

香港聯合交易所有限公司  
(香港交易及結算所有限公司全資附屬公司)

THE STOCK EXCHANGE OF HONG KONG LIMITED  
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

## ANNOUNCEMENT

In relation to the matter of  
China Animal Healthcare Ltd  
(Stock Code: 940)

### Proceeding to the cancellation of listing

The Stock Exchange of Hong Kong Limited (the “Exchange”) is minded to exercise its power to cancel the listing of the shares of China Animal Healthcare Ltd (the “Company”) under the Listing Rules.

In this regard, the Exchange requires that the Company must have remedied those matters which have rendered it unsuitable for listing by 18 April 2019. Should the Company fail to do so, the Exchange intends to cancel the Company’s listing.

Trading of the Company’s shares was suspended on 30 March 2015 pending publication of its annual results for the year ended 31 December 2014 due to unresolved audit matters arisen during the 2014 annual audit including: (i) disagreement between the Company and its then auditors on certain work steps regarding audit procedures to confirm the Company’s bank account balances; and (ii) alleged misconduct of an employee of the Group (together, the “Audit Issues”). As announced on 30 October 2015, 13 January 2017, 27 July 2017 and 14 November 2017, the Company has commissioned an independent forensic investigation (the “Forensic Investigation”), which identified significant regulatory issues.

In November 2017, the Listing Department decided to commence procedures to cancel the Company’s listing under Rule 6.01(4) on the ground that it is no longer suitable for listing.

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The Department arrived at its decision having considered, among others, the following:

- (1) Findings of the Forensic Investigation had given rise to serious issues about the accuracy and credibility of the Company's financial statements or records in material respects, the integrity of its management and the lack of a sound system of internal controls over its financial, operations, and compliance matter to safeguard its assets and protect shareholders' interest. These issues went against the general principles of listing (including investors being provided with information to make an informed assessment of the Company and trade on a fully informed basis, and directors' acting in the interests of shareholders as a whole).
- (2) On 17 May 2018, the Company published its 2014, 2015 and 2016 audited results which were disclaimed by its auditors, HLB Hodgson Impey Cheng, because the auditors were unable to obtain sufficient and appropriate audit evidence to express an audit opinion. The Company had not published the outstanding 2017 interim results and audited annual results. The Company had not provided any measures and assurance to demonstrate that it could address the audit issues and qualifications.
- (3) The continuation of suspension for a prolonged period due to the Company's failure to resolve the audit issues and findings of the Forensic Investigation had denied shareholders' reasonable access to the market and prevented the market's proper functioning. This had deprived shareholders from trading their shares and/or realising their investments in the market.

On 14 November 2017, the Company requested a review of the Department's decision by the Listing Committee. On 27 April 2018, the Listing Committee upheld the Department's decision to commence procedures to cancel the Company's listing. The Company requested a second review. On 5 October 2018, the Listing (Review) Committee upheld the Listing Committee's decision.

**TAKE NOTICE** that pursuant to Rule 6.10, the Exchange requires the Company to remedy those matters which have rendered it unsuitable for listing within 6 months by 18 April 2019. Should the Company fail to do so, the Exchange intends to cancel the Company's listing. The Exchange will make a further announcement for cancellation of the listing, if appropriate, in due course.

Hong Kong, 19 October 2018