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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)

**(1) INSIDE INFORMATION;
(2) FORMATION OF INDEPENDENT INVESTIGATION COMMITTEE;
AND
(3) APPOINTMENT OF INDEPENDENT FORENSIC ACCOUNTANT**

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of Huazhang Technology Holdings Limited (the “**Company**” together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

INSIDE INFORMATION

The Board wishes to inform the shareholders and potential investors of the Company that, upon review of the long outstanding balance of the receivables of the Group, the management of Zhejiang Huazhang Technology Limited (“**Zhejiang Huazhang**”), a wholly-owned subsidiary of the Company, identified and informed the Board that there have been a number of abnormal payments and receipts between Zhejiang Huazhang and a number of companies which are not subsidiaries of the Group (the “**Subject Transactions**”).

As at the date of this announcement, the Company is still in the process of ascertaining the nature and exact amount of the Subject Transactions. Based on the preliminary findings of the Board, the Subject Transactions amounted to approximately RMB75,000,000. The exact amount of the Subject Transactions may be subject to changes after further investigations.

FORMATION OF INDEPENDENT INVESTIGATION COMMITTEE

To conduct an independent investigation into the Subject Transactions, an independent investigation committee (“**Independent Investigation Committee**”) initially comprising Mr. Heng, Keith Kai Neng, Mr. Yao Yang Yang and Ms. Zhang Dong Fang, all are independent non-executive directors, has been established. Mr. Heng, Keith Kai Neng was appointed as the chairman of the Independent Investigation Committee. The duties and purposes of the Independent Investigation Committee include, among others, (i) to conduct internal review and inquiry into accounts, documents, records and affairs of the Group in relation to the Subject Transactions; (ii) to appoint and engage independent professional adviser(s) for the purposes of conducting inquiry and review regarding the Subject Transactions and (iii) to provide advice and recommendation to the Group on any actions which shall be taken by the Group in accordance with the findings of the independent professional adviser(s).

APPOINTMENT OF INDEPENDENT FORENSIC ACCOUNTANT

The Independent Investigation Committee has appointed RSM Corporate Advisory (Hong Kong) Limited as the independent forensic accountant (“**Independent Forensic Accountant**”) of the Company to conduct appropriate independent forensic accounting review on the Subject Transactions.

The Independent Forensic Accountant will provide the Independent Investigation Committee with an independent report on its findings and the Independent Investigation Committee will review and report to the Board of its findings, decisions and/or recommendations.

Preliminary investigation has revealed that the Subject Transactions did not involve the other member companies of the Group. Further, despite the Subject Transactions, the principal businesses of the Group remain operating as normal.

Further announcement(s) will be made by the Company regarding (i) the appointment and engagement of other independent professional adviser(s); and (ii) the development and results of the investigation undertaken by the Independent Investigation Committee, as and when appropriate.

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

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

Hong Kong, 11 August 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.