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## 奧園健康生活集團有限公司

AOYUAN HEALTHY LIFE GROUP COMPANY LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3662)**

### CHANGE OF AUDITOR

This announcement is made by Aoyuan Healthy Life Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

References are made to (a) the inside information announcement of the Company dated 30 March 2022 in relation to, among others, the delay in the publication of the annual results of the Group for the financial year ended 31 December 2021 (the “**2021 Annual Results**”) and the despatch of the Company’s annual report for the financial year ended 31 December 2021 (the “**2021 Annual Report**”) and (b) the inside information announcement of the Company dated 3 May 2022 (the “**May 2022 Announcement**”) in relation to, among others, certain fund flows matters, the formation of the independent investigation committee of the Company and the appointment of independent professional advisers. Unless otherwise stated, terms used in this announcement shall have the same respective meanings as those defined in the May 2022 Announcement.

### RESIGNATION OF AUDITOR

The Board wishes to announce that Deloitte Touche Tohmatsu (“**Deloitte**”) has resigned as auditor of the Company with effect from 31 May 2022 as the Company did not agree to pay additional audit fee required for the 2021 Annual Results for additional audit procedures to be performed by Deloitte in view of the Fund Flows Matters and certain allegations (the “**Allegations**”) against the Group as set out in the letter to the Audit Committee dated 13 April 2022 (the “**Auditor’s April Letter**”). Deloitte believes that it is unreasonable to expect the auditor to undertake a significant expansion in scope of work without any additional compensation.

Given the fact that Deloitte has not completed the audit of the 2021 Annual Results, Deloitte has stated in its letter of resignation that it is not in a position to state if there are any other matters that need to be brought to the attention of the shareholders (the “**Shareholders**”) or the creditors of the Company. Save as disclosed above, the Board and the Audit Committee are not aware of any other disagreements or unresolved matters between the Company and Deloitte, and any other matters or circumstances in respect of the change of the auditor which should be brought to the attention of the Shareholders or the creditors of the Company.

The Board believes that the change of auditor will not have any impact on the audit of the 2021 Annual Results.

## **APPOINTMENT OF AUDITOR**

The Board, with the recommendation from the Audit Committee, resolved to appoint Zhonghui Anda CPA Limited (“**Zhonghui**”) as the auditor of the Company with effect from 2 June 2022, to fill the vacancy following the resignation of Deloitte and to hold office until the conclusion of the next annual general meeting of the Company. Zhonghui has knowledge about the Fund Flows Matters and the Allegations and will closely follow up on these issues with the Company and the Independent Investigation Committee.

The Board would like to take this opportunity to express its gratitude to Deloitte for its professional services and support in the past years and welcome Zhonghui as the new auditor of the Company.

## **ALLEGATIONS**

As mentioned above, the Audit Committee received the Auditor’s April Letter, pursuant to which Deloitte received an anonymous report. The Board wishes to inform the Shareholders and potential investors of the Company in relation to the Allegations, a summary of which in accordance with the Auditor’s April Letter is as follows:

- (1) the bank loan contract which showed a bank borrowing of RMB300 million instead of RMB3 billion being inaccurate;
- (2) understatement of a bank loan balance of RMB300 million instead of RMB3 billion on an audit confirmation for a bank loan in relation to item (1) above;
- (3) undisclosed financial guarantees in an aggregate amount of RMB4 billion provided by the Group in favour of the Parent Group;
- (4) utilisation of the funds of the Group for payment of the personal expenses of a management of the Group; and
- (5) unrecorded bank loan of RMB500 million of a branch office of Easy Life Smart Community Services Group Co., Ltd.\* (樂生活智慧社區服務集團股份有限公司), an indirect non wholly-owned subsidiary of the Company, with Jiutai Rural Commercial Bank (九台農村商業銀行).

The Company has no knowledge of the identity of the reporter who sent the anonymous report and made the Allegations. The Board wishes to state that the Allegations are completely false, in contrary to the basic business common sense, and in lack of the most basic understanding of the Company. The Company hereby makes the strongest denial against each of the Allegations.

Upon receipt of the Auditor's April Letter, according to Deloitte's recommendation thereof, the Independent Investigation Committee has engaged the Investigation Firm to further extend the scope of its investigations in order to perform independent investigations into the circumstances of the Allegations and clarify the facts. The Company has actively cooperated with the Investigation Firm and as at the date of this announcement, the progress of such investigations has been smooth and positive. The Board wishes to stress that the investigations are still in progress and the Investigation Firm has not drawn any conclusion on the Fund Flows Matters and the Allegations. **Accordingly, the Shareholders and potential investors of the Company should treat the Allegations with caution.**

## **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Friday, 1 April 2022 and will continue to be suspended, pending the publication of the 2021 Annual Results.

The Company will publish further announcement(s) in due course to inform the Shareholders and potential investors of the Company of any update on (i) the date of the meeting of the Board to approve the 2021 Annual Results, (ii) the audit process of the 2021 Annual Results, (iii) the date of despatch of the 2021 Annual Report, (iv) trading in the shares of the Company and (v) any material development in the process of the investigations on the Fund Flows Matters and the Allegations in accordance with the Listing Rules and applicable laws as and when appropriate.

By order of the Board  
**Aoyuan Healthy Life Group Company Limited**  
**Guo Zining**  
*Chairman*

Hong Kong, 2 June 2022

\* *All of the English titles or names of the entities in the People's Republic of China, as well as certain items contained in this announcement have been included for identification purpose only. If there is any inconsistency, the Chinese titles or names shall prevail.*

*As at the date of this announcement, the executive Directors are Mr. Zheng Wei and Mr. Cheng Siu Fai; the non-executive Directors are Mr. Guo Zining and Mr. Ruan Yongxi; and the independent non-executive Directors are Mr. Hung Ka Hai Clement, Dr. Li Zijun and Mr. Wang Shao.*