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**CHINA ANIMAL  
HEALTHCARE**  
**China Animal Healthcare Ltd.**  
**中國動物保健品有限公司\***  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 0940)**

**CONTINUING CONNECTED TRANSACTIONS**  
**(1) THE MASTER SALES AGREEMENT AND**  
**(2) THE LEASING ARRANGEMENT**

**THE MASTER SALES AGREEMENT**

On 24 December 2013, the Company (for itself and on behalf of its subsidiaries) and Hongbo Animal Husbandry entered into the Master Sales Agreement whereby the Group agreed to sell and Hongbo Animal Husbandry agreed to purchase from the Group the Veterinary Drug Products with a term for 3 years retrospectively commencing from 1 January 2013 to 31 December 2015.

Prior to the entering into the Master Sales Agreement, the Group commenced the Previous Transactions which are of the same nature as the Sales Transactions contemplated under the Master Sales Agreement since 1 January 2012. The Previous Transactions have been conducted on normal commercial terms and in the ordinary and usual course of business of the Group. As at the date of this announcement, the Previous Transactions amounted to approximately RMB2.92 million for the year ended 31 December 2012 and RMB3.40 million for the period commencing from 1 January 2013 to the date of this announcement. In the Master Sales Agreement, the Group further agreed that all the Previous Transactions for the period commencing from 1 January 2013 to the date of this announcement shall form part of the Sales Transactions.

As at the date of this announcement, Hongbo Animal Husbandry is 97% owned by Mr. Wang. As such, Hongbo Animal Husbandry is an associate of Mr. Wang and a connected person of the Company under Chapter 14A of the Listing Rules.

The Previous Transaction for the year ended 31 December 2012 amounted to approximately RMB2.92 million. It is anticipated that the annual caps for each of the three years ending 31 December 2013, 2014 and 2015 are approximately RMB5 million, RMB7 million and RMB9 million respectively. As all applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Sales Transactions (including the Previous Transactions) are more than 0.1% but less than 5%, the Sales Transactions (including the Previous Transactions) are only subject to the annual review, reporting and announcement

requirements but exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **THE LEASING ARRANGEMENT**

Reference is made to the Prospectus in relation to, among others, the Existing Lease Agreements entered into between the Lessees (other than Beijing Jianxianghemu) and Lessors, on 30 July 2010. Pursuant to the Existing Lease Agreements, the Lessees have entered into the Existing Lease Agreements with the Lessors in connection with the leasing of the Leased Properties (Renewal) by the Lessors to the Lessees (other than Beijing Jianxianghemu).

As all the Existing Leases have expired on 31 December 2012, the Lessees (other than Beijing Jianxianghemu) have entered into the Lease (Renewal) Agreements with the Lessors on 22 January 2013. Pursuant to the Lease (Renewal) Agreements, the Lessors agreed to lease the Leased Properties (Renewal) to the Lessees (other than Beijing Jianxianghemu) for a term of 2 years retrospectively commencing from 1 January 2013 to 31 December 2014.

Terms and conditions under each of the Lease (Renewal) Agreements are basically the same as the terms and conditions under the Existing Lease Agreements which the relevant Lease (Renewal) Agreement intended to renew.

On 22 January 2013, Beijing Jianxianghemu entered into New Lease Agreement with Beijing Haichengruian in connection with the leasing of the Premise (New) by Beijing Haichengruian to Beijing Jianxianghemu for a term of 2 years commencing from 1 January 2013 to 31 December 2014.

As at the dated of this announcement, (1) Beijing Haichengruian is 75%-owned by Ms. Li and 25%-owned by Mr. Wang, (2) Shenzhou Pagina Animal Drugs is wholly owned by Mr. Wang, and (3) Shijiazhuang Maidisen is 75.90%-owned by Mr. Wang and 24.10%-owned by Ms. Li. As such, all the Lessors are associates of Mr. Wang and Ms. Li and connected persons of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.25 of the Listing Rules and having considered that as the subject matters of the Lease (Renewal) Agreements and New Lease Agreement are of the same nature and the relevant counter party is controlled by Mr. Wang and Ms. Li, the transactions under all the Lease (Renewal) Agreements and New Lease Agreement should be aggregated. It is anticipated that the aggregated annual caps for each of the two years ending 31 December 2013 and 2014 are approximately RMB10.6 million and RMB10.6 million respectively. As all applicable percentage ratios after aggregation are more than 0.1% but less than 5%, the transactions under the Lease (Renewal) Agreements and the New Lease Agreement after aggregation are also only subject to the annual review, reporting and announcement requirements and are exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## SALES TRANSACTIONS

### *Background*

On 24 December 2013, the Company (for itself and on behalf of its subsidiaries) and Hongbo Animal Husbandry entered into the Master Sales Agreement whereby the Group agreed to sell and Hongbo Animal Husbandry agreed to purchase from the Group the Veterinary Drug Products with a term for 3 years retrospectively commencing from 1 January 2013 to 31 December 2015.

### *The Master Sales Agreement*

Date:	:	24 December 2013
Term:	:	1 January 2013 to 31 December 2015
Parties:	:	(a) the Company (for itself and on behalf of its subsidiaries); and (b) Hongbo Animal Husbandry
Principle of the Master Sales Agreement	:	the terms of the Sales Transactions shall be conducted on normal commercial terms, negotiated on an arm's length basis and be on similar nature as the Group enters business with other independent third party customers and shall be on terms which (in terms of the interests of the Group) are no less favourable or identical to those agreed by the Group and such third party customers
Sales Transactions	:	each Sales Transaction shall be effected and governed by the relevant purchase order to be entered into between the relevant Sales Party and Hongbo Animal Husbandry
Pricing basis	:	the pricing of the Veterinary Drug Products shall be determined by the price agreed between the Sales Party and Hongbo Animal Husbandry which should reflect the fair market price of the Veterinary Drug Products in Hebei Province with the same terms and conditions, and shall comply with the mandatory requirements set by the PRC government (if any)
Payment Terms	:	on monthly basis unless otherwise agreed by the Sales Party and Hongbo Animal Husbandry

### *Previous Transactions and historical transaction amounts*

Prior to the entering into the Master Sales Agreement, the Group commenced the Previous Transactions which are of the same nature as the Sales Transactions contemplated under the Master Sales Agreement since 1 January 2012. The Previous Transactions have been conducted on normal commercial terms and in the ordinary and usual course of business of

the Group. As at the date of this announcement, the Previous Transactions amounted to approximately RMB2.92 million for the year ended 31 December 2012 and RMB3.40 million for the period commencing from 1 January 2013 to the date of this announcement. In the Master Sales Agreement, the Group further agreed that all the Previous Transactions for the period commencing from 1 January 2013 to the date of this announcement shall form part of the Sales Transactions.

### ***Proposed annual caps***

The proposed annual caps for the Sales Transactions for the three years ending 31 December 2013, 2014 and 2015 respectively are set out as follows:

For the financial year ending	Proposed Annual Caps (RMB)
31 December 2013	5,000,000
31 December 2014	7,000,000
31 December 2015	9,000,000

### ***Basis for determining the annual caps***

The annual cap for Sales Transactions for the year ended 31 December 2013 is determined with reference to the actual and estimated amount of the Previous Transactions as at the date of the announcement, being approximately RMB3.40 million. The forecast of annual increment of the annual caps for Sales Transactions at approximately RMB2 million from the previous year for the two years ending 31 December 2014 and 2015 respectively is estimated on a prudent basis with respect to the estimated increase in demand on the Veterinary Drug Products.

### ***Reasons and benefits of entering into the Master Sales Agreement***

Hongbo Animal Husbandry is specialized in chicken farming, whose business involves purchasing Veterinary Drug Products from time to time. As such, by entering into Master Sales Agreement, the Group could establish, maintain and develop long-term relationship with Hongbo Animal Husbandry and thereby provide a stable source of revenue for the Group. The Directors (including the independent non-executive Directors), are of the view that the Master Sales Agreement and the proposed annual cap for Sales Transactions is (i) negotiated on an arm's length basis and on normal commercial terms; and (ii) fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

### ***Listing Rules implications***

As at the date of this announcement, Hongbo Animal Husbandry is 97% owned by Mr. Wang. As such, Hongbo Animal Husbandry is a connected person of the Company under Chapter 14A of the Listing Rules.

The Previous Transaction for the year ended 31 December 2012 amounted to approximately RMB2.92 million. It is anticipated that the annual caps for each of the three years ending 31 December 2013, 2014 and 2015 are approximately RMB5 million, RMB7 million and RMB9 million respectively. As all applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Sales Transactions (including the Previous Transactions) are more than 0.1% but less than 5%, the Sales Transactions (including the Previous Transactions)

are only subject to the annual review, reporting and announcement requirements but exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## LEASING ARRANGEMENT

### *Background*

Reference is made to the Prospectus in relation to, among others, the Existing Lease Agreements entered into between the Lessees (other than Beijing Jianxianghemu) and Lessors, on 30 July 2010. Pursuant to the Existing Lease Agreements, the Lessees (other than Beijing Jianxianghemu) have entered into the Existing Lease Agreements with the Lessors in connection with the leasing of the Leased Properties (Renewal) by the Lessors to the Lessees (other than Beijing Jianxianghemu).

As all the Existing Leases have expired on 31 December 2012, the Lessees (other than Beijing Jianxianghemu) have entered into the Lease (Renewal) Agreements with the Lessors on 22 January 2013. Pursuant to the Lease (Renewal) Agreements, the Lessors agreed to lease the Leased Properties (Renewal) to the Lessees (other than Beijing Jianxianghemu) for the term of 2 years retrospectively commencing from 1 January 2013 to 31 December 2014.

Terms and conditions under each of the Lease (Renewal) Agreements are basically the same as the terms and conditions under the Existing Lease Agreements which the relevant Lease (Renewal) Agreements intended to renew.

On 22 January 2013, Beijing Jianxianghemu entered into New Lease Agreement with Beijing Haichengruian in connection with the leasing of the Premise (New) by Beijing Haichengruian to Beijing Jianxianghemu for a term of 2 years retrospectively commencing from 1 January 2013 to 31 December 2014.

### *The Lease Agreements*

Lessor	Lessee	Leased Properties	Duration of Lease	g.f.a. of Leased Properties (m <sup>2</sup> )	Annual Rental (RMB)
<b><i>Lease (Renewal) Agreements</i></b>					
Shijiazhuang Maidisen Animal	Hebei Biwei	Specified parts of Shijiazhuang Properties	1 January 2013 to 31 December 2014	2,213.1	770,000
Shijiazhuang Maidisen Animal	Shijiazhuang Maidisenda	Specified parts of Shijiazhuang Properties	1 January 2013 to 31 December 2014	2,213.1	770,000
Shijiazhuang Maidisen Animal	Hebei Qingshanhong	Specified parts of Shijiazhuang Properties	1 January 2013 to 31 December 2014	2,216.2	770,000
Shijiazhuang Maidisen	Shijiazhuang Lixinkang	Specified parts of	1 January 2013 to 31	451.4	170,000

Animal		Shijiazhuang Properties	December 2014		
Shijiazhuang Maidisen Animal	Shijiazhuang Greenxinkang	Specified parts of Shijiazhuang Properties	1 January 2013 to 31 December 2014	451.4	170,000
Shijiazhuang Maidisen Animal	Shijiazhuang Keruida	Specified parts of Shijiazhuang Properties	1 January 2013 to 31 December 2014	451.4	170,000
Shijiazhuang Maidisen Animal	Hebei Geruisi	Specified parts of Shijiazhuang Properties	1 January 2013 to 31 December 2014	451.4	170,000
Shijiazhuang Maidisen Animal	Hebei Runshengzhongfu	Specified parts of Shijiazhuang Properties	1 January 2013 to 31 December 2014	2,222.9	770,000
Shijiazhuang Maidisen Animal	Shijiazhuang Aoxin	Specified parts of Shijiazhuang Properties	1 January 2013 to 31 December 2014	451.4	170,000
Shijiazhuang Maidisen Animal	Shijiazhuang Sikede	Specified parts of Shijiazhuang Properties	1 January 2013 to 31 December 2014	2,213.1	770,000
Shenzhou Pagina Animal Drugs	Shenzhou Pagina-kang	Shenzhou Properties	1 January 2013 to 31 December 2014	4,374.3	800,000
Beijing Haichenruian	Beijing Healthcare	Beijing Properties	1 January 2013 to 31 December 2014	8,000	4,500,000
<b><i>New Lease Agreement</i></b>					
Beijing Haichengruian	Beijing Jianxianghemu	Beijing (New) Properties	1 January 2013 to 31 December 2014	2,000	600,000
<hr/>					Total Rent: 10,600,000

According to the Lease (Renewal) Agreements and New Lease Agreement, the Lessees are granted: (a) a call option to purchase the relevant Leased Properties from the relevant Lessors of such Leased Properties (purchase price of the selected Leased Properties will be determined based on an assessment of the market price of such selected Leased Properties by independent property valuer(s) appointed by the relevant Lessee); and (b) an option to renew the Lease Agreements upon their expiration.

In addition to the above, in the event where a Lessor under the respective Lease Agreements

is no longer entitled to lease the relevant Leased Properties in accordance with the terms of the Lease Agreements, such Lessors shall use their best endeavours to ensure and/or procure that the Lessees may continue to use the relevant Leased Properties on terms no worse than that under the Lease Agreements and compensate the Lessee for all losses and costs incurred by the Lessee as a result of the loss of such entitlement. Further, without the prior written consent of the Lessee, the Lessors have also agreed (a) not to lease the Leased Properties to any third-party during the term of the relevant Lease Agreements and, (b) not to create any encumbrances over the Leased Properties. The Lessors have also agreed to procure that, in the event of a transfer, the new lessors will be bound by the terms of the Lease Agreements.

### ***Historical transaction value***

For each of the year ending 31 December 2010, 2011 and 2012, the aggregated rental paid by the Lessees (other than Beijing Jianxianghemu) under the Existing Lease Agreements to approximately RMB8.8 million, RMB8.8 million and RMB8.8 million respectively, and the previous proposed cap amounts for each of the three years ending 31 December 2012 are RMB8.8 million, RMB8.8 million and RMB8.8 million respectively. Prior to entering into the New Lease Agreement, Beijing Jianxianghemu commenced leasing Beijing (New) Properties from Beijing Haichengruian at the annual rental of RMB500,000 as its laboratory.

### ***Proposed annual caps and basis for determining the annual caps***

The proposed annual caps for the Leasing Arrangement for the two years ending 31 December 2013 and 2014 are RMB10.6 million and RMB10.6 million, respectively, being the aggregated annual rental agreed by the Lessors and Lessees under the Lease Agreements.

The annual rentals under the Lease Agreements are decided with reference to (1) (in respect of the Lease (Renewal) Agreements), the historical transaction value of the Existing Leasing Agreements; and (2) the prevailing market rates of comparable properties in the same area.

### ***Reasons for and benefits of the Leasing Arrangement***

As at the date of this announcement, most of the properties used by the Lessees are leased by the Lessors and are mainly used as manufacturing facilities and administrative premises. During the term of the Lease Agreements, the use of Leased Properties will remain unchanged. The locations and area of the Leased Properties are considered favourable and appropriate, respectively, by the Lessees for the functions discussed above. The entering into the Leasing Arrangement can ensure the continuous availability of the Leased Properties to satisfy the respective needs of the relevant Lessees.

The Directors (including the independent non-executive Directors) are of the view that the Leasing Arrangement have been entered into on normal commercial terms and in the ordinary and usual course of business and that the terms of the Lease Agreements and the proposed annual caps for Leasing Arrangement for each of the year ending 31 December 2013 and 2014 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### ***Listing Rules implications***

As at the dated of this announcement, (1) Beijing Haichengruian is 75%-owned by Ms. Li and

25%-owned by Mr. Wang, (2) Shenzhou Pagina Animal Drugs is wholly owned by Mr. Wang, and (3) Shijiazhuang Maidisen is 75.90%-owned by Mr. Wang and 24.10%-owned by Ms. Li. As such, all the Lessors are connected person of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.25 of the Listing Rules and having considered that as the subject matters of the Lease (Renewal) Agreements and New Lease Agreement are of the same nature and the relevant counter party is controlled by Mr. Wang and Ms. Li, the transactions under all the Lease (Renewal) Agreements and New Lease Agreement should be aggregated. It is anticipated that the aggregated annual caps for each of the two years ending 31 December 2014 are approximately RMB10.6 million and RMB10.6 million respectively, and all applicable percentage ratios after aggregation are more than 0.1% but less than 5%, the transactions under the Lease (Renewal) Agreements and the New Lease Agreement after aggregation are also only subject to the annual review, reporting and announcement requirements and are exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **INFORMATION ON THE PARTIES**

The principal business activities of the Group, which is based in the PRC, are the manufacture, sale and distribution of compound chemical and biological drugs for use in the animal healthcare industry in Hong Kong and the PRC.

The principal business activities of Hongbo Animal Husbandry include livestock breeding and animal feed production.

The principal business activities of Shijiazhuang Maidisen Animal are technical development, consultation and service in relation to animal healthcare products; lease of properties.

The principal business activities of Beijing Haichenruian are technical development, transfer, consultation and services; sell of self-developed products; lease of self-owned offices; investment.

The principal business activities of Shenzhou Pagina Animal Drugs are consultation services in relation to veterinary drug.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

- “associate(s)” : has the meaning ascribed to it under the Listing Rules
- “Beijing Haichenruian” : Beijing Haichenruian Technology Co. Ltd (北京海辰瑞安科技有限公司), a company incorporated in the PRC on 19 June 2002 and 75%-owned by Ms. Li and 25%-owned by Mr. Wang, as at the date of this announcement
- “Beijing Healthcare” : Beijing Healthcare Technology Co., Ltd. (北京海思科瑞



科技有限公司), a company incorporated in the PRC on 31 January 2005 and a wholly-owned subsidiary of Evanton as at the date of this announcement

- “Beijing Healthcare Lease Agreement” : an agreement dated 22 January 2013 entered into between the Beijing Haichengruian and Beijing Healthcare in connection with the leasing of Beijing (New) Properties from 1 January 2013 to 31 December 2014
- “Beijing Jianxianghemu” : Beijing Jianxiang Hemu Biological Technology Limited (北京健翔和牧生物科技有限公司), a company incorporated in the PRC on 10 January 2007 and a wholly-owned subsidiary of Shijiazhuang Maidisenda as at the date of this announcement
- “Beijing (New) Properties” : The office situated at Room 208, No. 6, situated at Beijing Economic-Technological Development Area (北京經濟開發區), Beijing, PRC
- “Beijing Properties” : the buildings situated at No. 75, Beijing Economic-Technological Development Area (北京經濟開發區), Beijing, PRC and the land on which such buildings are situated
- “Board” : the board of Directors
- “Company” : China Animal Healthcare Ltd. (中國動物保健品有限公司\*), a limited liability company incorporated in Bermuda on 10 August 2000, the Shares of which are listed on the Stock Exchange (Stock Code: 940)
- “Connected Person(s)” : has the meaning ascribed to it under the Listing Rules
- “controlling Shareholder” : has the meaning ascribed to it under the Listing Rules
- “Existing Lease Agreements” : the Tenancy Agreements as defined in the Prospectus
- “Evanton” : Evanton Pte. Ltd. (伊萬頓有限公司), a company incorporated in Singapore on 8 October 2004 and a wholly-owned subsidiary of the Company as at the date of this announcement
- “Group” : the Company and its subsidiaries
- “Hebei Biwei” : Hebei Biwei Science Technology Co., Ltd. (河北畢威科技有限公司), a company incorporated in the PRC on 28 October 2005 and a wholly-owned subsidiary of Evanton

as at the date of this announcement

- “Hebei Biwei Lease Agreement” : an agreement dated 22 January 2013 entered into between the Shijiazhuang Maidisen Animal and Hebei Biwei in connection with the leasing of specified parts of Shijiazhuang Properties from 1 January 2013 to 31 December 2014
- “Hebei Geruisi” : Hebei Geruisi Animal Medicine Company Limited (河北格瑞斯動物藥業有限公司), a company incorporated in the PRC on 3 March 2005 and 75%-owned by Beijing Healthcare and 25%-owned by Evanton as at the date of this announcement
- “Hebei Geruisi Lease Agreement” : an agreement dated 22 January 2013 entered into between the Shijiazhuang Maidisen Animal and Hebei Geruisi in connection with the leasing of specified parts of Shijiazhuang Properties from 1 January 2013 to 31 December 2014
- “Hebei Qingshanhong” : Hebei Qingshanhong Animal Medicine Company Limited (河北青山紅動物藥業有限公司), a company incorporated in the PRC on 3 March 2005 and 1.09%-owned by Beijing Healthcare and 98.91%-owned by Evanton as at the date of this announcement
- “Hebei Qingshanhong Lease Agreement” : an agreement dated 22 January 2013 entered into between the Shijiazhuang Maidisen Animal and Hebei Qingshanhong in connection with the leasing of specified parts of Shijiazhuang Properties from 1 January 2013 to 31 December 2014
- “Hebei Runshengzhongfu” : Hebei Runshengzhongfu Animal Medicine Company Limited (河北潤生中福動物藥業有限公司), a company incorporated in the PRC on 3 March 2005 and 1.04%-owned by Beijing Healthcare and 98.96%-owned by Evanton as at the date of this announcement
- “Hebei Runshengzhongfu Lease Agreement” : an agreement dated 22 January 2013 entered into between the Shijiazhuang Maidisen Animal and Hebei Runshengzhongfu in connection with the leasing of specified parts of Shijiazhuang Properties from 1 January 2013 to 31 December 2014
- “Hongbo Husbandry” Animal : Hebei Hongbo Animal Husbandry Limited (河北宏博牧業有限公司), a company incorporated in the PRC which is 97% owned by Mr. Wang
- “Hong Kong” : the Hong Kong Special Administrative Region of the

PRC

- “Lease Arrangement” : the transactions contemplated under the Lease Agreements
- “Lease Agreements” : collectively, the Lease (Renewal) Agreements and the New Lease Agreement
- “Shenzhou Properties” : the buildings situated at Weier Road, Shenzhou Industrial Park\* (深州工業城), Shenzhou, PRC and the land on which such buildings are situated
- “Share(s)” : the Company’s ordinary shares with a nominal value of HK\$0.1 each
- “Shareholder(s)” : holder(s) of Shares
- “Leased Properties” : collectively, the Leased Properties (Renewal) and Beijing (New) Properties
- “Leased Properties (Renewal)” : collectively, Beijing Properties, Shenzhou Properties and Shijiazhuang Properties
- “Lease Agreements (Renewal)” : collectively, the Hebei Biwei Lease Agreement, Shijiazhuang Maidisenda Lease Agreement, Hebei Qingshanhong Lease Agreement, Shijiazhuang Lixinkang Lease Agreement, Shijiazhuang Greenxinkang Lease Agreement, Shijiazhuang Keruida Lease Agreement, Hebei Geruisi Lease Agreement, Hebei Runshengzhongfu Lease Agreement, Shijiazhuang Aoxin Lease Agreement, Shijiazhuang Sikede Lease Agreement, Shenzhou Pagina-kang Lease Agreement and Beijing Healthcare Lease Agreement
- “Lessees” : collectively, the lessees under the Lease Agreements, namely, Hebei Biwei, Shijiazhuang Maidisenda, Hebei Qingshanhong, Shijiazhuang Lixinkang, Shijiazhuang Greenxinkang, Shijiazhuang Keruida, Hebei Geruisi, Hebei Runshengzhongfu, Shijiazhuang Aoxin, Shijiazhuang Sikede, Shenzhou Pagina-kang, Beijing Healthcare
- “Lessors” : collectively, the lessors under the Lease Agreements, namely, Shijiazhuang Maidisen Animal, Shenzhou Pagina Animal Drugs and Beijing Haichenruian
- “Listing Rules” : the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
- “Master Sales Agreement” : an agreement dated 24 December 2013 entered into

among the Company (for itself and on behalf of its subsidiaries), and Hongbo Animal Husbandry in connection with the sales of Veterinary Drug Products for a period of 3 year commencing from 1 January 2013 to 31 December 2015

- “Mr. Wang” : Mr. Wang Yangang (王彥剛), the chairman, chief executive officer, executive Director and spouse of the Ms. Li
- “Ms. Li” : Ms. Li Chunhua (李春花), spouse of Mr. Wang and controlling Shareholder of the Company
- “New Lease Agreement” : an agreement dated 22 January 2013 entered into between the Beijing Haichengruian and Beijing Jianxianghemu in connection with the leasing of Beijing (New) Properties from 1 January 2013 to 31 December 2014
- “percentage ratios” has the same meaning as defined under the Listing Rules
- “PRC” : the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Taiwan and Macau
- “Previous Transactions” : the transactions in relation to the sales of Veterinary Drug Products by the Group to Hongbo Husbandry prior to the entering of the Master Sales Agreement
- “Prospectus” : the prospectus of the Company dated 15 December 2010
- “RMB” : Renminbi, the lawful currency of the PRC
- “Sales Party” : in respect of a Sales Transaction, the Group member which sells the Veterinary Drug Products to Hongbo Animal Husbandry
- “Sales Transaction” the transactions contemplated under the Master Sales Agreement and the Previous Transactions for the year ended 31 December 2012
- “Shareholder(s)” : holder(s) of the Shares
- “Shenzhou Pagina Animal Drugs” : Shenzhou Pagina Animal Drugs Technologies Consultancy and Service Co., Ltd. (深州保吉安獸藥技術諮詢服務有限公司), previously known as Shenzhou Pagina Animal Drugs Company Ltd., a company incorporated in the PRC on 20 May 2003, which is wholly-owned by Mr. Wang as at the date of this announcement

- Shenzhou Pagina-kang : Shenzhou Pagina-kang Technology Co., Ltd (深州保吉安康科技有限公司), a company incorporated in the PRC on 24 January 2005 and is a wholly-owned subsidiary of the Evanton as at the date of this announcement
- “Shenzhou Pagina-kang Lease Agreement” : an agreement dated 22 January 2013 entered into between the Shenzhou Pagina Animal Drugs and Shenzhou Pagina-kang in connection with the leasing of specified parts of Shenzhou Properties from 1 January 2013 to 31 December 2014
- “Shijiazhuang Aoxin” : Shijiazhuang Aoxin Animal Medicine Company Limited (石家莊澳信動物藥業有限公司), a company incorporated in the PRC on 3 March 2005 and 75%-owned by Beijing Healthcare and 25%-owned by Evanton as at the date of this announcement
- “Shijiazhuang Aoxin Lease Agreement” : an agreement dated 22 January 2013 entered into between the Shijiazhuang Maidisen Animal and Shijiazhuang Aoxin in connection with the leasing of specified parts of Shijiazhuang Properties from 1 January 2013 to 31 December 2014
- “Shijiazhuang Greenxinkang” : Shijiazhuang Greenxinkang Animal Medicine Company Limited (石家莊綠欣康動物藥業有限公司), a company incorporated in the PRC on 3 March 2005 and 75%-owned by Beijing Healthcare and 25%-owned by Evanton as at the date of this announcement
- “Shijiazhuang Greenxinkang Lease Agreement” : an agreement dated 22 January 2013 entered into between the Shijiazhuang Maidisen Animal and Shijiazhuang Greenxinkang in connection with the leasing of specified parts of Shijiazhuang Properties from 1 January 2013 to 31 December 2014
- “Shijiazhuang Keruida” : Shijiazhuang Keruida Animal Medicine Company Limited (石家莊科瑞達動物藥業有限公司), a company incorporated in the PRC on 3 March 2005 and 75%-owned by Beijing Healthcare and 25%-owned by Evanton as at the date of this announcement
- “Shijiazhuang Keruida Lease Agreement” : an agreement dated 22 January 2013 entered into between the Shijiazhuang Maidisen Animal and Shijiazhuang Keruida in connection with the leasing of specified parts of Shijiazhuang Properties from 1 January 2013 to 31 December 2014
- “Shijiazhuang Lixinkang” : Shijiazhuang Lixinkang Animal Medicine Company

Limited (石家莊利欣康動物藥業有限公司), a company incorporated in the PRC on 3 March 2005 and 75%-owned by Beijing Healthcare and 25%-owned by Evanton as at the date of this announcement

“Shijiazhuang Lixinkang Lease Agreement” : an agreement dated 22 January 2013 entered into between the Shijiazhuang Maidisen Animal and Shijiazhuang Lixinkang in connection with the leasing of specified parts of Shijiazhuang Properties from 1 January 2013 to 31 December 2014

“Shijiazhuang Maidisen Animal” : Shijiazhuang Maidisen Animal Healthcare Company Limited (石家莊麥迪森動物保健品有限公司), a company incorporated in the PRC on 2 July 2003, which 75.90%-owned by Mr. Wang and 24.10%-owned by Ms. Li as at the date of this announcement

“Shijiazhuang Maidisenda” : Shijiazhuang Maidisenda Animal Medicine Company Limited (石家莊麥迪森達動物藥業有限公司), a company incorporated in the PRC on 3 March 2005 and 1.09%-owned by Beijing Healthcare and 98.91%-owned by Evanton as at the date of this announcement

“Shijiazhuang Maidisenda Lease Agreement” : an agreement dated 22 January 2013 entered into between the Shijiazhuang Maidisen Animal and Shijiazhuang Maidisenda in connection with the leasing of specified parts of Shijiazhuang Properties from 1 January 2013 to 31 December 2014

“Shijiazhuang Properties” : the buildings situated at No. 148, Xinyanshan Street, Shijiazhuang High-Tech Industrial Development Zone (石家莊高新技術產業開發區), Shijiazhuang, Hebei Province, PRC and the land on which such buildings are situated

“Shijiazhuang Sikede” : Shijiazhuang Sikede Animal Medicine Company Limited (石家莊思科德動物藥業有限公司), a company incorporated in the PRC on 3 March 2005 and is 98.90%-owned by Evanton and 1.10%-owned by Beijing Healthcare as at the date of this announcement

“Shijiazhuang Sikede Lease Agreement” : an agreement dated 22 January 2013 entered into between the Shijiazhuang Maidisen Animal and Shijiazhuang Sikede in connection with the leasing of specified parts of Shijiazhuang Properties from 1 January 2013 to 31 December 2014

“subsidiary(ies)” : has the meaning ascribed to it under the Listing Rules

- “Stock Exchange” : The Stock Exchange of Hong Kong Limited
- “Veterinary Drug Products” : the veterinary drug products, animal feed additives and feedstuff products being sold under the Sales Transactions
- “%” : per cent

**By Order of the Board  
China Animal Healthcare Ltd.  
Wang Yangang  
Chairman, Chief Executive Officer  
and Executive Director**

Hong Kong, 24 December 2013

*As at the date of this announcement, the executive Directors are Mr. Wang Yangang and Mr. Sun Jinguo and the independent non-executive Directors are Mr. Ong Kian Guan, Mdm. Feng Jinglan and Mr. Wong Gang.*

*\* for identification purpose only.*