the years ended 31 December 2017 and 2016, and the financial positions of the Group as at 31 December 2017 and 2016, and the related disclosures thereof in the consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion."

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE

This announcement is published on the websites of the Company (www.convoy.com.hk) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2017 will be dispatched to shareholders of the Company and available on the above websites in due course.

UPDATE ON RESUMPTION OF TRADING

Reference is made to the announcements of the Company dated 5 June 2020, 31 July 2020, 30 October 2020 and 1 November 2020, the Company has applied for a review of the delisting decision in accordance with its rights under Chapter 2B of the Listing Rules. As at the date of this announcement, the date of the review hearing has not yet been fixed.

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.

By Order of the Board
CONVOY GLOBAL HOLDINGS LIMITED
Johnny Chen
Chairman and Non-executive Director

Hong Kong, 17 February 2021

As at the date of this announcement, the executive Directors are Mr. Ng Wing Fai, Mr. Yap E Hock, Mr. Shin Kin Man, Mr. Lee Jin Yi, Ms. Wong Suet Fai and Mr. Chung Kwok Wai, Kelvin; the non-executive Directors are Mr. Johnny Chen (Chairman) and Mr. Chen Shihpin; and the independent non-executive Directors are Mr. Pun Tit Shan, Mrs. Fu Kwong Wing Ting, Francine, Mr. Pak Wai Keung, Martin, Mr. Yan Tat Wah, Mr. Lam Kwok Cheong and Ms. Carrie Bernadette Ho.