

STATEMENT OF DISCIPLINARY ACTION

Exchange's Disciplinary Action against Leading Holdings Group Limited
(Stock Code: 6999) and One Current Director

SANCTIONS AND DIRECTION

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

CENSURES:

- (1) **Leading Holdings Group Limited (Company)**; and
- (2) **Mr Liu Yuhui (Mr Liu)**, executive director, chairman and chief executive officer of the Company,

AND FURTHER DIRECTS:

Mr Liu to attend 20 hours of training on regulatory and legal topics and Listing Rule compliance, including at least three hours on each of (a) director's duties; (b) the Corporate Governance Code; and (c) requirements under Rule 2.13 and Chapter 13 of the Listing Rules, within 90 days.

SUMMARY OF FACTS

During trading hours on 19 May 2022, a stockbroker executed a forced sale of about 1% of the Company shares (Note 1) beneficially owned by Mr Liu through his private company.

At the material time, Mr Liu delegated to his personal assistant to liaise with the stockbroker. The stockbroker had given prior notice of the forced sale to that personal assistant and, shortly after the forced sale, wrote a confirmation to his private company.

The Company's share price dropped about 84% when trading hours ended.

.../2

After trading hours, the Exchange made enquiries of the Company concerning unusual movements in its share price and trading volume during the day, with a specific question on whether there was any forced sale of the Company shares held by its controlling shareholders. The Company responded that it was not aware of any forced sale of its shares, after making enquiries of Mr Liu and two other executive directors.

In the evening, as approved by the Board, the Company announced that its controlling shareholders had not pledged the Company shares, without mentioning the forced sale of the shares beneficially owned by Mr Liu.

By 20 May 2022, Mr Liu was fully aware of the forced sale. However, he did not clarify or provide updates to the public or the Exchange.

LISTING COMMITTEE'S FINDINGS OF BREACH

The Listing Committee found as follows:

Company

The Company breached Rules 2.12A, 2.12B, 2.13(2) and 13.10 (Notes 2 to 5).

The Company failed to disclose the forced sale in response to the Exchange's enquiries. Its response was inaccurate, incomplete and/or misleading.

Its announcement also failed to disclose the forced sale. It misleadingly stated that the Board had made all reasonable enquiries into the relevant matters, when in fact they had not done so. It also stated that no controlling shareholder had pledged their shares in the Company, when in fact the shares subject to the forced sale had been pledged to the stockbroker under the relevant margin account terms and conditions.

After becoming aware that its earlier disclosures to the public and the Exchange were inaccurate, incomplete and/or misleading, the Company should have promptly corrected the position by publishing an announcement and informing the Exchange. However, it failed to do so.

Mr Liu

Mr Liu breached Rules 3.08, 3.09B and 3.09C (Notes 6 to 7).

Mr Liu should have exercised reasonable skill, care and diligence to ensure the accuracy and completeness of the information provided to the Exchange and the public, and that such information would not be misleading. He should have made proactive enquiries with at least the stockbroker and his personal assistant before approving the response to the Exchange's enquiry and the announcement. However, he failed to do so. He also should not have delegated his duties to the personal assistant without adequate and effective supervision.

Even if Mr Liu was not personally aware of the forced sale at the time of the announcement, he was under a duty to correct the earlier disclosures to the public and the Exchange, as soon as possible after becoming aware that the earlier disclosures were inaccurate, incomplete and/or misleading. Again, he failed to do so.

CONCLUSION

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

The Company and Mr Liu did not contest their respective breaches and agreed to accept the sanctions and/or direction imposed on them.

For the avoidance of doubt, the above sanctions and direction apply only to the Company and/or Mr Liu, and not to any other past or present directors of the Company.

Hong Kong, 8 April 2025

Notes:

1. About 12.69% of the total trading volume of the Company's shares on 19 May 2022.
2. Under Rule 2.12A, an issuer must provide (1) any information to the Exchange, which the Exchange reasonably considers appropriate to protect investors or ensure the market's smooth operation, or (2) any other information or explanation that the Exchange may reasonably require for investigating a suspected breach of or verifying compliance with the Listing Rules or the Securities and Futures Ordinance (Cap. 571).
3. Under Rule 2.12B, a party subject to the enquiries or investigations by the Exchange must provide accurate, complete and up-to-date information or explanation in response to the Exchange's enquiries.
4. Under Rule 2.13(2), the information contained in any announcement or corporate communication of an issuer must be accurate and complete in all material respects and not be misleading or deceptive.
5. Under Rule 13.10(1), where the Exchange makes enquiries concerning unusual movements in the price or trading volume of an issuer's listed securities, the possible development of a false market in its securities, or any other matters, the issuer must respond promptly by providing to the Exchange any information relevant to the subject matter(s) of the enquiries which is available to it, so as to inform the market or to clarify the situation.
6. 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 knowledge and experience and holding his office within the issuer. The directors must also follow up anything untoward that comes to their attention.
7. Under Rules 3.09B and 3.09C, a director has obligations to:
 - (a) use his best endeavours to procure the issuer's compliance with the Listing Rules; and
 - (b) provide (i) any information and documents that the Exchange reasonably considers appropriate to protect investors or ensure the smooth operation of the market, and (ii) any other information and documents or explanation that the Exchange may

reasonably require for the purpose of verifying compliance with the Listing Rules, as soon as possible.