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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)

(1) APPOINTMENT OF INDEPENDENT THIRD PARTY INVESTIGATOR; AND (2) CONTINUED SUSPENSION OF TRADING

Reference is made to the announcements of Hua Han Health Industry Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 30 September 2016 and 19 October 2016 respectively (the “**Announcements**”), regarding the (i) audit progress of the 2015/2016 Audit Work; (ii) adjournment of the Board meeting and delay in publication of annual results of the Group for the year ended 30 June 2016; (iii) suspension of trading in the shares and debt securities of the Company on the Stock Exchange; and (iv) establishment of Independent Board Committee. Unless the context otherwise requires, the capitalised terms used in this announcement shall have the same meanings as defined in the Announcements.

APPOINTMENT OF INDEPENDENT THIRD PARTY INVESTIGATOR

The Independent Board Committee has engaged Grant Thornton Advisory Services Limited (“**Grant Thornton**”), an independent third party investigator, to investigate the issues and matters referred to in the Letters.

In respect of certain inconsistencies and/or irregularities noted in the Letters, Grant Thornton would perform procedures including but not limited to the following:

- to review matters as set out in the Letters and conduct interview with EY to understand the details of the issues and matters referred to in the Letters
- to conduct interview with the management and Audit Committee of the Company

- to discuss with relevant personnel of the subsidiary companies in question to understand the sales related process, procedures and the purchases related process and procedures
- to seek and obtain direct confirmations from major customers and major suppliers of the subsidiary companies in question to verify their relevant accounts receivable and accounts payable balances and the total value of the transactions entered into with them
- to pay independent visits and conduct interview with the representatives of the major customers and suppliers
- to inspect sales records and related supporting documents in relation to sales to customers in question
- to understand the value added tax and enterprise income tax filings performed by the subsidiary companies
- to conduct interview with the representative of the tax authority and obtain direct tax confirmation
- to discuss with relevant personnel of the subsidiary companies in question to understand the treasury process and procedures
- to pay a visit to the relevant banks to obtain the bank statements in question
- to review bank balance and bank records of payments and receipts of the relevant bank of the subsidiary companies in question
- to conduct data analytics on bank accounts, accounts receivables accounts, accounts payable accounts, value added tax payables accounts, enterprise income tax payables accounts, sales accounts and inventories accounts of the subsidiary companies in question

It is expected that the independent investigation will be completed around 8–12 weeks after commencement of the fieldwork of Grant Thornton.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Company's shares (stock code: 00587) and debt securities (stock code: 05676) have been suspended on The Stock Exchange of Hong Kong Limited with effect from 9:00 a.m. on Tuesday, 27 September 2016 and will remain suspended until further notice.

Shareholders of the Company and potential investors 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, 21 November 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.