

Annexure A

**IN THE MATTER OF THE LISTED SECURITIES OF
HEALTH AND HAPPINESS (H&H) INTERNATIONAL HOLDINGS LIMITED
(FORMERLY KNOWN AS BIOSTIME INTERNATIONAL HOLDINGS LIMITED)
(STOCK CODE 1112)**

**NOTICE TO THE MARKET MISCONDUCT TRIBUNAL
PURSUANT TO SECTION 307I(2) OF AND SCHEDULE 9 TO THE
SECURITIES AND FUTURES ORDINANCE (CAP. 571)
("THE ORDINANCE")**

Whereas it appears to the Securities and Futures Commission ("**the Commission**") that a breach of the disclosure requirements within the meaning of sections 307B and 307G of Part XIVA of the Ordinance has or may have taken place in relation to the securities of Health and Happiness (H&H) International Holdings Limited (Stock Code 1112) listed on the Stock Exchange of Hong Kong Limited, the Market Misconduct Tribunal is hereby required to conduct proceedings and determine:-

- (a) whether a breach of a disclosure requirement has taken place; and
- (b) the identity of any person who is in breach of the disclosure requirement.

**Persons and/or corporate bodies appearing to the Commission to have breached or may
have breached a disclosure requirement**

- (i) Health and Happiness (H&H) International Holdings Limited (健合(H&H)國際控股有限公司) (formerly known as Biostime International Holdings Limited) (the "**Company**")
- (ii) Luo Fei (羅飛) ("**Luo**")

(each a "Specified Person" and collectively, the "Specified Persons")

Statement of Institution of Proceedings

A. PARTIES

1. The Company (the 1st Specified Person) is a Cayman Islands incorporated company. At the material time, the Company and its subsidiaries (together the “**Group**”) were principally engaged in the manufacture and sale of premium paediatric nutritional and baby care products in China.
2. The Company’s shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (“**SEHK**”) on 17 December 2010 (Stock code: 1112).
3. Luo (the 2nd Specified Person) was at all material times the Chairman, the Chief Executive Officer and an executive director of the Company.
4. Luo was at all material times an “*officer*” of the Company as defined in section 1 of Part 1 of Schedule 1 to the Ordinance.

B. THE TWO ANNOUNCEMENTS AND THE PROFIT WARNING

5. On 2 June 2015, the Company’s share price decreased by 13.1% from \$31.7 per share on 1 June 2015 to close at \$27.55 per share on 2 June 2015, with an increased trading volume from 1.1 million shares on 1 June 2015 to over 7.3 million shares on 2 June 2015.
6. Later that day at around 5:41 pm, the Company issued an announcement (“**1st Announcement**”), which stated, *inter alia*, that the board of the Company (“**the Board**”) confirmed that it was not aware of any reasons for the aforesaid price or volume movements, or of any information which must be announced to avoid a false market in the Company’s securities, or of any inside information that needed to be disclosed under Part XIVA of the Ordinance. The 1st Announcement further confirmed that the business operations of the Group were normal.
7. Subsequently on the same day, the Board resolved that, in order to increase transparency of the Company’s operational statistics and to be in line with the practice adopted by some companies in the market, the Company would start publishing unaudited quarterly results, disclosing the Company’s major financial statistics, in May and November every year. Since the financial statistics of the Company for the

first four months of 2015 were available at that time, the Board decided that they would be disclosed by way of an announcement.

8. Therefore, after the market closed on 3 June 2015, the Company issued another announcement (“**2nd Announcement**”). The 2nd Announcement provided details of the Company’s unaudited operational statistics, disclosing its revenue and net profit for the first four months of 2015 together with the figures of the corresponding period in 2014. The comparison between the said 2014 and 2015 figures showed that there was an increase of 7.5% in the Company’s net profit despite a drop of 5.5% in its revenue.
9. This was the first time that the Company published financial results, albeit unaudited, for a period other than in the interim or at year end. After the 2nd Announcement was issued, the Company’s share price closed up 0.19% at \$26.05 per share on 4 June 2015, and further increased 5.37% to close at \$27.45 per share on 5 June 2015.
10. In or around mid-June 2015, the consolidated management accounts of the Group for the first five months of 2015 (up to 31 May 2015) became available. The consolidated management accounts revealed a significant deterioration in the Company’s financial performance when compared with the corresponding period in 2014. These figures included:-
 - (1) A drop in revenue by 54.5% in May 2015 when compared with the revenue in April 2015;
 - (2) A drop in revenue by 48.9% in May 2015 when compared with the revenue in May 2014.
 - (3) A drop in revenue by 13.7% in the first five months of 2015 when compared with the revenue in the first five months of 2014;
 - (4) A loss after tax of HK\$45.9 million in May 2015 when compared with a profit after tax of HK\$19.2 million in May 2014; and
 - (5) A decrease in profit after tax by 28.9% in the first five months of 2015 when compared with the profit in the first five months of 2014.
11. The information relating to the financial performance of the Group for the first five months of 2015 as contained in the monthly consolidated management accounts for

the five months ending 31 May 2015 (“**2015 Jan-May Financial Performance**”) did, or alternatively, ought reasonably to have, come to the knowledge of Luo on or around 23 June 2015, when an email was sent by Xiao Xi Yun (“**Xiao**”), the Financial Reporting Manager (財務報告經理) to Luo (copied to Frank Cao (“**Cao**”), the Chief Financial Officer of the Company at the time) with the subject matter “*key performance data*” (“**the 23 June Email**”). In the 23 June Email, it was stated that the revenue of the Company for the first five months of 2015 dropped 13.7% when compared with the revenue of the corresponding period in 2014. Attached to the email was an excel spreadsheet showing the Company’s financial performance for the first five months of 2015 and a comparison with the corresponding figures for the first five months of 2014.

12. On 15 July 2015, the consolidated management accounts of the Group for the six months ending 30 June 2015 became available. The accounts revealed that, *inter alia*, the unaudited net profit of the Group for the first six months of 2015 had decreased by 34.6% when compared with the net profit of the corresponding period in 2014.
13. On 22 July 2015, Cao circulated to the Board the main financial statistics of the Group for the first six months of 2015 (including its revenue and profit figures), and a draft profit warning.
14. On 23 July 2015 at 8:00 am, a Board meeting was held to discuss, *inter alia*, the publication of the said draft profit warning. The Board resolved to publish the said draft profit warning.
15. After the market closed on 23 July 2015, the Company issued a profit warning (“**Profit Warning**”) at 5:08 pm, which stated, *inter alia*, that:-
 - (1) It was expected that the revenue and profit of the Group for the six months ended 30 June 2015 would decrease by approximately 11% and 36% respectively, as compared with the corresponding period in 2014.
 - (2) The Group planned to launch an upgraded infant formula series – SN-2 PLUS Balanced Formula at the end of June 2015.
 - (3) In order to coordinate the launch of the upgraded infant formula series, the Group carried out active promotional price discounting activities for the previous infant formula series in the first half of 2015.

- (4) The Board believed that the decrease in revenue and profit of the Group was due primarily to the exceptional active promotional price discounting activities, which led to a decrease in gross profit margin.
 - (5) Without the effect of this exceptional promotional activity, the key financial performances of the Group remain within normal range.
16. The decision to publish the Profit Warning was in accordance with a previous Board resolution dated 9 February 2015, in which it was resolved that the Company would issue a profit warning if there was a change of 20% or more in the profit in the corresponding period.
17. Following the publication of the Profit Warning, the share price of the Company on 24 July 2015 traded between \$16.90 and \$18.90 per share, and closed at \$16.94 per share. The closing price represented a decrease of 21.6% when compared with its closing price on 23 July 2015, and on an increased trading volume from 2.8 million shares on 23 July 2015 to over 19.4 million shares on 24 July 2015.
18. The Company's share price continued to drop 11.5% on the next trading day (i.e. 27 July 2015) and closed at \$15.00 per share on a slightly reduced trading volume of about 10.6 million shares.

C. FAILURE TO DISCLOSE INSIDE INFORMATION

19. The information relating to the 2015 Jan-May Financial Performance constituted "*inside information*" within the meaning of the definition of that term in section 307A(1) of the Ordinance in that:-
- (1) It was specific information about the Company; and
 - (2) It was not generally known to the persons who were accustomed to or would be likely to deal in the listed securities of the Company but would if generally known to them have been likely to materially affect the price of the securities.
20. The information relating to the 2015 Jan-May Financial Performance did, or alternatively, ought reasonably to have, come to the knowledge of Luo, an officer of the Company, on or around 23 June 2015 (see §11 above).

21. A reasonable person, acting as an officer of the Company, would have considered that the information relating to the 2015 Jan-May Financial Performance was inside information in relation to the Company.
22. By reason of the aforesaid, the information relating to the 2015 Jan-May Financial Performance came to the knowledge of the Company through Luo as its officer on or around 23 June 2015. Once such information came to the Company's knowledge, the Company was obliged, under section 307B of the Ordinance, to disclose that information to the public as soon as reasonably practicable. However, no disclosure in respect of the significant deterioration in the Company's financial performance was made until the publication of the Profit Warning on 23 July 2015.

D. BREACH OF DISCLOSURE REQUIREMENT BY THE COMPANY

23. By reason of the matters set out above, the Company failed to disclose to the public information in relation to the 2015 Jan-May Financial Performance (which constituted "*inside information*" within the meaning of section 307A(1) of the Ordinance) as soon as reasonably practicable after the said inside information had come to its knowledge, contrary to section 307B(1) of the Ordinance.
24. Under section 307A(2) of the Ordinance, a breach of a disclosure requirement takes place if any of the requirements in, *inter alia*, section 307B is contravened in relation to a listed corporation.
25. Therefore, the Company was, or may have been, in breach of the disclosure requirement as provided for in section 307B of the Ordinance.

E. BREACH OF DISCLOSURE REQUIREMENT BY LUO

26. As an officer of the Company, Luo would also be in breach of the disclosure requirement if the breach by the Company was as a result of his reckless or negligent conduct (section 307G(2)(a) of the Ordinance).
27. By reason of the matters set out above, Luo was aware of, or alternatively ought reasonably to have, become aware of the inside information pertaining to the 2015 Jan-May Financial Performance (which revealed a significant deterioration in the Company's financial performance) on or around 23 June 2015, one month before the

publication of the Profit Warning on 23 July 2015. Luo failed to ensure timely disclosure of the information to the public after it had come to his knowledge. Such failure amounted to reckless or negligent conduct on the part of Luo.

28. In these circumstances, Luo was, or may have been, in breach of the disclosure requirement pursuant to section 307G(2)(a) of the Ordinance.

Dated this the 16th day of November 2018

Securities and Futures Commission
Securities and Futures Commission

Annexure B

MARKET MISCONDUCT TRIBUNAL

**IN THE MATTER OF THE LISTED SECURITIES OF
HEALTH AND HAPPINESS (H&H) INTERNATIONAL HOLDINGS LIMITED
(FORMERLY KNOWN AS BIOSTIME INTERNATIONAL HOLDINGS LIMITED)
(STOCK CODE 1112)**

SPECIFIED PERSONS

- (i) Health and Happiness (H&H) International Holdings Limited (健合 (H&H) 國際控股有限公司) (formerly known as Biostime International Holdings Limited) (the "**Company**")
- (ii) Luo Fei (羅飛) ("**Luo**")

STATEMENT OF AGREED FACTS

*[Unless otherwise stated, references in square brackets are to the Exhibit Bundles ("**EB**") already filed with the Tribunal (EB no. / tab no. / page no.)]*

For the purposes of the proceedings instituted by the Securities and Futures Commission ("**Commission**") before the Market Misconduct Tribunal ("**Tribunal**") under section 307I(2) of and Schedule 9 to the Securities and Futures Ordinance, Cap. 571 ("**Ordinance**") by way of Notice dated 16 November 2018, the facts and matters set out in this Statement of Agreed Facts are agreed and accepted by the Commission and the 1st and 2nd Specified Persons, and it is agreed by all parties that the Tribunal may make a determination under section 307J(1) of the Ordinance on the basis of the facts and matters set out herein.

A. INTRODUCTION

- 1. The Company is a Cayman Islands incorporated company. Its shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited ("**SEHK**") on 17 December 2010 (Stock code: 1112).
- 2. The Company and its subsidiaries (together the "**Group**") were at all material times principally engaged in the manufacture and sale of premium paediatric nutritional and baby care products in China. The Company's subsidiaries included:-

- (1) Biostime Inc. (Guangzhou);
 - (2) Biostime (Guangzhou) Health Products Limited;
 - (3) BMcare Baby Products Inc. (Guangzhou) (currently known as Dodie Baby Products Inc. (Guangzhou);
 - (4) Biostime Hong Kong Limited (currently known as Health and Happiness (H+H) Hong Kong Limited; and
 - (5) Adimil (Changsha) Nutrition Products Limited.
3. At all material times, the Group's main profit generating entity was Biostime Inc. (Guangzhou). According to the Company's 2014 Annual Report, over 84% of the Group's revenue for the year ended 31 December 2014 was generated from its infant milk formula business ("IMF"), with the remaining revenue derived from probiotic supplements (9%), dried baby food & nutrition supplements (3.2%), and baby care products (3.7%).
4. At all material times, Luo was the Chairman, the Chief Executive Officer and an executive director of the Company.

B. PUBLICATION OF THE FIRST FOUR MONTHS' FINANCIAL RESULTS

5. On 2 June 2015, after a group of potential investors from Merrill Lynch visited the Company's office in Guangzhou, the Company's share price decreased by 13.1% from \$31.7 per share on 1 June 2015 to close at \$27.55 per share on 2 June 2015, with an increased trading volume from 1.1 million shares on 1 June 2015 to over 7.3 million shares on 2 June 2015.
6. In Luo's interview with the Commission on 22 August 2016, Luo stated that:-
- (1) During the visit in the morning of 2 June 2015, the investors from Merrill Lynch requested additional information on the Group's financial performance apart from the information already disclosed in the 2014 Annual Report.

- (2) For reasons of fairness to other investors, Luo refused to disclose any further information to the investors.
 - (3) He suspected that such refusal led to the unusual share price and volume movements on 2 June 2015.
 - (4) Luo therefore discussed the matter in a meeting with *inter alios* Frank Cao ("**Cao**"), the Chief Financial Officer of the Company at the material time. Thereafter on the same day, the Company instructed Orrick, Herrington & Sutcliffe LLP ("**Orrick**") to draft an announcement entitled "*unusual price and volume movements*".
7. The announcement drafted by Orrick was reviewed by *inter alios* Wendy Yang ("**Yang**") (the joint Company Secretary of the Company at the material time) and Luo.
8. On 2 June 2015 at around 5:41pm, the Company issued an announcement ("**1st Announcement**") [EB1/2/181], which stated, *inter alia*, that:-
- "...the Board confirms that the Board is not aware of any reasons for these price or volume movements or of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance. In particular, **the Board confirms that the business operations of the Group are normal.**"*
- (Emphasis added)
9. Subsequently on the same day, the Board resolved that in order to increase transparency, the Company would start publishing unaudited quarterly results, disclosing its major financial statistics, in May and November every year. Since the financial statistics for the first four months of 2015 were available at that time, it was decided that they would be disclosed by way of an announcement.

10. Therefore, upon the approval of Luo, the Company voluntarily issued another announcement after the market closed on 3 June 2015 ("**2nd Announcement**") [EB1/3/183]. The 2nd Announcement provided details of the Company's unaudited operational statistics, including the Company's revenue and net profit figures for the first four months of 2015, together with the figures for the corresponding period in 2014. The comparison between the said 2014 and 2015 figures showed that there was an *increase* of 7.5% in the Company's net profit despite a drop of 5.5% in its revenue.
11. The 2nd Announcement was the first time that the Company published financial results, albeit unaudited, for a period other than in the interim or at year end.
12. The 1st and 2nd Announcements confirmed that the Company's business operations were normal, with the unaudited net profit figure *increasing* for the first four months of 2015 when compared to the same period in 2014 [EB1/3/183].
13. After the 2nd Announcement was issued, the Company's share price closed up 0.19% at \$26.05 per share on 4 June 2015, and further increased 5.37% to close at \$27.45 per share on 5 June 2015.

C. AVAILABILITY OF THE FIRST FIVE MONTHS' FINANCIAL RESULTS

14. In or around mid-June (and shortly before 23 June) 2015, the consolidated management accounts of the Group for the first five months of 2015 (up to 31 May 2015) became available. The consolidated management accounts revealed a significant deterioration in the Company's financial performance when compared with the corresponding period in 2014 (the "**2015 Jan-May Financial Performance**"). This included:-
 - (1) A drop in revenue by 48.9% in May 2015 when compared with the revenue in May 2014;
 - (2) A drop in revenue by 13.7% in the first five months of 2015 when compared with the revenue in the first five months of 2014;
 - (3) A loss after tax of HK\$45.9 million in May 2015, compared with a profit after tax of HK\$19.2 million in May 2014; and

- (4) A decrease in profit after tax by 28.9% in the first five months of 2015 when compared with the profit in the first five months in 2014.
15. The significant year-on-year deterioration in the Company's financial performance for the first five months of 2015 (when compared with the Company's financial performance for the first four months of 2014) was due to the Company's financial performance in May 2015:
- (1) There was a drop in revenue by 54.5% in May 2015 when compared with the revenue in April 2015; and
- (2) There was a loss after tax of HK\$45.9 million in May 2015, compared with a profit after tax of HK\$82.5 million in April 2015.
16. Luo became aware of the information relating to the 2015 Jan-May Financial Performance on or around 23 June 2015, when an email was sent by Xiao Xi Yun ("**Xiao**") the Financial Reporting Manager (財務報告經理) to Luo (copied to Cao) with the subject matter "*key performance data*" ("**the 23 June Email**") [**EB2/30/846**].
17. In the 23 June Email, it was stated that the revenue of the Company for the first five months of 2015 dropped 13.7% when compared with the revenue in the corresponding period in 2014. Attached to the 23 June Email was an excel spreadsheet showing the Company's financial performance for the first five months of 2015 and a comparison with the corresponding figures for the first five months of 2014.

D. PRICE SENSITIVE NATURE OF THE 2015 JAN-MAY FINANCIAL PERFORMANCE

18. The information relating to the 2015 Jan-May Financial Performance (as contained in the spreadsheet attached to the 23 June Email) was information that was:
- (1) specific to the Company;
- (2) not generally known to those persons who were accustomed to or would be likely to deal in the shares of the Company; and

- (3) would, if made known to that group of persons, be likely to materially affect the Company's share price.
19. The Commission's expert opined that:
- (1) Information relating to the Company's financial performance in May 2015 and the 2015 Jan-May Financial Performance revealed that both the revenue and profit after tax recorded significant deterioration in May 2015 and in the year-to-date figures up to May 2015 when compared with April 2015, May 2014 and year-to-date May 2014 respectively.
- (2) Given that the significant deterioration in the financial performance was not generally known to those persons who were accustomed, or would be likely to deal in the shares of the Company, the significant deterioration in the revenue and profit in May 2015 and year-to-date May 2015 was likely to have a material negative effect on the Company's share price and would likely lead to a negative re-rating of the Company's share price.

E. THE PROFIT WARNING IN RESPECT OF THE FIRST SIX MONTHS' RESULTS

20. On 15 July 2015, the preliminary consolidated management accounts of the Group for the six months ending 30 June 2015 became available. The accounts revealed that, *inter alia*, the unaudited net profit of the Group for the first six months of 2015 had decreased by 35.7% when compared with the net profit of the corresponding period in 2014 [EB1/19/401, 404].
21. On or around 20 July 2015, Luo told Yang to notify the Board via email that there would be a Board telephone conference in the morning of 23 July 2015. On the same day, Xiao sent out an email enclosing her draft of a profit warning to Luo, Cao and Yang.
22. On 20 July 2015, there was a meeting between *inter alios* Luo, Cao and Xiao. During the meeting, they discussed the preliminary interim financial statistics of the Group in 2015, including the reasons for the decrease in the Group's revenue and profit, and the need to publish a profit warning.

23. On 22 July 2015, Cao circulated to the Board the main financial statistics of the Group for the first six months of 2015, including the Group's revenue and profit figures, and a draft profit warning.
24. The draft profit warning, which was first prepared by Xiao, was then reviewed by *inter alios* Cao, Luo and Orrick.
25. On 23 July 2015 at 8:00 am, a Board meeting was held to discuss, *inter alia*, the need to publish the said draft profit warning. The Board resolved to publish the said draft profit warning as the change in the percentage of the Group's revenue and profit was too significant.
26. After the market closed on 23 July 2015, the Company issued the profit warning at 5:08 pm, which stated, *inter alia* [EB1/4/187]:-

*"The Board wishes to inform the shareholders of the Company (the 'Shareholders') and potential investors that, based on the information currently available to the Group's management, **it is expected that the revenue and profit of the Group for the six months ended 30 June 2015 will decrease by approximate[ly] 11% and 36% respectively, as compared with the corresponding period in 2014.***

*The Group planned to launch upgraded infant formulas series – SN-2 PLUS Balanced Formula at the end of June 2015. In order to coordinate the launch of upgraded infant formula series, the Group carried out active promotional price discounting activities for the previous infant formulas series in the first half of 2015. Based on the information currently available to the Board, the Board believes that the decrease in revenue and profit of the Group is primarily due to **these exceptional active promotional price discounting activities, which led to a decrease in gross profit margin.** Without the effect of this exceptional promotional activity, the key financial performances of the Group remain within normal range". (Emphasis added)*

(the "**Profit Warning**")

27. Following the publication of the Profit Warning, the share price of the Company on 24 July 2015 traded between \$16.90 and \$18.90 per share, and closed at \$16.94 per share. The closing price represented a decrease of 21.6% when compared with its closing price on 23 July 2015, and on an increased trading volume from 2.8 million shares on 23 July 2015 to over 19.4 million shares on 24 July 2015.
28. The Company's share price continued to drop 11.5% on the next trading day (i.e. 27 July 2015) and closed at \$15.00 per share on a slightly reduced trading volume of about 10.6 million shares.

F. FAILURE TO DISCLOSE INSIDE INFORMATION

29. The information relating to the 2015 Jan-May Financial Performance constituted "*inside information*" within the meaning of the definition of that term in section 307A(l) of the Ordinance.
30. The information relating to the 2015 Jan-May Financial Performance came to Luo's knowledge, an officer of the Company, on or around 23 June 2015.
31. A reasonable person, acting as an officer of the Company, would have considered that the information relating to the 2015 Jan-May Financial Performance was inside information in relation to the Company.
32. By reason of the aforesaid, the information relating to the 2015 Jan-May Financial Performance came to the knowledge of the Company through Luo as its officer on or around 23 June 2015. Once such information came to the Company's knowledge, the Company was obliged, under section 307B(l) of the Ordinance, to disclose that information to the public as soon as reasonably practicable. However, no disclosure in respect of the significant deterioration in the Company's financial performance was made until the publication of the Profit Warning on 23 July 2015.

33. In the period between 23 June 2015 and 23 July 2015, the investing public had been trading on the false premise that the Company was performing normally, with the unaudited net profit figure *increasing* for the first four months of 2015 when compared to the same period in 2014 (see the 2nd Announcement [EB1/3/183]). The delay in the disclosure of information relating to the 2015 Jan-May Financial Performance was in the circumstances unreasonable and unjustified.

G. BREACH OF DISCLOSURE REQUIREMENT BY THE COMPANY

34. By reason of the matters set out above, the Company failed to disclose to the public information in relation to the 2015 Jan-May Financial Performance (which constituted "*inside information*" within the meaning of the definition of that term in section 307A(l) of the Ordinance) as soon as reasonably practicable after the said inside information had come to its knowledge, contrary to section 307B(l) of the Ordinance.
35. Under section 307A(2) of the Ordinance, a breach of a disclosure requirement takes place if any of the requirements in, *inter alia*, section 307B is contravened in relation to a listed corporation.
36. Therefore, the Company was in breach of the disclosure requirement as provided for in section 307B of the Ordinance.

H. BREACH OF DISCLOSURE REQUIREMENT BY LUO

37. As an officer of the Company, Luo would also be in breach of the disclosure requirement if the breach by the Company was as a result of his negligent conduct (section 307G(2)(a) of the Ordinance).
38. By reason of the matters set out above, Luo was aware of the inside information of the 2015 Jan-May Financial Performance on or around 23 June 2015, one month before the publication of the Profit Warning on 23 July 2015. Luo failed to ensure timely disclosure of the information to the public after it had come to his knowledge. Such failure amounted to negligent conduct on the part of Luo.
39. In these circumstances, Luo was in breach of the disclosure requirement pursuant to section 307G(2)(a) of the Ordinance.

I. INVESTORS' LOSSES

40. The Commission's expert analysed the trading data of the shares of the Company during the period between 23 June 2015 and 23 July 2015 ("**the Relevant Period**"). The expert was of the view that had the 2015 Jan-May Financial Performance been disclosed to the public around 23 June 2015, the Company's share price would likely to have traded at a lower price than the prices during the Relevant Period.
41. As a result of the Company and Luo's breaches of the disclosure requirements under section 307B and 307G of the Ordinance, investors who bought shares in the Company during the Relevant Period were denied material information about the Company and bought shares at prices higher than what the prices would likely to have been, and suffered notional losses.

Dated this the 12 day of April 2019



Securities and Futures Commission



Clifford Chance, Solicitors for the
Company and Luo

Annexure C

HCMP 951 / 2019

IN THE MATTER OF THE LISTED SECURITIES OF
HEALTH AND HAPPINESS (H&H) INTERNATIONAL HOLDINGS LIMITED
(FORMERLY KNOWN AS BIOSTIME INTERNATIONAL HOLDINGS LIMITED)
(STOCK CODE: 1112)

MARKET MISCONDUCT TRIBUNAL PROCEEDINGS
PURSUANT TO SECTION 307I(2) OF AND SCHEDULE 9 TO THE
SECURITIES AND FUTURES ORDINANCE CAP. 571



IN THE MATTER OF the Market Misconduct
Tribunal Proceedings under section 307I(2) and
Orders made by the Market Misconduct Tribunal on
25 June 2019 under section 307N(1) of the
Securities and Futures Ordinance, Cap. 571

AND

IN THE MATTER OF sections 307S and 264 of the
Securities and Futures Ordinance, Cap. 571

BEFORE MR. MICHAEL HARTMANN, GBS, CHAIRMAN OF THE MARKET

MISCONDUCT TRIBUNAL

ORDER

WHEREAS by the Notice dated 16 November 2018 issued by the Securities and
Futures Commission (the “**Commission**”) requiring the Market Misconduct Tribunal
(“**Tribunal**”) to conduct proceedings to determine:-

- (a) whether a breach of a disclosure requirement within the meaning of sections
307B and 307G of Part XIVA of the Securities and Futures Ordinance, Cap.
571 (the “**Ordinance**”) has taken place in relation to the securities of Health
and Happiness (H&H) International Holdings Limited (known as Biostime

International Holdings Limited at the material time) (Stock Code: 1112)
listed on the Stock Exchange of Hong Kong Limited (“**H&H**”); and

- (b) the identity of any person who is in breach of the disclosure requirement

AND WHEREAS the Commission has specified the following persons in the
Notice:-

- (i) H&H (the “**1st Specified Person**”); and
 - (ii) LUO Fei (the “**2nd Specified Person**”)
- (collectively the “**Specified Persons**”)

UPON reading the Statement of Agreed Facts dated 12 April 2019 signed by the
Commission and Messrs. Clifford Chance, Solicitors for and on behalf of the specified
persons namely, 1st Specified Person and the 2nd Specified Person

AND UPON HEARING the Presenting Officer appointed by the Commission and
Senior Counsel for the 1st and 2nd Specified Persons

AND UPON the Tribunal having come to the finding that (1) the 1st Specified Person
was in breach of the disclosure requirement under section 307B of Part XIVA of the
Ordinance and (2) the 2nd Specified Person was in breach of the disclosure requirement
pursuant to section 307G(2)(a) of Part XIVA of the Ordinance

THE TRIBUNAL ORDERED that:-

1. Pursuant to section 307N(1)(d) of the Ordinance:


- (1) the 1st Specified Person shall pay to the Government a regulatory fine of HK\$1,600,000, to be paid within 90 days from the date of this Order; and
 - (2) the 2nd Specified Person shall pay to the Government a regulatory fine of HK\$1,600,000, to be paid within 90 days from the date of this Order;
2. Pursuant to section 307N(1)(e) of the Ordinance, the Specified Persons shall jointly and severally pay to the Government the costs and expenses reasonably incurred by the Government in relation or incidental to the Tribunal proceedings, to be taxed if not agreed;
3. Pursuant to section 307N(1)(f)(i), (ii) and (iii) of the Ordinance, the Specified Persons shall, within 90 days from the date of this Order, jointly and severally pay to the Commission the total agreed sum of HK\$1,100,000, being:
 - (1) the costs and expenses reasonably incurred by the Commission in relation or incidental to the Tribunal proceedings in the sum of HK\$513,000; and
 - (2) the costs and expenses reasonably incurred by the Commission in relation or incidental to the investigation carried out before and/or for the purposes of the Tribunal proceedings in the sum of HK\$587,000; and
4. Pursuant to section 307N(1)(i) of the Ordinance, the 2nd Specified Person shall:
 - (1) attend 10 hours of training on compliance with the disclosure obligations under the Listing Rules and the Ordinance, directors' duties and corporate governance provided by institutions such as the Hong Kong Institute of Chartered Secretaries, the Hong Kong Institute of Directors or other course providers approved by the Commission;

- (2) complete the said training within 90 days from the date of this Order; and
- (3) provide the Commission with the relevant training provider's written certification of attendance within a reasonable period of time after training completion.

AND FURTHER ORDERED that:

5. Pursuant to sections 307S(1) and 264(1) of the Ordinance, written notice be given in order to register these orders in the Court of First Instance.

Dated the 25th day of June 2019.



Mr. Michael Hartmann, GBS
Chairman
Market Misconduct Tribunal

HCMP 951 / 2019

IN THE MATTER OF THE LISTED SECURITIES OF
HEALTH AND HAPPINESS (H&H) INTERNATIONAL HOLDINGS
LIMITED
(FORMERLY KNOWN AS
BIOSTIME INTERNATIONAL HOLDINGS LIMITED)
(STOCK CODE: 1112)

MARKET MISCONDUCT TRIBUNAL PROCEEDINGS
PURSUANT TO SECTION 307I(2) OF AND SCHEDULE 9 TO THE
SECURITIES AND FUTURES ORDINANCE CAP. 571

IN THE MATTER OF the Market
Misconduct Tribunal Proceedings
under section 307I(2) and Orders
made by the Market Misconduct
Tribunal on 25 June 2019 under
section 307N(1) of the Securities
and Futures Ordinance, Cap. 571

AND

IN THE MATTER OF sections
307S and 264 of the Securities and
Futures Ordinance, Cap. 571

Order

Dated the 25th day of June 2019
Filed on the 28th day of June 2019

Securities and Futures Commission
35th Floor, Cheung Kong Center
2 Queen's Road Central,
Hong Kong
Ref: 122/LG/1300/0022
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