

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**中國動物保健品有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 0940)**

**CONTINUING CONNECTED TRANSACTION  
NEW LEASE AGREEMENTS**

**NEW LEASE AGREEMENTS**

On 22 December 2016, Beijing Haichenruian entered into Lease Agreement I with Beijing Jianxianghemu in relation to the leasing of specified parts of the Leased Property to Beijing Jianxianghemu for a term of 3 years from 1 January 2017 to 31 December 2019.

On 24 December 2016, Beijing Haichenruian entered into Lease Agreement II with Inner Mongolia Bigvet Biotech in relation to the leasing of specified parts of the Leased Property to Inner Mongolia Bigvet Biotech for a term of 3 years from 1 January 2017 to 31 December 2019.

On 26 December 2016, Beijing Haichenruian entered into Lease Agreement III with Beijing Healthcare in relation to the leasing of specified parts of the Leased Property to Beijing Healthcare for a term of 3 years from 1 January 2017 to 31 December 2019.

On 26 December 2016, Beijing Haichenruian entered into Lease Agreement IV with Shanxi Longkeer in relation to the leasing of specified parts of the Leased Property to Shanxi Longkeer for a term of 3 years from 1 January 2017 to 31 December 2019.

As at the date of this announcement, Ms. Li is a controlling Shareholder of the Company and Mr. Wang is a controlling Shareholder, the chairman, chief executive officer and executive Director of the Company. Beijing Haichenruian is 75% owned by Ms. Li and 25% owned by Mr. Wang. As such, Beijing Haichenruian is regarded as an associate of Ms. Li and Mr. Wang and hence a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Lease Agreements and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules and having considered that the subject matters of the Lease Agreements are of the same nature and with the same counter party, namely, Beijing Haichenruian, the transactions under all the Lease Agreements should be aggregated. It is anticipated that the aggregated annual caps for each of the three years ending 31

December 2017, 31 December 2018 and 31 December 2019 are approximately RMB4,600,000.00.

As all applicable percentage ratios (as defined under Rule 14A.77 of the Listing Rules) after aggregation exceed 0.1% but are less than 5%, the transactions contemplated under the Lease Agreements after aggregation are only subject to the annual review, reporting and announcement requirements and are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## LEASE AGREEMENTS

On 22 December 2016, Beijing Haichenruian entered into Lease Agreement I with Beijing Jianxianghemu in relation to the leasing of specified parts of the Leased Property to Beijing Jianxianghemu for a term of 3 years from 1 January 2017 at an annual rental of RMB600,000.00.

On 24 December 2016, Beijing Haichenruian entered into Lease Agreement II with Inner Mongolia Bigvet Biotech in relation to the leasing of specified parts of the Leased Property to Inner Mongolia Bigvet Biotech for a term of 3 years from 1 January 2017 at an annual rental of RMB1,200,000.00.

On 26 December 2016, Beijing Haichenruian entered into Lease Agreement III with Beijing Healthcare in relation to the leasing of specified parts of the Leased Property to Beijing Healthcare for a term of 3 years from 1 January 2017 at an annual rental of RMB1,800,000.00.

On 26 December 2016, Beijing Haichenruian entered into Lease Agreement IV with Shanxi Longkeer in relation to the leasing of specified parts of the Leased Property to Shanxi Longkeer for a term of 3 years from 1 January 2017 at an annual rental of RMB1,000,000.00.

Major terms of the Lease Agreements are as follows:-

| <i>Lessor</i>        | <i>Lessee</i>                 | <i>Leased properties</i>               | <i>Term</i>                        | <i>g.f.a. of Leased properties (m<sup>2</sup>)</i> | <i>Annual Rental (RMB)</i> |
|----------------------|-------------------------------|--|------------------------------------|--|----------------------------|
| Beijing Haichenruian | Beijing Jianxianghemu         | Specified parts of the Leased Property | 1 January 2017 to 31 December 2019 | 1,000  | 600,000.00                 |
| Beijing Haichenruian | Inner Mongolia Bigvet Biotech | Specified parts of the Leased Property | 1 January 2017 to 31 December 2019 | 1,600  | 1,200,000.00               |
| Beijing Haichenruian | Beijing Healthcare            | Specified parts of the Leased Property | 1 January 2017 to 31 December      | 2,500  | 1,800,000.00               |

|                         |                    |   |   |       |                            |
|-------------------------|--------------------|---|---|-------|----------------------------|
|                         |                    | Property  | 2019  |       |                            |
| Beijing<br>Haichenruian | Shanxi<br>Longkeer | Specified<br>parts of the<br>Leased<br>Property | 1 January<br>2017 to 31<br>December<br>2019 | 1,400 | 1,000,000.00               |
| <b>Total</b>            |                    |   |   |       | <b><u>4,600,000.00</u></b> |

According to the Lease Agreements, each of the Lessees is granted: (a) a call option to purchase the relevant part of the Leased Property from Beijing Haichenruian, the lessor, at a purchase price to be determined based on a valuation of the relevant part of the Leased Property; and (b) an option to renew the relevant Lease Agreement upon its expiration.

In addition to the above, in the event where Beijing Haichenruian is no longer entitled to lease the relevant part(s) of the Leased Property in accordance with the terms of the respective Lease Agreements, Beijing Haichenruian shall use its best endeavours to ensure and/or procure that the Lessee(s) may continue to use the relevant part(s) of the Leased Property on terms no worse than that under the relevant Lease Agreement(s) and compensate the Lessee(s) for all losses and costs incurred by the Lessees as a result of the loss of such entitlement. Further, Beijing Haichenruian has agreed to procure that, in the event of its transfer of the relevant part(s) of the Leased Property, the assignee(s) thereof shall be bound by the terms of the relevant Lease Agreement(s).

## ***1. The aggregate annual caps for the Lease Agreements***

### ***(i) Proposed annual caps***

The proposed annual cap for the Lease Agreements for each of the three years ending 31 December 2017, 31 December 2018 and 31 December 2019 are approximately RMB4,600,000.00. being the aggregated annual rental agreed by Beijing Haichenruian and Lessees under the Lease Agreements:

|                              | <i>From 1 January 2017<br/>to 31 December 2017</i> | <i>From 1 January 2018<br/>to 31 December 2018</i> | <i>From 1 January 2019<br/>to 31 December 2019</i> |
|------------------------------|--|--|--|
|                              | <i>(RMB)</i>                                       | <i>(RMB)</i>                                       | <i>(RMB)</i>                                       |
| Lease Agreement I            | 600,000.00   | 600,000.00   | 600,000.00   |
| Lease Agreement II           | 1,200,000.00                                       | 1,200,000.00                                       | 1,200,000.00                                       |
| Lease Agreement III          | 1,800,000.00                                       | 1,800,000.00                                       | 1,800,000.00                                       |
| Lease Agreement IV           | 1,000,000.00                                       | 1,000,000.00                                       | 1,000,000.00                                       |
| <b>Aggregate annual caps</b> | <b><u>4,600,000.00</u></b>                         | <b><u>4,600,000.00</u></b>                         | <b><u>4,600,000.00</u></b>                         |

### ***(ii) Basis for determining the annual caps***

The annual rentals under the Lease Agreements were determined with reference to the

prevailing market rates of comparable properties in the same areas.

## **2. Reasons for and benefits of entering into the Lease Agreements**

During the term of the Lease Agreements, the use of the relevant parts of the Leased Property will be used by the Lessees as manufacturing facilities and administrative premises.

The location and area of the Leased Property are considered favourable and appropriate by the Lessees for the functions discussed above. The entering into the Lease Agreements can satisfy the respective needs of the relevant Lessees.

The Directors (including the independent non-executive Directors) are of the view that the Lease Agreements have been entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms and conditions therein as well as the annual caps for the Lease Agreements are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **3. Listing Rules implications**

As at the date of this announcement, Ms. Li is a controlling Shareholder of the Company and Mr. Wang is a controlling Shareholder, the chairman, chief executive officer and executive Director of the Company. Beijing Haichenruian is 75% owned by Ms. Li and 25% owned by Mr. Wang. As such, Beijing Haichenruian is an associate of Mr. Wang and Ms. Li and hence a connected person of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules and having considered that as the subject matters of the various Lease Agreements are of the same nature and with the same counter party, namely, Beijing Haichenruian, the transactions under the Lease Agreements should be aggregated. It is anticipated that the aggregated annual caps for each of the three years ending 31 December 2017, 31 December 2018 and 31 December 2019 is RMB4,600,000.00.

As all applicable percentage ratios (as defined under Rule 14A.77 of the Listing Rules) after aggregation exceed 0.1% but are less than 5%, the transactions contemplated under the Lease Agreements after aggregation are only subject to the annual review, reporting and announcement requirements and are exempted from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Wang is regarded as being interested in the Lease Agreements due to his interest in Beijing Haichenruian, he has abstained from voting on the Board resolutions approving the said agreements. Save and except for the aforesaid, none of the Directors of the Company has any material interest in the transactions contemplated under the Lease Agreements and was required to abstain from voting on the Board resolutions to approve the same.

## INFORMATION ON THE PARTIES

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

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

## 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. (北京保吉安科技有限公司), 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 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 Beijing Healthcare as at the date of this announcement
- “Inner Mongolia Bigvet Biotech” : Inner Mongolia Bigvet Biotech Co., Ltd (内蒙古必威安泰生物科技有限公司), a company incorporated in the PRC on 12 June 2008 and 87.8% held by the Group as at the date of this announcement
- “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   |
| “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   |
| “Hong Kong”               | : | the Hong Kong Special Administrative Region of the PRC   |
| “Lease Agreement I”       | : | an agreement dated 22 December 2016 entered into between the Beijing Haichenruian and Beijing Jianxianghemu in connection with the leasing of specified parts of the Leased Property from 1 January 2017 to 31 December 2019         |
| “Lease Agreement II”      | : | an agreement dated 24 December 2016 entered into between the Beijing Haichenruian and Inner Mongolia Bigvet Biotech in connection with the leasing of specified parts of the Leased Property from 1 January 2017 to 31 December 2019 |
| “Lease Agreement III”     | : | an agreement dated 26 December 2016 entered into between the Beijing Haichenruian and Beijing Healthcare in connection with the leasing of specified parts of the Leased Property from 1 January 2017 to 31 December 2019            |
| “Lease Agreement IV”      | : | an agreement dated 26 December 2016 entered into between the Beijing Haichenruian and Shanxi Longkeer in connection with the leasing of specified parts of the Leased Property from 1 January 2017 to 31 December 2019               |
| “Lease Agreements”        | : | the 4 lease agreements, namely, Lease Agreement I, Lease Agreement II, Lease Agreement III and Lease Agreement IV  |
| “Leased Property”         | : | the building situated at 6 Kangding Street, Beijing Economic-Technological Development Area, Beijing   |
| “Lessee” or “Lessees”     | : | collectively, the lessees under the Lease Agreements, namely, (i) Beijing Jianxianghemu, (ii) Inner Mongolia Bigvet Biotech, (iii) Beijing Healthcare and (iv) Shanxi Longkeer, and each a “Lessee”                                  |

|                     |   |   |
|---------------------|---|---|
| “Listing Rules”     | : | the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time  |
| “Mr. Wang”          | : | Mr. Wang Yangang (王彦刚), a controlling Shareholder, 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   |
| “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   |
| “RMB”               | : | Renminbi, the lawful currency of the PRC  |
| “Shanxi Longkeer”   | : | Shanxi Longkeer Biological Pharmaceutical Corporation, a company established in the PRC on 25 May 2004 and 72.16% owned by Beijing Healthcare and 27.84% owned by independent third parties |
| “Share(s)”          | : | the Company’s ordinary shares with a nominal value of HK\$0.1 each  |
| “Shareholder(s)”    | : | holder(s) of the Shares   |
| “subsidiary(ies)”   | : | has the meaning ascribed to it under the Listing Rules  |
| “Stock Exchange”    | : | The Stock Exchange of Hong Kong Limited   |
| “%”                 | : | per cent  |

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

Hong Kong, 28 April 2017

*As at the date of announcement, the executive Directors are Mr. Wang Yangang, Mr. Li Jun and Ms. Song Yanmei; and the independent non-executive Directors are Mr. Cai Huiyi, Mr. Liu Zhanmin and Mr. Zhang Suqiang.*

*\* for identification purpose only.*