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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) DELAY IN PUBLICATION OF 2023 INTERIM RESULTS AND
DESPATCH OF 2023 INTERIM REPORT;
(2) DATE OF BOARD MEETING;
(3) UPDATE ON THE OPERATING RESULTS FOR THE SIX MONTHS
ENDED JUNE 30, 2023; AND
(4) CONTINUED SUSPENSION OF TRADING**

This announcement is made by Huafang Group Inc. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under 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 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; (vi) dated July 25, 2023 in relation to updates on the Investigation; (vii) dated August 3, 2023 in relation to the resignation of the Company’s auditor; and (viii) dated August 17, 2023 in relation to the appointment of the Company’s auditor (collectively, the “**Announcements**”). Unless the context requires otherwise, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

DELAY IN PUBLICATION OF 2023 INTERIM RESULTS AND DESPATCH OF 2023 INTERIM REPORT

Pursuant to Rules 13.49(6) and 13.48(1) of the Listing Rules, the Company is required to: (i) publish the interim results of the Group for the six months ended June 30, 2023 (the “**2023 Interim Results**”) on a date not later than two months after the end of that period of six months, i.e. not later than August 31, 2023; and (ii) despatch the interim report of the Group for the six months ended June 30, 2023 (the “**2023 Interim Report**”) to its shareholders not later than three months after the end of that period of six months, i.e. not later than September 30, 2023.

The Company wishes to inform its shareholders that as the publication of the 2022 Audited Annual Results is still pending, the publication of the 2023 Interim Results will be delayed. It is also expected that the despatch of the 2023 Interim Report will be delayed beyond September 2023. The Board acknowledges that the delay in the publication of the 2023 Interim Results and the despatch of the 2023 Interim Report constitutes non-compliance with Rules 13.49(6) and 13.48(1) of the Listing Rules, respectively.

DATE OF BOARD MEETING

The Board announces that due to the delay in publication of the 2023 Interim Results, the Board meeting for the purpose of considering and approving, among others, the 2023 Interim Results will be postponed and the Company will publish further announcement to inform its shareholders on the date of the Board meeting as and when appropriate.

UPDATE ON THE OPERATING RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2023

The Board announces that the Company’s auditor, Mazars CPA Limited (the “**Auditor**”) is in the process of working on the 2022 Audited Annual Results and the 2023 Interim Results. The Company has been using its best endeavors to assist the Auditor to complete its audit of the 2022 Audited Annual Results and its review of the 2023 Interim Results. The Company is also expected to engage the Independent Investigator and the Internal Control Consultant by August 31, 2023.

In the interest of providing shareholders of the Company and market investors with information on the business operations and financial conditions of the Group, the Board would like to update the shareholders and potential investors of the Company that based on the Board’s preliminary review of the unaudited consolidated management accounts of the Group for the six months ended June 30, 2023 (the “**Reporting Period**”) and other information currently available to the Board as of the date of this announcement, the unaudited loss of the Group for the Reporting Period is expected to be approximately RMB29.1 million, as compared to the unaudited profit for the corresponding period in 2022 (i.e., approximately RMB205.1 million).

Based on the unaudited consolidated management accounts of the Group for the Reporting Period, the Group's adjusted net profit (non-IFRS measure) is expected to be approximately RMB56.4 million, as compared to that for the corresponding period in 2022 (i.e., approximately RMB224.4 million). The Group's adjusted net profit (non-IFRS measure) represents the Group's profit for the period, adjusted to add back share-based compensation expenses and listing expenses. Share-based compensation expenses are expenses arising from granting restricted shares and options. Listing expenses are expenses incurred in connection with the Global Offering (as defined in the prospectus of the Company dated November 30, 2022) recognized in consolidated income statements during the two years ended December 31, 2021 and 2022 and the six months ended June 30, 2023. The Group believes that adjusted net profit (non-IFRS measure) provides investors and other persons with useful information to understand and evaluate the Group's consolidated results of operation in the same manner as it helps the Group's management. However, adjusted net profit (non-IFRS measure) presented by the Group may not be comparable to the similar financial measure presented by other companies. There are limitations to the non-IFRS measure used as an analytical tool, and should not be considered in isolation or regard it as a substitute for the Group's results of operation or financial position analysis that is presented in accordance with IFRSs.

Shareholders and potential investors of the Company are reminded that the information contained in this announcement is only based on the preliminary assessment by the Board and the Audit Committee on the unaudited management accounts of the Group for the six months ended June 30, 2023, and is not based on any data or information that has been audited or reviewed by the Auditor. The relevant financial information is pending further review by the Company and the Auditor, and will be subject to any adjustments that may be made by the Auditor (such as revenue reconciliation and assets impairment). The Board cannot guarantee that the unaudited consolidated financial information set out above truly reflects the financial performance and position of the Group and such information might be misleading if any potential adjustments have not been taken into account. Shareholders and potential investors should note that the actual 2023 Interim Results may be significantly different from the disclosure in this announcement.

After due and careful consideration, the Board is of the view that it would not be appropriate for the Company to publish the full unaudited management accounts of the Group for the six months ended June 30, 2023 at this stage as it may not be complete and reflect a true and fair view of the actual financial performance and position of the Group and may create unnecessary confusion to the public.

Shareholders and potential investors of the Company are also cautioned not to unduly rely on the unaudited financial information disclosed above, and should exercise caution when dealing in the securities of the Company.

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 24, 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.