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**China Animal Healthcare Ltd.**

中國動物保健品有限公司\*

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock code: 0940)

**DISCLOSEABLE TRANSACTION  
IN RELATION TO THE DISPOSAL OF FINANCIAL ASSET**

**THE DISPOSAL**

The Board of the Company announces that the Vendor, a wholly-owned subsidiary of the Group, entered into a Share Transfer Agreement with the Purchaser, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to buy the Sales Shares, being 127,400,000 shares of Liaoning Yikang at a consideration of RMB86,759,400. The Sale Shares were classified as available-for-sale financial assets in the Group's consolidated financial statements for the year ended 31 December 2016.

**LISTING RULES IMPLICATION**

As the highest applicable percentage ratio for the Company as calculated under Rule 14.07 of the Listing Rules in relation to the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **THE DISPOSAL**

On 31 July 2018, the Vendor, a wholly-owned subsidiary of the Group, entered into the Share Transfer Agreement with the Purchaser, pursuant to which the Vendor agreed to sell its 11.0783% stake in the shares of Liaoning Yikang to the Purchaser at a consideration of RMB86,759,400.

## **THE SHARE TRANSFER AGREEMENT**

- Date: 31 July 2018
- Parties: (i) Beijing Bigvet Technology Co., Ltd. \*(北京必威安泰科技有限公司), as the vendor
- (ii) Jinyu Bio-technology Co., Ltd \*(金宇生物技术股份有限公司), as the purchaser
- Asset to be disposed of: Pursuant to the Share Transfer Agreement, the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares, being 127,400,000 shares of Liaoning Yikang, which were classified as available-for-sale financial assets in the Group's consolidated financial statements for the year ended 31 December 2016.
- Consideration: The total consideration for the Disposal is RMB86,759,400 which shall be payable by the Purchaser to the Vendor's accounts or the Vendor's designated accounts by way of bank transfer within 1 working day of the effective date of the Share Transfer Agreement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is an Independent Third Party.

## **COMPLETION**

Completion of the Disposal has taken place on 5 September 2018. The consideration for the Disposal has been settled in the following manner:

- (a) RMB48,606,600 has been paid by the Purchaser to the Vendor's account by way of bank transfer; and
- (b) the remaining balance of the consideration, i.e. RMB38,152,800, has been paid by the Purchaser to the Vendor's designated accounts by way of bank transfer.

After the completion of the Disposal, the Sale Shares have been held by the Purchaser and the Group ceased to have any interest in Liaoning Yikang.

## **INFORMATION OF THE COMPANY, PURCHASER AND THE DISPOSAL COMPANY**

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are research, development and manufacture of animal drugs.

The Purchaser engages in the development, production, and sale of veterinary vaccines.

Liaoning Yikang is a designated producer of bird flu inactivated vaccine and live-attenuated swine fever vaccine appointed by Minister of Agriculture of the People's Republic of China (中華人民共和國農業部).

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

Based on information available, the Company expects to recognise an unaudited accounting gain of approximately RMB10.3 million from the Disposal, being the difference between (i) the consideration for the Sale Shares and (ii) the carrying amount of the Sale Shares in the Group's consolidated financial statement. The actual gain as a result of the Disposal to be recorded by the Group is subject to final audit to be performed by the Company's auditors. The Directors expect that the net proceeds from the Disposal will be used for the construction of a new production plant. Taking into consideration the above, the Directors consider that the entering into of the Share

Transfer Agreement is on normal commercial terms which are made on an arm's length basis and the terms are fair and reasonable and in the best interests of the Company and the shareholders as a whole.

## **LISTING RULES IMPLICATION**

As the highest applicable percentage ratio for the Company as calculated under Rule 14.07 of the Listing Rules in relation to the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Board”	the board of Directors of the Company
“Company”	China Animal Healthcare Ltd.
“Consideration”	RMB86,759,400, being the total consideration for the Sale Shares
“Completion”	completion of the Disposal pursuant to the terms and conditions of the Share Transfer Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser under the Share Transfer Agreement
“Group”	the Company and its subsidiaries
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Liaoning Yikang”	Liaoning Yikang Biological Corporation Limited (遼寧益康生物股份有限公司)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“RMB”	Renminbi, the lawful currency of the People’s Republic of China.
“Purchaser”	Jinyu Bio-technology Co., Ltd *(金宇生物技术股份有限公司)
“Sale Shares”	127,400,000 shares of Liaoning Yikang
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Transfer Agreement”	the share transfer agreement dated 31 July 2018 entered into between the Vendor and the Purchaser in respect of the Disposal;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Beijing Bigvet Technology Co., Ltd. *(北京必威安泰科技有限公司)

## **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, Executive Director*

Hong Kong, 8 October 2018

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

*\* For identification purpose only*