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中國動物保健品有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 0940)

PROGRESS OF INTERNAL CONTROL REVIEW AND UPDATE ON PROGRESS OF FULFILLMENT OF RESUMPTION CONDITIONS

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 and 15 February 2017 (the “**Previous Announcements**”) in relation to, among other things, the suspension of trading of the shares of the Company, the resumption conditions imposed by the Stock Exchange and the engagement of internal control consultant to conduct the Internal Control Review. Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as defined in the Previous Announcements.

PROGRESS OF INTERNAL CONTROL REVIEW

As disclosed in the announcement dated 15 February 2017, the Company has engaged SHINEWING as its internal control consultant to conduct the Internal Control Review. The Board would like to inform the Shareholders and potential investors of the Company that the Internal Control Review on the key subsidiary of the Company, Inner Mongolia Bigvet Biotech Co., Ltd (內蒙古必威安泰生物科技有限公司) (“**Inner Mongolia Bigvet Biotech**”) was completed. Their scope of work includes an independent assessment of the internal control of Inner Mongolia Bigvet Biotech covering financial reporting procedures; revenue and receivables collection procedures; costing, procurement process, expenses and outgoings; banking and cash management; fixed assets; human resources and payroll management; tax; and information system general control management.

The Internal Control Review on Inner Mongolia Bigvet Biotech was conducted from 22 February 2017 to 2 March 2017. During the said period, SHINEWING collected the relevant information, conducted on-site visits and interviewed the managers of the relevant departments, etc. SHINEWING identified the deficiencies of internal control systems and provided remedial or improvement recommendations to the Company for consideration. After that, the Company took appropriate remedial measures in accordance with the recommendations made by SHINEWING to address the deficiencies in the internal control system as identified by SHINEWING.

From 1 June 2017 to 29 June 2017, SHINEWING conducted follow-up internal control review and assessed whether the recommended remedial measures have been implemented by the Company. On 29 June 2017, SHINEWING was satisfied that all remedial measures have been implemented by the Company. On 30 June 2017, SHINEWING issued the relevant internal control review report and the same was submitted by the Company to the Stock Exchange on the same day.

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.
Song Yanmei
Chairman and Executive Director**

Hong Kong, 22 August 2017

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

** for identification purpose only.*