

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*

(Incorporated in Bermuda with limited liability)

(Stock Code: 0940)

**UPDATES ON RECENT DEVELOPMENTS OF SUSPENSION OF TRADING
AND
CONTINUAL 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(2) 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 (as defined under the Listing Rules) and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference are made to the announcements of the Company dated 23 October 2015, 30 October, 30 November 2015 and 28 December 2015 (the “**Previous Announcements**”) in relation to, among other things, the Incident, the Forensic Investigation and the revocation of GMP certificates and production permit for animal drugs. Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as defined in the Previous Announcements.

(1) UPDATE ON THE LOSS OF DOCUMENTS IN THE INCIDENT

As disclosed in the announcements of the Company dated 28 December 2015 and 30 December 2015 respectively, the financial documents for the four financial years ended 31 December 2014 and for the current year which were stored in Shijiazhuang were lost. As at the date of this announcement, the Group is still actively searching for the Lost Documents and is at the same time looking for and trying to obtain other information or documents that could to the possible extent reflect or support the financial information contained in the Lost Documents. The Company will publish further announcement(s) to update the Shareholders when there is further development on this matter.

(2) UPDATE ON THE PROGRESS OF THE FORENSIC INVESTIGATION

The Board wishes to provide an update on the progress of the Forensic Investigation. As disclosed in the announcement of the Company dated 28 December 2015, the Forensic Accountant began its field work on 10 December 2015 and on-site investigation and communication with third party logistics providers on 24 December 2015.

Based on the preliminary assessment made by the Forensic Accountants, the Forensic Accountants consider that notwithstanding that most, if not all, the financial records of the relevant subsidiaries are missing, the independent forensic review may still be completed based on the other available books and records and other information which can be obtained from the Group, the parties related to the Group and other independent third parties.

The Forensic Accountants further consider that the completion of the engagement based on the existing scope of work are still feasible, however the Forensic Accountants will have to incur additional time to reconstruct certain books and records of the Group and spend additional time to obtain information of the Group from third parties. Thus, they expect the completion of the independent review may be delayed. The Forensic Accountants have further commented that eventually, the total time required to complete the independent forensic review and/or the form of opinion which may be expressed upon the completion of the independent forensic review would be subject to the availability and readiness of the required information during the review. The Company will make further announcement(s) to update the Shareholders of the progress of the Forensic Investigation.

(3) UPDATE ON RECENT DEVELOPMENT OF REVOCATION OF GMP CERTIFICATES AND PRODUCTION PERMITS FOR ANIMAL DRUGS

The Board hereby provides an update on the impact of the Revocation on the Group. The Revocation has caused a relatively large impact on the Group's chemical products line of business since the relevant chemical products of the Group can no longer be sold as a result and such line of business is presently in a halt. The financial positions of the subsidiaries with their GMP licenses and production permits revoked are also affected to a relatively large extent because there will not be any sales revenue from these subsidiaries in the short term. However, the operations of the Group's biological vaccines line of business are not affected.

Notwithstanding the above, the Group has since 2008 been adjusting its business strategy by focusing more on developing biological vaccines and less on its sale of chemical products. Such adjustment of business strategy is to meet the increasing market demand for biological vaccines due to rising awareness of consumers for the use of antibiotics by farming enterprises during the breeding of poultries and increasing control of relevant governmental departments over the use of antibiotics. As a result, sales of biological vaccines have been increasing year on year; whereas sales of chemical products have taken up a smaller proportion of the Group's overall sales. Since June 2015, profits generated from the sale of biological vaccines have exceeded those of chemical products. Therefore, although the Revocation has affected the chemical products line of business, the Group's overall business continues to develop by relying on its biological vaccines line of business. As the quantitative impact of the Revocation is yet to be confirmed, the Company will make further announcement(s) to update the Shareholders in this regard in due course.

(4) 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 pending the publication of the 2014 annual results. Dealing in the shares will continue to be suspended until further notice.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
China Animal Healthcare Ltd.
Wang Yangang
*Chairman, Executive Director
and Chief Executive Officer*

Hong Kong, 1 February 2016

As at the date of announcement, the executive Directors are Mr. Wang Yangang, Mr. Li Jun and Ms. Song Yanmei; non-executive Directors are Mr. Alberto Riva, Dr. Ying Du and Mr. Goh Kay Seng Edwin; and the independent non-executive Directors are Mr. Cai Huiyi, Mr. Liu Zhanmin and Mr. Zhang Suqiang.

** For identification purpose only*