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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)

**(1) THE POSSIBLE ACCOUNTING DISCREPANCIES**

**(2) ENGAGEMENT OF LEGAL ADVISOR BY THE SPECIAL  
INVESTIGATION COMMITTEE**

**(3) UPDATE ON THE PROGRESS OF THE FORENSIC INVESTIGATION**

**(4) UPDATE ON RECENT DEVELOPMENT OF SUSPENSION OF TRADING**

**(5) 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).

References are made to the announcements of the Company dated 10 July 2015, 23 October 2015, 30 October 2015, 30 November 2015, 28 December 2015, 30 December 2015, 1 February 2016, 3 March 2016, 5 April 2016, 4 May 2016, 17 May 2016 and 17 October 2016 (the “**Previous Announcements**”) in relation to, among other things, the Forensic Investigation and the suspension of trading of the shares of the Company. Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as defined in the Previous Announcements.

## **(1) THE POSSIBLE ACCOUNTING DISCREPANCIES**

The Board announces that, based on the investigation conducted by the Special Investigation Committee and the Forensic Accountant up to the date hereof, the total amount of discrepancies in bank balances is in the region of approximately RMB835 million to RMB933 million in relation to the Group's Chemical Drug Business.

The Company does not expect that there will be any significant impact on its existing business operations caused by the Possible Accounting Discrepancies at this stage since most of the subsidiaries in question are related to Chemical Drugs Business, which has not been in operation due to the Revocation (as disclosed in the announcements of the Company dated 23 October 2015, 30 November 2015, 1 February 2016 and 17 May 2016).

## **(2) ENGAGEMENT OF LEGAL ADVISOR BY THE SPECIAL INVESTIGATION COMMITTEE**

The Special Investigation Committee has engaged its legal adviser for the purpose of giving legal advice to it in relation to the Possible Accounting Discrepancies and the Investigation generally.

## **(3) UPDATE ON THE PROGRESS OF THE FORENSIC INVESTIGATION**

In light of the Possible Accounting Discrepancies and the Incident (as disclosed in the announcement of the Company dated 28 December 2015, 30 December 2015 and 17 October 2016), the Forensic Accountant estimates that, subject to the availability and readiness of the required information and documents during the review, the independent forensic review will be delayed for around 2 months and can be completed within the first quarter of 2017.

## **(4) UPDATE ON RECENT DEVELOPMENT OF SUSPENSION OF TRADING**

The Company is currently working with its advisers to take the necessary steps to fulfill the Resumption Conditions imposed by the Stock Exchange as set out in the announcement dated 10 July 2015 and, for such purpose, obtaining comments or opinions from its advisers. As at the date of this announcement, the Forensic Accountant is still in the process of conducting the Forensic Investigation. The Company will make further announcement of any material development on the above

matters as and when appropriate.

#### **(5) 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 suspend until further notice.

**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, 13 January 2017

*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*