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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)

**VOLUNTARY ANNOUNCEMENT:
LATEST INFORMATION IN RELATION TO
BIOLOGICAL VACCINES RESULTS**

In response to some investors' concern over the development of the biological vaccines business of China Animal Healthcare Ltd. (the "**Company**", together with its subsidiaries, the "**Group**"), the board of directors (the "**Board**") hereby provides a summary on the development of biological vaccines business.

Along with China's economic development, consumers increasingly emphasise on the safety of food products such as meat, eggs and milk etc. and dispute on the heavy use of antibiotics in the process of livestock and poultry feeding. Relevant mainland Chinese government departments also continue to strengthen their efforts in monitoring the overuse of antibiotics. As such, livestock and poultry enterprises are also changing their ideology from using antibiotics to cure upon certain disease outbreaks, into placing increasing emphasis on biosecurity and disease prevention. These result in a dramatic increase in the demand for biological vaccines in recent years. Therefore, the Company sees a very good prospect in the development of biological vaccines business. At the same time, due to the relatively high threshold for enterprises to enter the biological vaccines business in respect of the requirements on production, techniques and capital, the mainland Chinese government is extremely strict in the approval and issuance of production licenses. Accordingly, the number of companies which conduct relevant business is relatively small. The Company has therefore mainly focused on biological vaccines business in the past two years. On one hand, the Company brings about innovation in the sale of biological vaccines in

order to expand sales channels; on the other hand, develops new biological vaccine products through a variety of ways such as independent research and development as well as cooperation with other research institutions.

The Company's biological vaccines business continues to be in normal operation. Up to now, the national spring major animal disease prevention vaccines bidding 2016 (2016 年全國春季重大動物疫病防疫疫苗招標) has ended. The Company, with its two main products of FMD and PRRS, has successfully won the tender in a total of 25 provinces, and has considerable sales breakthrough in some of the provinces. The said 25 provinces are listed below:

Guangdong (廣東), Yunnan (雲南), Jilin (吉林), Shanxi (陝西), Gansu (甘肅), Xiamen (廈門), Chongqing (重慶), Inner Mongolia (內蒙古), Sichuan (四川), Hebei (河北), Liaoning (遼寧), Hunan (湖南), Fujian (福建), Jiangxi (江西), Hubei (湖北), Anhui (安徽), Hainan (海南), Jiangsu (江蘇), Shanxi (山西), Beijing (北京), Guangxi (廣西), Tianjin (天津), Guizhou (貴州), Heilongjiang (黑龍江), Henan (河南).

In view of the above, the Company is optimistic about the future development of biological vaccines business and shall continue to focus on expanding this area of business.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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

Hong Kong, 25 July 2016

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

** For identification purpose only*