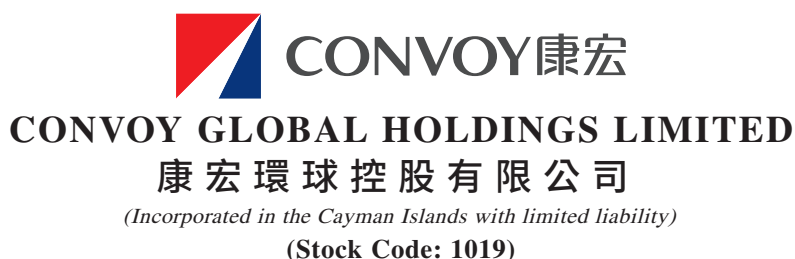


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LITIGATION UPDATES

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

This announcement summarizes some of the important developments of the principal legal proceedings taken out by the Company since December 2017 in relation to the share capital of the Company. It provides the background to the Company’s claims in the respective legal proceedings began in December 2017, centering predominantly on circular financing plots that caused severe damage to Convoy and its legitimate shareholders. It also provides important updates on various recent court rulings and judgments that support the Company’s claims. Then, it reviews the findings of the Company’s most recent investigation and its further intended legal actions in relation to share capital issues. It also highlights Company’s claims against the Wrongfully Allotted Shares (as defined below) financed by the Circular Financing Arrangement (as defined below) financed by the Company’s own funds.

Convoy, Convoy Collateral Limited (“**CCL**”), and OnePlatform Securities Limited (formerly named CSL Securities Limited (“**CSL**”)), were and are part of a corporate group under the prefix of ‘Convoy’ (the “**Convoy Group**”).

Summary of the Wrongs of Roy Cho and the Company's Case Against Roy Cho and others

1. As set out in the announcement dated 21 December 2017, 9 January 2018 and 4 November 2019, Convoy Group has on 18 December 2017 commenced legal proceedings in the High Court of Hong Kong in HCA 2922/2017 (“**the Principal Action**”) against 28 defendants. According to the Statement of Claim filed by the Company in the Principal Action, these defendants include, among others:
 - a. Cho Kwai Chee Roy (“**Roy Cho**”). According to the Company's case as pleaded in the Principal Action, Roy Cho had been acting as a de facto/shadow director of the Company since as early as 2013. Roy Cho was arrested by the Hong Kong Independent Commission Against Corruption in about September 2018 and was subsequently charged with the offences of conspiring to defraud the Company, its board of directors and shareholders, potential investors and the Stock Exchange of Hong Kong Limited and giving false statement under Section 21(1) of the Theft Ordinance (Cap 210)¹.

According to the Company's case in the Principal Action, Roy Cho was the mastermind in the Company who engineered the scheme (which includes but is not limited to the Feb 2015 Open Offer (as defined below), the 29 October 2015 Placing (as defined below) and Circular Financing Arrangement (as defined below), collectively “**Roy Cho's Scheme**”)) for the improper motives of:–

- i. entrenching his secret control in the Company through associates in the Enigma Network (as defined below) to conceal and enable his wrongdoings;
- ii. causing price manipulation of the Company's share price at the material times and resulting in loss and damage to the Company and its legitimate shareholders;

¹ The Company also noted that in the judgment of District Court Judge Mr. Ernest Lin in 香港特別行政區 訴曹貴子及另二人 [2020] HKDC 1126 dated 30 November 2020, Roy Cho was acquitted of the criminal charges and it was reported in the media that the Secretary of Justice has already appealed against the acquittal. Despite the acquittal, it is also noted that the District Court Judge also found that (at paragraph 160 of the judgment) Roy Cho had been acting as a de facto director from 2013 to 7 March 2017 of the Convoy Group. In the circumstances, the Company does not consider the acquittal (which is now subject to appeal) to have any material adverse impact to the Company's position in the Principal Action.

- iii. allowing himself and his associates to subscribe shares of the Company with the Company's money, thereby using the Company's money to dilute all other Shareholders; and
- iv. secretly securing the control of the Company for his own and his associates' benefits

On 14 February 2018, CCL additionally commenced legal proceedings against Roy Cho and others in HCA 399/2018 for loss and damage exceeding HK\$715 million arising from a number of transactions entered into by CCL prior to December 2017.

- b. Roy Cho's associates who were, at various points in time, directors and/or members of the credit committees of Convoy, CCL and/or CSL ("**Roy Cho's Associates**"). According to the Company's case in the Principal Action, the Roy Cho's Associates carried out the Roy Cho's Scheme engineered by Roy Cho at his instructions and directions;
 - c. Non-independent placees of newly allotted Convoy shares under a placing agreement in 2015 ("**Alleged Independent Placees**") under the "**Amended Placing Agreement**" announced in or around 28 August 2015. It is likely that Alleged Independent Placees have wrongfully obtained almost the entire placed Convoy shares of 7,508,300,000 shares, representing a shareholding of 50.26%;
 - d. Kwok Hiu Kwan ("**Mr. Kwok**") and Chen Pei Xiong ("**Mr. Chen**"); and
 - e. A number of additional 13 parties have since been added as additional defendants based on new evidence obtained over the past three years. These additional defendants include, among others, Wang Pengying ("**Madam Wang**") as the 41st Defendant in the Principal Action.
2. According to the Statement of Claim filed by the Company in the Principal Action, the claims concern primarily the Roy Cho's Scheme under his improper motive of engineering:
- (i) an open offer made by Convoy on 6 February 2015 procured by Roy Cho and Roy Cho's Associates ("**Feb 2015 Open Offer**");

- (ii) an allotment of Convoy shares on 29 October 2015 placed to the Alleged Independent Placees (“**Wrongfully Allotted Shares**”); and
 - (iii) a circular financing arrangement by which CCL and CSL advanced loans and margin finance to enable and/or assist the Alleged Independent Placees to subscribe for the Wrongfully Allotted Shares (“**Circular Financing Arrangement**”). According to the Company’s case in the Principal Action, the Roy Cho’s Scheme had the effect of causing price manipulation of the Company’s share price at the material times and wrongfully diluting the shareholding of other legitimate shareholders, causing loss and damage to the Company and its legitimate shareholders.
3. In other words, the Company claims that Roy Cho deceitfully engineered the Circular Financing Arrangement in 2015 to fraudulently obtain the Wrongfully Allotted Shares potentially representing over 50% of the Company using the Company’s own fund, and thereby fraudulently diluted the shares held by legitimate shareholders potentially by over 50%.

The Essence of the Company’s Principal Action

4. The essence of the Company’s case in the Principal Action has been summarised by Mr. Justice Harris at paragraphs 5 and 6 in his recent written decision dated 4 March 2020 in **Kwok Hiu Kwan v. Johnny Chen and others [2020] 3 HKC 403²**.
5. In a summary, the Company’s case in the Principal Action according to the Statement of Claim (as amended) is as follows:
- a. In 2013, Roy Cho gradually acquired ownership and control over Convoy by appointing his associates, nominees and/or agents to occupy the various key positions in Convoy. Despite having no formal role in Convoy during a substantial part of the material time, Roy Cho was able to negotiate on behalf of and make managerial and/or executive decisions for the Convoy Group, in particular Convoy, CCL and/or CSL.

² The full text of the case and the relevant paragraphs is available in the Hong Kong Judiciary website under the citation of **[2020] HKCFI 324**.

- b. Following a series of negotiations between Roy Cho and Roy Cho's Associates and investors, a capital-raising exercise for Convoy took place in around October 2015 in which, inter alia, the Alleged Independent Placees would participate (the "**29 October 2015 Placing**").
- c. The Alleged Independent Placees were each (i) persons or companies held by, associated with, and/or connected to listed companies in the Enigma Network³, a network of 50 listed companies with overlapping ownership, which were subject to the control, influence and/or interest of Roy Cho; and/or (ii) persons or companies closely associated with Roy Cho, subject to the control, influence and/or interest of Roy Cho personally.
- d. Pursuant to the Circular Financing Arrangement arranged by Roy Cho and/or Roy Cho's Associates, a very substantial portion of the proceeds raised by Convoy in the capital-raising in the 29 October 2015 Placing were immediately channelled to Convoy's subsidiaries CCL and CSL and then back to some of the Alleged Independent Placees that subscribed for the shares of Convoy within a short period of time in the form of very substantial, unsecured, and uncommercial loans and margin loans improperly made by CCL and CSL to them or their associated parties. Enabled and/or assisted by the liquidity provided by these wrongful arrangements, the Alleged Independent Placees agreed to act in accordance with the direction of Roy Cho in respect of all matters relating to their shareholding acquired in Convoy.
- e. Under the guise of raising capital for Convoy, Roy Cho and/or Roy Cho's Associates on the board of Convoy, CCL and/or CSL had improperly used their power to engineer a circular financing to allot shares, and to grant loans on a non-commercial or commercially irrational basis to the detriment of the Convoy Group in order to entrench and conceal the secret control of Roy Cho over Convoy through the network of Alleged Independent Placees or their associated parties. The subsequent transfer or disposal of the related Wrongfully Allotted Shares by Roy Cho's Associates to other parties, as explained below, results in the Company's claim on the Wrongfully Allotted Shares.

³ A term used by experienced stock activist Mr. David Webb in his article "*The Enigma Network: 50 stocks not to own*" published on 15 May 2017 at <https://webb-site.com/articles/enigma.asp>

- f. Thereafter, 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 through Enigma Network intermediaries, to Mr. Kwok, Mr. Chen and 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 Convoy shareholding (or in total about 39.68% of Convoy shareholding) through a premeditated scheme and series of coordinated transactions avoiding the detection of the regulators.
- g. In carrying out the acquisitions of the Wrongfully Allotted Shares, Mr. Kwok, Mr. Chen and Madam Wang were acting in collusion, concert and coordination to further the improper purpose through:
 - i. Allowing Roy Cho to divert a very substantial part of his wrongfully concealed interest in Convoy whilst continuing to conceal it, circumventing all regulatory and statutory requirements and regulatory oversight which would have been applicable but for such wrongful concealment;
 - ii. At the same time and at the request of Roy Cho, white-washing the tainted origins of the Wrongfully Allotted Shares by interposing Mr. Kwok, Mr. Chen, and Madam Wang as ostensibly “bona fide purchasers”.

Summary of the Company’s Claim in the Principal Action

- 6. Convoy, CCL and CSL therefore claim in the Principal Action, among others:
 - a. 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;
 - b. 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, due to the fact that the Wrongfully Allotted Shares were issued pursuant to the Roy Cho’s Scheme which was improper; and

- c. An injunction as against Mr. Kwok, Mr. Chen, and Madam Wang, that they be restrained from exercising the voting rights of, or transferring or otherwise dealing with their interest in, the Wrongfully Allotted Shares.
7. In other words, it is the Company's case in the Principal Action that the Company has a claim against the Wrongfully Allotted Shares engineered by Roy Cho in October 2015 and now held by Mr. Kwok, Mr. Chen and Madam Wang, in that those shares are null and void and/or invalid and/or rescinded.

Summary Highlights of Some of the Evidences the Company Filed and the Corresponding Judgments from the Courts to date

Since December 2017, several rulings have been given by the High Court and the Court of Appeal of Hong Kong in favour of the Company's claims.

8. In the course of the Principal Action, two separate proceedings were filed by Mr. Kwok against the Company (respectively HCMP 41/2018 and HCMP 1578/2020):
 - a. HCMP 41/2018 was dismissed by the High Court of Hong Kong on 4 March 2020 by Mr. Justice Harris and its appeal was dismissed on 24 November 2020 by Madam Justice Kwan (Vice President of the Court of Appeal of the High Court), Mr. Justice Barma (Justice of Appeal of the Court of Appeal of the High Court) and Mr. Justice G. Lam (Judge of the Court of First Instance of the High Court) sitting in the Hong Kong Court of Appeal; and
 - b. An interim injunction application commenced by Mr. Kwok against the Company in HCMP 1578/2020 was dismissed by Mr. Justice Coleman on 13 November 2020.

9. The Company has filed substantial evidence in support of the Company's case in the Principal Action. The evidence filed by the Company highlighted that, among other matters:
- a. On 29 October 2015, the Company announced that it has completed placing of an aggregate of 7,508,300,000 shares (the "**Placing Shares**") representing approximately 50.26% of the enlarged number of issued shares of the Company as at the date of that announcement (and in combination of the placement of shares under general mandate as announced on 10 September 2015, a total of 53.55% of the enlarged number of issued shares of the Company). The Placing Shares were allegedly placed to no less than 6 independent placees – these were the Alleged Independent Placees described above. According to that announcement, the Company received net proceeds of HK\$2,531 million from the placing.
 - b. Within one month of the completion of the 29 October 2015 Placing, a very substantial portion of the allegedly paid-up capital from the Placing Shares has been round-tripped back to the Alleged Independent Placees (or entities or parties connected to or associated with them) via CCL and CSL, through a series of uncommercial arrangements. The capital of the Company that has been round-tripped back to the Alleged Independent Placees (or entities or parties connected to or associated with them) continued and increased until at least March 2016.
 - c. By April 2017, Roy Cho revealed in writing that he had in fact all along secretly retained a controlling shareholding in the Company of 50%, after carrying out the transactions detailed in paragraph 2 above.
 - d. Upon the Enigma Network being uncovered on 15 May 2017 and following large scale enforcement actions taken by the Securities and Futures Commission in end of June 2017 as reported in the media, between the period from July to October 2017, the Alleged Independent Placees directly, or indirectly through Enigma Network intermediaries, transferred their shareholdings to Mr. Kwok, Mr. Chen and Madam Wang and their nominees through a series of choreographed buy and sell on-market transactions (as detailed in paragraphs 5(f) and (g) above).

- e. In December 2017, the Independent Commission Against Corruption (“ICAC”) arrested four former and existing (who were then suspended) executive directors of the Company. Credible information revealed that Roy Cho left Hong Kong in about October 2017. Upon Roy Cho’s return to Hong Kong in about September 2018, he was arrested by the ICAC and was subsequently charged by the ICAC for, among other matters, conspiring to defraud the Company, its shareholders and directors, potential investors and the Stock Exchange of Hong Kong Limited and giving false statement under Section 21(1) of the Theft Ordinance (Cap 210).
- f. The Company immediately reconstituted its board of directors on 8 December 2017 after the ICAC action by suspending the duties of the arrested directors and appointing qualified professionals to the reconstituted board. A number of substantial remedial actions which included the commencement of a number of legal proceedings (the Principal Action included) have been undertaken by the reconstituted board in order to protect the interest of the Company and the public shareholders.
- g. In June 2020, CCL obtained from the Hong Kong Court of Appeal a worldwide assets freezing injunction against Roy Cho up to the value of HK\$769,581,153.66. In granting the worldwide assets freezing injunction, the Hong Kong Court of Appeal was critical of the secret control and ownership previously maintained by Roy Cho. At paragraph 64 of the judgment⁴ the Court of Appeal acknowledged Roy Cho had committed serious wrongs through complicated schemes with dishonesty and fraud causing loss and damage to the Company and its shareholders: *“The main underlying premise for all the claims of CCL is that Roy Cho exercised control and acquired ownership in Convoy through appointment of his associates, nominees and/or agents to occupy key positions in Convoy without himself holding a formal position. Through such secret control and ownership, he was able to commit the serious wrongs complained of, which in many respects involved manipulations of the corporate affairs of Convoy and other listed companies in a dishonest manner. As can be seen from the summary above, the scale of these wrongdoings is very substantial and sophisticated. Most of them were carried through complicated schemes with dishonesty and fraud practised not only against Convoy or CCL, but also the other shareholders of the listed companies involved.”* (emphasis added)

⁴ See *Convoy Collateral Ltd v. Cho Kwai Chee and others* [2020] HKCA 537, the full text of which is available in the Hong Kong Judiciary website.

10. As set out in the announcement of the Company dated 17 November 2020, Mr. Justice Coleman has handed down a judgment in HCMP 1578/2020 on 13 November 2020 dismissing an interim injunction application commenced by Mr. Kwok against the Company. At paragraph 95 of his judgment⁵, the learned judge made the findings that:

*“95. For the purposes of this decision, I do not think it necessary to rehearse the evidence which is largely to be found in Yap E Hock (an executive director of the Company)’s 2nd affirmation, alleging that Mr. Kwok is a fraudster and that the shares of Convoy in Mr. Kwok’s hands are the fruits of a fraudulent scheme and therefore void. I accept there is now, in the context of this application, some competing evidence, but I am obviously in no position to resolve any competition on the evidence... But overall, **I accept that there is at least reasonably strong evidence in support of Convoy’s case, even if there is a contrary view that can properly be put forward.**”* (emphasis added)

11. 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. Hence, it is the Company’ case that the Roy Cho’s circular-financed Wrongfully Allotted Shares now held by Mr. Kwok, Mr. Chen and Madam Wang ought to be void.

Some important findings from Recent Investigation and further intended legal actions

As disclosed by way of announcement of the Company dated 26 November 2020, during the extraordinary general meeting of the Company held on 26 November 2020, a proxy of Mr. Kwok claimed that he (the proxy) controlled 51.2% of the voting rights of the Company.

Apparently, apart from the 39.68% (purported) shareholding of the Company held through Mr. Kwok, Mr. Chen and Madam Wang as identified in the Principal Action, according to the statement of the proxy, it raised the question of whether Mr. Kwok might have (purported) control of the voting rights of the Company up to 51.2%.

After the announcement of the Company dated 26 November 2020, the Company has conducted a thorough investigation as to implication of Mr. Kwok’s statement through his proxy.

⁵ See **Kwok Hiu Kwan v. Convoy Global Holdings Ltd [2020] HKCFI 2874**, the full text of which is available in the Hong Kong Judiciary website.

As of the date of this announcement:

1. The recent investigation of the Company has confirmed the remainder of the 51.2% shareholding allegedly controlled by Mr. Kwok are likely to be held by persons connected to Mr. Kwok himself or to Mr. Kwok's connected parties or nominees;
2. The Company has reasons to believe that the remainder of the 51.2% shareholding were part of the Wrongfully Allotted Shares under the Circular Financing Arrangement in 2015 and were all acquired in conjunction with and during the same period of the acquisition of Mr. Kwok, Mr. Chen and Madam Wang from July to October 2017 – these being shares subject to the current relief as sought in the Principal Action as stated below; and
3. According to the Company's investigation, a large number of the remainder of the 51.2% shareholding were acquired, sourced or originated from associates of the Enigma Network companies.

Based on the findings of this recent investigation, the Company intends to add additional defendants in the Principal Action and will in due course file appropriate court application to the High Court of Hong Kong. It is the present intention of the Company to apply for a court order that the current relief as sought against Mr. Kwok, Mr. Chen and Madam Wang in the Principal Action will also be applicable to the holders of the remainder of the 51.2% shareholding.

In the circumstances, it is the Company's present position in the Principal Action that the Company will seek a declaration that the transfer of the Wrongfully Allotted Shares being null and void and/or invalid and/or rescinded be applied to the whole 51.2% purported shareholders (and not just limited to Mr. Kwok, Mr. Chen and Madam Wang) and the injunction that they be restrained from exercising the voting rights of, or transferring or otherwise dealing with their interest in, the Wrongfully Allotted Shares be applied against the whole 51.2% purported shareholders (and not just against Mr. Kwok, Mr. Chen and Madam Wang).

Further announcement will be made to update on the progress of the matter as and when appropriate.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Company's shares 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, 3 January 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. The duties of the executive Directors namely Mr. Wong Lee Man and Ms. Chan Lai Yee have been suspended since 8 December 2017.