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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) BUSINESS UPDATE

(2) 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 13.24A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

(1) BUSINESS UPDATE

Reference is made to the announcements of the Company dated 30 November 2015, 1 February 2016, 17 May 2016 and 15 February 2019 in relation to, among other things, disclosed the details of recent progress on the operation and business development 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 Company would like to inform its Shareholders that, notwithstanding trading in the shares of the Company on the Stock Exchange is suspended, the business of the Group has been operating normally and is sustainable.

The Group continues to carry on its principal business of sale of Biological Drugs. 2019 has been a challenging year for the Chinese livestock industry and the Company. The spread of African swine fever (“ASF”), strengthening of biosafety requirements for vaccine production and adjustment of sales models have far-reaching implications for us. In spite of these challenging factors, the Company has adapted and adjusted the work plans accordingly and the following is an update of the current operations.

1. According to the notice, “Foot-and-Mouth Disease and Highly Pathogenic Avian Influenza Vaccine Production Enterprise Planning” issued by the Ministry of Agriculture (“MOA”), the enterprises that are designated as Foot-and-Mouth disease and highly pathogenic avian influenza vaccines production companies must attain the requirements stated in Announcement 2573, “Three-level Protection Standard for Biosafety of Veterinary Vaccine Production Enterprises” issued by the MOA before 30 November 2020. In conjunction with the requirements of "Quality Management Standards for Veterinary Drug Production" (second draft issued for comments), the Company is currently carrying out works on the "Expansion of GMP Production Workshop/Quality Inspection Room, Laboratory Animal House and Laboratory Expansion Project" (Project No.: 2018- 150123-27-03-004883). At present, the three-level protection construction project is at the main structure inspection stage.
2. The pork industry is facing an unprecedented challenge with the outbreak of ASF. Since the first ASF epidemic broke out in Liaoning province in Shenyang on 3 August 2018, the domestic pig industry has been greatly affected. During this period, the Company is focused on three key tasks:
 - (i) Renovate and upgrade the existing production line to improve the production process and technology of the products;
 - (ii) Research and development of technical work and integration of internal and external technical resources to greatly improve product quality;
 - (iii) Training of professional and technical personnel to enhance their skills, knowledge level and work quality to improve the overall competitiveness of the company.

(2) UPDATES ON RECENT DEVELOPMENT OF SUSPENSION OF TRADING

On 22 May 2019, the Company has submitted a request for a review of the Listing Committee’s Decision by the Listing (Review) Committee under Rule 2B.06(2) of the Listing Rules. The review hearing is presently scheduled for 15 October 2019.

The Company will keep its shareholders and potential investors informed of any material development in connection with the above matters, including but not limited to any material change to the resumption progress as and when appropriate with 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.
Wang Yongwei
Chairman, Executive Director

Hong Kong, 7 August 2019

As at the date of announcement, the executive Director is Mr. Wang Yongwei.

** For identification purpose only*