

## STATEMENT OF DISCIPLINARY ACTION

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Exchange's Disciplinary Action against Enterprise Development Holdings Limited (Stock Code: 1808) and a former executive director

### **SANCTIONS**

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

#### **CENSURES:**

(1) **Enterprise Development Holdings Limited** (Stock Code: 1808) (**Company**); and

**IMPOSES A PREJUDICE TO INVESTORS' INTERESTS STATEMENT** against:

(2) **Ms Mao Jun Jie (Ms Mao)**, former executive director (**ED**) of the Company.

The statement made in respect of Ms Mao above is made in addition to a public censure against her. The Prejudice to Investors' Interests Statement is a statement that, in the Exchange's opinion, had Ms Mao remained on the board of directors of the Company, the retention of office by her would have been prejudicial to the interests of investors.

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**SUMMARY OF FACTS**

On 3 January 2021, the Company announced that Ms Mao was appointed as an ED of the Company with effect from 31 December 2020 (**Appointment Announcement**). Her employment contract was for an initial term of three years, and she was entitled to a director's remuneration of \$300,000 per month, which was determined by the Remuneration Committee. She was also entitled to an annual discretionary performance bonus.

The Appointment Announcement contained the purported biographical details of Ms Mao and information about her previous positions and experience, including but not limited to the following statements (**Relevant Statements**):

*"Ms Mao has held senior positions in certain well-known companies and different international financial institutions."*

*"She has participated in and completed a number of the initial public offering projects in Hong Kong, Canada and China."*

*"Ms Mao has accumulated extensive experience in stock and bond analysis, trading and portfolio construction, currency trading, non-performing asset investment, quantitative research and derivative trading."* (This statement was repeated in a subsequent notice of annual general meeting dated 28 May 2021 (**Notice of AGM**).)

The Exchange received complaints which, amongst others, raised concerns over the truth, accuracy and completeness of the biographical details of Ms Mao set out in the Appointment Announcement.

The Division made enquiries with the Company, which resulted in the publication of a clarification announcement on 14 April 2021 (**Clarification Announcement**). The Clarification Announcement further disclosed that after a re-evaluation of the remuneration package payable to Ms Mao, the Board decided to adjust the remuneration of Ms Mao to \$2 million per annum, plus any discretionary bonus to be determined by the Board.

The Company has admitted that the Relevant Statements could not be verified. The Company also admitted that the appointment of Ms Mao was not properly considered by the Nomination Committee, and the remuneration of Ms Mao was not properly considered by the Remuneration Committee, in accordance with the terms of reference of such Committees. The directors of the Board at the relevant time were simply informed about the appointment of Ms Mao by the Company Secretary, and no separate Board, Nomination or Remuneration Committee meeting was convened for the purposes of discussing Ms Mao's appointment. The Company did not consider other candidates at the material time.

Ms Mao resigned as an ED of the Company on 8 November 2021. During the Division's investigation, Ms Mao acknowledged that "*she was relying on her own interpretations of certain phrases at the material time*", which "*might not be in line with the commonly adopted meanings in Hong Kong*".

### **LISTING RULE REQUIREMENTS**

Rule 2.13(2) provides that the information contained in any announcement or corporate communication must be accurate and complete in all material respects and not be misleading or deceptive.

Rule 3.08 provides that the Exchange expects the 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.

According to the Directors' Undertaking signed by Ms Mao upon her appointment, she declared that all particulars about her in the Appointment Announcement were true, complete and accurate and that she had not made any statements or omissions which would render such particulars untrue or misleading.

### **ACCEPTANCE OF SANCTIONS**

By way of settlement, the Company and Ms Mao accepted their respective breaches and the sanctions imposed upon them by the Listing Committee as set out below.

The Company also agreed to publish an announcement in relation to, amongst others, the failure by the other members of the Board at the relevant time (including the members of the Nomination and Remuneration Committees) to (i) ensure that due diligence was conducted on Ms Mao; (ii) ensure that there was consideration of the proposed appointment and remuneration of Ms Mao by the Board and the Nomination and Remuneration Committees; (iii) procure the Company's compliance with Rule 2.13(2) in respect of the Appointment Announcement and Notice of AGM; and (iv) safeguard the Company's interests in respect of the determination of the remuneration of Ms Mao.

### **LISTING COMMITTEE'S FINDINGS OF BREACH**

The Listing Committee found as follows:

- (1) The Company breached Rule 2.13(2) by publishing inaccurate, incorrect and/or misleading information about Ms Mao in the Appointment Announcement and the Notice of AGM.
- (2) Ms Mao breached her duties under Rule 3.08 and her Undertaking by (a) providing inaccurate, incorrect and/or misleading information to the Company in respect of her biographical details, and (b) failing to procure the Company's compliance with Rule 2.13(2) in respect of the Appointment Announcement and the Notice of AGM.

### **CONCLUSION**

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

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

Hong Kong, 18 July 2022