

## STATEMENT OF DISCIPLINARY ACTION

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Exchange's Disciplinary Action against Brightoil Petroleum (Holdings) Limited (delisted, previous Stock Code: 933) and four of its directors (at the date of delisting)

This case involves a blatant refusal by the Company to comply with repeated requests by the Exchange to publish an announcement about the cancellation of its listing. By refusing to do so, the Company deprived the stakeholders of the Company and the market of their right to be informed about critical developments in relation to the Company's listing status.

The Exchange expects directors of a listed issuer to exercise due and reasonable care, skill and diligence in discharging their duties, which includes ensuring a listed issuer's compliance with the legal or regulatory requirements that apply to such issuer. Directors may be deemed unsuitable to remain as a director of a listed issuer if they wilfully and/or persistently refuse to procure a listed issuer's compliance with the Exchange Listing Rules.

The Listing Committee of the Exchange ("Listing Committee")

### CENSURES:

- (1) **Brightoil Petroleum (Holdings) Limited ("Company")** (previous Stock Code: 933) (the listing of the Company's shares on the Exchange was cancelled under Rule 6.01A with effect from 20 October 2020) for:
  - (a) its breach of Rule 13.06(2) of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* ("**Exchange Listing Rules**") by failing to publish an announcement about the Delisting Decision and the Review Application (defined below); and

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(b) its breach of Rules 13.24A and/or 2.13(2) in respect of its failure to disclose the Delisting Decision and the Review Application in its Quarterly Update Announcement and its Business Update Announcement (defined below);

**AND CENSURES:**

- (2) **Mr Tang Bo**, executive director (“**ED**”) of the Company at the date of delisting;
- (3) **Mr Dai Zhu Jiang**, non-executive director (“**NED**”) of the Company at the date of delisting;
- (4) **Mr Zhao Li Guo**, NED of the Company at the date of delisting; and
- (5) **Mr Wang Tian**, independent non-executive director of the Company at the date of delisting

for breaching Rule 3.08(f) and their 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 (“**Undertaking**”) to (i) comply with the Exchange Listing Rules to the best of their ability, and (ii) use their best endeavours to procure the Company’s compliance with the Exchange Listing Rules.

(The directors identified at (2) to (5) above are collectively referred to as the “**Relevant Directors**”.)

**AND FURTHER STATES** that, in the Exchange’s opinion, by reason of the Relevant Directors’ wilful and/or persistent failure to discharge their responsibilities under the Exchange Listing Rules, had the Company remained listed, their retention of office would have been prejudicial to the interests of investors.

For the avoidance of doubt, the Exchange confirms that the sanctions in this news release 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 (“**Board**”).

**HEARING**

On 8 December 2020, the Listing Committee conducted a hearing into the conduct of the Company and the Relevant Directors in relation to their obligations under the Exchange Listing Rules and the Undertaking.

**FACTS**

The Company has been suspended from trading since 3 October 2017. On 28 February 2020, the Listing Committee decided to cancel the Company's listing ("**Delisting Decision**"). On 9 March 2020, the Company applied for a review of the Delisting Decision ("**Review Application**").

In March and April 2020, the Division made repeated requests for the Company to publish an announcement about the Delisting Decision and the Review Application. The Company refused to do so, on the basis that (i) the Delisting Decision was subject to the Review Application and potential judicial review proceedings, and (ii) the publication of the requested announcement was not in the best interests of the Company taking into account the progress being made in relation to its debt restructuring.

At a Board meeting of the Company held on 20 April 2020, the Relevant Directors, who formed a majority of the Board, voted against a resolution to publish an announcement as requested by the Exchange.

On 29 April 2020, the Company published its quarterly update announcement as required by Rule 13.24A without disclosing the Delisting Decision or the Review Application ("**Quarterly Update Announcement**").

On 19 May 2020, the Company published a business update announcement without disclosing the Delisting Decision or the Review Application ("**Business Update Announcement**").

**EXCHANGE LISTING RULE REQUIREMENTS**

Rule 13.06(2) provides that the Exchange may require the issuer to make an announcement where it considers it appropriate to preserve or ensure an orderly, informed and fair market.

Rule 13.24A provides that an issuer must, after trading in its listed securities has been suspended, publish quarterly announcements of its developments.

Rule 2.13(2) provides that information contained in an announcement by an issuer must be accurate and complete in all material respects and not misleading. In complying with this requirement, the issuer must not, among other things, omit material facts of an unfavourable nature.

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. 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 (Rule 3.08(f)).

Rule 3.09 provides that directors of a listed issuer must satisfy the Exchange that they have the character, experience and integrity and are able to demonstrate a standard of competence commensurate with their position as directors of a listed issuer.

The Relevant Directors were under an obligation, pursuant to their respective Undertakings, to (i) comply with the Exchange Listing Rules to the best of their ability, and (ii) use their best endeavours to procure the Company's compliance with the Exchange Listing Rules.

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

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

##### **Company's breaches**

The Listing Committee found that the Company breached (i) Rule 13.06(2) by refusing to publish the announcement about the Delisting Decision and the Review Application as required by the Exchange in a timely manner, and (ii) Rules 13.24A and/or 2.13(2) by failing to disclose the Delisting Decision and the Review Application in the Quarterly Update Announcement and in the Business Update Announcement.

##### **Relevant Directors' breaches**

The Listing Committee found that each of the Relevant Directors breached Rule 3.08(f) and his Undertaking to comply with the Exchange Listing Rules to the best of his ability and to use his best endeavours to procure the Company's compliance with the Exchange Listing Rules. By voting against the resolution for the Company to publish the announcement as repeatedly requested by the Exchange, each of the Relevant Directors wilfully and/or persistently failed to discharge his responsibilities under the Exchange Listing Rules by preventing the Company from complying with its obligations under the Exchange Listing Rules.

**REGULATORY CONCERN**

This case involves a blatant refusal by the Relevant Directors to procure the Company to comply with repeated requests by the Exchange to publish the announcement about the Listing Committee's decision to cancel the Company's listing. The Delisting Decision and the Review Application were material developments in relation to the Company's listing and trading suspension status, which the Exchange expected to be disclosed in a timely manner in order to ensure an orderly, informed and fair market.

The Exchange Listing Rules are designed to ensure that investors have and can maintain confidence in the market, hence the Exchange's requirement for the Company to publish the announcement about the Delisting Decision and the Review Application. The Company's refusal to publish the requested announcement in a timely manner deprived the stakeholders of the Company, including its shareholders, of relevant information in relation to the Company's listing status.

**SANCTIONS**

Having made the findings of breaches stated above, the Listing Committee decided to:

- (1) censure the Company for its breaches of Rules 13.06(2), 13.24A and 2.13(2);
- (2) censure the Relevant Directors for their breaches of Rule 3.08(f) and their Undertakings;
- (3) state that in the Exchange's opinion, by reason of the Relevant Directors' wilful and/or persistent failure to discharge their responsibilities under the Exchange Listing Rules, had the Company remained listed, their retention of office would have been prejudicial to the interests of investors.

Hong Kong, 3 February 2021