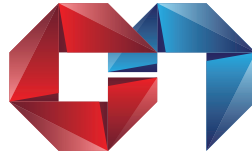


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GLOBAL MASTERMIND

環球大通

Global Mastermind Holdings Limited

環球大通集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8063)

**SUPPLEMENTAL ANNOUNCEMENT
ON
ANNUAL REPORT OF THE COMPANY FOR THE YEAR ENDED
31 DECEMBER 2020**

Reference is made to the sections headed “Update on the Investigation Regarding the Incidents” (the “**Investigation Update Section**”) and “Additional Information Regarding the Disclaimer of Audit Opinion” (the “**Additional Information Section**”) on pages 17 to 19 of the annual report (the “**Annual Report**”) of Global Mastermind Holdings Limited (the “**Company**”) for the year ended 31 December 2020, and the Company’s announcement dated 29 December 2020 (the “**Incident Announcement**”). Unless the context otherwise requires, capitalised terms in this announcement shall have the same meanings as defined in the Annual Report and the Incident Announcement.

The Additional Information Section principally relates to the disclaimer audit opinion on the Company’s financial statements for the year ended 31 December 2020. The Investigation Update Section principally relates to the Incidents as disclosed in the Incident Announcement. The purpose of this announcement is to provide further information in supplement to the Additional Information Section and the Investigation Update Section.

* *For identification purposes only*

No difference in views on major judgmental areas

As disclosed in the Independent Auditor's Report, the Auditor was unable to obtain sufficient appropriate audit evidence to satisfy itself regarding the causes of the Incidents, and commercial substance and nature of the Purported Payments to the Purported Three Parties and Purportedly Unauthorised Cash Withdrawals (the "**Basis of Modification**"). The management of the Company (the "**Management**") concurs with the Auditor regarding the Basis of Modification for the reasons set out in the Incident Announcement and the Annual Report. In particular, the Company also lacked evidence to satisfy itself regarding the causes, commercial substance and nature of the Purported Investments and the Unexplained Cash Withdrawals (the "**Areas Lacking Evidence**"). Subsequent to the revelation of the Incidents, the Company has requested various ex-officers of the Group (the "**Ex-officers under Investigation**") who are believed to have knowledge of and/or involvement in the Incidents to attend interviews and/or provide written replies and/or documents to the Company's enquiries and investigations. However, the Ex-officers under Investigation did not provide the Company with any reply with substance casting light on the Areas Lacking Evidence.

The Audit Committee of the Board is aware of the enquires and investigation efforts made by the Management and the lack of substantive response from the Ex-officers under Investigation, and concurs with the Management and the Auditor regarding the Basis of Modification. It is the view of the Management and the Audit Committee that the Basis of Modification is caused by the lack of evidence regarding the Areas Lacking Evidence due to the lack of substantive response from the Ex-officers under Investigation (for which the Company has no control and fault) rather than any differences in views between the Management, the Audit Committee and/or the Auditor on major judgmental areas. Due to the lack of substantive replies from the Ex-officers under Investigation, the Audit Committee also lacks evidence to satisfy itself regarding the Areas Lacking Evidence.

Further details of the Investigation

As disclosed in the Investigation Update Section, with the help of the Investigation Team, the Company engaged an independent risk advisory firm (the "**Investigator**") to assist the Audit Committee on the investigation of the Incidents (the "**Investigation**"). The scope of work of the Investigator includes the carrying out of certain agreed-upon procedures to enquire into the circumstances surrounding the Purported Investments and the Unexplained Cash Withdrawals, the management responsibility of the Group and Solution Apex regarding the Incidents, the accounting books and records of the involved subsidiaries, the commercial terms and reasons of the Disposal and the full impairment/provision on Solution Apex. The procedures carried out by the Investigator include the provision of assistance to the Investigation Team in: (a) collecting information and perusing documents regarding the affairs of Solution Apex and its immediate holding company, Durable Gold; (b) dispatching letters to the Ex-officers under Investigation and the purported vendors of the Purported Investments (the "**Purported Vendors**") to ask for their cooperation on the provision of information and documents regarding the Incidents; (c) requesting the Company to send enquiry letters to the Ex-officers under Investigation and the Purported Vendors to ask them to provide explanations and/or documents; and (d) inviting the Ex-officers under Investigation to attend interviews with the Investigator with the view to obtaining further information on the Incidents. However, as explained above, the Ex-officers under Investigation did not provide the Company nor the Investigator with any reply with substance casting any light on the Areas Lacking Evidence whatsoever.

The works of the Investigator stated above commenced in early February 2021 and a report was prepared on the progress and status of the works by the end of March 2021. As disclosed in the Investigation Update Section, by the end of March 2021, the Investigation Team has reported its findings, including the report of the Investigator (the “**Investigation Report**”), to the Audit Committee of the Board, which was delegated by the Board to oversee the works and findings of the Investigation Team.

The key findings of the Investigation Report are summarised as below:

- (a) During the course of the Investigation, no due diligence reports, financial statements on the acquisition targets, evidence on the share transfers and evidence of ownership and title to the relevant equity holding of acquisition targets were located. Despite the Investigator’s invitations for interview and requests for information from the Ex-officers under Investigation, no reply was received from them. Enquiries were made by the Company with the Purported Vendors and target companies in an effort to verify the genuineness of the transactions, but no reply was received from them either. The Investigator was therefore unable to obtain sufficient documents or evidence to substantiate the transactions and target companies of the Purported Investments.
- (b) The copy of bank statements received from the Ex-officers under Investigation before their resignation/removal did not show the recipient(s) of the funding withdrawals. During the course of the Investigation, no supporting documents were located to show the reasons for these withdrawals or the approval of these withdrawals.
- (c) According to the information and documents provided by the Investigation Team, prior to the resignation of Mr. Allan Yap, the corporate and business matters of Solution Apex were initiated by Mr. Allan Yap, which were supposed to be presented for consideration and approval by the Board. During the time of occurrence of the Incidents, Mr. Allan Yap was assisted by his team of management, comprising the Ex-officers under Investigation, regarding the finance and accounting works of Solution Apex. Mr. Allan Yap and his management team have all resigned/been removed after the revelation of the Incidents. During the Investigation, the Investigator was provided with emails and documents which were exchanged between the Ex-officers under Investigation and the Company at the relevant time. No contradictory evidence was identified by the Investigator during the Investigation.
- (d) During the Investigation, the Investigator was provided with the minutes of the Board meeting held on 29 December 2020 during which the disposal of Solution Apex was approved. The Board minutes set out the commercial benefits of the disposal, which were disclosed in the Company’s announcement dated 29 December 2020. No contradictory evidence was identified by the Investigator during the Investigation.

- (e) Solution Apex's impairment loss of approximately HK\$58,438,822 for the period from 1 January 2020 to 29 December 2020 was principally derived from its bank balance of HK\$58,438,822 as stated in the unaudited management accounts of Solution Apex as at 30 June 2020 provided by Solution Apex to the Company at the time of preparation of the Company's interim results for the six months ended 30 June 2020. After considering the documents relating to the Purported Investments and the conduct of the Ex-officers under Investigation, the Board and the Management are of the view that the value of the Purported Investments and the genuineness of the Unexplained Cash Withdrawals are highly dubious. Accordingly, the ability for the Company to recover its investment in Solution Apex was decided to be highly uncertain.
- (f) Subsequent to the revelation of the Incidents, the Board resolved to establish reinforced internal control systems of cash and treasury operations cycle in relation to approval of cash withdrawals and investments and bank signatories, which are summarised in the section headed "Clarification on New Internal Control Policies" of this announcement.
- (g) During the Investigation, the Investigator has obtained the unaudited management accounts of the subsidiaries involved in the Incidents for the year ended 31 December 2020, and no inconsistency or material mis-statement as compared to the Company's representation were noted.
- (h) Prior to their resignation, certain Ex-officers under Investigation previously alleged to the Company that the Unexplained Cash Withdrawals were due to the referral fees for the Purported Investments. However, the relevant Ex-officers under Investigation could not provide the referral agreements and/or other supporting documents to substantiate this allegation.
- (i) During the Investigation, there is no indication that any present management of the Company was involved in the Unexplained Cash Withdrawals. In addition, the Investigator expressed its observation that it has reasons to believe that the present management and the existing Board of the Company have no involvement in the Purported investments, the Incidents and the preparation of financial statements of Solution Apex.

The Board and the Audit Committee have considered the Investigation Report and agreed with the findings of the Investigator as contained in the Investigation Report.

Clarification on the Possibility of Adjustment

According to the Independent Auditor's Report, any adjustment found to be necessary in respect of the Areas Lacking Evidence (the "**Possibility of Adjustment**") might have significant consequential effects on the Group's financial position as at 31 December 2020 and of its financial performance and cash flows for the year ended 31 December 2020, and the related disclosures in the respective consolidated financial statements. In this regard, the Board has obtained the understanding with the Auditor that: (a) the Possibility of Adjustment is merely the possibility which inherently flows from uncertainties out of the lack of evidence; (b) after enquiry with the Auditor, the Management and the Audit Committee are not currently aware of any factual circumstances calling for the definite need of further adjustment, save and except the full impairment of the bank balances and cash of Solution Apex of HK\$58,765,000 and the completion of the disposal of the Group's entire shareholding of Solution Apex, in each case occurring before the reporting date of 31 December 2020 and were already reflected in the Group's consolidated financial statements as at 31 December 2020 as presented in the Annual Report (the "**Recognised Impacts**"); and (c) based on the information currently available and facts currently known, save and except the Recognised Impacts, the Incidents should not have any further or other impact on the Group's consolidated financial position as at 31 December 2020, for the Reasons already disclosed on page 19 of the Annual Report.

Clarification on the New Internal Control Policies

As disclosed in the Investigation Update Section, based on the preliminary findings of the Investigation Team, the Incidents are believed to have been caused by the personal conduct of certain Ex-officer(s) under Investigation who is/are believed to have caused the Purported Investments and the Unexplained Cash Withdrawals, resulting in the suffering of loss and damages by the Group. To alleviate such individual people's risks, the Company has: (a) reviewed and restructured the board composition of the Company's subsidiaries to enhance the Group's management efficacy; (b) reviewed the bank payments approval arrangements of the Company's subsidiaries to enhance the Group's cash management cycle; and (c) adopted new internal control policies for transaction approvals to be followed by the Company and its subsidiaries. Details of these measures (the "**New Internal Control Policies**") are set out on the section headed "Principal Risks and Uncertainties – People risk" as set out on pages 22 and 23 of the Annual Report and include new procedures requiring: (a) all transactions of the Group involving cash withdrawals/investment for the amount of over HK\$5,000,000 to be conducted with the written approval by at least two executive Directors on the listed issuer's level; (b) at least one executive Director on listed issuer's level to be appointed to every active and/or asset-holding subsidiaries of the Company, with alternative measures being adopted in special circumstances; (c) at least one executive Director on the listed issuer's level to be added as bank signatory of every bank accounts of the Company and its subsidiaries in Hong Kong; and (d) for bank accounts in countries outside Hong Kong without any residing executive Director, a regional head of management to be designated by the Board to be responsible for payment approvals and local bank signatories, who shall regularly report to at least one executive Director on the listed issuer's level.

The New Internal Control Policies were circulated by the Company to the directors and senior management of the Group and the key responsible persons of the other operating arms of the Group, with training sessions being arranged to enable the Group's directors and management to better understand the new procedures. The Company intends to: (a) engage external consultants to walk through cycles on transaction approvals to test the effectiveness of the New Internal Control Policies for the year ending 31 December 2021; and (b) publish the results of this internal control review in the Company's annual report for the year ending 31 December 2021.

Update on the Recovery Actions

The Company is taking legal advice from external legal advisers on the Recovery Actions to be taken to seek to recoup the Utilized Cash and the Withdrawn Cash and/or to seek damages and other remedies from individuals and entities against whom the Group may have causes of action as a result of the Purported Investments, the Unexplained Cash Withdrawals and the Incidents. Further announcement(s) will be made by the Company if and when there is any significant progress on the Recovery Actions.

By Order of the Board
Global Mastermind Holdings Limited
Cheung Kwok Wai, Elton
Chairman & Executive Director

Hong Kong, 10 May 2021

As at the date of this announcement, the Board comprises Mr. Cheung Kwok Wai, Elton, Mr. Mung Kin Keung and Mr. Mung Bun Man, Alan as executive Directors; and Mr. Law Kwok Ho, Kenward, Mr. Fung Wai Ching and Mr. Lai Hok Lim as independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Listed Company Information" page for at least seven days from the date of its posting and on the Company's website at www.globalmholdings.com.