

香港聯合交易所有限公司
(香港交易及結算所有限公司全資附屬公司)

THE STOCK EXCHANGE OF HONG KONG LIMITED
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

ANNOUNCEMENT

In relation to the matter of
China Taifeng Beddings Holdings Limited
(Stock Code: 873)

Commencement of cancellation procedures

The Stock Exchange of Hong Kong Limited (the "Exchange") is minded to exercise its power to cancel the listing of the shares of China Taifeng Beddings Holdings Limited (the "Company") under the Listing Rules.

In this regard, the Exchange requires that the Company must have remedied those matters which have rendered it unsuitable for listing by 5 January 2018. Should the Company fail to do so, the Exchange may proceed with cancelling the Company's listing.

Trading of the Company's shares was suspended on 26 February 2015, initially pending release of an announcement about a very substantial acquisition. The acquisition was subsequently terminated but trading of the Company's shares has remained suspended for non-publication of its 2014 annual results and subsequent annual and interim results. The non-publication of 2014 annual results is due to the identification of audit issues concerning, among others, recognition of sales and trade receivables, reasonableness of expenses for the Group's channel restructuring plan, and completeness and rationale for guarantees provided to major suppliers or customers or unrelated third parties.

The Exchange has decided to commence procedures to cancel the Company's listing under Rule 6.01(4) on the ground it is no longer suitable for listing. The Exchange has arrived at its decision having considered, among others, the following:

- (1) The findings of the forensic review (set out in the Company's announcement dated 22 November 2016) give rise to serious issues about the accuracy and credibility of the Company's financial statements and/or records in material respects, the integrity of its management, and the lack of a sound system of internal controls over its financial, operations and compliance matters to safeguard its assets and protect shareholders' interests. The Company's management has been unable to resolve these issues despite a prolonged period of suspension. To date the Company has not addressed, clarified or otherwise expressed its position on the forensic review and findings.

.../2

- (2) The Company's continuing failure to comply with its financial reporting obligations under the Rules deprives shareholders and investors of financial information to appraise the position of the Company. To date the Company has not published its 2014 annual results and subsequent annual and interim results.
- (3) The continuation of suspension for a prolonged period due to the Company's failure to resolve the audit issues and the findings of the forensic review and publish its outstanding financial statements denies reasonable access to the market and prevents its proper functioning. This deprives shareholders from trading their shares and/or realizing their investments in the market.

TAKE NOTICE that pursuant to Rule 6.10, the Exchange requires the Company to remedy those matters which have rendered it unsuitable for listing within 6 months from today, that is, by 5 January 2018. Should the Company fail to do so, the Exchange may proceed with cancelling the Company's listing. The Exchange will make a further announcement for cancellation of the listing, if appropriate, in due course.

Hong Kong, 5 July 2017