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(Incorporated in Bermuda with limited liability)
(Stock Code: 0940)

- (1) TERMINATION OF CONTINUING CONNECTED TRANSACTION
IN RELATION TO LEASE AGREEMENTS;**
- (2) CHANGE OF PRINCIPAL PLACE OF BUSINESS IN PRC;**
- (3) RESIGNATION OF EXECUTIVE DIRECTORS, CHIEF EXECUTIVE OFFICER
AND DEPUTY CHIEF EXECUTIVE OFFICER;**
- (4) CHANGE IN COMPOSITION OF COMPLIANCE COMMITTEE;**
- (5) APPOINTMENT OF CHAIRMAN OF THE BOARD;**
- (6) UPDATE ON THE PROGRESS OF FORENSIC INVESTIGATION;**
- (7) BOARD OF DIRECTORS RESOLUTIONS; AND**
- (8) CONTINUAL SUSPENSION OF TRADING**

Reference is made to the announcement of the Company dated 28 April 2017 (the “**Announcement**”) in relation to the Lease Agreements entered into between a connected person of the Company, Beijing Haichenruian on one part and (i) Beijing Jianxianghemu, (ii) Inner Mongolia Bigvet Biotech, (iii) Beijing Healthcare and (iv) Shanxi Longkeer respectively on the other part concerning the leasing of specified parts of the Leased Property by Beijing Haichenruian to (i) Beijing Jianxianghemu, (ii) Inner Mongolia Bigvet Biotech, (iii) Beijing Healthcare and (iv) Shanxi Longkeer respectively. Unless otherwise defined, all capitalized terms used herein shall have the same meanings as defined in the Announcement.

References are made to the announcements of the Company dated 10 July 2015, 23 October 2015, 30 October 2015, 30 November 2015, 28 December 2015, 30 December 2015, 1 February 2016, 3 March 2016, 5 April 2016, 4 May 2016, 17 May 2016, 17 October 2016, 13 January 2017, 15 February 2017 and 31 March 2017 (the “**Previous Announcements**”) in relation to, among other things, the Forensic Investigation and the suspension of trading of the shares of the Company. Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as defined in the Previous Announcements.

(1) TERMINATION OF CONTINUING CONNECTED TRANSACTION IN RELATION TO LEASE AGREEMENTS

On 26 June 2017, Beijing Haichenruian and each of the Lessees entered into a termination agreement (collectively, the “**Termination Agreements**”) to terminate the Lease Agreements, including the options granted thereof.

Pursuant to the Termination Agreements, each of the Lessees shall continue to lease the relevant specified parts of the Leased Property until 30 June 2017 and shall pay the rent for the period during which they occupied the relevant specified parts of the Leased Property. The Lessees are not required to pay any termination fees in relation to the early termination of the Lease Agreements.

The terms of the Termination Agreements have been agreed by the parties after arm’s length negotiation and are on normal commercial terms.

REASONS FOR THE TERMINATION AGREEMENTS

The entry of the Termination Agreements was negotiated between Beijing Haichenruian and the Lessees, after consideration of their respective development needs and actual business needs. The relevant parts of the Leased Property have been surrendered by the Lessees to Beijing Haichenruian and the Lease Agreements have been terminated.

The board of directors of the Company (the “**Board**”) considers that the terms of the Termination Agreements are fair and reasonable, on normal commercial terms and in the interest of the Company and its shareholders as a whole. The Board considers that the termination of the Lease Agreements will not have any material adverse effect on the operation of the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Ms. Li Chunhua (“**Ms. Li**”) and Mr. Wang Yangang (“**Mr. Wang**”) are controlling Shareholders 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.

As neither Beijing Haichenruian nor the Lessees is required to make any payment to each other under the Termination Agreements, the Termination Agreements are exempted from the announcement, reporting and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

(2) CHANGE OF PRINCIPAL PLACE OF BUSINESS IN THE PRC

The Board announces that, with effect from 21 July 2017, the principal place of business in the PRC of the Company has been relocated to Unit 02, 22nd Floor, Tower T2, Dazhu Square, No. 2 Ronghua South Road, Beijing Economic and Technological Development Zone, Beijing 100176, PRC.

(3) RESIGNATION OF EXECUTIVE DIRECTORS, CHIEF EXECUTIVE OFFICER AND DEPUTY CHIEF EXECUTIVE OFFICER

The Board announces that:-

- (a) Mr. Wang Yangang (“**Mr. Wang**”) resigned as the chairman of the Board, executive director and chief executive officer of the Company with effect from 24 July 2017 as he needs to devote more time to other commitments and affairs; and
- (b) Mr. Li Jun (“**Mr. Li**”) resigned as an executive director and deputy chief executive officer of the Company with effect from 24 July 2017 due to his other commitments and affairs.

Each of Mr. Wang and Mr. Li has confirmed that he has no disagreement with the Board and there are no other matters in respect of his resignation that need to be brought to the attention of the shareholders of the Company.

The Board hereby expresses its gratitude to Mr. Wang and Mr. Li for their valuable contribution to the Company during their terms of office.

(4) CHANGE IN COMPOSITION OF COMPLIANCE COMMITTEE

The Board announces that Mr. Li resigned as the chairman of the Compliance Committee of the Board with effect from 24 July 2017 and Ms. Song Yan Mei (“**Ms. Song**”), an executive director, has been appointed as chairman of the Compliance Committee of the Board with effect from 25 July 2017.

Upon the above changes, the Compliance Committee of the Board is composed of 1 executive director, namely Ms. Song, and 2 independent non-executive directors, namely Mr. Liu Zhanmin and Mr. Zhang Suqiang.

(5) APPOINTMENT OF CHAIRMAN OF THE BOARD

The Board hereby announces that Ms. Song has been appointed as the Chairman of the Board with effect from 25 July 2017.

(6) UPDATE ON THE PROGRESS OF FORENSIC INVESTIGATION

As disclosed in the announcement dated 10 July 2015, the Company received a letter dated 9 July 2015 from the Stock Exchange in which resumption conditions were given in respect of the resumption of trading in the Company's shares on the Stock Exchange. The resumption conditions for the Company include, amongst others, conducting a forensic investigation (the "**Forensic Investigation**") on the Unresolved Matters. As announced on 17 October 2016, the Forensic Investigation also covers the Possible Accounting Discrepancies.

As disclosed in the announcements dated 30 October 2015 and 17 October 2016 respectively, the Company has engaged RSM Corporate Advisory (Hong Kong) Limited) (formerly known as RSM Nelson Wheeler Corporate Advisory Limited) ("**RSM**") as the Forensic Accountant to conduct the Forensic Investigation. The Board would like to inform the Shareholders and potential investors of the Company that the Forensic Investigation was completed. On 30 June 2017, the Company reported the results of the Forensic Investigation to the Stock Exchange.

In light of the results of the Forensic Investigation, the Special Investigation Committee convened a meeting on 12 July 2017 and resolved to make, amongst others, the following suggestions to the Board for their consideration:-

- (a) a number of the management staff of the Company, who might be involved in all or some of the matters covered by the Forensic Investigation, should cease to hold their offices in the Company;
and
- (b) in respect of the results of the Forensic Investigation, the Company should report the matter to the Police in Hong Kong for their investigation.

Further, in respect of the results of the Forensic Investigation, the Special Investigation Committee at the same meeting resolved, amongst others, to instruct independent PRC legal advisers to consider whether the Company should take any civil action in the PRC against those former and/or current management staff of the Company who might be involved in all or some of the matters covered by the Forensic Investigation or report the matter to the Public Security Bureau in the PRC for their investigation.

Since the results of the Forensic Investigation are subject to legal professional privilege (both the legal advice privilege and litigation privilege) and they will also likely be the subject of the investigations by the Police in Hong Kong and/or the Public Security Bureau in the PRC (if any), in order not to prejudice the relevant investigations and the possible civil action(s) that may be taken by the Company, the results of the Forensic Investigation will not be disclosed at this stage.

(7) BOARD OF DIRECTORS RESOLUTIONS

A meeting of the Board was convened on 25 July 2017. During the meeting, the Board resolved, among others, that:-

- (a) in respect of the two vacancies for the executive director position, the Company will consider both the methods of internal promotion and external recruitment for the purpose of identifying suitable candidates to fill the vacancies;
- (b) upon the suggestion by the Special Investigation Committee, in respect of the results of the Forensic Investigation, the Company will make a report to the Police in Hong Kong for their investigation; and
- (c) the powers of the Special Investigation Committee are extended to include powers to monitor and oversee the progress of:- (i) the civil action(s) which may be taken by the Company against those former and/or current management staff of the Company (if any); (ii) the Company's reporting the matters to the Police in Hong Kong and/or the Public Security Bureau in the PRC for their investigations (if any); and (iii) the Company's fulfilment of the resumption conditions imposed by the Stock Exchange.

(8) CONTINUAL SUSPENSION OF TRADING

At the request of the Company, the shares of the Company have been suspended from trading on the Stock Exchange from 9 a.m. on 30 March 2015. Trading in the Company's shares will continue to suspend until further notice.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

**By Order of the Board China
Animal Healthcare Ltd.
Song Yanmei**

Chairman and Executive Director

Hong Kong, 27 July 2017

As at the date of announcement, the executive Director is Ms. Song Yanmei; and the independent non-executive Directors are Mr. Cai Huiyi, Mr. Liu Zhanmin and Mr. Zhang Suqiang.

** for identification purpose only.*