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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)

UPDATES ON RECENT DEVELOPMENT OF 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 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 under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 14 November 2017, 20 November 2017, 7 May 2018, 1 August 2018 in relation to, among other things, the suspension of trading of the shares of the Company.

Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as defined in the above announcements.

The review hearing was held on 24 September 2018, during which the Listing (Review) Committee of the Stock Exchange (the “**Listing (Review) Committee**”) considered the request made by the Company for review of the Listing Committee’s decision set out in their letter dated 27 April 2018 (the “**LC’s Decision**”).

On 5 October 2018, the Company received a facsimile from the Stock Exchange notifying the Company that the Listing (Review) Committee decided to uphold the LC’s Decision to commence the procedures under Rule 6.10 of the Listing Rules to

cancel the Company's listing on the ground that the Company is no longer suitable for listing (the "**Review Committee's Decision**") after having considered, among others, the following:

1. The Stock Exchange's Guidance Letter GL68-13 sets out factors that the Stock Exchange would consider when assessing whether an issuer and its business are suitable for listing. These factors include (a) the suitability of director and controlling shareholders, and (b) non-compliance.
2. The findings of the forensic investigation gave rise to serious issues about the accuracy and credibility of the Company's financial statements or records in material respects, the integrity of its management and the lack of a sound system of internal controls over its financial, operations, and compliance matter to safeguard its assets and protect shareholders' interests.
3. The continuation of suspension of a prolonged period due to the Company's failure to address the audit issues arisen from the findings of the forensic investigation and had not published the outstanding 2017 interim and audited annual results denied shareholders' reasonable access to the market and prevented the market's proper functioning.
4. The Review Committee was unconvinced that the Company had put in place an adequate system of internal controls over the Company's financial, operational and compliance matters to effectively address the issues raised.

Pursuant to the said facsimile, the Company will have a period of 6 months from the date of announcement to be published by the Listing Department to remedy the matters that have rendered it unsuitable for listing, failing which the Listing Department will make a recommendation to the Listing Committee to proceed with the cancellation of the Company's Listing.

Notwithstanding that Review Committee's Decision above, the Board would like to assure its shareholders that the Company has all along been and will continue making its best endeavours and taking active and prompt steps to fulfil the resumption conditions imposed by the Stock Exchange and address other concerns of the Stock Exchange, including but not limited to the publication of the interim results of the Company and its subsidiaries for the six months ended 30 June 2017 and the annual results of the Company and its subsidiaries for the year ended 31 December 2017.

The Company will keep its shareholders and the public informed on any significant development of trading in the Company's shares and will make further disclosure when required pursuant to the requirement of the Listing Rules.

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, Executive Director

Hong Kong, 18 October 2018

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

** For identification purpose only*