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CHINA GREEN (HOLDINGS) LIMITED

中國綠色食品（控股）有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 904)

LITIGATION AND RESUMPTION OF TRADING

Reference is made to the announcement of China Green (Holdings) Limited (“**Company**”) dated 19 December 2017 in relation to the inside information concerning the legal proceeding.

The board (“**Board**”) of directors (“**Director**”) of the Company announces that on 19 December 2017, it received a writ of summons with a statement of claim (“**Writ**”) issued in the Court of First Instance of the High Court of Hong Kong by Convoy Global Holdings Limited (“**First Plaintiff**”), Convoy Collateral Limited (“**Second Plaintiff**”) and CSL Securities Limited (“**Third Plaintiff**”, together with the First Plaintiff and the Second Plaintiff, collectively as the “**Plaintiffs**”) against, among other defendants, the Company.

The Plaintiffs alleged that the Company was among a number of placees (the “**Placees**”) who were allotted shares in the First Plaintiff in a placement arranged by the First Plaintiff on 29 October 2015 (“**Share Placement**”), and that the Placees were associated with Mr. Cho Kwai Chee Roy (“**Mr. Cho**”), who was allegedly a shadow director of the First Plaintiff according to the Writ. It was further alleged in the Writ that the Share Placement was not made for proper purposes, as there were related financing arrangements made between the Second Plaintiff and the Third Plaintiff on one hand, and the Placees on the other (the “**Financing Arrangement**”), whereby the Placees received loans that were

granted by the Second Plaintiff and the Third Plaintiff under suspicious circumstances, in close proximity to the time of the Share Placement and were on non-commercial terms.

It is further stated in the Writ that the Placees, among others, have caused the Plaintiffs an unspecified amount of substantial loss and damage, and that the Financing Arrangement was in substance an unlawful distribution of capital of the First Plaintiff to the Placees, and was ultra vires and null and void. Further, the Plaintiffs claim that the Placees who received the proceeds of the Financing Arrangement allegedly with knowledge of the circumstances should be liable to account for such sums.

The Placees, among others, were also alleged to have dishonestly assisted in the breach of fiduciary duty imposed on Mr. Cho and his associates, thereby causing the Plaintiffs an unspecified amount of substantial loss and damage. There were further allegations against, among others, the Placees of conspiracy through unlawful means in carrying out the Financing Arrangement.

The Plaintiffs further alleged in the Writ that the Company is associated with Mr. Cho on the basis that a holding company of one of the defendants has a discloseable shareholding interest in the Company since September 2016, and that the Third Plaintiff was the lead placing agent of the Company of its 82.83% new shares placement in August 2016.

According to the Writ, the orders sought by the Plaintiffs against the Company are as follows:

- (i) the First Plaintiff sought an order as against, among others, the Company, that the allotment of the shares in the First Plaintiff by the First Plaintiff to, among others, the Company on 29 October 2015, be set aside;
- (ii) the Second Plaintiff and the Third Plaintiff sought an order that the financing facilities granted by them in favour of the Placees be rescinded; and
- (iii) the Plaintiffs sought as against, among others, the Company for (a) general or special damages; (b) interests; (c) costs; and (d) further and/or other reliefs.

As at the date of this announcement, the Company has outstanding convertible notes of HK\$190,000,000 issued to the Second Plaintiff on 22 August 2016 due in 2019.

The Company is currently seeking legal advice on the matter to assess the merits of the claims and their implications on the Company. The Company can confirm that it was not a Placee for the Share Placement. It is currently the Company's plan to file an Acknowledgement of Service indicating that it will contest the proceedings on or before 2 January 2018 and will file a Defence to defend the claims. Further announcement will be made to update on the progress of the matter as and when appropriate.

Shareholders of the Company and potential investors should accordingly exercise caution when dealing in the shares of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") was halted with effect from 9:00 a.m. on 20 December 2017 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 21 December 2017.

By Order of the Board
China Green (Holdings) Limited
Sun Shao Feng
Chairman

Hong Kong, 20 December 2017

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Sun Shao Feng (Chairman and Chief Executive Officer) and Mr. Wang Jinhua; and three independent non-executive Directors, namely Mr. Wei Xiongwen, Mr. Hu Ji Rong and Ms. Yu Xiao Min.