

STATEMENT OF DISCIPLINARY ACTION

Exchange's Disciplinary Action against Enterprise Development Holdings Limited (Stock Code: 1808), Six Directors and a Subsidiary's Director

SANCTIONS AND DIRECTIONS

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

CENSURES:

- (1) **Enterprise Development Holdings Limited (Company);**
- (2) **Mr Yu Hui**, executive director (**ED**) and chief executive officer of the Company (**Mr Yu**);
- (3) **Ms Li Zhuoyang**, ED of the Company (**Ms Li**);
- (4) **Mr Liu Yang**, former ED of the Company (**Mr Liu**);
- (5) **Mr Cai Jinliang**, independent non-executive director (**INED**) of the Company (**Mr Cai**);
- (6) **Mr Chin Hon Siang**, INED of the Company (**Mr Chin**);
- (7) **Mr Chen Kwok Wang**, INED of the Company (**Mr Chen**); and
- (8) **Mr Luo Jiaqi (Mr Luo)**, sole director of Enterprise Development (Hong Kong) Holdings Limited (**EDHK**), indirect wholly-owned subsidiary of the Company.

(The directors identified at (2) to (7) above are collectively referred to as the **Relevant Directors**.)

AND FURTHER DIRECTS each of the Relevant Directors and Mr Luo to attend 18 hours of training on regulatory and legal topics and Listing Rule compliance, including (i) directors' duties; (ii) the Corporate Governance Code; and (iii) Chapter 14 of the Listing Rules.

SUMMARY OF FACTS

Securities investment business and dealings

The Company first disclosed in its annual report for the year ended 31 December 2021 that it had been conducting securities investment business via its subsidiary, EDHK. According to the Company's annual report for the year ended 31 December 2024 (**FY2024**), EDHK was one of the

Company's major subsidiaries and was the only subsidiary that engaged in the securities investment business. Such business was material to the Company and contributed fair value gain of approximately RMB104 million for FY2024 (the Company's profit for that year was approximately RMB73.6 million).

Mr Luo, the sole director of EDHK, was responsible for managing the securities investment business.

The Relevant Directors were aware of the Listing Rule requirements applicable to securities dealings at the material time. Between 10 January and 14 February 2024, the Company published five announcements in relation to seven discloseable transactions (on an aggregated basis) involving EDHK's purchases and disposals of US listed securities, which took place between 9 May 2023 and 12 February 2024 (**Announcements**).

However, in respect of EDHK's other purchases and disposals of US listed securities conducted between 1 June 2023 and 27 January 2025, the Company did not comply with the announcement, circular and/or shareholders' approval requirements under Chapter 14 of the Listing Rules. These securities dealings, on an aggregated basis, constituted one very substantial disposal, four major transactions and 16 discloseable transactions (collectively, **Relevant Transactions**). The Company failed to announce any of them until 28 January and 13 March 2025.

In addition, between 28 January and 2 October 2025, EDHK made further dealings of US listed securities (together with the Relevant Transactions, **Transactions**), which constituted one major transaction and 16 discloseable transactions. Again, the Company failed to announce those disposals under Chapter 14 of the Listing Rules.

The Company asserted that:

- (a) At the material time, the Board relied on Mr Luo to provide updates on the securities investment business. However, Mr Luo neither (i) reported the Relevant Transactions to the Board in a timely manner nor (ii) adopted a systematic approach to keep track of all securities dealings.
- (b) Mr Luo was aware that EDHK's securities dealings might trigger various requirements under the Listing Rules. However, he did not have sufficient understanding about, nor make proper enquires to ascertain, whether and when such requirements would apply.

Remedial measures

On 16 May, 19 September and 3 November 2025, the Company announced various remedial measures to address its Rule breaches and to prevent occurrence of similar breaches, including that the Company had:

- (a) completed an internal control review and engaged a separate professional adviser to revise its investment manual, among others, for handling EDHK's investments;
- (b) established an investment working group and a compliance officer to monitor the Company's compliance with the Listing Rules;
- (c) ceased purchasing any US listed securities and, upon disposal of all its remaining US listed securities, would not trade any US listed securities in the future; and
- (d) put necessary arrangements in place to ensure an announcement would be prepared and published within the time prescribed in the Listing Rules after the disposal of the US listed securities.

SETTLEMENT

The Company, the Relevant Directors and Mr Luo admitted their respective breaches of and/or liabilities under the Listing Rules at an early stage of the Exchange's investigation and accepted the sanctions and/or directions as set out in this statement.

LISTING COMMITTEE'S FINDINGS

The Listing Committee found as follows:

Company

- (1) The Company breached Rules 14.34, 14.38A, 14.40, 14.48 and 14.49 (Note 1) for failing to comply with the announcement, circular and/or shareholders' approval requirements applicable to the Transactions.

Relevant Directors

- (2) Each of Mr Yu, Ms Li, Mr Liu, Mr Cai, Mr Chin and Mr Chen breached Rules 3.08 and 3.09B(2) (Notes 2 and 3) for failing to exercise reasonable skill, care and diligence and to

use their respective best endeavours to procure the Company's compliance with the Chapter 14 requirements applicable to the Transactions.

- (a) Directors are expected to take an active interest in the issuer's affairs. In particular, directors must exercise reasonable care, skill and diligence in monitoring the listed issuer's business operations and ensuring that it has adequate and effective internal controls.
- (b) The Relevant Directors were clearly aware that EDHK was engaged in the securities investment business. They were also aware of the Listing Rule implications applicable to securities dealings. However, they failed to properly supervise the securities investment business of EDHK and simply relied on Mr Luo to provide updates of that business to the Board.
- (c) They did not ensure that the Company had adequate and effective controls and procedures for monitoring EDHK's securities dealings and, in turn, enabling the Board to assess the Listing Rule implications of the dealings and procure the Company to announce its dealings in US listed securities and, where applicable, comply with the circular and shareholder approval requirements under the Listing Rules in a timely manner.
- (d) They did not ensure that they and Mr Luo, the sole director of EDHK, had sufficient understanding of the relevant Listing Rules despite knowing that securities dealings conducted by EDHK might be subject to notifiable transaction requirements.

Mr Luo's secondary liability

- (3) Mr Luo was the sole director of EDHK responsible for managing the securities investment business and was aware of the possible implications of EDHK's securities dealings under the Listing Rules. By reason of his omission to (a) report the Relevant Transactions to the Board in a timely manner, and/or (b) adopt a systematic approach to keep track of all securities dealings, Mr Luo caused the Company's contravention of the announcement, circular and/or shareholders' approval requirements under Chapter 14 of the Listing Rules. He is therefore liable under Rule 2A.10B(3) (Note 4).

CONCLUSION

The Listing Committee decided to impose the sanction 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, the Relevant Directors and Mr Luo, and not to any other past or present directors of the Company.

Hong Kong, 17 March 2026

Notes:

1. Rules 14.34, 14.38A, 14.40, 14.48 and 14.49 provide that a listed issuer must inform the Exchange and publish an announcement as soon as possible after the terms of a discloseable transaction, a major transaction and a very substantial disposal have been finalised. A major transaction and a very substantial disposal must be made conditional on approval by shareholders in general meeting, and the issuer must send a circular to its shareholders and the Exchange and arrange for its publication.
2. Under Rule 3.08, directors of a listed issuer are collectively and individually responsible for the issuer's management and operations. Rule 3.08 further provides that directors must 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. At a minimum, they must take an active interest in the issuer's affairs and obtain a general understanding of its business.
3. Under Rule 3.09B(2), a director has obligation to use his/her best endeavours to procure the issuer to comply with the Listing Rules.
4. Under Rule 2A.10B(3), sanctions may be imposed on any party, which includes any member of the senior management of a listed issuer and its subsidiaries, if he/she has caused by action or omission or knowingly participated in a contravention of the Listing Rules.