

Jatcorp (ASX: JAT), at the forefront of innovative technology servicing the world's largest retail markets. With a track record of successful product development and distinguished technology. JAT is a leading producer of supplementary food and plant-based products.

16 November 2022

Commences legal proceedings

Jatcorp Limited (JAT) advises that it has commenced legal proceedings through its subsidiary Sunnya Pty Ltd ("Sunnya") against Guangzhou Aotea Biological Technology Pte Ltd (Aotea) and two directors of Sunnya, Mr Yinghan He and Ms Yanxia Lu.

Background

Sunnya is one of the important subsidiaries of JAT, which is a supplier and exporter of health food products that trades under the well-known export-brand-name "Neurio". JAT is a 51% majority shareholder of Sunnya and first acquired its interest in Sunnya in 2018. Mr He and Ms Lu hold 49% shareholding of Sunnya through a family trust. Sunnya was under Mr He and Ms Lu's management since the acquisition in 2018.

Aotea is an affiliate company established in China and owned and controlled by Mr He.

Legal Proceedings

On 31 October 2022, three nominated directors by JAT were appointed to the board of Sunnya following an urgently convened extraordinary general meeting of Sunnya("EGM"). This board re-composition better reflects JAT's 51% ownership of Sunnya.

Since the board re-composition, the Jatcorp appointees have investigated the historic management affairs of Sunnya and have discovered transactions taken, or about to be taken, by the other directors Mr He and Ms Lu, which were believed to be contrary to the interests of the subsidiary and which would indirectly affect the interests of Jatcorp ("Concerns"), including:

- Transfer valuable Australian and New Zealand registered intellectual property from Sunnya to Aotea which Mr He and Ms Lu control;
- Transfer a significant amount of fund to a company bank account Mr He and Ms Lu control. The attempt was intercepted and was unsuccessful;
- Taken other steps to adversely impact Sunnya's ability to produce and sell its products.

The Jatcorp appointees have not been able to engage in proper dialogue with Mr He and Ms Lu and as a result, they have cause Sunnya take urgent legal action against Mr He and Ms Lu in the Supreme Court of NSW. Following a series of hearings before the Court, a number of injunction orders were made by the Court which, in short:

- Restrain Mr He and Ms Lu (as well as an associated company they control) from dissipating any of Sunnya's assets, or, to enter into any binding agreements with third parties on behalf of Sunnya; and
- Compel Mr He and Ms Lu to return certain intellectual property assets removed by them prior to the board re-composition and to prohibit them from adversely impacting Sunnya's ordinary business.

Jatcorp has been joined to the legal proceedings as a second plaintiff as an interested party with Sunnya remaining as the lead plaintiff.

Relief sought against Mr He and Ms Lu includes declarations for breaches of duties, restraining orders and compensation orders.

The Jatcorp appointees are taking steps to stabilise the business of Sunnya with the view to minimise operation impact as a result of the dispute. Efforts are being exerted to revitalise and revamp Sunnya's business, particularly the significant export business it has selling health food products into the China market.

Further public announcements will be made in due course as the matter further unfolds.

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This announcement authorised by JAT's Board.

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About Jatcorp Limited

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