



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”)

2 October 2015

Chapter 14A imposes clearly defined and unambiguous reporting, announcement and independent shareholders’ approval obligations on issuers. The relevant provisions are designed to safeguard and protect the minority shareholders from prejudice by requiring listed issuers to: (a) disclose transactions with connected persons of a particular size and magnitude; and (b) if required by the Exchange Listing Rules, obtain independent shareholders’ approval before executing the transactions, particularly where financial assistance to a connected person is involved. The Exchange views the failure to disclose and obtain prior independent shareholders’ approval of connected transactions seriously.

This disciplinary action highlights the importance of having adequate and effective internal controls. It affects an issuer’s ability to comply with the Exchange Listing Rules in a timely and effective manner. Delegation of responsibility for a compliance task to a member of senior management does not absolve the directors individually or collectively from taking: (a) reasonable steps to monitor the execution of the delegated compliance task; and (b) prompt and effective remedial steps where internal control deficiencies and possible Exchange Listing Rule breaches are noted.

Primary responsibility for ensuring compliance with the Exchange Listing Rules, in this case, Chapter 14A, rests with the directors of the issuer. The Exchange will discipline directors who fail to establish and/or maintain adequate and effective internal controls to ensure that minority shareholders’ interests are protected.

The Listing Committee of The Stock Exchange of Hong Kong Limited (the “Committee”)

CENSURES:

- (1) **Huazhong In-Vehicle Holdings Company Limited (formerly known as Huazhong Holdings Company Limited)** (the “Company”) (Stock Code: 6830)

for breaching Rules 2.13, 3A.23, 14A.04, 14A.63 (for compliance with Rules 14A.45, 14A.47, 14A.48, 14A.49 and 14A.52) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Exchange Listing Rules”) for failing to:

- (a) comply with the reporting, announcement, independent shareholders' approval requirements in respect of certain connected transactions;
- (b) consult and seek advice from its compliance adviser on a timely basis when those connected transactions were contemplated; and
- (c) ensure that the information contained in its announcement dated 2 September 2013 (the "Announcement") and the annual reports for the years ended 31 December 2012 (the "2012 Annual Report") and 31 December 2013 (the "2013 Annual Report") was accurate and complete, and not misleading or deceptive;

FURTHER CENSURES:

- (2) **Mr Zhou Minfeng** ("Mr Zhou"), chairman, executive director ("ED"), chief executive and controlling shareholder of the Company at the material time for his breaches of:
 - (a) his director's duties under Rules 3.08(a) to (f) of the Exchange Listing Rules; and
 - (b) his obligations under the Declaration and Undertaking with regard to Directors given to the Exchange in the form set out in Appendix 5B to the Exchange Listing Rules (the "Director's Undertaking") for failing to comply to the best of his ability with the Exchange Listing Rules and for failing to use best endeavours to procure the Company's Rule compliance;
- (3) **Mr Chang Jingzhou** ("Mr Chang"), an ED of the Company;
- (4) **Mr Wang Yuming** ("Mr Wang"), a non-executive director ("NED") of the Company; and
- (5) **Mr Xu Jiali** ("Mr Xu"), an independent non-executive director ("INED") and an audit committee member of the Company
for breaching:
 - (a) their director's duties under Rule 3.08(f) of the Exchange Listing Rules; and
 - (b) their obligations under their respective Director's Undertakings;

AND CRITICISES:

- (6) **Mr Yu Shuli** ("Mr Yu"), an INED and an audit committee member of the Company;
- (7) **Mr Tian Yushi** ("Mr Tian"), an INED and an audit committee member of the Company;
- (8) **Ms Lai Cairong** ("Ms Lai"), a NED of the Company;
- (9) **Ms Kuang Min** ("Ms Kuang"), a former NED of the Company; and

(10) **Mr Su Xijia** (“Mr Su”), a former INED and a former audit committee member of the Company

for breaching:

(a) their director’s duties under Rule 3.08(f) of the Exchange Listing Rules; and

(b) their obligations under their respective Director’s Undertakings.

(The directors identified at (2) to (10) above are collectively referred to as the “Relevant Directors”).

On 14 April 2015, the Committee conducted a first instance hearing into the conduct of the Company and the Relevant Directors in relation to their obligations under the Exchange Listing Rules and the Director’s Undertakings.

On 25 August 2015, the Committee conducted a disciplinary (review) hearing on the application by Mr Su for a review of the decision of and the sanction imposed by the Committee at the first instance hearing.

FACTS

The Company was listed on 12 January 2012 and its financial year end date was 31 December. At the relevant time, its compliance adviser was Guotai Junan Capital Limited (“Guotai”).

The Announcement dated 2 September 2013 referred to financial assistance (the “Financial Assistance”) provided by the Company and its subsidiaries (the “Group”), made up of certain advances (the “Advances”) and a deposit pledge (the “Deposit Pledge”), to Mr Zhou and his associates, Ningbo Huayou Properties Co Limited (“NHP”), Ningbo Huayou Automobile Trimming Co Limited (“NHA”) and Changchun Huayou Properties Co Limited (“CHP”).

The applicable percentage ratios in respect of the Advances to each of Mr Zhou, NHP, NHA and CHP were less than 5 per cent. The applicable percentage ratio in respect of the Deposit Pledge was more than 5 per cent but less than 25 per cent.

The Financial Assistance was procured by Mr Zhou, without the knowledge and involvement of the other Directors at the relevant time, by instructing the Group’s finance manager to execute the transactions. The Company and Mr Zhou asserted that the finance manager was responsible for obtaining authorisation from the chief financial officer (the “CFO”) who was in turn responsible for determining whether board approvals were required, and if so, seeking such approvals.

Some of the Advances were disclosed in the 2012 Annual Report, which were described as “*connected transactions exempt from the independent shareholders’ approval requirement*” (the “Exemption Statement”).

There were no written agreements for the provision of any of the Advances. The Company did not consult its compliance adviser when each of the Financial Assistance was contemplated.

There were contemporaneous documents produced by Guotai (none of which was supplied by the Company or its Directors in response to the enquiries made by the Listing Department in this matter), which showed that Guotai alerted the Company and Mr Zhou to possible Rule breaches in respect of some of the Advances in or about September 2012. However, the Company alleged, without supporting evidence, that the Financial Assistance was only discovered by its auditors in March 2013 and August 2013 in the course of preparing the annual results for the year ended 31 December 2012 and the interim results for six months ended 30 June 2013 respectively.

At the board meeting held on 27 March 2013 (the “March 2013 Meeting”), the 2012 Annual Report was approved by Mr Zhou, Mr Chang, Mr Yu, Mr Tian and Mr Su. The Company submitted that the CFO informed the attending directors about the possible Rule implications at the meeting. Those directors instructed the CFO to investigate and report back, and if there were any Rule breaches, to seek advice for remedial actions (note: this submission was not reflected in the minutes of the board meeting). The above directors submitted that they mistakenly believed that the disclosure in the 2012 Annual Report was sufficient for Rule compliance.

At the board meeting held on 30 August 2013 (the “August 2013 Meeting”), Mr Chang, Mr Wang and Mr Xu approved and ratified the Financial Assistance and approved the contents of the Announcement. The Announcement contained a statement that the Advances (unsecured, interest-free and repayable on demand) were provided on normal commercial terms (the “NCT Statement”) and therefore the exemption under Rule 14A.66(2) applied (i.e. repeated the Exemption Statement).

As stated in the Announcement, the Company relied on the following reasons in support of its assertion that the Advances were provided on normal commercial terms:

- (a) Mr Zhou had made valuable contributions to the Group as chairman, ED, chief executive and controlling shareholder. The Company made the advances to him primarily for him to repay a personal loan he borrowed from an independent third party for the purpose of listing;
- (b) NHP had offered favourable rental terms to the Group; and
- (c) NHA and CHP had provided free services/advice to the Group prior to listing.

The Company stated in the Announcement that, since the Deposit Pledge was released on 31 August 2013, the Company would not proceed to obtain independent shareholders’ approval.

The Company disclosed the Advances and the Deposit Pledge as connected transactions in its 2013 Annual Report and repeated the Exemption Statement and the NCT Statement. Mr Zhou, Mr Chang, Mr Xu, Mr Yu, Mr Tian and Ms Kuang approved the 2013 Annual Report in a board meeting held on 30 March 2014.

Exchange Listing Rule requirements

Unless otherwise stated, references to specific Exchange Listing Rules in this news release refer to the Rules in force in 2012 and 2013.

Mr Zhou, NHP, NHA and CHP are connected persons of the Company under the Exchange Listing Rules. The instances of Financial Assistance provided to them were connected transactions subject to Chapter 14A of the Exchange Listing Rules.

The Advances and the Deposit Pledge were subject to Rule 14A.63, i.e. Rule 14A.45 (reporting requirement), Rule 14A.47 (announcement requirement), Rules 14A.48, 14A.49 and 14A.52 (independent shareholders' approval requirements). The independent shareholders' approval requirements for the Advances (given that the percentage ratios were less than 5 per cent) could be exempted pursuant to Rule 14A.66(2) if they were provided on normal commercial terms, even though they were not provided in the ordinary and usual course of business.

“Normal commercial terms” is defined in Rule 14A.10(8) as *“terms which a party could obtain if the transaction were on an arm’s length basis or on terms no less favourable to the listed issuer than terms available to or from independent third parties”*.

Rule 14A.04 requires an issuer to enter into a written agreement for each connected transaction.

Rule 2.13 requires an issuer to ensure that the information contained in any announcement or corporate communication required pursuant to the Exchange Listing Rules is accurate and complete in all material respects and not be misleading or deceptive.

Rule 3A.23 requires an issuer to consult with and, if necessary, seek advice from its compliance adviser on a timely basis, during the period from the date of its listing to the date of publication of the issuer’s first full financial year’s results, where a connected transaction is contemplated.

In respect of directors, Rule 3.08 requires the board of directors to be collectively responsible for its management and operations. Under Rule 3.08, the directors are expected, both collectively and individually, to fulfil fiduciary duties and duties of skill, care and diligence to a standard at least commensurate with the standard established by Hong Kong law, meaning that every director must, in the performance of his duties as a director:

- (a) act honestly in good faith in the interests of the company as a whole;
- (b) act for proper purpose;
- (c) be answerable to the issuer for the application or misapplication of its assets;
- (d) avoid actual and potential conflicts of interest and duty;
- (e) disclose fully and fairly his interests in contracts with the issuer; and
- (f) apply such degree of skill, care and diligence as may reasonably be expected of a person of his knowledge and experience and holding his office within the issuer.

COMMITTEE'S FINDINGS OF BREACH

The Committee considered the written and oral submissions of the Listing Department, the Company and the Relevant Directors, and concluded as follows:

Company's breaches

The Committee found that the Advances were not provided to the connected persons on normal commercial terms and therefore were also subject to the independent shareholders' approval requirements. By virtue of this finding, the Committee found that the Exemption Statement and the NCT Statements inaccurate and misleading.

The Committee found that the Company breached:

- (a) Rule 14A.63, i.e. Rules 14A.45, 14A.47, 14A.48, 14A.49 and 14A.52 in respect of those Advances which were provided in 2012 for failing to comply with the reporting, announcement and independent shareholders' approval requirements;
- (b) Rules 14A.47, 14A.48, 14A.49 and 14A.52 in respect of those Advances which were provided in 2013 and the Deposit Pledge for failing to comply with the independent shareholders' approval requirements;
- (c) Rule 14A.04 for failing to enter into a written agreement for each of the Advances;
- (d) Rule 2.13 in respect of: (i) the Exemption Statement contained in the 2012 and 2013 Annual Report, and the Announcement; and (ii) the NCT Statement contained in the Announcement and the 2013 Annual Report; and
- (e) Rule 3A.23 for failing to consult its compliance adviser when each of the Advances and the Deposit Pledge was contemplated.

Internal controls

The Committee noted the Company's repeated breaches of the Exchange Listing Rules arising from the Financial Assistance. The connected transactions and the related Rule breaches were not prevented or detected by the Company's internal controls, but were identified by Guotai in or about August 2012 and the Company's auditors in March 2013 and August 2013.

The Company has not demonstrated that it had adequate or effective internal controls in place for the identification, reporting and approval of connected transactions. The internal control review report prepared after the event has identified various internal control deficiencies.

The Committee therefore concluded on the evidence presented that the Company did not have adequate and effective internal controls at the relevant time (2012 and 2013) to ensure the Company's compliance with Chapter 14A of the Exchange Listing Rules.

Mr Zhou's breaches of Rules 3.08(a) to (f) and the Director's Undertaking

The Committee concluded that Mr Zhou breached Rules 3.08(a) to (f) as:

- (a) Mr Zhou did not inform or involve any other Directors regarding any of the Financial Assistance at the relevant time;
- (b) in particular, Mr Zhou did not inform or involve any other Directors in the consideration and approval of the relevant Advances or the Deposit Pledge, which were provided after the March 2013 Board Meeting, notwithstanding that Mr Zhou became aware of the possible Rule breaches in or about September 2012 and, on the Company's and his assertions, he discussed the possible Rule implications about some of the Advances at the March 2013 Board Meeting;
- (c) he did not ensure that there were authorisations/approvals before any of the instances of Financial Assistance were entered into and executed, and their Exchange Listing Rule implications were duly considered and addressed and that applicable Rules were complied with;
- (d) the Financial Assistance did not confer any benefit to the Company and its shareholders, Mr Zhou: (i) failed to act in good faith in the best interests of the Company as a whole and for a proper purpose; and (ii) misapplied the Company's assets;
- (e) Mr Zhou did not avoid his conflict of interest by ensuring the Financial Assistance was authorised by the other Directors and declaring his interests and abstaining from voting at meetings that should have been called for the purposes of considering and approving the Financial Assistance.
- (f) he did not take steps to procure that the Company take steps to deal with the investigation on the Financial Assistance and the related Rule breaches in a timely manner;
- (g) he did not procure that the Company obtain advice from Guotai prior to the entering into of the Financial Assistance;
- (h) he endorsed the 2012 and 2013 Annual Reports, containing the NCT Statement and the Exemption Statement, which were inaccurate and misleading; and
- (i) he did not ensure that the Company had adequate and effective internal controls in place to ensure its Rule compliance.

Breach of the Director's Undertaking

The Committee also found that Mr Zhou breached the Director's Undertaking:

- (a) for failing to comply to the best of his ability with the Exchange Listing Rules by virtue of his breaches of Rules 3.08(a) to (f); and

- (b) for failing to use his best endeavours to procure the Company's Rule compliance, notwithstanding his knowledge of and involvement in the Financial Assistance, by virtue of his failure to ensure the Company had adequate and effective internal controls in place to identify the connected transactions for Rule compliance.

In the view of the Committee, on the basis of the evidence available, Mr Zhou's conduct shows that he persistently failed in his responsibilities to ensure the Company's Rule compliance in respect of the Financial Assistance despite his knowledge of and involvement in all the Financial Assistance.

Mr Chang, Mr Wang and Mr Xu's breaches of Rule 3.08(f) and the Director's Undertakings

The Committee concluded that each of Mr Chang, Mr Wang and Mr Xu breached Rule 3.08(f) as:

- (a) they ratified the Financial Assistance at the August 2013 Meeting on the basis that they were provided on normal commercial terms when they did not confer any benefit to the Company and were not provided on terms which the connected persons could obtain on an arm's length basis from independent third parties;
- (b) they endorsed the Announcement and the 2013 Annual Report (except Mr Wang), containing the NCT Statement and the Exemption Statement, which were inaccurate and misleading;
- (c) Mr Chang and Mr Wang failed to identify the relevant Advances, referred to in the 2012 Annual Report, as connected transactions even though the 2012 Annual Report contained the Exemption Statement;
- (d) Mr Chang and Mr Wang failed to procure that the Company take steps to deal with the investigation into the Financial Assistance and the related Rule breaches in a timely manner, or put in place interim measures to prevent further breaches during the investigation; and
- (e) Mr Chang and Mr Wang did not ensure that the Company had adequate and effective internal controls in place to ensure its Rule compliance.

Breach of the Director's Undertakings

The Committee also found that each of Mr Chang, Mr Wang and Mr Xu breached the Director's Undertaking:

- (a) for failing to comply to the best of his ability with the Exchange Listing Rules by virtue of his breach of Rule 3.08(f); and
- (b) for failing to use his best endeavours to procure the Company's Rule compliance in respect of the NCT Statement and the Exemption Statement contained in the Announcement and the 2013 Annual Report (as the case may be), and for Mr Chang and Mr Wang, by virtue of their failure to ensure the Company had adequate and effective internal controls in place to identify the connected transactions for Rule compliance.

Mr Su, Mr Yu and Mr Tian's breaches of Rule 3.08(f) and the Director's Undertakings

The Committee concluded that each of Mr Su, Mr Yu and Mr Tian breached Rule 3.08(f) as:

- (a) they failed to identify the relevant Advances referred to in the 2012 Annual Report as connected transactions, even though the 2012 Annual Report contained the Exemption Statement;
- (b) Mr Yu and Mr Tian failed to identify the relevant Advances and the Deposit Pledge referred to in the interim report for six months ended 31 June 2013 (the "2013 Interim Report") as connected transactions;
- (c) Mr Su, as chairman of the audit committee, failed to enquire into and review the fairness of the Advances provided in 2012 and take steps reasonably required of him in relation to possible Rule implications;
- (d) Mr Yu and Mr Tian, as audit committee members, failed to enquire into and review the fairness of the Advances provided in 2012 and take steps reasonably required of them even though they were aware of the possible Rule implications in or about September 2012;
- (e) they, as audit committee members, failed to procure the Company's compliance with the reporting requirements of the relevant Advances in the 2012 Annual Report;
- (f) they endorsed the 2012 Annual Report and the 2013 Annual Report (except Mr Su), containing the NCT Statement and the Exemption Statement, which were inaccurate and misleading;
- (g) they failed to procure that the Company take steps to deal with the investigation into the Financial Assistance and the related Rule breaches in a timely manner, or put in place interim measures to prevent further breaches during the investigation; and
- (h) they did not ensure that the Company had adequate and effective internal controls in place to ensure its Rule compliance.

Breach of the Director's Undertakings

The Committee also found that each of Mr Su, Mr Yu and Mr Tian breached the Director's Undertaking:

- (a) for failing to comply to the best of his ability with the Exchange Listing Rules by virtue of his breach of Rule 3.08(f); and
- (b) for failing to use his best endeavours to procure the Company's Rule compliance in respect of the NCT Statement and the Exemption Statement contained in the 2012 and 2013 Annual Reports (as the case may be), and by virtue of his failure to ensure the Company had adequate and effective internal controls in place to identify the connected transactions for Rule compliance.

Ms Lai and Ms Kuang's breaches of Rule 3.08(f) and the Director's Undertakings

The Committee concluded that each of Ms Lai and Ms Kuang breached Rule 3.08(f) as:

- (a) they were in office when the 2012 Annual Report, the Announcement and the 2013 Interim Report were published. They did not take an active interest in the Company's affairs as they did not appear to have reviewed any of these documents, which contained important information about the Company;
- (b) even assuming they had reviewed the above documents, they failed to identify the relevant Advances and the Deposit Pledge, referred to in the 2012 Annual Report and the 2013 Interim Report, as connected transactions even though the 2012 Annual Report contained the Exemption Statement;
- (c) they failed to procure that the Company take steps to deal with the investigation into the Financial Assistance and the related Rule breaches in a timely manner, or put in place interim measures to prevent further breaches during the investigation;
- (d) Ms Kuang endorsed the 2013 Annual Report, containing the NCT Statement and the Exemption Statement, which were inaccurate and misleading; and
- (e) they did not ensure that the Company had adequate and effective internal controls in place to ensure its Rule compliance.

Breach of the Director's Undertakings

The Committee also found that each of Ms Lai and Ms Kuang breached the Director's Undertaking:

- (a) for failing to comply to the best of her ability with the Exchange Listing Rules by virtue of her breach of Rule 3.08(f); and
- (b) for failing to use her best endeavours to procure the Company's Rule compliance by virtue of her failure to ensure that the Company had adequate and effective internal controls in place to identify the connected transactions for Rule compliance (and for Ms Kuang, by virtue of her failure to prevent the Company's breach in respect of the NCT Statement and the Exemption Statement contained in the 2013 Annual Report).

REGULATORY CONCERN

The Committee regards the breaches in this matter as serious:

- (1) the case reveals serious internal control deficiencies in the reporting and monitoring framework of the Company;
- (2) concern also arose over the competence of the Relevant Directors and the Company's finance personnel to ensure that (a) connected transactions were identified; and (b) the Company fully complied with the applicable Exchange Listing Rules;

- (3) the Company repeatedly failed to comply with Chapter 14A provisions in respect of the Financial Assistance which were attributable to: (i) Mr Zhou's conduct; and (ii) the inadequate and ineffective internal controls of the Company;
- (4) the Financial Assistance occurred over a period from March 2012 to July 2013. There is evidence to show that Guotai alerted the Company and Mr Zhou to the Rule breaches as early as September 2012. Even if the Company's assertion that the auditors first discovered the connected transactions in March 2013 was to be accepted (which it is not), the Company only took remedial actions at the end of August 2013;
- (5) the Advances were ratified, after their execution, on the basis that they were provided on normal commercial terms and therefore exempt from the independent shareholders' approval requirement. The board also decided not to obtain independent shareholders' approval in respect of the Deposit Pledge as it was fully released by the time they ratified that transaction. The interests of independent shareholders of the Company had been prejudiced in terms of their right to: (a) timely receipt of information as to the Financial Assistance; and (b) vote on each transaction constituting the Financial Assistance; and
- (6) the Company took on substantial credit risk. If there were defaults on repayment of the Advances and/or the loan in respect of which the Deposit Pledge was provided, it would not have any recourse to security. The Company's interests had also been prejudiced by having been deprived of the use of the relevant funds.

SANCTIONS

Having made the findings of breach stated above, and having concluded that the breaches are serious, the Committee decides to:

- (1) censure the Company for its breach of Rules 2.13, 3A.23, 14A.04 and 14A.63 (for compliance with Rules 14A.45, 14A.47, 14A.48, 14A.49 and 14A.52);
- (2) censure Mr Zhou for his breach of Rules 3.08(a) to (f) and the Director's Undertaking;
- (3) censure Mr Chang, Mr Wang and Mr Xu for their breach of Rule 3.08(f) and their respective Director's Undertakings; and
- (4) criticise Mr Yu, Mr Tian, Mr Su, Ms Lai and Ms Kuang for their breach of Rule 3.08(f) and their respective Director's Undertakings.

The Committee further directs:

- (1) the Company to

- (a) retain an independent professional adviser satisfactory to the Committee and/or the Listing Department (the “Adviser”) to conduct a thorough review of and make recommendations to improve the Company’s internal controls to ensure compliance with the Exchange Listing Rules, within two weeks from the date of publication of this news release; and provide the Listing Department with the written report of the Adviser containing such recommendations within two months from the publication of this news release. The Company is to submit the proposed scope of retainer to the Listing Department for comment before appointment of the Adviser;
 - (b) furnish the Listing Department with the Adviser’s written report on the Company’s full implementation of the Adviser’s recommendations within a further period of two months;
 - (c) appoint, within two months from the publication of this news release, an independent compliance adviser (as defined in Chapter 3A of the Exchange Listing Rules) satisfactory to the Listing Department on an ongoing basis for consultation regarding compliance with the Exchange Listing Rules for two years;
 - (d) alternatively, continue, for two years from the publication of this news release, the appointment of its current compliance adviser on an ongoing basis for consultation regarding compliance with the Exchange Listing Rules;
 - (e) the compliance adviser shall be accountable to the audit committee of the Company; and
 - (f) following appointment of the compliance adviser, any changes necessary and any administrative matters which may emerge in the management and operation of the compliance adviser during the period of appointment are to be directed to the Listing Department for consideration and approval. The Listing Department should refer any matters of concern to the Committee for determination.
- (2) Mr Zhou, Mr Chang, Mr Wang, Mr Xu, Mr Yu, Mr Tian and Ms Lai to each (a) attend 24 hours of training (the “Training”) on Exchange Listing Rule compliance, director’s duties, including 4 hours of training on notifiable and connected transactions, provided by the Hong Kong Institute of Chartered Secretaries, the Hong Kong Institute of Directors or other course providers approved by the Listing Department. The Training is to be completed within 90 days from the publication of this news release; and (b) provide the Listing Department with the Training provider’s written certification of full compliance within two weeks after Training completion.
- (3) Mr Su, a former director of the Company, who currently remains a director of another company listed on the Exchange, to (a) attend and complete the Training within 90 days from the publication of this news release; and (b) provide the Listing Department with the Training provider’s written certification of full compliance within two weeks after Training completion. In the event that Mr Su ceases to be a director of any company listed on the Exchange within 90 days from the publication of this news release, sub-paragraph (4) will apply to Mr Su.

- (4) As a pre-requisite of any future appointment as a director of any company listed on the Exchange, Ms Kuang, a former director of the Company, who is currently not a director of any other company listed on the Exchange, (a) to attend the Training, to be completed before the effective date of any such appointment; and (b) to provide the Listing Department with the training provider's written certification of full compliance.
- (5) The Company is to publish an announcement to confirm that each of the directions in paragraphs (1) and (2) above has been fully complied with within two weeks after the respective fulfillment of each of those directions. The last announcement required to be published under this requirement is to include the confirmation that all directions in paragraphs (1) and (2) have been complied with.
- (6) The Company is to submit drafts of the announcements referred to in sub-paragraph (5) above for the Listing Department's comment and may only publish the announcements after the Listing Department has confirmed it has no further comment on them.

For the avoidance of doubt, the Exchange confirms that the above sanctions and directions apply only to the Company and the Relevant Directors and not to any other past or present members of the board of directors of the Company.