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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)

(Stock Code: 0940)

ANNOUNCEMENT

(1) INSIDE INFORMATION;

(2) UPDATE ON THE PROGRESS OF THE FORENSIC INVESTIGATION

AND

(3) CONTINUAL 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(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).

Reference is made to the announcement of the Company dated 23 October 2015, 30 October 2015 and 30 November 2015 (the “**Previous Announcements**”) in relation to, among other things, the Forensic Investigation. Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as defined in the Previous Announcements.

(1) INSIDE INFORMATION

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) that on 4 December 2015, a truck of the Group (the “**Truck**”) loaded with, among other things, all original financial documents of the Group for the four financial years ended 31 December 2014 and for the current year (the “**Lost Documents**”) were stolen in the Qingyuan District of Baoding City, Hubei Province, China while the truck driver was taking a lunch break on his journey to transport the Lost Documents back to the Group's head office in Beijing (the “**Incident**”).

The Lost Documents were originally stored in the Group's office in Shijiazhuang, being the document storage centre of the Group. On 3 December, the Group made arrangements to transport the Lost Documents back to the Group's head office in Beijing for collation in order to facilitate, among other things, the Forensic Investigation. At around noon of the same day, the Truck broke down and was towed to a car repair garage in Qingyuan District for repair. On 4 December at around 11:30 a.m., the driver of the Truck picked up the Truck from the garage after repair and went for lunch at a nearby restaurant. The Truck driver discovered after lunch that the Truck was stolen.

Immediately after the Incident took place, the Group made a report to the local public security bureau and sent staff to search for the Truck in the direction the Truck had gone according to the road monitoring system of the local public security bureau. Given the gravity of the Incident, the Group convened a meeting on 5 December 2015 with the driver of the Truck and other relevant personnel of the Group to inquire further into the Incident, as well as set up a special investigation group (the “**SIG**”) accountable to the Board which is headed by Mr. Li Jun, an executive Director, to (i) investigate into the Incident, (ii) maintain close contact with the local public security bureau to search for the Truck, and (iii) confirm the list of Lost Documents and follow up on this matter.

Based on the findings of the investigation by the SIG, no suspicious person has been identified in the Incident. According to the local public security bureau, thefts such as the Incident are common occurrence in the Qingyuan District.

On 12 December 2015, the Company was notified by the local public security bureau that the Truck was found but not the Lost Documents. As at the date of this announcement, although the possibility of finding the Lost Documents is not high, the

Group has nonetheless deployed all possible resources in search of the Lost Documents. Since the occurrence of the Incident, the finance team of the Group has been actively inquiring from different sources to retrieve as many copies of the Lost Documents as possible in order to minimise the impact of the Lost Documents. At the same time, the management of the Company has communicated to the Forensic Accountant on the Lost Documents, so as to minimize the impact on their work. Further investigation by the SIG of the Incident is currently in progress. The Company will publish further announcement(s) to update the Shareholders when there is further development on the Incident.

(2) UPDATE ON THE PROGRESS OF THE FORENSIC INVESTIGATION

The Board hereby provides an update on the progress of the Forensic Investigation. The Forensic Accountant began its field work on 10 December 2015. In addition to reviewing the materials made available by the Company, on 24 December 2015 representatives of the Forensic Accountant went to the Group's factories located in Shijiazhuang and Shenzhen to conduct on-site investigation and communicated with third party logistics providers. As at the date of this announcement, such on-site investigation is still on-going. The Company will make further announcement(s) to update the Shareholders of the progress of the Forensic Investigation.

(3) 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, 28 December 2015

As at the date of announcement, the executive Directors are Mr. Wang Yangang, Mr. Li Jun and Ms. Song Yanmei; 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. Liu Zhanmin and Mr. Zhang Suqiang.

** For identification purpose only*