

**CHINA ANIMAL HEALTHCARE LTD:
THE GAMBLE, CLEARLY, DID NOT PAY DIVIDENDS**

Since early June, this year, China Animal Healthcare Ltd () (Code: 940, Main Board, The Stock Exchange of Hongkong Ltd) has suffered one problem after another.

And the latest problem is, without question, potentially, the most dramatic of the lot.

This problem, which does not, directly, involve the Company, but could well affect the ownership of its Controlling Shareholder, has its roots in the Swiss bank, UBS AG Hongkong Branch.

UBS AG Hongkong Branch has, recently, lodged a Writ of Summons in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

This Swiss bank is seeking \$US24,444,311.08 (about \$HK189.44 million), plus interest on that sum of money and costs.

Writ of Summons, Number 2497 of 2015, is between:

UBS AG Hongkong Branch ([])

and

Wang Family Company Ltd, First Defendant
a company, domiciled in the British Virgin Islands (BVI)

Li Chun Hua ()* Second Defendant

* Madame Li Chun Hua is the wife of the Executive Chairman of China Animal Healthcare Ltd:
Mr Wang Yan Gang ().

This is the second time, this year, that UBS AG Hongkong Branch has sued the above two Defendants.

Please Refer To:

TARGET Intelligence Report,
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**'CHINA ANIMAL HEALTHCARE LTD:
SWISS BANK CLAIMS \$HK200 MILLION FROM
THE CHAIRMAN'S FAMILY COMPANY'**

In the latest claim, made by UBS AG Hongkong Branch, the General Indorsement of Claim, attached to the Writ of Summons, makes the following allegations:

- ‘1 Pursuant to a Term Loan Facility Agreement dated 12 June 2014 (the “**Agreement**”), the Plaintiff granted a loan of up to USD 30 million (the “**Loan**”) to the First Defendant. The terms of the Agreement were subsequently amended by a Restructuring Deed entered into by the First Defendant and the Plaintiff on 28 July 2015 (the “**Restructuring Deed**”).*
- ‘2 All payment obligations of the First Defendant under the Agreement and the Restructuring Deed are guaranteed by the Second Defendant pursuant to the Deed of Guarantee dated 13 June 2014 (the “**Guarantee**”) and the Confirmation Deed entered into by the Second Defendant and the Plaintiff on 28 July 2015 (the “**Confirmation Deed**”).*
- ‘3 Pursuant to paragraph (b) of clause 2 of the Restructuring Deed, the First Defendant was obliged to pay the Plaintiff the sum of USD 3,650,471.39 on 20 August 2015.*
- ‘4 Pursuant to clause 7.1 of the Agreement as amended by clause 5.1 of the Restructuring Deed and paragraph (c) of clause 2 of the Restructuring Deed, the First Defendant was obliged to pay the Plaintiff the sum of USD 4,300,000 plus interest on 23 September 2015.*
- ‘5 Despite demands made to the First Defendant by the Plaintiff, the First Defendant has failed to pay any amount due to the Plaintiff as set out in paragraphs 3 to 4 above.*
- ‘6 On 15 October 2015, the Plaintiff issued a notice of event of default to the First Defendant pursuant to the Agreement, declaring that all of the principal amount outstanding of the Loan, together with accrued interest, and all others amount accrued, totalling the sum of USD24,444,311.08, was immediately due and payable (the “**Notice of Event of Default**”). The breakdown of the sum is as follows:-*
 - 6.1 USD 22,500,000 in respect of the principal amount outstanding of the Loan;*
 - 6.2 USD 1,302,831.97 in respect of interest accrued but unpaid up to but excluding 15 October 2015;*
 - 6.3 USD 7,111.11 in respect of Break Costs;*
 - 6.4 USD 64,000 in respect of the Makewhole Amount;*
 - 6.5 USD 570,368 in respect of certain legal and other fees incurred by the Plaintiff.*
- ‘7 Subsequently, on 15 October 2015, the Plaintiff invoked the Guarantee by issuing a notice demanding the Second Defendant immediately pay the amount set out in the Notice of Event of Default (the “**Guarantee Demand**”).*
- ‘8 As of the date of this writ, both the First and the Second Defendants have failed to satisfy any sums due as set out in the Notice of Event of Default and Guarantee Demand.*
- ‘9 Accordingly, the Plaintiff’s claim against the First Defendant and Second Defendant,*

jointly, is for:-

- 9.1 USD 24,444,311.08, being the total of the sums due and payable under the Agreement, the Restructuring Deed and the Guarantee as set out in the Notice of Event of Default and Guarantee Demand;*
- 9.2 Interest at the contractual rate pursuant to clause 9 of the Agreement and clause 3 of the Guarantee;*
- 9.3 Further or alternatively, interest at such rate and for such period as the Court thinks fit under sections 48 and 49 of the High Court Ordinance (Cap.4);*
- 9.4 Further or other relief; and*
- 9.5 Costs.'*

The Other Problems

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