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**CONVOY GLOBAL HOLDINGS LIMITED**

**康宏環球控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1019)**

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO  
(I) ASSESSMENT OF THE IMPACT OF THE  
IRREGULARITIES IDENTIFIED IN THE  
INVESTIGATION REPORT;  
(II) VIEW ON THE INVESTIGATION REPORT**

Reference is made to the announcements of Convoy Global Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 7 December 2017, 27 March 2018, 1 August 2018, 1 November 2018, 1 February 2019, 19 February 2019, 30 April 2019, 1 August 2019, 15 August 2019, 4 November 2019, 20 December 2019, 24 January 2020, 3 February 2020, 7 February 2020, 1 April 2020, 15 May 2020, 21 May 2020, 5 June 2020, 19 June 2020, 31 July 2020, 17 August 2020, 18 August 2020, 24 August 2020 (the “**Announcements**”). Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as defined in the Announcements.

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules of the Stock Exchange (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

As disclosed in the announcement of the Company dated 24 January 2020 (the “**Key Findings Announcement**”), FTI has completed the Investigation and the Independent Board Committee has submitted a final draft Investigation Report to the Board for its final review. On 20 February 2020, a Board meeting was convened to consider and adopt the final draft Investigation Report. A summary of (i) assessment of the impact of the suspected irregularities (the “**Irregularities**”) on the financial and operation position of the Company; and (ii) the view on the Investigation Report is set out below.

## **ASSESSMENT OF THE IMPACT OF THE IRREGULARITIES IDENTIFIED IN THE INVESTIGATION REPORT**

As a result of the extensive and in-depth investigation conducted by FTI and as advised by external advisors (including legal advisors), the Company was able to assess the impact of the Irregularities immediately after the New Management Team assumed management responsibility of the Company in December 2017. As the investigation has identified a former director to be the source of wrongdoings assisted by his team of associates in the Company, each and every transaction undertaken by his team of associates under the instructions of that former director (in particular those transactions entered by three subsidiaries: Convoy Collateral Limited (“CCL”), CSL Securities Limited (“CSL”) and Convoy Private Equity Limited (“CPE”)) has been scrutinised as one of the first priorities of the New Management Team to assess whether these transactions have caused loss and damage to the Company. The systematic approach undertaken by the New Management Team in the impact assessment and the top priority given to such assessment enabled the Company to swiftly and conclusively identify a series of transactions conducted by the three subsidiaries under the management of the Previous Management Team in respect of which loss and damage to the Company can be quantified. As a result, three sets of substantive legal proceedings have been commenced within a short span of time from December 2017 to February 2018 (they are respectively HCA 2922/2017, HCA 3001/2017 and HCA 399/2018) against members of the Previous Management Team and others for loss and damage suffered by the Company (and its subsidiaries) arising from the identified suspected wrongdoings in order to recoup such loss.

The strength, merits and the depth of the evidence uncovered in these legal proceedings can be best demonstrated by the written judgment handed down by the Hong Kong Court of Appeal in CACV 197/2020 (on appeal from HCA 399/2018) on 3 July 2020 granting a worldwide asset freezing injunction against Dr. Cho up to the value of HK\$769,581,153.66, accepting (among other matters) that the Company has proved a good arguable case against Dr. Cho. In other words, it is the Company’s position that by the time when the Company has filed the abovementioned legal proceedings from December 2017 to February 2018, the Company has already substantially identified and assessed the impact of the Irregularities, quantified this impact as far as practicable and pursued remedial actions through the commencement of these legal proceedings.

## **Assessment of possible financial impact on the Group**

The financial impact of the majority of the Irregularities on the Company has been reflected in the consolidated financial statements of the Group for the years ended 31 December 2017, 2018 and 2019, representing mainly impairment losses on investments, losses arising from disposal of investments and provisions for compensations. Further announcement(s) in this regard will be published as soon as practicable.

## **Assessment of possible operational impact on the Group**

In terms of the impact on the Group's operations, the Irregularities induced (i) the complete overhaul of the composition of the Board and the senior management of the Group, together with the termination of the responsible personnel who reported directly to Dr. Cho and the Previous Management Team; (ii) commencement of a number of litigation cases; (iii) revamp of the Group's corporate governance and internal control; and (iv) restructure of the troubled subsidiaries of CCL, CSL and CPE while safeguarding and strengthening the Company's core business.

The Irregularities were entirely confined and ringfenced by the New Management Team to the three subsidiaries that formerly executed lending and investment transactions under the direction of the former director, to ensure there would be no further impacts on the Company's operations and finance.

## **VIEW ON THE INVESTIGATION REPORT**

The Independent Board Committee and the Board confirmed their view regarding the Investigation Report, that they considered the investigation findings therein have adequately addressed all the relevant issues regarding the Key Findings, and recommended that the Board to seek further advice to determine whether any further action should be taken. After consulting with the Company's legal advisers and FTI, the Board confirmed that with the considerable and meaningful remedial actions already taken by the Company in this respect, the Company will only take further legal action arising from the Irregularities if and when it is necessary to protect the Company's interest and/or monetary damage and loss has been identified, having regard to all relevant consideration and potential benefits and costs in taking such action. For details of the remedial actions taken by the Company, please refer to the announcement of the Company dated 4 November 2019.

## **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 Executive Director*

Hong Kong, 27 August 2020

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