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**China Health Group Limited**  
**中國衛生集團有限公司**

*(Carrying on business in Hong Kong as CHG HS Limited)*

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 673)

**(1) WRITS OF SUMMONS ISSUED BY THE COMPANY IN HONG KONG;**  
**(2) AN INJUNCTION APPLICATION BY THE COMPANY IN BERMUDA;**  
**AND**  
**(3) BREACHES OF THE LISTING RULES**

This announcement is made by the board of directors of China Health Group (the “**Company**”), pursuant to Rule 13.09 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the following documents:

- (i) the announcement dated 3 June 2014 and the circular dated 7 July 2014 of the Company in relation to, among other matters, the subscription (the “**LL Subscription**”) of convertible notes (the “**LL Convertible Notes**”) by Lin & Li Investment Limited (“**LL**”);
- (ii) the announcement dated 11 December 2015 in relation to, among other matters, the Company’s legal proceedings against Chung for breach of director’s fiduciary duties and against Zheng Hua Investment Limited and Pacas Worldwide Limited in relation to the CN Subscription Agreements purportedly entered into with the Company and the subsequent purported issue of the Convertible Notes by the Company;
- (iii) the announcements dated 31 December 2015 and 21 January 2016 in relation to, among other matters, a requisition notice (the “**Requisition Notice**”) dated 30 December 2015 from Speedy Brilliant Investments Limited (“**Speedy**”) and Richer Global Holdings Limited (“**Richer**”, together with Speedy, the “**Requisitionists**”) requesting the Board to convene a special general meeting;

- (iv) the announcement of the Company dated 14 January 2016 in relation to, among other matters, suspension of duties and authorities of Chung and actual and further legal proceedings against Chung;
- (v) the announcement dated 27 January 2016 in relation to, among other matters, update on matters in relation to the Tianjin Agreement; and
- (vi) the notice dated 16 February 2016 published by the Requisitionists for the purpose of, among other matters, convening a special general meeting of the Company at 10:00 a.m. on Thursday, 10 March 2016 (the “SGM”).

Unless otherwise defined, terms used in this announcement shall have the same meanings as defined in the announcements of the Company dated 14 January 2016 and 27 January 2016.

## **(1) WRITS OF SUMMONS ISSUED BY THE COMPANY IN HONG KONG**

### **Legal proceedings in relation to the LL Convertible Notes**

Upon investigation and based on the facts currently known to the Company as at the date of this announcement, the Board discovered that Chung, had caused the Company to allot and issue 1,230,333,333 shares of the Company (“**Shares**”) to various persons, and that these persons included:

- (a) Speedy, who was allotted 375,400,000 Shares, representing approximately 18.31% of the existing issued share capital of the Company; and
- (b) Ying Wei, who was allotted 272,000,000 Shares, representing approximately 13.27% of the existing issued share capital of the Company;

as a result of which Speedy and Ying may have controlled more than 30% of issued Shares (the Company notes Speedy stated in the Requisition Notice that Ying Wei was a party acting in concert with Speedy).

Based on documents and information currently available, Speedy and Ying Wei were allotted Shares because they were both transferees of the LL Convertible Notes.

However, as noted in the Company’s announcement and circular relating to the LL Convertible Notes, 30% and 70% of the LL Convertible Notes were subject to a lock-up period of six months and twelve months, respectively, commencing from the date of issue of the LL Convertible Notes.

The LL Convertible Notes were issued in January 2015, and certain portions were purportedly transferred to Speedy and Ying Wei (the “**LL Convertible Notes Transfers**”) before the end of April 2015, well within the the transfer restriction periods specified in the terms and conditions

of the LL Convertible Notes approved by the shareholders, which formed part of the basis upon which the Stock Exchange granted listing permission of the Shares falling to be allotted and issued upon the exercise of conversion rights attached to the LL Convertible Notes.

It is the Company's position that such purported transfers of the LL Convertible Notes are null and void and be rescinded and set aside, and that the purported allotment and issue of Shares to Speedy and Ying Wei are also null and void.

On 25 February 2016, the Company issued a writ of summons against each of LL, Speedy, Ying Wei and Chung in the High Court of Hong Kong claiming for, among other reliefs:

- (a) a declaration that the LL Convertible Notes Transfers are null and void; alternatively, an order that the LL Convertible Notes Transfers from LL to Speedy and Ying Wei be rescinded and set aside;
- (b) a declaration that the purported issue and allotment of Shares to Speedy and Ying is null and void; further or alternatively, an order that the purported issue and allotment of Shares to Speedy and Ying Wei be rescinded and set aside;
- (c) an order that LL, Speedy, Ying Wei and Chung take all necessary steps including the delivery to the Company of any such share certificate(s) in the Company for cancellation; and
- (d) damages and/or equitable compensation.

#### **Further legal proceedings against Chung for delivery and return of documents and records belonging to the Company**

Up to the date of this announcement, despite repeated requests by the Board, Chung has yet to deliver and still keeps in possession documents, records, information and other properties of the Company (the "**Documents and Records**"), including but not limited to the CN Subscription Agreements, the Convertible Notes, the purported Tianjin Agreement and all incidental correspondence of the Company with its legal and/or financial advisers and the Stock Exchange.

On 26 February 2016, the Company issued a writ of summons against Chung in the High Court of Hong Kong claiming for, among other reliefs:

- (a) an order that Chung do deliver up and return to the Company the Documents and Records, including but without limitation to the original of the Tianjin Agreement;
- (b) an order that Chung is to indemnify the Company for any loss and damage that may arise as a result of Chung's failure to return to the Company any of the Documents and Records; and

(c) damages and/or equitable compensation.

## **(2) AN INJUNCTION APPLICATION BY THE COMPANY IN BERMUDA**

By reason of the matters disclosed above, the Company does not consider the SGM to be valid. Accordingly, on 25 February 2016 (Bermuda time) (26 February 2016 (Hong Kong time)), the Company filed with the Supreme Court of Bermuda against Speedy and Ying Wei for an interlocutory injunction to restrain the convening or holding of the SGM pursuant to the Requisition Notice.

## **(3) BREACHES OF THE LISTING RULES: THE SGM NOTICE**

The Company notes that the notice convening the SGM and the related circular to shareholders issued by Speedy and Richer do not comply with various provisions of the Listing Rules and has written to the Stock Exchange. In particular, it is the Company's position that the notice of the SGM from the Requisitionists is affected by a complete non-disclosure of, among other matters:

- (a) the precise role that Chung played in Speedy and Ying Wei's acquisition of more than 30% of the voting rights in the Company;
- (b) the relationship between Chung and Mr. Wang Jingming, another director of the Company that the Requisitions proposed to retain;
- (c) the relationship between the Requisitionists and Mr. Wang Jingming;
- (d) the position of the proposed directors of the Company on various proceedings and criminal complaint that the Company has brought or made against Chung in Hong Kong and the PRC; and
- (e) the basis upon which these proposed directors consider that Chung is a fit and proper person to be remain a director or that he satisfies the requirements set out in Rule 3.08 of the Listing Rules, in light of all the allegations against him in various civil and criminal proceedings in Hong Kong and elsewhere.

Further announcement(s) will be made by the Company as and when appropriate to keep its shareholders and potential investors informed of the material developments in the matters above.

By Order of the Board  
**China Health Group Limited**  
**Zhou Bao Yi**  
*Executive Director*

Hong Kong, 26 February 2016

*As at the date of this announcement, the Board comprises six executive Directors, namely, Mr. Jia Hong Sheng (Chairman), Dr. Li Zhong Yuan, Mr. Zhou Bao Yi, Mr. Chung Ho, Mr. Wang Jingming and Mr. Zhao Kai; and four independent non-executive Directors, namely, Mr. Mu Xiangming, Mr. Jiang Bo, Dr. Yan Shi Yun and Mr. Zhao Hua.*