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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Hua Han Health Industry Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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This circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Group. The directors of the Company collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.



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
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the extraordinary general meeting of the Company to be held at The Grand Azure I, Ground Floor, Auberge Discovery Bay Hong Kong, 88 Siena Avenue, Discovery Bay, Lantau Island, Hong Kong at 10:00 a.m. on Friday, 28 April 2017 is set out on pages 10 to 11 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time of the meeting to the office of the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof should you so wish.

3 April 2017

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DEFINITIONS

In this circular, unless the context states otherwise, the following expressions have the following meanings:

“2015/2016 Annual Results”	the financial results of the Company for the year ended 30 June 2016
“2015/2016 Audit Work”	the audit of the Group’s consolidated financial statements for the year ended 30 June 2016
“Appointment”	the proposed appointment of ZHONGHUI as new auditors of the Company
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“Company”	Hua Han Health Industry Holdings Limited (Stock code: 587), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“EY”	Ernst & Young, the existing auditors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at 10:00 a.m. on Friday, 28 April 2017 at The Grand Azure I, Ground Floor, Auberge Discovery Bay Hong Kong, 88 Siena Avenue, Discovery Bay, Lantau Island, Hong Kong to consider and, if thought fit, to approve the Proposed Change of Auditors
“EGM Notice”	the notice convening the EGM as set out on pages 10 to 11 of this circular
“Group”	the Company and its subsidiaries
“Grant Thornton”	Grant Thornton Advisory Services Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee comprising all the independent non-executive Directors, namely, Professor Lin Shu Guang, Professor Zhou Xin and Mr. Tso Sze Wai, which was established on 19 October 2016 to, among other things, deal with the issues and matters referred to in the Letters, or follow up further enquiries from EY and any incidental matters

DEFINITIONS

“Latest Practicable Date”	30 March 2017, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
“Letters”	the letters to the Board and the Audit Committee from EY dated 23 September 2016
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Proposed Change of Auditors”	the Removal and the Appointment
“Removal”	the proposed removal of EY as the auditors of the Company
“Resumption Conditions”	the resumption conditions imposed by the Stock Exchange as disclosed in the announcement of the Company dated 12 December 2016
“Revised Scope”	the revised scope of investigation of Grant Thornton as disclosed in the announcement of the Company dated 28 February 2017
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	person(s) whose name(s) appear in the register of members of the Company as the holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“ZHONGHUI”	ZHONGHUI ANDA CPA Limited

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. ZHANG Peter Y. (*Chairman*)

Mr. DENG Jie

Mr. ZHOU Chong Ke

Mr. CHEN Lei

Mr. LUO Zhan Biao

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Non-executive Director:

Mr. TARN Sien Hao

*Head office and principal place of
business in Hong Kong:*

Unit 3405, 34th Floor

China Merchants Tower

Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

Independent non-executive Directors:

Professor LIN Shu Guang

Professor ZHOU Xin

Mr. TSO Sze Wai

3 April 2017

*To the Shareholders and, for information only,
holders of options and debt securities*

Dear Sir or Madam,

PROPOSED CHANGE OF AUDITORS

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 16 December 2016 in relation to the Proposed Change of Auditors of the Company. The purpose of this circular is to provide you with further information regarding the Proposed Change of Auditors and to give you the EGM Notice in order to enable you to make an informed decision as to whether to vote for or against resolutions in connection with such matters to be proposed at the forthcoming EGM.

LETTER FROM THE BOARD

PROPOSED CHANGE OF AUDITORS

As set out in the said announcement, EY are currently serving as the auditors of the Company. The Board proposed to appoint ZHONGHUI to replace EY as the auditors of the Company, and ZHONGHUI shall hold office until the conclusion of the forthcoming annual general meeting of the Company. The Proposed Change of Auditors is subject to approval of the Shareholders by passing a special resolution to remove EY as the auditors of the Company and an ordinary resolution to appoint ZHONGHUI as the auditors of the Company.

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. Please refer to the announcements of the Company dated 17 August 2016, 29 August 2016 and 6 September 2016 in relation to the Company’s response to the allegations set out in the Emerson Reports.

During the performance of the audit of the Group’s consolidated financial statements for the year ended 30 June 2016, EY identified certain inconsistencies (the “**Inconsistencies**”). By a letter to the Board and the Audit Committee dated 23 September 2016 (i.e. the Letters), EY communicated the Inconsistencies to the Audit Committee and the Board and recommended the Company to conduct an independent investigation in relation to the Inconsistencies set out in the Letters (the “**Investigation**”). On 18 November 2016, the Company engaged Grant Thornton to perform the Investigation as set out in the announcement of the Company dated 21 November 2016. The scope of investigation of Grant Thornton was subsequently expanded, details of which are disclosed in the announcement of the Company dated 28 February 2017.

Apart from the 2015/2016 Audit Work which was mutually agreed between the Company and EY, on 21 November 2016, EY for the first time verbally requested that the scope of the Investigation to be expanded to cover all allegations set out in the Emerson Reports. So far as the Directors understand from the correspondence between EY and the Company, EY considered that the investigation without covering the allegations set out in the Emerson Reports will be inadequate for EY to form a proper basis for concluding on the audit matters addressed in the Letters and the allegations set out in the Emerson Reports. In the absence of an investigation with a scope as requested by them, EY were of the view that they would not be able to rely on the Investigation and therefore would not be able to resume the 2015/2016 Audit Work, or to provide a realistic estimate of the timetable and additional fees for their audit. On the other hand, the Company, having considered the views of the Independent Board Committee, was of the view that the expanded scope of Investigation requested by EY would not only entail impracticable procedures but would also cause indefinite delay in relation to the publication of the 2015/2016 Annual Results and a substantial increase in the audit costs involved. Since the publication of all outstanding financial results of the Company is one of the Resumption Conditions, the Company considered that the delay in the publication of 2015/2016 Annual Results would indefinitely prolong the period of suspension of trading of the Company’s shares and debt securities, which would not be in the interest of the Shareholders.

LETTER FROM THE BOARD

Since the Company and EY have not been able to reach an agreement on (i) the scope of the Investigation; (ii) the expected timetable for completion of the 2015/16 Audit Work; and (iii) the estimate of additional audit fee, on 16 December 2016, the Board proposed to, subject to the obtaining of the approval of the Shareholders at the EGM, (i) remove EY as the auditors of the Company; and (ii) appoint 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.

VIEWS OF THE BOARD

The Board meeting on 16 December 2016 and the views of the dissenting Director

All Directors are aware of the progress regarding the Proposed Change of Auditors. A Board meeting (“**Board Meeting**”) was held before the publication of the announcement regarding the proposed removal of EY on 16 December 2016, where Mr. Tarn Sien Hao (“**Mr. Tarn**”), a non-executive Director, was absent from the Board Meeting. Prior to the Board Meeting, Mr. Tarn has expressed his dissenting views regarding the Proposed Change of Auditors to other Directors by email which are set out below:

- (a) The Company is currently facing extremely negative allegations on which the Company and its Directors have not cleared themselves of. Changing auditors at such a juncture would cause confusion and adversely affect communications between the Company and other parties. These may generate negative signals to Shareholders and trigger Shareholders to start derivative actions in courts against the Company.
- (b) Grant Thornton is supposed to address all the inconsistencies raised by EY. If EY is dissatisfied with the scope or quality of Grant Thornton’s work, the Company should bridge up the gaps and try to reach agreements with EY. Even though it may take longer time to reach agreements with EY, the Company can ensure compliance with the Resumption Conditions.
- (c) The Stock Exchange has set out, in the Resumption Conditions, clear written expectations regarding how the current audit issues should be managed. The Company should not attempt to re-interpret the Resumption Conditions.
- (d) EY’s letter dated 12 December 2016 should be retracted because the issue of the letter from the Company to EY dated 8 December 2016 was not agreed by all Directors. EY should not be let off the hook as it owes professional duties as auditors to the Company.

During the Board Meeting, all Directors who were present had considered Mr. Tarn’s dissenting views and discussed the Proposed Change of Auditors. The Directors who were present were of the view that it was in the best interest of the Shareholders to resume trading in the securities of the Company as soon as possible. According to the proposal by ZHONGHUI, it would submit the first draft audit report around 24 to 36 weeks after the commencement of its fieldwork, subject to the findings of the Investigation, and submit the final draft audit report around four weeks after submission of the first draft audit report,

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providing there is no material change after the first draft audit report. EY, on the other hand, informed the Company that they would not be able to resume the 2015/2016 Audit Work or provide an estimate of the timetable or additional fees for the resumption or completion of their audit work until the end of the Investigation. Therefore, to speed up the resumption procedures, it was desirable for the Company to appoint ZHONGHUI, which had timely proposed an acceptable fee estimate and timetable, as its new auditors. Based on the above reasons, resolutions were passed by the attending Directors regarding, among others, acknowledgement of the proposed removal of EY as the auditors of the Company and the proposed appointment of ZHONGHUI to replace EY as the auditors of the Company, subject to approval of the Shareholders at the EGM.

The Revised Scope and the views of the Audit Committee

During the meeting of the Audit Committee on 16 December 2016, the Audit Committee was of the view that appointing ZHONGHUI to replace EY as the Company's auditors could expedite the completion of the 2015/2016 Audit Work by reasons as follows:

- (i) ZHONGHUI was able to, and has indeed, provided a timetable and fee schedule for performing the 2015/2016 Audit Work while EY was unable to commit to any concrete timetable for resuming and completing the 2015/2016 Audit Work and/or provide an estimate of the additional audit fees; and
- (ii) the Audit Committee was of the view that the timetable and the estimate audit fees of ZHONGHUI were acceptable since the timetable proposed by ZHONGHUI fit the Company's plan to resume trading and the estimate audit fees of ZHONGHUI was reasonable as compared to the Company's audit fees in the previous years.

Based on the above, on 16 December 2016, the Audit Committee unanimously recommended to the Board the Proposed Change of Auditors.

In early January 2017, the Board reconsidered the Resumption Conditions and decided to expand the scope of the Investigation.

The Company liaised with Grant Thornton to expand the scope of the Investigation as disclosed in the announcements of the Company dated 7 February 2017 and 28 February 2017. It is expected that the first draft report by Grant Thornton will be completed around 16 to 20 weeks after commencement of its fieldwork.

As at the date of this circular, ZHONGHUI has completed the relevant procedures of accepting the audit engagement. Meanwhile, the Company was informed that ZHONGHUI has completed reviewing the Revised Scope and ZHONGHUI considers that the Revised Scope is sufficient to cover the matters addressed in the Resumption Conditions. ZHONGHUI has also provided the Company with a draft engagement letter including the fee schedule and timetable of their audit services.

LETTER FROM THE BOARD

During the meeting of the Audit Committee on 22 March 2017, the Audit Committee expressed that it maintained its view in relation to the Proposed Change of Auditors due to the following reasons:

- (i) ZHONGHUI has completed reviewing the Revised Scope and considers that the Revised Scope is sufficient to cover the matters addressed in the Resumption Conditions; and
- (ii) so far as the Audit Committee understands from the correspondence between EY and the Company, the letter from EY to the Board and the Audit Committee dated 12 December 2016 was the last written correspondence received from EY. As at the Latest Practicable Date, EY has yet been able to provide its view on the Revised Scope.

Subsequent views of the dissenting Director

Subsequent to the expansion of the scope of the Investigation, Mr. Tarn expressed that he did not retain his dissenting views in relation to the Proposed Change of Auditors. He agreed that the Proposed Change of Auditors would be a practicable way to speed up the resumption procedures since he believed that the Revised Scope could address one of the Resumption Conditions in relation to completing an appropriate investigation on matters identified by EY.

Matters to be brought to the attention of the Shareholders by EY in connection with the Proposed Change of Auditors

As disclosed in the announcement of the Company dated 16 December 2016, EY provided a letter confirming to the Company that, save as certain matters disclosed in such announcement, there are no circumstances or matters connected with the Proposed Change of Auditors that need to be brought to the attention of the Shareholders. An extract of the letter from EY is reproduced below:

“Pursuant to Section 441 of the Code of Ethics For Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants, we write to give notice as at the date of this letter, we consider that the following matters should be brought to the attention of the shareholders of the Company in relation to the change of the auditors of the Company and the Group.

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

During the performance of our audit of the Company’s consolidated financial statements for the year ended 30 June 2016, we identified certain inconsistencies (the “Inconsistencies”). We have communicated the Inconsistencies to the Company’s audit committee and the Board and have recommended the Company to conduct an independent investigation as proposed in our letters dated 23 September 2016. The Company engaged Grant Thornton Advisory Services Limited to perform an investigation (the “Investigation”). Upon review we proposed to the Company to expand the proposed scope of the Investigation in order to allow Ernst &

LETTER FROM THE BOARD

Young as auditors to form a basis for making conclusions on the Inconsistencies and comments in the Reports. However, we have not been able to reach an agreement with the Company on the scope of the Investigation.

Save as above, we confirm that there are no circumstances or matters connected with the change of the auditors that need to be brought to the attention of the shareholders of the Company.”

RESUMPTION CONDITIONS AND THEIR CURRENT STATUS

As disclosed in the announcement of the Company dated 12 December 2016, the Stock Exchange imposed the following Resumption Conditions:

- (a) complete an appropriate investigation on matters identified by EY, disclose the findings of the investigation, assess the impact on the Company’s financial and operational positions, and take appropriate remedial actions;
- (b) publish all outstanding financial results required under the Listing Rules and address any audit qualifications; and
- (c) inform the market of all material information for shareholders and investors to appraise the Group’s position.

The Stock Exchange may modify the Resumption Conditions and/or impose further conditions depending on the results of the Investigation from Grant Thornton and the findings from ZHONGHUI on the audit.

ZHONGHUI or the Board may also request further extension of the scope of the Investigation during the audit process.

As at the Latest Practicable Date, Grant Thornton has requested documents and records for the Investigation from the Company and the Company was in the process of gathering the relevant documents and records. Grant Thornton has commenced its fieldwork on 20 March 2017.

EGM NOTICE AND VOTING ARRANGEMENT

A notice convening the EGM to be held at 10:00 a.m. on Friday, 28 April 2017 at The Grand Azure I, Ground Floor, Auberge Discovery Bay Hong Kong, 88 Siena Avenue, Discovery Bay, Lantau Island, Hong Kong to consider and, if thought fit, approve the resolutions in connection with the Proposed Change of Auditors is set out on pages 10 to 11 of this circular.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be conducted by way of poll. The chairman of the meeting will therefore demand a poll for every resolution put to the vote of the EGM in accordance with the articles

LETTER FROM THE BOARD

of association of the Company. The results of the poll shall be deemed to be the resolution of the general meeting in which the poll was demanded or required and the poll results will be published on the websites of the Stock Exchange and the Company after the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend and vote at such meeting, you are advised to complete the form of proxy enclosed in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable and in any event no less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting (as the case may be) should you so wish.

RECOMMENDATION

The Board and the Audit Committee confirm that, save as disclosed above, there are no other circumstances or matters in connections with the Proposed Change of Auditors that need to be brought to the attention of the Shareholders. The Board believes that the Proposed Change of Auditors is fair and reasonable and is in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the relevant resolutions set out in the notice of EGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein misleading.

Yours faithfully
For and on behalf of the board of directors
Hua Han Health Industry Holdings Limited
Zhang Peter Y.
Chairman

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the“EGM”) of Hua Han Health Industry Holdings Limited (the“**Company**”) will be held at The Grand Azure I, Ground Floor, Auberge Discovery Bay Hong Kong, 88 Siena Avenue, Discovery Bay, Lantau Island, Hong Kong on Friday, 28 April 2017 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following special resolution and ordinary resolution of the Company:

SPECIAL RESOLUTION

1. “**THAT** Ernst & Young be and is hereby removed as auditors of the Company with immediate effect.”

ORDINARY RESOLUTION

2. “**THAT** subject to the passing of the special resolution as contained in the notice convening this meeting, ZHONGHUI ANDA CPA Limited be and is hereby appointed as the auditors of the Company in place of Ernst & Young following its removal, and to hold office until the conclusion of the forthcoming annual general meeting of the Company, and that the board of directors of the Company be and is hereby authorised to fix their remuneration.”

Yours faithfully

For and on behalf of the board of directors
Hua Han Health Industry Holdings Limited
Zhang Peter Y.
Chairman

Hong Kong, 3 April 2017

Head office and principal place of business in Hong Kong:

Unit 3405, 34th Floor
China Merchants Tower
Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.
2. A form of proxy for use at the meeting is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the offices of the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.
3. Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the meeting convened or any adjournment thereof and in such event, the authority of the proxy shall be deemed to be revoked.
4. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he/she were solely entitled thereto but if more than one of such joint holders are present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. As at the date of this notice, the board of directors of the Company 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.