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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)

WINDING UP PETITION AGAINST THE COMPANY

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).

The Company received a petition dated 19 May 2017 (the “**Petition**”) filed by Lilly Nederland Holding BV (the “**Petitioner**”), a substantial shareholder of the Company, in the Court of First Instance of the High Court of Hong Kong against the (i) Company; (ii) Mr. Wang Yan Gang (“**Mr. Wang**”), a controlling shareholder, the chief executive officer and executive director of the Company; (iii) Ms. Li Chunhua (“**Ms. Li**”), the spouse of Mr. Wang and a controlling shareholder of the Company and (iv) Wang Family Company Limited, a substantial shareholder of the Company.

The Petitioner alleged, *inter alia*, that the affairs of the Company and its subsidiaries (collectively, the “**Group**”) have been conducted by Mr. Wang, with the present management of the Company, in a manner which is unfairly prejudicial to the interests of the Company and all its minority shareholders including the Petitioner in that, *inter alia*, (i) trading in the Company’s shares has been subjected to a prolonged suspension and the resumption conditions have not been complied with; (ii) there has been a prolonged failure on the part of the Company to publish its annual accounts for 2014,

2015 and 2016; (iii) the shareholders of the Company have been deprived of their right to ascertain the true financial position of the Company and the Group for over 2 years; (iv) there were interference with the audit process of the Company's former auditors, Deloitte Touche Tohmatsu ("**Deloitte**"), failure to comply with Deloitte's requests and concealment of the true reasons for Deloitte's resignation; (v) the Company took no steps to investigate into the allegations made by Deloitte and various alleged incidents; (vi) the business of the Group has been mismanaged which result in the revocation of the permits for the Group's chemical drug business and reduction in the turnover and profits of the Group; (vii) the Company failed to address the Petitioner's concerns or questions and (viii) the discrepancies in bank balances were unexplained and the Company took no steps to recover the missing bank balances.

The Petitioner seeks a buy-out order and seeks, as an alternative remedy, a winding-up order against the Company on just and equitable grounds under section 327 of the Companies (Winding-up and Miscellaneous Provisions) Ordinance (Chapter. 32 of the Laws of Hong Kong).

The hearing of the Petition is scheduled to be heard on 26 July 2017.

The Company is currently seeking legal advice in respect of the Petition with a view to defend the winding-up petition against the Company. The Company will keep its shareholders and potential investors informed of any further significant development when appropriate.

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, 26 May 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*