

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



花房集团  
HUAFANG GROUP

**Huafang Group Inc.**  
花房集团公司

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

**(Stock Code: 3611)**

## **(1) RESIGNATION OF AUDITORS; AND (2) CONTINUED SUSPENSION OF TRADING**

This announcement is made by Huafang Group Inc. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09(2)(a) and 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company (i) dated March 20, 2023 in relation to the date of Board meeting; (ii) dated March 30, 2023 in relation to the unaudited annual results announcement for the year ended December 31, 2022; (iii) dated April 3, 2023 and April 25, 2023 in relation to, among other things, delay in publication of the audited consolidated final results for the year ended December 31, 2022 (the “**2022 Audited Annual Results**”) and suspension of trading; (iv) dated June 23, 2023 in relation to the Resumption Guidance; (v) dated June 30, 2023 in relation to quarterly updates on status of resumption; and (vi) dated July 25, 2023 in relation to updates on the Investigation (collectively, the “**Announcements**”). Unless the context requires otherwise, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

The Board announces that KPMG has tendered its resignation as the auditor of the Company with effect from August 3, 2023. On March 30, 2023, KPMG notified the Board and the audit committee of the Company (the “**Audit Committee**”) that it was unable to assess the impact of the Investigation on the financial results and business operation of the Group and it requested for an independent investigation on such matter. In its letters dated July 24, 2023 and August 3, 2023 to the Board and the Audit Committee, KPMG set out the matters leading to its resignation as the Company’s auditor as below:

In its letter dated July 24, 2023, KPMG requested the Company to provide the following information and/or supporting documents by July 30, 2023:

- (1) the independent investigation report issued by an independent investigation consultant in relation to the Frozen Accounts(as stated in the announcement of the Company dated June 30, 2023), including but not limited to the reason for the Frozen Accounts, effectiveness of the internal control system, the progress of the Frozen Accounts, the analysis of the impact of the Frozen Accounts on the Group's business and financial performance, and the assessment on the independent investigation consultant's qualification and competence and the investigation procedures undertaken by the independent investigation consultant;
- (2) the results of the Investigation; and
- (3) the external lawyer's analysis on the legal consequences of the Frozen Accounts, and its legal opinion on the compliance of the Group's relevant operation.

In its letter dated August 3, 2023, KPMG stated that up to the date of such letter, the management of the Company has not yet provided the requested information, explanations and/or supporting documents to KPMG. According, KPMG is unable to proceed further with its audit and decided to resign as the auditor of the Company.

Given that the Investigation is not closed and the Company is still in the process of preparing the requested information and documents, the Company is unable to meet the timeline required by KPMG (i.e., July 30, 2023).

Save as disclosed above, the Board is not aware of any matter in connection with the resignation of KPMG that needs to be brought to the attention of the shareholders of the Company.

The Board would like to express its gratitude to KPMG for its services rendered to the Company for the past years.

The Board is in the process of seeking and appointing a new auditor to fill the casual vacancy following the resignation of KPMG and hold office until the conclusion of the next annual general meeting of the Company. The Company will make further announcement(s) when such appointment is made.

## **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on April 3, 2023 pending the publication of the 2022 Audited Annual Results, and will remain suspended pending fulfilment of the Resumption Guidance and any supplement or modification thereto.

By Order of the Board  
**Huafang Group Inc.**  
花房集团公司  
**Mr. ZHOU Hongyi**  
*Chairman*

Hong Kong, August 3, 2023

*As at the date of this announcement, the Board comprises Ms. YU Dan as executive director; Mr. ZHOU Hongyi, Mr. CHEN Shengmin and Mr. ZHAO Dan as non-executive directors; and Mr. CHEN Weiguang, Mr. LI Bing and Ms. QIAN Aimin as independent non-executive directors.*