

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.



China Animal Healthcare Ltd.

中國動物保健品有限公司*

(Provisional Liquidators Appointed)

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock code: 0940)

**UPDATE ON STATUS OF THE COMPANY;
UPDATES ON RECENT DEVELOPMENT OF SUSPENSION OF TRADING
AND
CONTINUED SUSPENSION OF TRADING**

This announcement is made by China Animal Healthcare Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 30 November 2015, 1 February 2016, 17 May 2016, 15 February 2019 and 7 August 2019 and 10 September 2019 (the “**Announcements**”) in relation to, among other things, the details of recent progress on the operation and business development of the Company.

Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as defined in the Announcements.

1. UPDATE ON STATUS OF THE COMPANY

On 27 September 2019, (i) the Company (as the purchaser), (ii) the joint provisional liquidators (the “**JPL**”), and (iii) an individual and a sizeable company incorporated in the PRC (as the “**Vendors**”) entered into a memorandum of understanding (“**MOU**”) stating the parties’ intention to enter into a conditional sale and purchase agreement, pursuant to which the Company conditionally agrees to acquire (the “**Potential**

Acquisition”) and the Vendors conditionally agree to sell the entire issued share capital (the **“Sale Shares”**) of a target company which is incorporated in the PRC with principal business activities in breeding and selling shrimp larvae (the **“Target Company”**) (subject to the Company’s satisfaction of due diligence against the Target Company and the establishment of a wholly foreign-owned enterprise structure). The MOU includes an exclusivity clause that the Vendors shall not within 15 days from the date of the MOU (or such later date as the parties thereto shall agree) negotiate with any other party (other than the Company) for the Potential Acquisition.

2. UPDATES ON RECENT DEVELOPMENT OF SUSPENSION OF TRADING

As set out in the announcement of the Company dated 10 September 2019, on 6 September 2019, Bermuda Court granted an order to appoint Mr. Roy Bailey, Mr. Osman Mohammed Arab and Mr. Lai Wing Lun as the JPL of the Company with full power, inter alia, to the exclusion of the directors, to continue the business of the Company in so far as is necessary to preserve value of the Company; take possession of the Company’s books and assets, investigate into the Company’s affairs and sell or dispose of any business operation, subsidiary, division or other significant asset of the Company.

Subsequent to their appointment, the JPL conducted investigation into the current status of the three key PRC subsidiaries of the Company. The JPL’s investigation revealed the following:

- (i) the Company’s indirect shareholding i.e. 72.16% in 山西隆克爾生物製藥有限公司 (Shanxi Longkeer Biological Pharmaceutical Co. Ltd.*) (**“Shanxi Longkeer”**), has been transferred to 北京德鼎鑫源企業管理諮詢合夥企業(有限合夥) (Beijing Deding Xinyuan Enterprise Management Consulting Partnership [Limited Partnership]#) on 5 September 2019 pursuant to the record of the State Administration for Industry and Commerce of the PRC (“AIC”), which was 6 days after the presentation and filing of the winding up petition of the Company with the Bermuda Court on 30 August 2019 (the **“Longkeer Share Transfer”**). According to a share transfer agreement dated 15 August 2019 obtained by the JPLs, the purported consideration of the Longkeer Share Transfer was RMB30,740,000, which should be fully paid within 60 days upon the signing of the said Share Transfer Agreement; and
- (ii) the Company’s indirect shareholdings i.e. 87.8% in 內蒙古必威安泰生物科技有限公司 (Inner Mongolia Bigvet Bio-tech Co., Ltd.*) (**“Bigvet Biotech”**), has been transferred to 武漢旭泰眾企業管理諮詢合夥企業(有限合夥) (Wuhan Xutaizhong Enterprise Management Consulting Partnership [Limited Partnership]#) on 12 September 2019 pursuant to the records of AIC (the

“Biotech Share Transfer”, together with Longkeer Share Transfer as the **“Share Transfers”**), which was 6 days after the appointment of the JPL. According to a share transfer agreement dated 4 April 2019, the consideration of the Biotech Share Transfer is RMB307,300,000 pursuant to section 1 of the agreement. Pursuant to section 2 of the agreement, the initial deposit of RMB30,730,000 should be paid within 5 days from the completion of the statutory registration of share transfer with Administration of Industry and Commerce, the second payment of RMB100,000,000 should be settled within 90 days upon the completion of the statutory registration, and the third payment of RMB170,000,000 should be settled within 270 days upon the completion of the statutory registration. However, it is further noted by the JPL that there is a discrepancy of RMB6,570,000 between the purported consideration of RMB307,300,000 and the total sum of all three instalments of RMB300,730,000 as per the agreement. The JPL will seek for further clarification on the identified discrepancy during their investigations into the **Biotech Share Transfer**.

No prior notice had been made to and/or approval had been sought from the JPL prior to the Share Transfers. The JPL are investigating the Share Transfers and will look into, among other things, the commercial justification and reasonableness of the Share Transfers, whether the transfers were in compliance with the Company’s procedures as well as other relevant laws and regulations and whether the purported consideration has been fully settled. The JPL will also investigate the conduct of all directors and management in light of the petition being presented for the winding up of the Company and the subsequent order and terms of the JPL’s appointment.

The JPL have requested the director of the Company and the relevant management to provide detailed information and documents of the above Share Transfers. As at the date of this announcement, the JPL have not received any substantive response from the director of the Company.

The Company and the JPL reserve all their legal rights in relation to the Share Transfers and subject to the results of the investigation, the Company and the JPL may commence litigation and recovery actions, if necessary and appropriate, to protect the interests of the Company.

3. 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 be suspended until further notice.

The Potential Acquisition is subject to, among others, entering into of the formal

agreement. At the present time, no legally binding agreement in relation to the Potential Acquisition has been entered into, and the terms and conditions of the formal agreement have yet to be finalised and agreed between the Company and the Vendors. As such, the Potential Acquisition may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

For and on behalf of
China Animal Healthcare Ltd.
(Provisional Liquidators Appointed)
Roy Bailey
Osman Mohammed Arab
Lai Wing Lun
Joint Provisional Liquidators
who act without personal liabilities

Hong Kong, 3 October 2019

As at the date of announcement, the executive directors are Mr Wang Yongwei and Mr Yang Jinxing.

** For identification purpose only*

The English transliteration of the Chinese name(s) in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).