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HUAZHANG TECHNOLOGY HOLDING LIMITED

華章科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1673)

CHANGE OF AUDITOR AND CONTINUED SUSPENSION OF TRADING

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

RESIGNATION OF AUDITOR

The board (the “**Board**”) of directors (the “**Directors**”) of the Company announces that Zhonghui Anda CPA Limited (“**Zhonghui Anda**”) had resigned as the auditor of the Company on 19 October 2022 with immediate effect as the Company and Zhonghui Anda could not reach a mutual agreement on the additional audit fees for the additional audit procedures on certain receivables of the Group and the timeline for the completion of audit on the annual results of the Group for the year ended 30 June 2022 (the “**2022 Annual Results**”).

In the letter of resignation (the “**Resignation Letter**”) dated 19 October 2022 issued by Zhonghui Anda to the Board and audit committee (the “**Audit Committee**”) of the Company, Zhonghui Anda stated that its audit work on the 2022 Annual Results had not completed as at the date of the Resignation Letter and the following matters should be brought to the attention of the shareholders (the “**Shareholders**”) and creditors of the Company:

- (1) The independent forensic accounting review report in respect of a number of abnormal payments and receipts between the Group and a number of companies which were not subsidiaries of the Company as referred to in the Company’s announcement dated 11 August 2022 had not been finished as at the date of the Resignation Letter. Based on the preliminary findings of the Board, the subject transactions amounted to approximately RMB75 million. However, the exact amount of the subject transactions may be subject to changes after the forensic accounting review.

- (2) Zhonghui Anda noted that (i) based on public information, the previous legal representative of a material debtor of the Group was the previous financial controller of a wholly-owned subsidiary of the Company during the period from April 2018 to November 2019; (ii) the Group had entered into certain transactions with such material debtor during the said period; and (iii) the aggregate amount of trade receivables and other receivables due from such material debtor to the Group of approximately RMB157 million were proposed to have an aggregate impairment loss of approximately RMB123 million during the year ended 30 June 2022. In light of the preliminary findings, Zhonghui Anda considered that it is necessary to perform additional audit procedures as to the nature of the transactions and recoverability of the receivables from the material debtor as at 30 June 2021 and 30 June 2022.

Zhonghui Anda had also stated in the Resignation Letter that, as its audit work was not completed as of the date of the Resignation Letter, Zhonghu Anda was not in a position to confirm there were no other matters that need to be brought to the attention of the Shareholder and creditors of the Company.

Save as disclosed above, the Board and the Audit Committee confirm that there is no disagreement or other matters in connection with the resignation of Zhonghui Anda as the auditor of the Company that needs to be brought to the attention of the Shareholders and creditors.

The Board would like to take this opportunity to express its sincere gratitude to Zhonghui Anda for its professional services rendered to the Company.

APPOINTMENT OF AUDITOR

The Board further announces that, with the recommendation of the Audit Committee, KTC Partners CPA Limited (“KTC”) has been appointed as the new auditor of the Company with effect from 19 October 2022 to fill the casual vacancy following the resignation of Zhonghui Anda, and to hold office until the conclusion of the next annual general meeting of the Company.

The Board and the Audit Committee are of the view that the change of auditor is in the interests of the Company and the Shareholders as a whole as it would enable the Company to (a) carry out effective cost control and reduce the overall operating expenses of the Company to better cope with the future business development of the Company; and (b) complete the audit work on the 2022 Annual Results and publish the announcement on the 2022 Annual Results as soon as possible.

The Board would like to take this opportunity to express its warm welcome to KTC on its appointment as the auditor of the Company.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in its shares on The Stock Exchange of Hong Kong Limited has been suspended with effect from 9:00 a.m. on 3 October 2022 and will remain suspended until the publication of the announcement on the 2022 Annual Results by the Company.

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

By Order of the Board
Huazhang Technology Holding Limited
Fang Hui
Executive Director

Hong Kong, 19 October 2022

As at the date of this announcement, the executive Directors are Mr. Fang Hui, Mr. Wang Ai Yan and Mr. Chen Hongwei, the non-executive Director is Mr. Shi Chenghu and the independent non-executive Directors are Mr. Heng, Keith Kai Neng, Mr. Yao Yang Yang and Ms. Zhang Dong Fang.