

STATEMENT OF DISCIPLINARY ACTION

Exchange's Disciplinary Action against a Former Director of Suchuang Gas Corporation Limited (delisted, former stock code: 1430)

SANCTION AND DIRECTION

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

CENSURES:

Ms Zhu Ya Ying (Ms Zhu), former executive director (**ED**) of Suchuang Gas Corporation Limited (**Company**, together with its subsidiaries, **Group**)

AND DIRECTS:

18 hours of training on regulatory and legal topics and compliance with the Listing Rules for Ms Zhu as a prerequisite of any future appointment as a director of any company listed or to be listed on the Exchange.

SUMMARY OF FACTS

Ms Zhu was an ED of the Company from 4 July 2013 to 19 August 2019 and was responsible for managing the financial resources of the Company.

On 16 May 2019, Ms Zhu caused a subsidiary of the Company to enter into a **Guarantee** involving an exposure to the Group of RMB137.5 million. The Guarantee was a discloseable transaction. However, Ms Zhu did not bring the Guarantee to the attention of the Company's board of directors (**Board**), and the Listing Rule requirement to announce the Guarantee was not complied with.

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The Company had in place internal controls under which all guarantees executed for the benefit of non-Group companies should have been approved by both the directors of the relevant Group subsidiary and the Board. Ms Zhu was a long-serving director of the Company who knew or should have known about these internal controls, and that they would apply to the Guarantee.

Ms Zhu had a duty to procure the Company's compliance with the Listing Rules with respect to the Guarantee, but she did not take any steps in this regard. Her inaction led to the failure of the Company to announce the Guarantee at the time it was entered into.

After the cessation of her directorship, Ms Zhu continued working as a consultant of the Company, and caused the Group to enter into a series of transactions between March 2020 and August 2021. Ms Zhu did not inform the Board about these transactions.

The Guarantee and these other transactions were discovered by the Company's auditors only in September 2021. This late discovery led to a substantial delay in the despatch of the Company's interim report for the six months ended 30 June 2021 (**2021 Interim Report**) which should have been issued by 30 September 2021. The revised interim results, reflecting the financial impact of the Guarantee and the other transactions, were announced only on 28 January 2022, and the 2021 Interim Report was despatched on 14 February 2022.

RULE REQUIREMENTS

Rule 3.08 provides that the Exchange expects directors, 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. These duties include a duty to apply such degree of skill, care and diligence as may reasonably be expected of a person of his/her knowledge and experience and holding his/her office within the issuer.

Under the Listing Rules, Ms Zhu was obliged to comply with the Listing Rules to the best of her ability and use her best endeavours to procure the Company's compliance with the Listing Rules when she was a director of the Company (**Compliance Obligation**).

Under Rule 14.34, the Company was required to publish an announcement as soon as possible after the terms of a notifiable transaction had been finalised.

Under Rule 13.48(1), the Company was required to despatch its 2021 Interim Report by 30 September 2021.

ACCEPTANCE OF SANCTION AND DIRECTION

Ms Zhu has admitted breach of her directors' duties and Compliance Obligation, and agreed with the Exchange to accept the sanction and direction to be imposed on her by the Listing Committee, as set out in this statement.

LISTING COMMITTEE'S FINDINGS OF BREACH

The Listing Committee found as follows:

Ms Zhu failed to exercise reasonable skill, care and diligence in respect of the Guarantee, and therefore breached Rule 3.08 and her Compliance Obligation:

- (a) Ms Zhu caused the Company to enter into the Guarantee but she did not inform the Board of the Guarantee before or after it was entered into, in contravention of the Company's internal controls.
- (b) She did not take any steps to procure the Company's compliance with the Listing Rules in respect of the Guarantee, and hence caused the Company to breach Rule 14.34.
- (c) As a result of her misconduct, the Company was unable to despatch the 2021 Interim Report by the deadline under the Listing Rules, causing the Company to breach Rule 13.48(1).

CONCLUSION

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

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

Hong Kong, 9 May 2024