

Sino Agro Food Inc. – Delisting of shares from Merkur Market

1. Introduction

This matter relates to whether Sino Agro Food Inc. (the “**Company**” or “**Sino Agro**”) is no longer suitable for listing on Merkur Market and accordingly shall be delisted from trading, cf. section 12.1 of the Continuing Obligations of companies admitted to trading on Merkur Market (the “**Continuing Obligations**”), cf. section 9-30 (1) of the Securities Trading Act (the “**STA**”).

On Monday 8 October 2018 at 09:49 (CET), the Company announced¹ that it would pay a dividend in the form of shares in Tri-Way Industries Limited (“**Triway**”) as settlement of outstanding debt of USD 62,338,065 between the Company and Tri-Way. Attached to the Company’s stock exchange release was a press release from Triway of 5 October 2018. The press release had been available on Triway’s web site on 5 October 2018 and the Company also announced the press release on the Company’s twitter account on the same date. The Company’s share traded exclusive the right to dividend on 30 October 2018.

On 7 November 2018, the Company contacted the Exchange and stated that it would not be able to distribute the dividend as contemplated. The Company explained that this was due to regulatory requirements in the U.S. that the Company had not been aware of. The Exchange decided to halt trading in the Company’s share in the anticipation of a stock exchange notice on the matter. Such notice was published at 16:25 (CET) the same day. The matching halt ended prior to opening of the market on 8 November 2018.

Prior to this, on 2 November 2018, the Oslo Stock Exchange had imposed a violation fee of NOK 700,000 on the Company for material breaches cf. section 12.3 of the Continuing Obligations². The violation fee was imposed due to the Company not having timely disclosed inside information about the Company’s arrangements for issuance of Common Shares as security for various loans and trade finance facilities pursuant to section 3.1.1 of the Continuing Obligations. In addition, the Company had not timely disclosed increases of its authorized share capital and issuances of new Common Shares in accordance with the Continuing Obligations. As of the date of this resolution, the Company has not paid the fine.

With respect to the current matter, the Exchange is of the opinion that information about the final decision to distribute dividend in the form of shares in Triway to the shareholders of the Company constituted inside information on 5 October 2018 and that information about this should have been disclosed by the Company immediately and at its own initiative. Furthermore, the Company has not disclosed information about its shareholders’ meetings being held in accordance with the Continuing Obligations. The Exchange considers that the violations addressed in its decision of 2 November 2018, together with the violations addressed in this decision, entail that the Company’s shares are no longer suitable for listing on Merkur Market.

Under section 3 below, the Exchange will give an account of the factual circumstances of the case. The legal background for the assessment of the Company’s suitability for listing is set out under section 4. Under section 5, the Company’s account of the case is set out. The Exchange will provide its assessment of the case under section 6.

¹ <https://newsweb.oslobors.no/message/460828>

² [Appendix 1](#): The Oslo Stock Exchange’s resolution of 2 November 2018

2. About the Company

The Company is a protein food production and development company operating in China. The Company is a corporation governed by the laws of Nevada, the United States. The Company's registered office is in Guangzhou, China. The Company operates within the agriculture and aquaculture industry, with two major products, namely meat derived from the rearing of beef cattle and seafood derived from the growth of fish, prawns, eel and other marine species.

The Company's Common Shares was admitted to trading on Merkur Market on 13 January 2016. The Company's Common Shares are also quoted and traded on OTCQB U.S. Premier in the United States.

3. The Exchange's handling of the case

On 2 November 2018, the Exchange imposed a violation fee of NOK 700,000 upon the Company due to violations of the disclosure obligations and certain other rules in the Continuing Obligations.

On 13 November 2018, the Exchange sent a request to the Company regarding the distribution of shares in Triway to the Company's shareholders with deadline for reply set to 20 November 2018³. The Company was upon request granted an extension of the deadline for reply to 23 November 2018. On 12 November 2018, the Company submitted its reply to the Exchange⁴.

On 11 December 2019, the Company requested⁵ an extension of the payment date of the invoice regarding the violation fee to 31 January 2019. The Exchange granted the extension of the payment date, but highlighted that no further extensions would be granted.

On 7 February 2019, the Company notified the Exchange that it was working towards a voluntary delisting. The Exchange replied and stated that as previously communicated, the Exchange was working on a new matter regarding the Company's disclosure obligations and would set this process on hold in the anticipation of an assessment of the voluntary delisting⁶.

As the Company had not paid the imposed violation fee as well as other fees in connection with the listing on Merkur Market, the Oslo Stock Exchange advised the Company in due course thereafter that an application for delisting would not be reviewed before the outstanding fees were settled in full.

On 26 February 2019, the Company sent an e-mail requesting another extension of the payment date to 20 March 2019. The Exchange declined the request. Later the same date, the Company submitted an application for delisting⁷.

On 2 May 2019, the Exchange sent an e-mail to the Company requesting, among other things, an update on the payment of the fine. The Company replied on 7 May 2019 and requested yet another extension of the payment date to 23 May 2019. The Exchange declined the request on 9 May 2019⁸.

³ [Appendix 2](#): E-mail from the Exchange to the Company of 13 November 2018

⁴ [Appendix 3](#): The Company's response to the Exchange of 22 November 2018

⁵ [Appendix 4](#): E-mail correspondence between the Exchange and the Company of 11 December 2018 and 20 December 2018

⁶ [Appendix 5](#): E-mail correspondence between the Company and the Exchange of 7 February 2018

⁷ [Appendix 6](#): Application for delisting from Merkur Market

⁸ [Appendix 7](#): E-mail correspondence between the Company and the Exchange from 2 May 2019 to 9 May 2019

On 5 June 2019, the Company sent an e-mail⁹ to the Exchange informing that they expected that the violation fee would be settled in full by 21 June 2019.

On 14 June 2019, the Exchange sent an advance notice of delisting to the Company¹⁰. The basis for the advance notice was what the Exchange considered gross and repeated violations by the Company of the rules applicable to companies admitted to trading on Merkur Market. The violations related to the Company's handling of the distribution of dividend in the form of Triway shares.

On 30 June 2019, the Company sent their comments to the advance notice¹¹. In terms of the violation fee, which was still outstanding, the Company there advised that it expected that the violation fee would be settled by 10 July 2019.

4. The factual circumstances of the case

4.1 The process leading up to the distribution of dividend

At the time of the Company's admission to trading on Merkur Market, Triway was a wholly-owned subsidiary of the Company. On 1 March 2017, the Company announced¹² that it had completed a carve-out of Triway, which entailed that the Company's ownership in Triway was reduced to 36.6%.

On 15 May 2017, the Company included information in its 10-Q report¹³ for the first quarter of 2017 that the Company was preparing the requisite documents to be filed with the SEC for the preparation for spin-off and dividend distribution of a portion of its Triway shares¹⁴.

On 17 August 2017, the Company published a stock exchange notice¹⁵ where it announced progress to date and procedures in order to complete the distribution of shares in Triway to the Company's shareholders. The stock exchange notice stated that Triway was near completion of an F-1 registration process with the Securities and Exchange Commission (the "SEC"). The Company has informed the Exchange that non-US legal advice later procured that a filing of an F-1 registration statement was no longer necessary. This fact was later reversed by US counsel, see section 4.3 below.

On 17 April 2018, the Company published its audited annual report for 2017¹⁶. The Company provided an update on the distribution of dividend in the form of shares in Triway¹⁷, whereby the Company stated that its intention to distribute 18.3 % of the shares in Triway to Sino Agro remained in effect, but that the Company was reviewing certain matters relating to tax and was also in the process of securing new lending which affected the timing of the process. The Company stated that it targeted to making the distribution of a portion of or all of the shares in Triway to its shareholders sometime during Q3 2018.

⁹ Appendix 8: E-mail from the Company to the Exchange of 5 June 2019

¹⁰ Appendix 9: Advance notice of delisting of 14 June 2019

¹¹ Appendix 10: The Company's comments to the advance notice of 30 June 2019

¹² <https://newsweb.oslobors.no/message/421559>

¹³ <https://newsweb.oslobors.no/message/427490>

¹⁴ 10-Q report PDF page 63

¹⁵ <https://newsweb.oslobors.no/message/432981>

¹⁶ <https://newsweb.oslobors.no/message/448929>

¹⁷ 10-Q report PDF page 105

On 21 May 2018, the Company published its 10-Q report for the first quarter of 2018. The Company stated¹⁸ that it continued to work towards the distribution of Triway shares to its shareholders and that the Company intended to provide details on the distribution in its Q2-report.

The Company's 10-Q report for the second quarter of 2018 was published on 14 August 2018¹⁹. The Company informed²⁰ that it had been in communication with Triway in terms of a plan for the distribution of Triway shares to the Company's shareholders and that it was contemplated that there would be two scheduled distributions with two separate record dates for each distribution. It was further stated that Triway would publish the outline of the distribution plan in the next following weeks.

On 5 October 2018, the Company's Board of Directors handled the decision of distribution of Triway shares to its shareholders²¹. It follows from the resolutions of the Board that it had approved an option of Triway to liquidate outstanding debt owed to Sino Agro of USD 62,338,065 by distribution of shares in Triway to Sino Agro shareholders. It is also stated that Triway resolved to exercise the option in lieu of paying a cash dividend and/or cash plus share dividend against the debt owed by Triway.

The Company has also provided certain e-mails between Triway and the Company in terms of the practical matters to be handled when distributing the Triway shares to the Company's shareholders²².

4.2 Information in the market

On Monday 8 October 2018, the Oslo Stock Exchange received a number of alerts in its surveillance system on unusual rise in the Company's share price. Following certain investigations, the Exchange was made aware of a press release from Triway regarding the distribution of dividend to the shareholders in Sino Agro dated Friday 5 October 2018. The press release had been available on Triway's web site on 5 October 2018 and the Company also announced the press release on the Company's twitter account on the same date. The Exchange also noticed that the Company's share price had increased with approximately 7% in the afternoon of 5 October 2018 and the trading volume also increased.

The Exchange contacted the Company and decided to halt trading in the Company's share in anticipation on a stock exchange notice on the matter from the Company.

The Company then published a stock exchange notice with information about the dividend in the form of shares in Triway, where the press release from Triway was also attached, at 09:49 (CET)²³. The Exchange ended the matching halt shortly thereafter. The Company's share price increased with 48.3% compared to the end price on Friday 5 October 2018.

¹⁸ 10-Q report PDF page 99

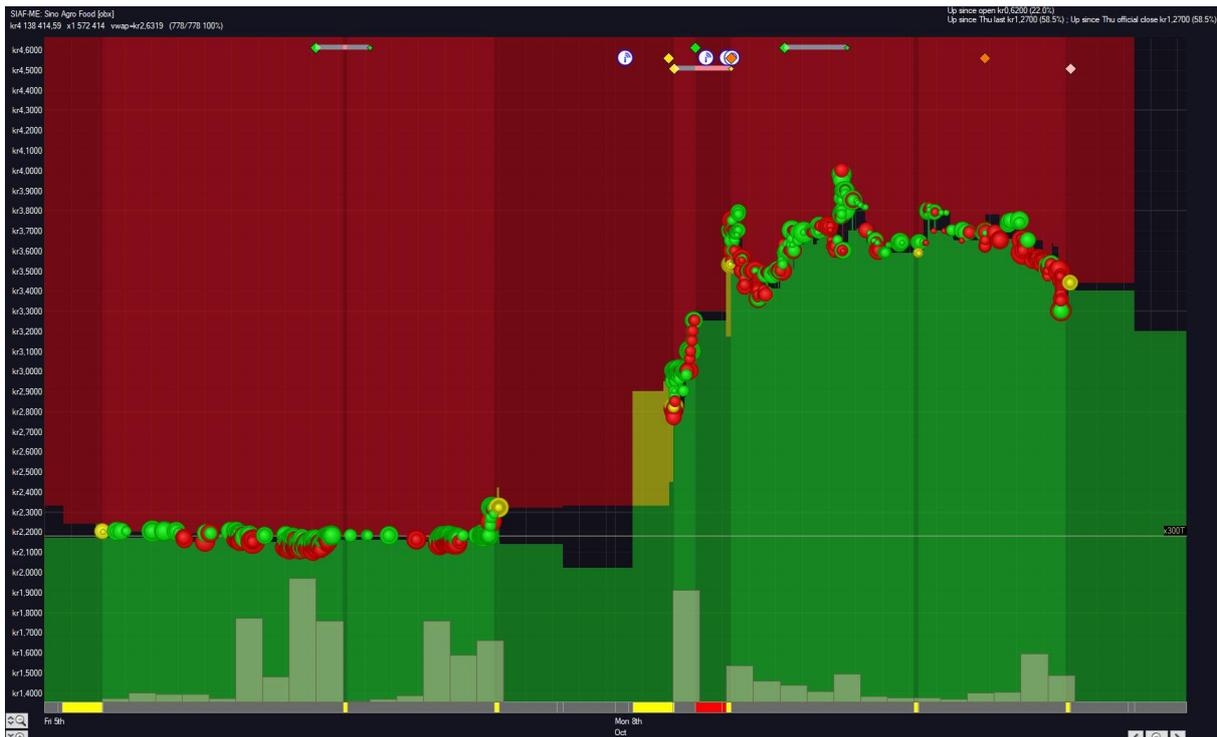
¹⁹ <https://newsweb.oslobors.no/message/457137>

²⁰ 10-Q report PDF page 84

²¹ [Appendix 11](#): Minutes from board resolutions of the Company of 5 October 2018

²² [Appendix 12](#): E-mail correspondence between Sino Agro and Triway

²³ <https://newsweb.oslobors.no/message/460828>



On 30 October 2018 at 07:51 (CET), the Company published a stock exchange notice²⁴ where with a reminder that the share traded exclusive the right to receive the dividend on that day (“ex. date”). The stock exchange notice also included information about certain other details on the dividend payment. The share price declined with 26.4 % compared to the end price on 29 October 2018.

4.3 Cancellation of the distribution of dividend

On 7 November 2018, the Company contacted the Exchange and informed that it would not be able to distribute the dividend in the form of Triway shares as previously announced. The Company explained that this was due to the Company being made aware of regulatory requirements in the U.S. in which they had not complied with. It was therefore not possible to proceed with the distribution of dividend with the ex. date as announced in the previous stock exchange notices on the matter.

The Exchange decided to halt trading in the Company’s share in anticipation of a stock exchange notice on the matter. Such stock exchange release was published at 16:25 (CET)²⁵. The stock exchange notice referred to an attached press release from Triway as of the same date and informed that the record date for the distribution was cancelled. The stock exchange notice also stated and that it was necessary to evaluate certain aspects of the transaction further before the distribution was initiated.

The matching halt ended prior to opening on 8 November 2018 and the Company’s share price declined with 13.3% on this date compared to the last trade on 7 November 2018.

The Company has explained to the Exchange that subsequent to the record date for distribution of the Triway shares to its shareholders, U.S. counsel informed the Company that the distribution triggered an F-1 filing with the SEC and that the record date for the distribution should be withdrawn.

²⁴ <https://newsweb.oslobors.no/message/462345>

²⁵ <https://newsweb.oslobors.no/message/463033>

4.4 Publication of minutes from shareholders' meeting

The Company has only held two shareholders' meeting since being submitted to trading on Merkur Market in January 2016. The shareholders meetings were held on 20 December 2016 and 12 October 2018, respectively.

The Company did not publish a stock exchange notice following announced shareholders' meeting pursuant to section 8.4 of the Continuing Obligations, which states that following a general meeting, the company shall immediately announce that its general meeting has been held.

The Company has explained that the shareholders meetings have been held, but that it has not published the said stock exchange notice due to a technical and administrative error. The Company has furthermore stated that the minutes have been uploaded to Edgar, SEC's filing mechanism, and on the Company's web site.

5. The Company's account of the case

The Company has argued that a voluntary delisting will be to an advantage of both the Company, the Oslo Stock Exchange and the shareholders of the Company. Should the Company be permitted to delist its shares from Merkur Market on a voluntary basis, as initially envisaged, it will be easier to facilitate the process in relation to the shareholders of the Company.

The Company intends i.a. to maintain the shares in the VPS register for a period following the delisting. Alternatively, the shareholders who want to trade their shares on OTCQX U.S Premier, were Sino Agro is dual listed, can transfer their shares to Broadridge Financial Solutions Inc (transfer agent). OTCQX has a similar level of regulations as Merkur Market. On this basis, the OTCQX will serve as a proper alternative to Merkur Market for the shareholders. To this extent, the Company has referred to the filing of an S-1 and S-4 prospectus on 27 June 2019 to provide for inter alia the exchange of common shares to G-series shares to be subsequently listed on the OTCQX in the US.

On the basis of the above, the Company wishes to emphasize that it does not oppose to a delisting as such, but finds it beneficial to all parties involved that the delisting is implemented on the basis of a voluntary process rather than a forced decision of delisting. Please do however note that due to the costs associated with the summoning of an extraordinary general meeting in the Company, a voluntary delisting by the Company will be contingent upon the Oslo Stock Exchange approving that delisting can occur absent shareholder approval.

Should the Oslo Stock Exchange not find it possible to find a solution where the delisting can occur voluntary, the Company wishes to reiterate that it is of the view that information about the dividend was in the public domain and hence did not constitute inside information. Furthermore, the decision to distribute the dividend was made by Triway, and not Sino Agro. Upon being contacted by the market surveillance, the Company promptly released an announcement to this effect. Although it is regrettable that the dividend was cancelled after the record date, the Company maintains that this was due to circumstance outside its control as Triway had not in advance sufficiently investigated whether the distribution of the dividend required regulatory filings in the US. To this extent, please keep in mind that Triway is a separate legal entity from Sino Agro.

6. The Oslo Stock Exchange's assessment

6.1 Information about the distribution of dividend

The first question is then whether information about the final decision to distribute dividend in the form of shares in Triway constituted inside information pursuant to section 3-2 of the STA which should have been disclosed immediately pursuant to section 3.1.1 of the Continuing Obligations.

Section 3.1.1 of the Continuing Obligations states that the company without delay and on its own initiative shall publicly disclose inside information that concerns the company directly, cf. section 3-2 (1)-(3), of the STA.

The Exchange considers that the final decision of 5 October 2018 to distribute the dividend was a specific circumstance which constituted information of a precise nature pursuant to section 3-2 (1) of the STA.

The Exchange is furthermore of the opinion that this was information which was likely to have a significant effect on the Company's share price pursuant to section 3-2 (2) of the STA. In this respect, the Exchange places particular emphasis on the fact that the Company first announced the contemplated distribution of Triway shares in May 2017, more than one year before the final decision to actually carry out the distribution. Given the long amount of time since the first announcement, and the uncertainties highlighted by the Company during this period, the final decision to distribute the dividend constituted a significant milestone for the shareholders of Sino Agro.

This assessment is supported by the development in the Company's share price following the release of the information on 5 October 2018 (by Triway) and 8 October 2018 (by the Company). On 5 October 2018, the Company's share price increased with approximately 7% and on 8 October 2018 the share price increased with 48.3%. The share also traded on higher volume than usual on these days. These elements support that the information about the final decision to distribute the dividend was of the kind which a reasonable investor would be likely to use as part of the basis of its investment decision.

The Exchange also finds that this information was not in the public domain pursuant to section 3-2 of the STA.

The Company has argued that the contemplated distribution of Triway shares was not inside information as this was information which was already in the public domain. The Company refers to the Company's Q1-report for 2018 and Q2-report for 2018, which was published on 21 May 2018 and 14 August 2018, respectively.

The Exchange disagrees with this assessment and would in particular point out that even in the last announcement in the Company's Q2-report, the Company still addresses uncertainties with regard to the dividend. For example, the Company states that it believes that there will be two scheduled distributions and that each shareholder will receive shares in Triway in an amount equivalent to USD 3.41 per share, i.e. this was not a confirmed fact at this time. Furthermore, the Company states that Triway will announce the outline of the distribution plan in the next few weeks. However, the final decision to distribute dividend was not made before 5 October 2018, nearly two months later. In this period, the Company's share price decreased with approximately 18%. The Exchange is of the opinion that the uncertainty related to the distribution of dividend contributed to this decrease. This underlines the uncertainty of the distribution which is first finally confirmed on 5 October 2018 and not in the public domain prior to this date.

Pursuant to section 5.1 of the Continuing Obligations, inside information must be made public through Newsweb. While Triway's press release was in the public domain on 5 October 2018, the serious consequences of the Company not publishing a stock exchange notice immediately is illustrated by the development in the Company's share price. As mentioned above, the Company's share price increased with 48.5% when the information was made public by the Company on 8 October 2018, while the share price only increased with 7% on 5 October 2018.

In addition, the Exchange would like to point out that the Company published the press release of Triway on its Twitter account on 5 October 2018, while neglecting to publish a stock exchange notice on the matter.

The Company has argued that the decision to distribute the dividend was made by Triway, and not the Company. The Exchange disagrees with this as the Company was involved in the transaction. The decision to distribute Triway-shares to the Company's shareholders was a result of the settlement of debt of USD 62,338,065 between Tri-Way and the Company pursuant to an agreement between the said parties and not a stand-alone decision made by Triway. The Exchange accordingly finds that this is inside information which directly concerns the Company and thereby should have been published without delay and at the Company's own initiative as soon as the final decision was made on the matter, cf. section 3.1.1 of the Continuing Obligations.

The neglection to publish the information on 5 October 2018 therefore constituted a breach of section 3.1.1, cf. section 5.2 of the Continuing Obligations.

The Exchange would also like to highlight that the Company in any event was obliged to publish information about the resolution to distribute dividend pursuant to section 3.2 (1) no. 2 (a), which states that the Company immediately shall publicly disclose information about resolutions of dividend, including information about the allocation and payment of the dividend. This rule applies regardless of whether the information about the dividend constitutes inside information pursuant to section 3-2 of the STA.

6.2 Publication of minutes from shareholders' meeting

As stated under section 4.4 of the Continuing Obligations, the Company has not published information when its shareholders meetings have been held pursuant to section 8.4 of the Continuing Obligations. This does therefore constitute a breach of the said provision.

6.3 Suitability for listing

Pursuant to section 12.1 (1) of the Continuing Obligations, the Oslo Stock Exchange can remove financial instruments issued by the Company from trading if they no longer satisfy the rules or conditions for Merkur Market, unless such removal would be likely to cause significant damage to the investors' interests or the orderly functioning of the market.

In the Exchange's guidelines to the provision, it is stated that when a decision of delisting is made at the initiative of the Exchange, this is normally due to the company no longer being considered suitable for listing, for example where the company grossly and continuously has violated provisions in the Securities Trading Act or the Merkur rules.

The Company's repeated violations addressed in the Exchange's decision of 2 November 2018 and under items 6.1 and 6.2 are considered serious by the Oslo Stock Exchange, also taken into account the short period in which the violations have occurred. Several of the breaches are violations of disclosure obligations, which are of high importance for trust in the Company and correct pricing of the Company's shares.

The Oslo Stock Exchange does continuously monitor the issuers' compliance with the applicable disclosure obligations on the Exchange's market places. The Oslo Stock Exchange considers this work to be of high importance for maintaining the integrity of the market place. A well-functioning market is characterized by all market participants having access to the same information from the issuers at the same time so that investment decisions can be made on the same basis. This contributes to a correct pricing of the relevant financial instruments. The quality of the marketplace is accordingly affected negatively when the issuers do not comply with the disclosure obligations that apply to the issuers listed on Merkur Market.

The Exchange considers the issuers' competence on the disclosure obligations as important, which is also reflected in the Exchange rules. Pursuant to section 2.3.1 (2) first sentence of the Admission to Trading Rules for Merkur Market (the "**Listing Rules**"), the members of the company's management must have sufficient expertise to satisfy the requirements for the correct and proper management and distribution of information. Furthermore, it follows from section 2.3.1 (3) of the Listing Rules that the company must have procedures in place and be organized to ensure that the company's management and the officers responsible for disclosing information to the market become aware of essential information without undue delay. In addition, at least one member of the board of directors must have satisfactory expertise in respect of the rules that apply to companies listed on the Merkur Market, cf. section 2.3.5 (4) of the Listing Rules. All the said provisions also apply as continuing obligations for the issuers, cf. section 2.3 of the Continuing Obligations.

Given the repeated violations of a number of the rules applicable to issuers with shares admitted to trading on Merkur Market, the Exchange is of the opinion that the Company does not have sufficient expertise to satisfy the requirements for correct and proper management and distribution of information.

The Exchange considers the repeated violations of the Merkur Market rules as gross and that these entail that the Exchange can remove the Company's shares from trading on Merkur Market pursuant to section 12.1 (1) of the Continuing Obligations.

The Oslo Stock Exchange also considers that the cancellation of the dividend in October 2018 underlines that the Company is not suitable for listing. The cancellation had serious consequences for a number of the Company's shareholders who purchased shares following the announcement of the final decision to distribute Triway shares as dividend, in the faith that the distribution was approaching in the near future. The Exchange would in this respect like to highlight that the share price increased with 50% following the announcement. The cancellation also had serious consequences for the shareholders who sold their shares on or following 30 October 2018 in faith of still having right to the dividend. The Exchange has received a number of complaints from shareholders of the Company in this regard.

The Exchange is dependent on that the companies listed on Merkur Market take the necessary steps to ensure that transactions involving its shareholders have been subject to a sufficient level of quality

assurance. In this matter, the Company and Triway resolved to announce the distribution of dividend without having sufficient assurance that this did not require an F-1 filing.

The Company has argued that this was an error made by Triway and that the announcements regarding the distribution of dividend was made solely at the request of the Oslo Stock Exchange. The Exchange would in this regard like to emphasize that the Company for a period of more than one year has provided information and updates about the contemplated distribution of dividend and that the distribution is not a stand-alone transaction by Triway. The Company can accordingly not distance itself from the distribution in the final stages of the decision being made and must ensure that all information provided to its shareholders on Merkur Market is correct and has been subject to the necessary quality assurance. The Exchange would also like to point out that in the event the Company could not answer for the information given by Triway, this should have been addressed to the Exchange in the communication regarding the publication of relevant information about the distribution to the market.

The Exchange cannot remove a financial instrument from trading on Merkur Market if this would be likely to cause significant damage to the investors' interests or the orderly functioning of the market, cf. section 12.1 (1) of the Continuing Obligations. This implies that a wide discretion has to be made as to the reasons for and against removal when making the assessment. The interest of the Exchange and the market in being able to delist issuers which do not comply with the applicable rules must therefore be weighed against the shareholders' interest in a continued listing. The Company has informed the Exchange that it has 336 shareholders registered in the VPS and that approximately 52% of the Company's shares are registered in the US, while the remaining 48 % are registered in the VPS.

The Oslo Stock Exchange is of the opinion that a delisting generally will represent disadvantage for the holders of the Company's financial instruments as this implies that investors will lose the security from organized trading, such as the Company's disclosure obligations and financial reporting. This will accordingly be consequences for the shareholders of Company if the shares are removed from trading on Merkur Market.

However, when the Company does not comply with its disclosure obligations in a timely and appropriate manner, as well as breaches other relevant rules applicable to listed issuers, this reduces the value of the listing for the shareholders. This can contribute to the Company's financial instruments trading on different information and thereby affect the correctness of the pricing of its shares, which again is essential for trust in the securities trading market.

As addressed above, the trust and integrity of the market places of the Oslo Stock Exchange are essential and of high importance for the Exchange. It is crucial that the investors trading on the market places of the Exchange can trust the information provided from the listed issuers and also trust that inside information and other information required to be announced are made public within the relevant deadlines. The Exchange does not consider that the Company, with its repeated breaches of the applicable regulations, is able to provide the sufficient level of trust in this regard.

The Exchange also notes that the Company has applied for a voluntary delisting from the Exchange. The application was sent after the Exchange initiated an assessment of whether the Company was suitable for listing and accordingly should be removed from trading from Merkur Market. The Exchange has received reactions from certain shareholders on the Company's application for delisting. These shareholders have argued that a delisting will have negative consequences for the shareholders in

terms of the level of information provided by the Company to the shareholders. The shareholders have also advised that there are on-going legal proceedings between certain shareholders and the Company, where a legal complaint has been filed towards the Company with the United States District Court, Southern District of New York.

The Exchange understands that a delisting of the Company will have negative consequences for the shareholders in terms of the flow of information from the Company. However, the general consequences and disadvantages for the shareholders of a delisting, such as less disclosure and not being able to trade the shares on a marketplace, do not entail that the Exchange cannot remove a financial instrument from trading if the Exchange finds that the issuer has repeatedly and grossly violated the applicable rules. In addition, the Exchange has limited means of reactions towards issuers who violate the rules of the Exchange. The Oslo Stock Exchange notes that the shareholders have sought other remedies in the on-going legal complaint than the Exchange has the authority to provide, which point to that these matters could be more suitable to solve through legal proceedings than through the limited means of the Exchange.

When a company has repeatedly and grossly violated the rules of Merkur Market, there have to be significant damage to the shareholders as a result of the removal if this shall imply that the Exchange cannot remove the relevant financial instrument from trading on Merkur Market. As mentioned above, the general negative consequences for the shareholders as a result of a delisting do not entail that the Exchange cannot remove the relevant financial instrument from trading. The Oslo Stock Exchange is of the opinion that a delisting as such, will not cause significant disadvantage to the shareholders, also taken into account article 80 of the regulation of 20 December 2017 no. 2300 on supplementing rules to MiFID II and MiFIR.

Based on the violations addressed in the Exchange's decision of 2 November 2018 and herein, the Exchange does not have trust in the Company providing required, correct and timely information to the market. The Exchange can therefore not maintain a listing for the Company when the listing does not provide the shareholders with the protection the rules applicable to issuers on Merkur Market is intended to give.

The Company has argued that a voluntary delisting will be of advantage for both the Company, the Oslo Stock Exchange and the Company's shareholders, as it will be easier for the Company to facilitate the process in relation to the shareholders. The Company has stated that it in the event of a voluntary delisting will maintain the shares in the VPS following the delisting and that shareholders who want to trade their shares on OTCQX U.S. Premier can do so by transferring their shares to the U.S. transfer agent. The Exchange cannot see how a delisting imposed by the Oslo Stock Exchange will hinder the Company from maintaining the shares in the VPS or the shareholders transferring their shares to the U.S. transfer agent. The technicalities of the delisting will be the same regardless of whether a voluntary delisting is resolved upon or whether the delisting is initiated by the Exchange due to the Company not being suitable for listing.

The Oslo Stock Exchange has limited means of sanctions and reactions towards the companies not complying with the relevant issuer rules. The Company has already been imposed with a violation fee due to the violations addressed in the decision of 2 November 2018. As of the date of this resolution, the Company has not paid the violation fee. While the Company has stated that the fine will be paid, the Exchange has not granted such extension and the Company has previously given similar assurances to the Exchange on a number of occasions during the last six months. The payment is however still

outstanding. This combined with the new violations addressed in this case, entail that the Exchange considers that imposing another violation fee will not have the anticipated effect or be suitable to prevent future violations.

Following an overall assessment of the above, the Exchange is of the opinion that the Company's shares are not suitable for listing on Merkur Market. In this assessment, the Exchange has emphasized the repeated and gross violations as accounted for above. The Oslo Stock Exchange's assessment is that this implies that there is a risk of future breaches of the rules. At the same time, and as stated above, the Exchange believes that delisting will not cause significant disadvantage for the shareholders or for the market's duties and function. This supports the Exchange's conclusion that the Company's shares are not suitable for listing on the Merkur Market and accordingly shall be removed from trading. With reference to the above, the Exchange does not consider any other available types of reactions pursuant to chapter 12 of the Continuing Obligations appropriate in this case. The Exchange would also like to highlight that in the resolution of 2 November 2018, the Exchange stated that future violations could result in the removal of the Company's shares from Merkur Market.

When determining the date for delisting, the implementation date for delisting shall in accordance with section 12.1 (6) of the Continuing Obligations and the Exchange's practice give the Company and its shareholders a reasonable period to adjust to the fact that the Company's shares no longer will be admitted to trading on Merkur Market. The delisting will accordingly be implemented from and including 11 September 2019. The last day of listing will be 10 September 2019.

Based on the above, the Oslo Stock Exchange has on 10 July 2019 passed the following resolution:

"The Oslo Stock Exchange considers that Sino Agro Food Inc., issuer of shares with ISIN US8293552050, is not suitable for listing on the Merkur Market, and has resolved to delist the shares from trading, cf. section 12.1 of the Continuing Obligations, cf. section 9-30 (1) of the Securities Trading Act. The last listing date for the Company's shares will be 10 September 2019."

The Exchange's resolution to delist a company from Merkur Market cannot be appealed, cf. Circular 1/2015.