

TARGET

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T U E S D A Y

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TOWN HEALTH INTERNATIONAL MEDICAL GROUP LTD:

MR DAI HAI DONG IS ACCUSED OF

DEFAULTING ON HIS FINANCIAL COMMITMENT

A wholly owned subsidiary of Town Health International Medical Group Ltd () (Code: 3886, Main Board, The Stock Exchange of Hongkong Ltd) has sued Mr Dai Hai Dong () for the *‘Repayment of the outstanding principal in the amount of HK\$203,705,000 under the Promissory Note’*.

In Action Number 801 of 2019, lodged in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People’s Republic of China (PRC), Town Health (BVI) Ltd, being a wholly owned subsidiary of Town Health International Medical Group Ltd, Indorsement of Claim, attached to Writ of Summons, Number 801, it is alleged:

‘The Plaintiff’s claim is in respect of the Share Mortgage over the entire issued share capital of Wise Lead Holdings Limited () (the “Share Mortgage”) entered into between the Defendant as the mortgagor and the Plaintiff as the mortgagee on 4 November 2016 and the Promissory Note in the principal sum of HK\$203,705,000 (the “Promissory Note”) issued by the Defendant in favour of the Plaintiff on 9 December 2016.

‘The Plaintiff seeks the following reliefs against the Defendant arising from his breaches of the Share Mortgage

and the Promissory Note:

- '1. *Repayment of the outstanding principal in the amount of HK\$203,705,000 under the Promissory Note;*
- '2. *Accrued interest on the Promissory Note at the rate of 5% per annum for the period from 1 January 2019 to
 the date of judgment or any period as this Honourable Court deems fit;*
- '3. *Interest pursuant to section 48 of the High Court Ordinance (Cap. 4) or as this Honourable Court deems fit;*
- '4. *Costs;*
- '5. *Further and/or other relief as this Honourable Court deems fit.'*

The Announcement Of Friday, April 12, 2019

On Friday, April 12, 2019, Town Health International Medical Group Ltd informed its shareholders that the present beneficial and legal owner of the entire issued share capital of Wise Lead Holdings Ltd (), a corporate entity, domiciled in the **British Virgin Islands (BVI)**, being the BVI company that, previously, beneficially owned a 49-percent equity interest in Huayao Medical Group Ltd () via Town Health (BVI) Ltd, had de jure defaulted on its financial commitment to Town Health International Medical Group Ltd.

The announcement by Town Health International Medical Group Ltd, stated the following:

- ‘1. pursuant to the promissory note in the principal amount of HK\$203,705,000 (the “**Principal Amount**”) issued by the purchaser in the Disposal (the “**Purchaser**”), a third party individual, in favour of Town Health (BVI) Limited, being the vendor in the Disposal and a wholly-owned subsidiary of the Company (the “**Promissory Note**”), interest at the rate of 5% per annum accrued on the outstanding principal sum of the Promissory Note shall be repaid on a quarterly basis, and the repayment obligation of the Purchaser under the Promissory Note is secured by a share mortgage over the Wise Lead Share executed by the Purchaser in favour of Town Health (BVI) Limited (the “**Share Mortgage**”);
- ‘2. the Purchaser failed to repay the interest on the Principal Amount in the sum of HK\$2,511,431.51 accrued

*from 1 January 2019 up to 31 March 2019 (the “**Outstanding Interest**”) on 31 March 2019, being the due date of the Outstanding Interest, and apparently in breach of the Share Mortgage, the Purchaser also caused or allowed cessation of operation or business and/or transfer of interest of certain underlying companies or business operation of Huayao Medical Group Limited and its subsidiaries;*

- ‘3. on 2 April 2019, the Group issued an email to the Purchaser to request the Purchaser to repay the Outstanding Interest by 8 April 2019;*
- ‘4. as the Purchaser failed to respond to the Group’s email within the prescribed time and in view of (2) and (3) above, the Group has instructed its legal advisers to issue a legal demand letter dated 9 April 2019 to the Purchaser demanding him to repay the Principal Amount and all outstanding interest accrued thereon on or before 23 April 2019;*
- ‘5. the Group will, among other things, consider taking appropriate legal actions against the Purchaser in respect of the Purchaser’s default in repaying the Principal Amount and all outstanding interest accrued thereon; and*
- ‘6. the Company will keep its shareholders and public investors informed of any material developments in connection with this matter and will make further announcement(s) as and when appropriate.’*

The Announcement Of November 4, 2016

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