Huazhang Technology Holding Limited
華章科技控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01673)

PROFIT WARNING AND BUSINESS UPDATE

This announcement is made by Huazhang Technology Holding Limited (the "**Company**" and, together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") 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).

The board of the Company (the "**Board**") wishes to inform shareholders and potential investors of the Company that based on preliminary assessment of the unaudited consolidated management accounts of the Group and information currently available to the Board, the Group is expected to record a loss attributable to owners of the Company amounting to approximately RMB34.4 million for the six months ended 31 December 2018 (the "**Review Period**") as compared to the profit attributable to owners of the Company amounting to approximately RMB22.0 million for the six months ended 31 December 2017. It is mainly due to the fact that (i) certain criteria of adjustment to the initial consideration in relation to acquisition of headbox business have been fulfilled, the Group accrued a contingent consideration expenditure amounting to approximately RMB 28.6 million; and (ii) the Group made an impairment provision for the goodwill in relation to the acquisition of logistics business amounting to approximately RMB20.0 million for the Review Period.

The Group still maintains a good control on costing and is actively looking for new projects and exploring overseas markets. For the Review Period, the Group had achieved major breakthroughs in the development of the overseas market, particularly in the Southeast Asia. It was a first time that the Group obtained a single sales contract in Vietnam, through our sales team, amounting to more than RMB100.0 million. On 11 January 2019, the Group obtained the support of the Company's substantial shareholder, Florescent Holdings Limited, the Group planned to develop waste recycling and treatment project in overseas. The Group has actively studied the feasibility of the project, including the opportunity to set up waste treatment plant in overseas for developing waste recycling and treatment business globally.

Please note that this announcement is based on information currently available to the Group and the Board's preliminary assessment of the management accounts and the expected business, both of which require further discussion and review by the Company's auditors and the audit committee of the Company. As of the date of this announcement, the results of the Group for the six months ended 31 December 2018 have not been finalized and the necessary adjustments are pending. Shareholders and potential investors are advised to carefully read the results announcement of the Group for the six months ended 31 December 2018, which is expected to be announced on or about 28 February 2019.

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

By order of the Board
Huazhang Technology Holding Limited
Zhu Gen Rong
Chairman

Hong Kong, 19 February 2019

As at the date of this announcement, the executive directors are Mr. Zhu Gen Rong, Mr. Wang Ai Yan, Mr. Liu Chuan Jiang, Mr. Jin Hao and Mr. Liang Huiqun, and the independent non-executive directors are Mr. Dai Tian Zhu, Mr. Kong Chi Mo and Mr.Heng ,Keith Kai Neng.