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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)

QUARTERLY UPDATE ANNOUNCEMENT ON THE RESUMPTION PROGRESS

This announcement is made by Hua Han Health Industry Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 and Rules 13.24A of the Listing Rules 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 (1) the Resumption Conditions Announcement in relation to the conditions imposed by the Stock Exchange on the Company in respect of the resumption of trading in the shares of the Company on the Stock Exchange; (2) the announcements of the Company dated 7 February 2017 and 28 February 2017 in relation to the appointment of Grant Thornton as the independent third party investigator; (3) the announcement of the Company dated 7 June 2017 in relation to the engagement of ZHONGHUI as the auditors of the Company; (4) the announcements of the Company dated 19 July 2017, 24 August 2017, 26 September 2017, 26 October 2017, 29 November 2017, 29 December 2017, 31 January 2018, 28 February 2018, 29 March 2018, 3 May 2018, 1 June 2018 and 6 July 2018 in relation to the update on the resumption progress; and (5) the announcement of the Company dated 3 October 2017 in relation to the delay in the publication of the 2016/2017 Annual Results and despatch of the 2016/2017 Annual Report. Unless the context otherwise requires, the capitalised terms used in this announcement shall have the same meanings as those defined in the announcement of the Company dated 6 July 2018.

This announcement sets out (i) the update on business operations of the Group; and (ii) update on the timeline in fulfilling the Resumption Conditions (as defined below), as of the date of this announcement.

BUSINESS OPERATIONS

The Group is principally engaged in the research and development, manufacture, sales and trading of pharmaceutical products, hospital business and other healthcare related business in China. There are currently over 50 pharmaceutical products sold by the Group and 11 hospitals in cooperation with the Group. The Group continued its normal business operations since suspension of trading in the Company’s shares and debt securities.

RESUMPTION CONDITIONS

As disclosed in the announcement of the Company dated 12 December 2016, on 9 December 2016, the Board received a letter from the Stock Exchange, in which the Stock Exchange stated the following conditions (the “**Resumption Conditions**”) for the resumption of trading in the shares of the Company:

- (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.

UPDATE ON THE TIMELINE IN FULFILLING THE RESUMPTION CONDITIONS

The following table sets forth the pending events and update in the expected timetable for resumption of trading of the Company:

Key event	2018
Announcement of the findings of the Investigation	End of August
Publication of the 2016/2017 Interim Results and 2015/2016 Annual Results	End of September
Publication of: (i) the 2016/2017 Annual Results; and (ii) the interim results of the Company for the six months ended 31 December 2017 (“ 2017/2018 Interim Results ”)	Subject to further assessment by the Board
Resumption of trading in the shares of the Company	End of December

As disclosed in the Company’s announcements dated 19 July 2017, 24 August 2017, 26 September 2017, 26 October 2017, 29 November 2017, 29 December 2017, 31 January 2018, 28 February 2018, 29 March 2018, 3 May 2018, 1 June 2018 and 6 July 2018, Grant Thornton is working on the Investigation. The detailed scope of the Investigation was set out in the announcement of the Company dated 28 February 2017.

The Company is working closely with Grant Thornton to complete the Investigation as soon as possible and to publish the announcement of the findings of the Investigation by the end of August 2018.

As disclosed in the Company's announcement dated 7 June 2017, 19 July 2017, 26 September 2017, 26 October 2017, 29 November 2017, 29 December 2017, 31 January 2018, 28 February 2018, 29 March 2018, 3 May 2018, 1 June 2018 and 6 July 2018, ZHONGHUI has commenced the audit work in May 2017 in respect of the 2015/2016 Annual Results.

The audit procedures for the 2015/2016 Annual Results and the 2016/2017 Annual Results are still ongoing. Meanwhile, the unaudited 2016/2017 Interim Results and 2017/2018 Interim Results are still being prepared by the Company. Due to (i) the delay in the completion of the Investigation; and (ii) the publication of the 2016/2017 Interim Results and the 2015/2016 Annual Results is subject to the Investigation, the publication of the 2016/2017 Interim Results and the 2015/2016 Annual Results is delayed accordingly.

The publication of the Outstanding Financial Results will be subject to the findings of the Investigation. As at the date of this announcement, ZHONGHUI has obtained more than half of the external audit confirmations in relation to its audit procedures for the 2015/2016 Annual Results, and the Company is in the process of providing documents to ZHONGHUI for the audit of the Outstanding Financial Results.

NEW RULES FOR DELISTING AND APPLICATION

The Company hereby informs the shareholders and investors of the Company that, according to the amendments to the delisting framework under the Listing Rules that took effect on 1 August 2018 (the "**Effective Date**"), since the shares of the Company will have been suspended from trading for more than 12 months as at the Effective Date, if trading in the shares of the Company remains suspended for 12 continuous months from the Effective Date, the Stock Exchange may cancel the listing of the shares of the Company. If the Company fails to meet all the resumption conditions to the Stock Exchange's satisfaction and fails to resume trading in its shares by 31 July 2019, the Listing Department of the Stock Exchange will recommend to the Listing Committee of the Stock Exchange to proceed with the cancellation of the listing of the shares of the Company. The Stock Exchange is also entitled to impose a shorter remedial period (where appropriate) on the Company pursuant to Rule 6.10 of the Listing Rules. As mentioned above, the Company will carry on with its preparation to comply with the resumption conditions and resume trading in the shares before 31 July 2019.

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) has been suspended on the Stock Exchange with effect from 9:00 a.m. on Tuesday, 27 September 2016. Since the Company is still in the process of fulfilling the Resumption Conditions, the trading in the Company's shares and debt securities 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, 1 August 2018

As at the date of this announcement, the Board comprises Mr. Zhang Peter Y., Mr. Deng Jie, Mr. Bian Shu Guang and Ms. Niu Yi as executive Directors, Mr. Tarn Sien Hao as non-executive Director, and Professor Lin Shu Guang and Professor Zhou Xin as independent non-executive Directors.