

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)

THE STOCK EXCHANGE OF HONG KONG LIMITED

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

STATEMENT OF DISCIPLINARY ACTION

Exchange's Disciplinary Action against China Gem Holdings Limited (Stock Code: 1191) and Seven Directors

SANCTIONS AND DIRECTIONS

The Stock Exchange of Hong Kong Limited (**Exchange**)

CENSURES:

(1) **China Gem Holdings Limited** (Stock Code: 1191) (**Company**);

IMPOSES A DIRECTOR UNSUITABILITY STATEMENT against:

- (2) **Mr Zhong Ling**, chairman and executive director (**ED**) of the Company (**Mr Zhong**);
- (3) **Mr Wu Yijie**, ED of the Company (**Mr Wu**);
- (4) **Mr Cui Lei**, former chief executive officer and ED of the Company (**Mr Cui**);
- (5) **Mr Kan Chi Ming**, non-executive director (**NED**) of the Company (**Mr Kan**);
- (6) **Mr Warren Lee Primhak**, independent non-executive director (**INED**) of the Company (**Mr Primhak**);
- (7) **Mr Li Haibo**, INED of the Company (**Mr Li**); and
- (8) **Mr He Yaode**, former INED of the Company (**Mr He**).

AND FURTHER DIRECTS:

that the listing of the Company's shares be cancelled under Rule 2A.10A(2)(b) if any of Mr Zhong, Mr Wu, Mr Kan, Mr Primhak and Mr Li continues to occupy a position as director or within senior management of the Company and/or its subsidiaries upon the expiry of 14 days from the date of this Statement of Disciplinary Action.

(The directors identified at (2) to (8) above are collectively referred to as **Relevant Directors**.)

The statement made in respect of the Relevant Directors above is made in addition to a public censure against each of them. The Director Unsuitability Statement is a statement that, in the Exchange's opinion, the Relevant Directors are unsuitable to occupy a position as director or within senior management of the Company or any of its subsidiaries.

.../2

SUMMARY OF FACTS

In July and August 2020, the Listing Division (**Division**) made enquiries with the Company, in relation to the Company's annual results for the year ended 31 December 2019 (**2019 Annual Results**) and a complaint respectively, for the purpose of verifying compliance with the Listing Rules. After seeking multiple time extensions, the Company did not respond to the enquiries.

Since September 2020, the Division conducted an investigation into possible breaches of Listing Rules in relation to certain transactions that were entered into by the Company and its subsidiaries resulting in a substantial impairment in its 2019 Annual Results (**Investigation**). As part of the Investigation, the Division sent investigation and reminder letters to the Company and specifically to Mr Cui and Mr He (who were in office at the time of the transaction subject to the Investigation).

Since November 2021, the Company, through its legal advisers, sought repeated time extensions to respond to the Division's enquiries. It disregarded the Division's verbal and written reminders and warnings and eventually did not provide any substantive response to the Division's enquiries.

Both Mr Cui and Mr He had confirmed their contact and/or email addresses to the Division by telephone. However, despite being re-sent an investigation letter, no substantive response was received from Mr Cui and Mr He.

There was no evidence showing any action on the part of Mr Zhong, Mr Wu, Mr Kan, Mr Primhak and Mr Li, as directors in office at the time of the Division's second investigation letter to the Company in September 2021, to procure the Company to respond to, and cooperate in, the Investigation.

RULE REQUIREMENTS

Rule 2.12A requires listed issuers to provide to the Exchange as soon as possible, or otherwise in accordance with the time limits imposed by the Exchange, among others, any information or explanation that the Exchange may reasonably require for the purpose of investigating a suspected breach of or verifying compliance with the Listing Rules.

Pursuant to the Declaration and Undertaking with regard to Directors given to the Exchange in the form of Appendix 5B to the Listing Rules (**Director's Undertaking**), each director is under the obligations to, among others, (i) comply with the Listing Rules to the best of his ability, (ii) use his best endeavours to procure the issuer's Listing Rule compliance; (iii) when he is a director of the issuer and after he ceases to be so, cooperate in any investigation conducted by the Division, including promptly and openly answering any questions addressed to him/her and promptly providing any relevant documents; and (iv) inform the Exchange of any change to his contact details for correspondence from and service of notices and other documents by the Exchange, for a period of three years from the date on which he ceases to be a director of the issuer.

LISTING COMMITTEE'S FINDINGS OF BREACH

The Listing Committee found as follows:

- (1) the Company breached Rule 2.12A(2) by failing to timely respond to the Division's enquiries and/or provide information / explanation required by the Division for investigating a suspected breach of, and/or for verifying compliance with, the Listing Rules;
- (2) Mr Zhong, Mr Wu, Mr Kan, Mr Primhak, Mr Li breached their obligations under the Director's Undertaking to use their best endeavors to procure the Company's compliance with Rule 2.12A(2) and to cooperate in the Division's investigation, which constituted a breach of the Listing Rules;
- (3) Mr Cui and Mr He breached their Director's Undertakings by failing to cooperate in the Division's investigation, which constituted a breach of the Listing Rules. Their obligation to provide information reasonably required by the Exchange did not lapse after they ceased to be a director of the Company; and
- (4) the Relevant Directors' breach of their respective Director's Undertakings and the Listing Rules was serious.

CONCLUSION

The Listing Committee decided to impose the sanctions and direction set out in this Statement of Disciplinary Action.

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

Hong Kong, 30 December 2022