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中國動物保健品有限公司*

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock code: 0940)

**UPDATE ON RECENT DEVELOPMENT OF SUSPENSION
OF TRADING
AND
CONTINUAL SUSPENSION OF TRADING**

This announcement is made by China Animal Healthcare Ltd. (the “**Company**”) 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 under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement (the “**Previous Announcement**”) of the Company dated 15 April 2015, in relation to, amongst other matters, the Additional Audit Procedures and the delay in publication of the 2014 Annual Results of the Group. Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as defined in the Previous Announcement.

The Unresolved Audit Matters

During the course of the audit of the 2014 Annual Results, the Company and the Auditors were unable to agree upon certain specific work steps relating to the Additional Audit Procedures required by the Auditors to confirm the Company's bank account balances (the “**Audit Issue**”). In addition, the Auditors have alleged

misconduct on the part of an employee of the Group (the "**Allegation**"), which has not been verified. The Allegation and the Audit Issue are collectively referred to as the "**Unresolved Matters**". As a result, the Auditors have suspended the audit of the consolidated financial statements of the Group for the financial year ended 31 December 2014 (the "**Audit Work**") pending resolution of the Unresolved Matters.

In response to the Unresolved Matters, the special committee set up by the Board (the "**SC**") has begun to look into the Unresolved Matters (including conducting verification of online bank balances in the Group's bank accounts). The SC has also engaged an independent professional advisor (the "**IPA**") with finance and accounting expertise to assist in investigating into and resolving the Audit Issue and enrolled the assistance of external counsel (the "**External Counsel**") to conduct an investigation and report on the Allegation. As at the date of this announcement, the IPA is in the process of agreeing its work scope with the Auditors, while the investigation framework of the External Counsel has been provided to the Auditors for comments.

The Company will update the shareholders of the Company on any significant development in relation to the Unresolved Matters, and the expected timeline for publication of the 2014 Annual Results as soon as the Audit Work is resumed.

Non-Publication of the 2014 Unaudited Management Accounts

After due and careful consideration, the Board has decided that it would not be in the best interests of the Company and its the shareholders and potential investors as a whole for the Company to publish its unaudited management accounts of the Group for the year ended 31 December 2014 at this stage until the above matters have been resolved.

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 pending the publication of the 2014 Annual Results. Dealing in the shares will continue to be suspended until further notice.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
China Animal Healthcare Ltd.
Wang Yangang
*Chairman, Executive Director
and Chief Executive Officer*

Hong Kong, 10 June 2015

As at the date of announcement, the executive Directors of the Company are Mr. Wang Yangang, Mr. Sun Jinguo and Mr. Li Jun; non-executive Directors are Mr. Alberto Riva, Dr. Ying Du and Mr. Goh Kay Seng Edwin; and the independent non-executive Directors are Mr. Cai Huiyi, Mr. Liang Hsien Tse Joseph and Mr. Liu Zhanmin.

** For identification purpose only*