

STATEMENT OF DISCIPLINARY ACTION

Exchange's Disciplinary Action against CT Vision S.L. (International) Holdings Limited (Stock Code: 994)

SANCTIONS

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

CENSURES:

CT Vision S.L. (International) Holdings Limited (Stock Code: 994) (**Company**)

SUMMARY OF FACTS

On 30 April 2021, the Company's auditors (**Auditors**) resigned as they were unable to obtain information they required in connection with a series of significant transactions and prepayments in relation to a construction project in Saipan (**Saipan Project**) undertaken by the Company's subsidiary, Win Win Way Construction Co., Limited (**WWWC**). This information was necessary to complete their audit of the Company's consolidated financial statements of the Group for the year ended 31 December 2020 (**FY2020**).

As a result, the Company delayed the publication of its audited FY2020 annual results and the FY2020 annual report (**Annual Results and Report**). Trading in the shares of the Company was suspended on 3 May 2021 and resumed on 9 March 2022 after the Company's publication of the Annual Results and Report, and fulfilment of the resumption guidance prescribed by the Exchange.

The Auditors had noticed, amongst other things, certain fund transfers (**Fund Transfers**) to Dr Kan Hou Sek Jim (**Dr Kan**) and his related company, owned by Dr Kan and his wife. The Fund Transfers, in a total sum of approximately \$114 million, had been made from WWWC's account during FY2020 and between 31 December 2020 and 31 March 2021. Dr Kan was an executive director of the Company until 24 July 2019 and remained thereafter as WWWC's director.

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On 20 July 2021, the Company engaged an external consultant to conduct an independent forensic investigation into the Fund Transfers and other issues raised by the Auditors. According to the findings of forensic investigation, the board of the Company was not notified of the Fund Transfers.

The Fund Transfers constituted discloseable and connected transactions, as well as financial assistance, of the Company, subject to the written agreement, announcement, circular and/or independent shareholders' approval requirements. The Company did not comply with these requirements in a timely manner.

Further, there was an amount due from Dr Kan to WWWC in the amount of approximately \$55.7 million as at 30 June 2020 (**Other Prepayment**), which was offset by other amounts (**Accounting Adjustment**), so the Other Prepayment was not reflected in the financial statements of WWWC as at 30 June 2020. The Company adopted the figures from WWWC's financial statements for its 2020 interim financial statements. The Accounting Adjustment was then reversed in September 2020. However, WWWC did not report the Accounting Adjustment and the subsequent reversal to the Company.

The Exchange notes that in the Company's announcement dated 8 March 2022, Dr Kan was highly involved in all the audit issues including the Fund Transfers.

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.

Rules 13.46(2)(a) and 13.49(1) relate to the timely publication of an issuer's annual results and the timely dispatch of an issuer's annual reports.

Rule 13.13 and 13.15 requires issuers to announce as soon as reasonably practicable certain details of any advance to an entity which exceeds 8 per cent under the assets ratio.

Rules 14.34 imposes announcement requirements on notifiable transactions.

Rule 14A.34, 14A.35, 14A.36, 14A.39 and 14A.46 requires issuers to comply with the written agreement, announcement, circular and/or independent shareholder approval requirements for continuing connected transactions.

ACCEPTANCE OF SANCTION

By way of settlement, the Company accepted its breaches and the sanction imposed upon it by the Listing Committee as set out below.

LISTING COMMITTEE'S FINDINGS OF BREACH

The Listing Committee found that the Company breached:

- (1) Rule 2.13 in respect of the inaccurate and incomplete disclosure in its interim results for the six months ended 30 June 2020, by way of its non-disclosure of the Other Prepayment;
- (2) Rules 13.46(2)(a) and 13.49(1) in respect of its delay in publication of its Annual Results and Report for FY2020; and
- (3) Rules 13.13, 13.15, 14.34, 14A.34, 14A.35, 14A.36, 14A.39 and 14A.46 in respect of its failure to comply with the written agreement, announcement, circular and/or independent shareholders' approval requirements regarding the Fund Transfers.

CONCLUSION

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

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

Hong Kong, 23 May 2023