香港聯合交易所有限公司
(香港交易及結算所有限公司全資附屬公司)
(「聯交所」)
THE STOCK EXCHANGE OF HONG KONG LIMITED
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)
("**Exchange**")

21 July 2014

Reference to Rule 13.09(1) in this press release refers to the rule in force at the material time to 31 December 2012.

The Listing Committee of The Stock Exchange of Hong Kong Limited ("Listing Committee") censures OTO Holdings Limited ("Company") (Stock Code: 6880) for the following breaches of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"):

(1) failing to disclose, as soon as reasonably practicable, the significant deterioration in its financial performance for the second half of the financial year ended 31 March 2012 ("2H2012") ("First Deterioration") in breach of Rule 13.09(1);

(2) failing to disclose, as soon as reasonably practicable, the significant deterioration in its financial performance for the first half of the financial year ended 31 March 2013 ("1H2013") ("Second Deterioration"), in breach of Rule 13.09(1); and

(3) failing to consult and seek advice from its compliance adviser ("CA") in a timely manner in respect of the deviation ("Deviation") of its results for the financial year ended 31 March 2012 ("FY2012") from the profit forecast of not less than $50.8 million for FY2012 ("Profit Forecast") contained in the Company's IPO prospectus dated 1 December 2011 ("IPO Prospectus"), in breach of Rule 3A.23(3).

The Listing Committee further censures the following current executive directors ("EDs") of the Company (collectively, "Core Directors") for their respective breaches of their obligations under the Declaration and Undertaking with regard to Directors given to the Exchange in the form set out in Appendix 5 Form B to the Listing Rules ("Undertaking"):

(1) Mr Yip Chee Seng ("Mr CS Yip", Chairman of the Company);

(2) Mr Yip Chee Lai, Charlie ("Mr Charlie Yip", CEO of the Company);

(3) Mr Yip Chee Way, David ("Mr David Yip"); and

(4) Mr Yep Gee Kuarn ("Mr Yep", a Non-Executive Director ("NED") at the material time and re-designated as an ED from 25 November 2013)

for failing to use their best endeavours to procure the Company's compliance with Rules 13.09(1) and 3A.23(3) as mentioned above.

Allegation of breaches by the Listing Department ("**Department**")

First Deterioration

Company's breach of Rule 13.09(1)

The Company's FY2012 annual results ("**2012 Results**"), announced on 17 June 2012 shortly after the Company's listing on 13 December 2011, reported revenue of $245.7 million, gross profit of $163.4 million and net profit of $15.247 million, an increase of 17.3 per cent and 11.5 per cent and a drop of 59.0 per cent respectively compared with the previous financial year. For 2H2012, the Company reported revenue of $127.5 million, gross profit of $83.5 million and net profit of $2.6 million. The FY2012 net profit of $15.247 million significantly deviated from the Profit Forecast.

The First Deterioration as reflected in the monthly unaudited consolidated management accounts of the Group ("**Monthly Consolidated Accounts**") from December 2011 onwards was not information in the public domain, outside market expectation, information which fell within the ambit of Rules 13.09(1)(a) and (c), and required disclosure as soon as reasonably practicable under Rule 13.09(1). This is because the Group's financial performance as reflected in those accounts was not in line with the Group's previous financial performance and positive outlook of the Group's business and prospects disclosed in the IPO Prospectus and the Company's interim report for the first half of FY2012 ("**1H2012**"). The 2012 Results underperformed the estimated revenue and net profit of $326.5 million and $51.2 million respectively by an analyst report issued in January 2012. The Company also failed to meet the Profit Forecast by approximately 70 per cent.

The First Deterioration also indicated a change in the Company's business and financial performance which was likely to lead to substantial price movement, discloseable without delay under Note 11(ii) to Rule 13.09. The adverse market reaction to the profit warning announcement in respect of the 2012 Results ("**PWA**") and the clarification announcement with further information published on 16 March 2012 (Friday) and 18 March 2012 (Sunday) respectively, as demonstrated by an 18.8 per cent drop in the Company's closing share price and significant increase in trading volume (14.5 times the past 10-day average) on 19 March 2012, clearly shows that information regarding the First Deterioration was price-sensitive.

The Department asserts that the Company was required but has failed to publish an announcement disclosing the First Deterioration as soon as reasonably practicable in breach of Rule 13.09(1).

When Rule 13.09(1) obligation arose

Throughout 2H2012 and thereafter, the Core Directors received regular, clear and specific information in respect of the financial performance of the Group, including monthly management accounts or Monthly Consolidated Accounts, Monthly Revenue Monitoring Worksheets (which compare the year-to-date ("**YTD**") revenue with that of the profit forecast memorandum ("**PFM**", submitted to the Exchange before the Company's listing)) for December 2011 to February 2012, and monthly reports on retail revenue in HK, China and Macau (in calendar year 2012) which enabled them to continuously and regularly monitored the Company's financial performance.

The Department asserts that the Company's disclosure obligation arose on or shortly after 13 February 2012 when the preliminary December 2011 Monthly Consolidated Accounts (with comparative figures of FY2011) were first circulated to the Core Directors. Those accounts showed YTD revenue of $180.5 million and YTD net profit of $4.1 million.

Although it was not shown in those accounts, the Core Directors could have worked out, amongst others, that: (a) the YTD net profit was 87 per cent below both the figures in the PFM and that of FY2011. This is notwithstanding that two of the three months (November to January) in which, according to the Company, the Group generally records higher revenue, had passed; (b) a net loss of $8.3 million was incurred for the three months ended 31 December 2011 ("**3Q2012**") (2Q2012 (i.e. three months ended 30 September 2011): profit of $1.2 million) which was clearly below the figure of $16.1 million in the PFM, and represented a drop of 801.8 per cent and 155.5 per cent from 2Q2012 and the three months ended 30 June 2011 respectively; (c) the Company incurred a net loss of $8.5 million in December 2011 (November 2011: net loss of $4.3 million); and (d) there was a drop of 5.8 per cent of the net profit margin (8.1 per cent to 2.3 per cent) from November 2011.

By 13 February 2012, even if the Company achieved the targeted revenue and net profit for the last quarter of FY2012 as set out in the PFM, the estimated FY2012 revenue and net profit would have been $290.5 million and $24.4 million respectively, which would be 15 per cent and 52 per cent below the respective figures in the PFM.

Further or in the alternative, the Department asserts that the disclosure obligation arose on or shortly after the following dates:

23 February 2012: when the Core Directors received the December 2011 Monthly Consolidated Accounts which clearly showed a revenue and net profit shortfall of $50.7 million and $26.4 million (22 per cent and 87 per cent below the forecasted figures in the PFM respectively). They also received the January 2012 Monthly Revenue Monitoring Worksheet showing a revenue shortfall of $63.4 million (unadjusted for intercompany transactions). Further, the 3 EDs at that time considered that the Group might not be able to catch up with the forecast shortfall within the remaining period of FY2012.

2 March 2012: when the January 2012 Monthly Revenue Monitoring Worksheet was sent to the Board for discussion and Guotai Junan Capital Limited ("**Guotai Junan**"), the Company's CA, was first notified about the First Deterioration. A tele-conference was held amongst the Board (with one Director absent), Mr Wong (the Group Financial Controller and joint Company Secretary of the Company at that time) and the Company's professional advisers (IPO sponsor, auditors and legal advisers) to discuss the preparation of the Group's financial data up to February 2012, and the timing for preparing and publishing a profit warning announcement. Further, at the end of February 2012, the 3 EDs at that time considered that certain sales orders from the Group's customers totalling approximately $20 million would be delayed beyond FY2012.

5 March 2012: when the December 2011 Monthly Consolidated Accounts were sent and the January 2012 Monthly Revenue Monitoring Worksheet was re-sent to the Board for the Board meeting scheduled for 7 March 2012.

In any event, *by 7 March 2012*: when the full Board discussed, among others, the comparison of the December 2011 Monthly Consolidated Accounts with the PFM. Mr Wong told the Board that based on available financial data, the Group's revenue and net profit shortfall for the period ended 31 January 2012 (compared with the PFM figures) would be approximately $63 million and $26 million respectively.

The Department asserts that the Company's disclosure of the First Deterioration by way of the PWA on 16 March 2012 was therefore not as soon as reasonably practicable or "without delay" as required by Rule 13.09(1) or note 11(ii) to the Rule. The length of delay in making disclosure ranged from 9 days to 1 month and 3 days.

Company's breach of Rule 3A.23(3)

The Deviation occurred, and the PWA was issued, during the fixed period under Rule 3A.23(3). The Profit Forecast was included in the Company's IPO Prospectus which was a listing document.

The Department asserts that the Company breached Rule 3A.23(3) by failing to consult Guotai Junan, its CA, on a timely basis in respect of the Deviation.

The obligation to disclose the Deviation first arose on or shortly after 13 February 2012. However, the Company only first consulted its CA on 2 March 2012.

The Core Directors asserted that on 3 February 2012, they had discussed with the Company's IPO sponsor and auditors the revenue shortfall and an action plan in relation to the Rules and that on 23 February 2012, they had discussed with these advisers an action plan with regard to the revenue shortfall. However, there is no information or supporting evidence in respect of consideration and discussion of Rule disclosure issues. The available evidence suggests that the focus of the Core Directors' discussion with these professional advisers was predominantly commercial rather than disclosure issues (i.e. whether a profit warning announcement should be issued). Further, consultation with other professional advisers does not absolve the Company from its obligation to consult Guotai Junan under Rule 3A.23(3).

Core Directors' breach of Undertakings – Rule 13.09(1)

The Department also asserts that the Core Directors have breached their Undertakings.

At the material time, the EDs were responsible for daily management and operation of the Company. While the NED (Mr Yep) was not responsible for the day-to-day business operation, during 2H2012, he did receive the Monthly Consolidated Accounts and the Monthly Revenue Monitoring Worksheet and discussed them regularly with the 3 EDs at that time. Since 5 March 2012, he has been involved in reviewing the Monthly Consolidated Accounts and hence the Group's financial performance. The Core Directors were aware of the First Deterioration which was reflected in the Monthly Consolidated Accounts.

After the Core Directors received the preliminary December 2011 Monthly Consolidated Accounts on 13 February 2012, "*best endeavours*" would have required them to do the following:

(a) Escalate the significant financial deterioration of the Group during 3Q2012 to the Board for information, consideration and discussion on Rule implications and compliance on or shortly after 13 February 2012. However, this was only done on 2 March 2012 when the January 2012 Monthly Revenue Monitoring Worksheet and the notice for the Board and the Audit Committee meetings (scheduled to be held on 7 March 2012) were sent to the Board.

(b) Given the Company was then newly listed and the Core Directors' relative lack of experience in Listing Rule compliance matters, they should have procured the Company to consult the CA or the Exchange on or shortly after 13 February 2012 as to the Company's Rule 13.09 obligations arising from the financial deterioration. However, the Company first consulted the CA only on 2 March 2012.

(c) Take steps to procure disclosure under Rule 13.09(1) earlier than they did with publication of the PWA.

On 23 February 2012, a tele-conference was held amongst the Core Directors, Mr Wong, the Company's IPO sponsor and auditors about a possible action plan with regard to the revenue shortfall. Although the 3 EDs at that time considered that the Group might not be able to catch up with the revenue shortfall within the remaining period for 2H2012, they again did not take immediate steps to procure disclosure of the significant deterioration in the Company's financial performance. The Core Directors' assertion that they had discussed with its IPO sponsor and auditors on 3 February 2012 regarding an action plan required in relation to Rule 13.09 is a bare assertion without particulars in respect of consideration and discussion of Rule disclosure issues and without supporting documentation. Consultation with the CA on Rule disclosure issues arising from the First Deterioration first took place only on 2 March 2012.

Core Directors' breach of Undertakings – Rule 3A.23(3)

Notwithstanding ample opportunities, the Core Directors did not procure the Company to consult or seek advice from its CA, in respect of the Deviation in a timely manner under Rule 3A.23(3) until 2 March 2012 although the Monthly Consolidated Accounts available to them since 13 February 2012 showed that the Deviation was almost certain.

It is the Department's assertion that the Core Directors have also failed to use their best endeavours to procure the Company to comply with Rule 3A.23(3).

Second Deterioration

Company's breach of Rule 13.09(1)

The Company's 1H2013 results ("**2013 Interim Results**"), announced on 28 November 2012, reported revenue of $124.3 million, gross profit of $80.7 million and net profit of $4.8 million, an increase of 5.2 per cent and 0.9 per cent and a drop of 62 per cent respectively compared with 1H2012. The 1H2013 net profit deteriorated significantly compared with the net profit figures of 2H2012 and 1H2012 (after adjustment of the IPO expenses incurred during those periods) and the FY2013 forecast which was prepared based on the Group's 2012 Results ("**FY2013 Forecast**").

The Second Deterioration as reflected in Monthly Consolidated Accounts from July 2012 onwards was not information in the public domain, outside market expectation, information which fell within the ambit of Rules 13.09(1)(a) and (c), and required disclosure as soon as reasonably practicable under Rule 13.09(1). This is because the Group's financial performance as reflected in those accounts was not even in line with that of 2H2012 (which reflected the First Deterioration as mentioned above), and the 2013 Interim Results underperformed the estimated revenue and net profit of $298 million and $32 million (half year profit: $16 million) respectively by an analyst report issued in June 2012.

The Second Deterioration also indicated a change in the Company's business and financial performance which was likely to lead to substantial price movement, discloseable without delay under Note 11(ii) to Rule 13.09. The adverse market reaction to the 2013 Interim Results, as demonstrated by a 19.1 per cent drop in the Company's closing share price and significant increase in trading volume (8.1 times the past 10-day average) on 29 November 2012 after the 2013 Interim Results were published, clearly shows that information regarding the Second Deterioration was price-sensitive.

The Department asserts that the Company was required but has failed to publish an announcement disclosing the Second Deterioration as soon as reasonably practicable in breach of Rule 13.09(1).

When Rule 13.09(1) obligation arose

Throughout 1H2013, the Core Directors received the Monthly Consolidated Accounts and they therefore first knew about the Second Deterioration on 3 September 2012.

The Department asserts that the Company's disclosure obligation arose on or shortly after 3 September 2012 when the Core Directors were provided with the July 2012 Monthly Consolidated Accounts which showed YTD revenue of $84.4 million and YTD net profit of $1.45 million (22 per cent and 83 per cent below that of the FY2013 Forecast respectively).

Although it was not shown in those accounts, the Core Directors could have worked out, amongst others, that: (a) the July 2012 monthly net profit ($0.173 million) was significantly less than that of May and June 2012 (only 11 per cent and 17 per cent respectively); (b) the total net profit from April to July 2012 (the first 4 months during 1H2013) reflected in those accounts was only $1.623 million, 70 per cent below that of $5.427 million from October 2011 to January 2012 (the first 4 months during 2H2012); and (c) using the adjusted net profit figure of $13 million for 2H2012 (i.e. monthly average profit of $2.167 million) as comparison, 4 months should have yielded a profit of $8.67 million. The profit figure of $1.623 million (from April to July 2012) was 81.3 per cent and 83 per cent below the $8.67 million benchmark and the figure in the FY2013 Forecast respectively.

Even if the Company achieved the targeted monthly net profit for the remaining two months to 30 September 2012, the estimated 1H2013 net profit would have been $4.49 million, which would be 65 per cent below the 2H2012 adjusted net profit of $12.74 million, and 61 per cent and 82 per cent below the FY2013 Forecast and 1H2012 adjusted net profit figures respectively.

Further or in the alternative, the Department asserts that the disclosure obligation arose on or shortly after the following dates:

7 September 2012: when the monthly management meeting amongst the Core Directors and other personnel ("**Monthly Management Meeting**") was held to discuss, among others, the YTD July 2012 financial performance based on the July 2012 Monthly Consolidated Accounts. The Core Directors were aware that the HK and Macau sales were $11 million (or 15 per cent) less than YTD July 2011; up to 31 July 2012, the PRC operation was operating at a loss of RMB 0.9 million; and the Group's July 2012 YTD net profit was around $1.5 million as compared with $15 million in 1H2012.

9 October 2012: when the Core Directors received the August 2012 Monthly Consolidated Accounts which showed (a) the YTD revenue (i.e. for the first five months during 1H2013) of $104.4 million (21 per cent less than the FY2013 Forecast); and (b) the YTD net profit of $1.80 million (78 per cent less than the adjusted net profit for the first five months during 2H2012). This figure was 86 per cent and 88 per cent less than that of the FY2013 Forecast and the corresponding figure for 1H2012 respectively.

5 November 2012: when the Core Directors received the September 2012 Monthly Consolidated Accounts which showed YTD revenue of $124.7 million (20 per cent less than the FY2013 Forecast) and YTD net profit of $5.0 million (61 per cent, 56 per cent and 80 per cent less than those of the 2H2012 adjusted net profit, the FY2013 Forecast, and the 1H2012 adjusted net profit respectively).

In any event, by *14 November 2012*: when the Board (with one Director absent) discussed the advice from its CA and the legal adviser as to whether a profit warning announcement should be issued.

It is the Department's assertion that the Company's disclosure of the Second Deterioration by way of the 2013 Interim Results on 28 November 2012 was therefore not as soon as reasonably practicable or "without delay" as required by Rule 13.09(1) or note 11(ii) to the Rule. The length of delay in making disclosure ranged from 14 days to 2 month and 25 days.

Core Directors' breach of Undertakings – Rule 13.09(1)

The Department asserts that the Core Directors have breached their Undertakings. Their conduct referred to below falls short of and is inconsistent with their use of best endeavours to procure the Company's Rule 13.09(1) compliance.

They received the Monthly Consolidated Accounts for each of the months in 1H2013 and were clearly aware of the financial performance of the Group throughout 1H2013. Although they agreed at the 15 August 2012 Board meeting that they would consider the Company's financial performance again, they agreed to do so only after the preliminary 2013 Interim Results were available.

On 3 September 2012, with the July 2012 Monthly Consolidated Accounts available to them, they knew that the Company's financial performance during 1H2013 had significantly deteriorated. As the Company was then newly listed and the Core Directors had relatively little experience in Listing Rule compliance matters, they should have procured the Company to consult its CA and legal advisers as soon as reasonably practicable in respect of the Rule implications arising from the significant deterioration. However, consultation was first made only on 9 and 13 November 2012 respectively.

The benchmarks by which the Core Directors adopted to measure the Company's financial performance for 1H2013 were not appropriate, and they probably would have received advice to such effect had they raised this for consultation with external professional advisers.

As an effort to enhance corporate governance, Monthly Management Meetings had been held since August 2012. However, the Core Directors did not discuss the respective latest Monthly Consolidated Accounts circulated to them, and did not consider their Rule implications, at the August and October 2012 Monthly Management Meetings. Given the First Deterioration and the Group's financial performance as reflected in the July 2012 Monthly Consolidated Accounts, they should have been much more vigilant in monitoring the Group's financial performance and in ensuring that Rule disclosure obligations were complied with in a timely manner.

The Department made enquiries of the Company and its IPO sponsor in March and April 2012 regarding the First Deterioration and the Deviation. Those enquiries should have alerted at least two of the Core Directors at that time (i.e. Mr Charlie Yip and Mr CS Yip who signed off some of the submissions to the Department during that period) to be more cautious about the Company's Rule compliance and to consult the CA in a timely manner.

Settlement

As a consequence of settlement, the Company and the Core Directors admit their respective breaches asserted by the Department above and accept the sanctions and directions imposed on them by the Listing Committee as set out below.

Findings of breach by the Listing Committee

On the basis of the facts and circumstances as set out above and with the Company and the Core Directors admitting the Department's assertion of breaches, the Listing Committee found that:

(1) the Company breached Rules 13.09(1) and 3A.23(3) of the Listing Rules; and

(2) each of the Core Directors breached his Undertaking to the Exchange.

Regulatory Concern

The HK securities market is disclosure-based. Investors and shareholders rely on information in the public domain to make their investment decisions. Timely disclosure by listed issuers of relevant information of their financial performance is thus crucial to enable shareholders and investors to make informed investment decisions.

The Listing Committee regards the breaches in this matter serious:

(1) Since the dates when the Core Directors first became aware of the First and Second Deterioration, there were a number of occasions on which they could have taken steps to consult and seek advice from the Company's CA and to inform the shareholders and investors of the deterioration. However, they took no such action until a very late stage.

(2) Since 3 September 2012, the Core Directors were or should have been aware of the Second Deterioration. However, they failed to take immediate action to disclose this information to shareholders and the investing public. Their reason for non-disclosure was mainly due to their adoption of inappropriate benchmarks to measure the Company's 1H2013 financial performance. They had also failed to procure the Company to consult its CA in a timely manner.

(3) The maximum delay in disclosing the First and Second Deterioration was 1 month and 3 days and 2 months and 25 days respectively. Those investors and shareholders of the Company who traded in the Company's shares during this period did so without knowledge of the First and Second Deterioration. Shareholders and investors were deprived of their right to the timely receipt of crucial information relating to the Company and its performance.

(4) The Core Directors received training on responsibilities of directors of listed companies from the Company's then legal advisers before the listing of the Company. Notwithstanding the training received, there were two consecutive serious breaches of the Listing Rules by the Company and breach of the Directors' Undertakings shortly after the Company was listed.

(5) The Core Directors had little or no previous experience in managing a HK listed company. The Listing Committee expected that they would have taken advantage much more readily of the guidance and advice of the Company's CA and to proactively seek advice and assistance from it. However, in respect of both the First and Second Deterioration, the Core Directors did not do so and waited until a very late stage respectively. This is certainly not an approach which, we believe, a prudent director of a newly listed company would have adopted in the circumstances.

Sanctions

The Listing Committee refers to the "*Statement on principles and factors in determining sanctions and directions imposed by the Disciplinary Committee and the Review Committee*" attached to the disciplinary procedures adopted with effect from 13 September 2013. In considering and deciding on the appropriate sanctions, it has particularly taken into account factors including (a) the nature, causes and seriousness of the Company's and the Core Directors' breaches; (b) the circumstances and manner in which the conduct giving rise to the breaches was committed, in particular, the Company was at that time a newly listed company within the prescribed fixed period with Guotai Junan as its CA; (c) two consecutive serious breaches of Rule 13.09(1) by the Company took place shortly after its listing; (d) the Core Directors' collective and individual responsibilities in ensuring Listing Rule compliance; (e) the previous clean compliance record of the Company and the Core Directors; and (f) the length of delay in making disclosure of the First and Second Deterioration and the market impact (unusual share trading) of the disclosure.

Having made the findings of breaches stated above and concluded that the breaches are serious, and having considered the above factors, the Listing Committee:

(1) censures the Company for breaching (a) Rule 13.09(1) on two occasions in respect of the First and the Second Deterioration; and (b) Rule 3A.23(3); and

(2) censures each of the Core Directors, namely Mr CS Yip, Mr Charlie Yip, Mr David Yip and Mr Yep for their respective breaches of their Undertakings in failing to procure the Company's compliance with Rules 13.09(1) and 3A.23(3) as described above.

Directions

Further, the Listing Committee directs as follows:

(1) The Company is to appoint an independent Compliance Adviser ("**Compliance Adviser**") satisfactory to the Department on an ongoing basis for consultation on compliance with the Listing Rules for two years within two months from the publication of this press release. The Compliance Adviser is to have general and specific responsibilities and obligations, and shall be accountable to the Company's Audit Committee ("**CA Direction**"). (See Notes 4 to 8 for details.)

(2) Each of the Core Directors is to attend 24 hours of training on Listing Rule compliance, director's duties and corporate governance matters to be completed within 180 days from the publication of this press release. (See Note 9 for details.)

(3) The Company is to publish an announcement to confirm full compliance with each of the above directions within two weeks after the respective fulfillment of each of them. (See Note 10 for details.)

For the avoidance of doubt, the Exchange confirms that the above sanctions and directions apply only to the Company and the Core Directors identified above and not to any other past or present members of the Company's Board of Directors.

Notes:

(1) Rule 13.09(1) required issuers to disclose, as soon as reasonably practicable, any information which (a) is necessary to enable shareholders and the public to appraise the position of the group; (b) is necessary to avoid the establishment of a false market in the issuer's securities; or (c) might be reasonably expected materially to affect market activity in and the price of its securities.

(2) Note 11(ii) to Rule 13.09 further elaborated that the obligation must be discharged without delay where to the knowledge of the directors there is such a change in the company's financial condition or the performance of its business or the company's expectation of its performance that knowledge of the change is likely to lead to substantial price movement.

(3) Under Rule 3A.23(3), an issuer must consult and, if necessary, seek advice from its compliance adviser during the fixed period as defined (from the date of its first listing to the issue of its first full year annual report) on a timely basis where the business activities, developments or results of the listed issuer deviate from any forecast, estimate, or other information in the listing document.

(4) The Company is to appoint an independent Compliance Adviser (as defined in Chapter 3A of the Listing Rules namely, an entity licensed or registered under the Securities and Futures Ordinance ("**SFO**") for Type 6 regulated activity and permitted under its licence or certificate of registration to undertake work as a sponsor) satisfactory to the Department on an ongoing basis for consultation on compliance with the Listing Rules for two years within two months from the publication of this press release. It is to submit the proposed scope of retainer to the Department for comment before such appointment. The Compliance Adviser shall be accountable to the Company's Audit Committee.

(5) The scope of retainer of the Compliance Adviser is to include, but is not limited to, the requirements that during the two-year retainer period, the Compliance Adviser is to, as part of its responsibilities and obligations, be notified of and attend every Board meeting to be held by the Company, and actively advise the Company and its Directors on Rule compliance.

(6) During the two-year period when the Compliance Adviser is retained by the Company, the Company is to:

   (a) Provide the Compliance Adviser with all notices of Board meetings and all documents to be tabled and/or considered at Board meetings; and

(b) Provide half-yearly written reports to the Department, endorsed by all directors, confirming that (i) the Company has provided the Compliance Adviser with notices of all Board meetings and all documents to be tabled or considered at such Board meetings; (ii) the Compliance Adviser has attended all Board meetings held by the Company during the period; and (iii) the Company has kept a written record of the Compliance Adviser's advice to the Company and action taken by the Company following receipt of such advice to ensure Rule compliance. Such reports are to be delivered within two weeks of the end of every six-month interval from the commencement date of engagement of the Compliance Adviser. The Compliance Adviser is to give signed written endorsement of the Company's half-yearly reports regarding (ii) above.

(7) Within the two-year period of the Compliance Adviser's appointment, the Compliance Adviser is to:

(a) Actively participate in the consultation as mentioned in paragraph (4) of the Notes above, and provide evidence in support to the Department at the same time as the Company's provision of evidence of consulting the Compliance Adviser; and

(b) Provide half-yearly written reports to the Department, endorsed by all directors of the Company, providing details and evidence of its discharge of duty under Rule 3A.24 to ensure that the Company complies with the Listing Rules. Such reports are to be delivered within two weeks of the end of every six-month interval from the commencement date of engagement of the Compliance Adviser.

(8) Any further matters pertaining to the Company's compliance with the CA Direction and issues as may emerge in the management and operation of the CA Direction (other than any variation of the period for which the Company is required to have a Compliance Adviser and when the appointment is required to be made under the CA Direction) are to be directed to the Department to consider and approve.

(9) Each of the Core Directors is to (a) attend 24 hours of training on Listing Rule compliance, director's duties and corporate governance matters including 4 hours on (i) current Rule 13.09 compliance and (ii) inside information disclosure under the SFO both effective on 1 January 2013 provided by the HK Institute of Chartered Secretaries, the HK Institute of Directors or other course providers approved by the Department, to be completed within 180 days from the publication of this press release; and (b) provide the Department with the course provider's written certification of compliance within two weeks after training completion.

(10) The Company is to publish an announcement to confirm full compliance with each of the directions set out in (4), (6) and (9) of the Notes above within two weeks after the respective fulfilment of each of those directions. The last announcement required to be published under this requirement is to include the confirmation that all directions in (4), (6) and (9) above have been complied with. The Company is to submit drafts of the announcements for the Department's comment and may only publish the announcements after the Department has confirmed it has no further comment on them.