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Hua Han Health Industry Holdings Limited

華瀚健康產業控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 587)

PROPOSED CHANGE OF AUDITORS

Reference is made to (i) the announcement of the Company dated 30 September 2016 in relation to the audit progress of the 2015/2016 Audit Work and the adjournment of the Board meeting and delay in publication of annual results of the Group for the year ended 30 June 2016; (ii) the announcement of the Company dated 19 October 2016 in relation to the establishment of independent board committee; (iii) the announcement of the Company dated 21 November 2016 in relation to the appointment of an independent third party investigator; and (iv) the announcement of the Company dated 12 December 2016 in relation to the resumption conditions of the Company.

The Board announces that it shall, subject to the approval of the Shareholders at the EGM, remove EY as the auditors of the Company. The Board further announces that it proposes to appoint ZHONGHUI as the new auditors of the Company in the EGM in place of EY following its removal, and ZHONGHUI shall hold office until the conclusion of the forthcoming annual general meeting of the Company.

A circular containing, among others, certain information on the proposed removal of EY and the proposed appointment of ZHONGHUI as the new auditors of the Company together with a notice convening the EGM will be despatched to the Shareholders as soon as possible.

Reference is made to (i) the announcement of Hua Han Health Industry Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 30 September 2016 in relation to the audit progress of the 2015/2016 Audit Work and the adjournment of the Board meeting and delay in publication of annual results of the Group for the year ended 30 June 2016; (ii) the announcement of the Company dated 19 October 2016 in relation to the establishment of independent board committee; (iii) the announcement of the Company dated 21 November 2016 in relation to the appointment of an independent third party investigator; and (iv) the announcement of the Company dated 12 December 2016 in relation to the resumption conditions of the Company (collectively, the “**Announcements**”). Unless the context otherwise requires, the capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

The Board announces that as the Company and Ernst & Young (“**EY**”) have not been able to reach an agreement on (i) the scope of the Investigation (as defined below); (ii) expected timetable of the completion of the 2015/16 Audit Work; and (iii) estimate of additional audit fee, the Company shall, subject to the approval of the shareholders of the Company (the “**Shareholders**”) at the extraordinary general meeting of the Company (the “**EGM**”), remove EY as the auditors of the Company and propose to appoint ZHONGHUI ANDA CPA Limited (“**ZHONGHUI**”) as the new auditors of the Company in place of EY, which shall hold office until the conclusion of the forthcoming annual general meeting of the Company.

A circular containing, among others, certain information on the proposed removal of EY and the proposed appointment of ZHONGHUI as the new auditors of the Company together with a notice convening the EGM will be despatched to the Shareholders as soon as possible.

MATTERS TO BE BROUGHT TO THE ATTENTION OF THE SHAREHOLDERS

Emerson Analytics Co., Ltd. published three reports (the “**Emerson Reports**”) in relation to the Group on 10 August 2016, 26 August 2016 and 7 September 2016 respectively.

During the performance of the audit of the Company’s consolidated financial statements for the year ended 30 June 2016, EY identified certain inconsistencies (the “**Inconsistencies**”). EY have communicated the Inconsistencies to the Audit Committee and the Board and have recommended the Company to conduct an independent investigation as proposed in the Letters (the “**Investigation**”). The Company engaged Grant Thornton to perform the Investigation. Upon review EY proposed to the Company to expand the proposed scope of the Investigation in order to allow EY as auditors to form a basis for making conclusions on the Inconsistencies and comments in the Emerson Reports. However, EY have not been able to reach an agreement with the Company on the scope of the Investigation.

EY has provided a letter confirming to the Company that, save as disclosed above, there are no circumstances or matters connected with the change of the auditors that need to be brought to the attention of the Shareholders.

To the best of the Directors’ knowledge, save as disclosed above, there are no other circumstances or matters in connection with the change of the auditors that need to be brought to the attention of the Shareholders.

The Board would like to take this opportunity to express its gratitude to EY for their professional services rendered to the Group in the past years.

SUSPENSION OF TRADING

At the request of the Company, trading in the shares (stock code: 00587) and debt securities (stock code: 05676) of the Company has been suspended on the Stock Exchange since 9:00 a.m. on Tuesday, 27 September 2016, and will remain suspended until further notice.

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

By Order of the Board of
Hua Han Health Industry Holdings Limited
Zhang Peter Y.
Chairman

Hong Kong, 16 December 2016

As at the date of this announcement, the Board comprises Mr. Zhang Peter Y., Mr. Deng Jie, Mr. Zhou Chong Ke, Mr. Chen Lei and Mr. Luo Zhan Biao as executive Directors, Mr. Tarn Sien Hao as non-executive Director, and Professor Lin Shu Guang, Professor Zhou Xin and Mr. Tso Sze Wai as independent non-executive Directors.