

STATEMENT OF DISCIPLINARY ACTION

Exchange's Disciplinary Action against China Haisheng Juice Holdings Co., Ltd. (Delisted, Previous Stock Code: 359) and Five Directors

SANCTIONS AND DIRECTIONS

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

CENSURES:

- (1) **China Haisheng Juice Holdings Co., Ltd.** (Delisted, Previous Stock Code: 359) (**Company**);
- (2) **Mr Gao Liang**, executive director (**ED**) and Chairman of the Company (**Mr Gao**);
- (3) **Mr Wang Yasen**, former ED of the Company (**Mr Wang**);
- (4) **Mr Qu Binglian**, former ED of the Company (**Mr Qu**);
- (5) **Mr Zhao Boxiang**, independent non-executive director (**INED**) of the Company (**Mr Zhao**);
and
- (6) **Mr Liu Zhongli**, INED of the Company (**Mr Liu**);

(The directors identified at (2) to (6) above are collectively referred to as the **Relevant Directors**.)

AND FURTHER DIRECTS:

Mr Gao, Mr Wang, Mr Qu, Mr Zhao and Mr Liu to attend 20 hours of training as a pre-requisite of any future appointment as a director of any company listed or to be listed on the Exchange.

SUMMARY OF FACTS

On 13 October 2021, the Company published an announcement (**October Announcement**) disclosing that its non-wholly owned subsidiary had entered into an agreement to dispose of its entire equity interest in a target company at a consideration of RMB54 million (**Disposal**).

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The Disposal constituted a major transaction under the Listing Rules. The Company stated in the October Announcement that, in order to comply with the procedural requirements under Chapter 14 of the Listing Rules, it would issue a circular and hold an extraordinary general meeting (**EGM**) to seek shareholders' approval for the Disposal on or before 4 November 2021.

However, the Company went ahead with the Disposal without complying with the applicable Listing Rule requirements. The Disposal was completed on 20 October 2021, just one week after the October Announcement.

On 3 November 2021, the Company published another announcement (**November Announcement**) regarding the Disposal. In this announcement, the Company said that it needed more time to finalise certain financial information in the circular with its auditor, and that accordingly the despatch of the circular would be delayed until on or before 3 December 2021. The November Announcement did not mention the completion of the Disposal, and left the impression that this had not yet taken place. The November Announcement was inaccurate and misleading or deceptive.

On 6 December 2021, the Company published a further announcement (**December Announcement**) revealing that completion of the Disposal had already taken place on 20 October 2021. The Company acknowledged its breach of the Listing Rule requirements.

The December Announcement said that the Company intended to issue a circular to seek shareholders' ratification for the Disposal at an EGM and that it would take various remedial actions to avoid future occurrences of non-compliance. However, this statement of intention was also inaccurate and misleading or deceptive.

During the Exchange's investigation, the Company submitted that it had been experiencing serious financial problems in 2021. Due to the depletion of its cash flow, it was not able to pay the service fees of intermediaries which provided relevant services to the Company regarding its Listing Rule compliance. The Company said that this was the true cause for its failure to comply with its Listing Rule obligations regarding the Disposal. The Company knew that these difficulties also meant that it was unrealistic to expect the remedial actions to be carried out.

The Company never did issue a circular or seek approval from shareholders at an EGM. The Company did not provide any evidence of taking any remedial actions.

The Company was delisted on 31 October 2023.

LISTING RULE REQUIREMENTS

Under Rules 14.38A, 14.40 and 14.41, the Company is required to publish a circular and seek shareholders' approval for a major transaction.

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

Pursuant to the Declaration and Undertaking with regard to directors in the form set out in the then Appendix 5B to the Listing Rules (**Director's Undertaking**), each director was required to use his best endeavours to procure the Company's compliance with the Listing Rules.

LISTING COMMITTEE'S FINDINGS OF BREACH

Failure to comply with Chapter 14 requirements applicable to major transactions

The Company breached Rules 14.38A, 14.40, and 14.41 in relation to the Disposal. The Company did not comply with the requirements to issue a circular and obtain approval from its shareholders.

Misleading announcements

The Company breached Rule 2.13(2) in relation to both the November and the December Announcements. The November and the December Announcements did not reflect the true position of the Company and gave investors a misleading picture of the Company's affairs and circumstances.

- (1) The November Announcement did not disclose the fact that the Disposal had already completed on 20 October 2021.
- (2) The statements in the November and the December Announcements that the Company would comply with the procedural requirements for the Disposal and that it would take remedial actions were not accurate and complete in all material respects and were misleading or deceptive. These announcements made no disclosure of the Company's financial predicament at the time. The Company knew that it was unlikely to be able to take either the requisite procedural steps applicable to the Disposal (late or at all), or the remedial actions, as represented.

Responsibility of directors: failure to use best endeavours to procure Listing Rule compliance

The Relevant Directors breached their Director's Undertakings to use their best endeavours to procure the Company's compliance with the Listing Rules.

- (1) All of the Relevant Directors were involved in the Disposal to some degree, but failed to take action to ensure that the Company complied with the Chapter 14 requirements by issuing a circular and obtaining shareholder approval.
- (2) The Relevant Directors were responsible for the content of the November Announcement, and Mr Gao, Mr Zhao and Mr Liu were responsible for the December Announcement. In both instances, these directors failed to use their best endeavours to ensure the accuracy and completeness of the information in the announcements.

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 the Relevant Directors, and not to any other past or present directors of the Company.

Hong Kong, 6 June 2024