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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)

QUARTERLY UPDATES ON STATUS OF RESUMPTION AND 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 and 13.24A 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 (a) 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 March 31, 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, September 29, 2023, January 4, 2024, April 1, 2024 and July 2, 2024 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; (viii) dated August 17, 2023 in relation to the appointment of the Company’s auditor; (ix) dated August 24, 2023 in relation to, among other things, update on the operating results for the six months ended June 30, 2023; (x) dated August 31, 2023 in relation to the appointment of the Independent Investigator and the Internal Control Consultant; (xi) dated February 23, 2024 in relation to the key findings of independent investigation and independent internal control review; (xii) dated February 29, 2024 in relation to the audited annual results announcement for the year ended December 31, 2022 and the interim results announcement for the six months ended June 30, 2023; (xiii) dated March 26, 2024 in relation to the audited annual results announcement for the year ended December 31, 2023; (xiv) dated May 9, 2024 in relation to the Additional Resumption Guidance; (xv) dated August 26, 2024 in relation to the interim results announcement for the six months ended June 30, 2024; and (xvi) dated September 19, 2024 in relation to the key

findings of the forensic investigation and supplemental internal control review (collectively, the “**Announcements**”); and (b) the 2022 Annual Report and the 2023 Interim Report dated March 15, 2024, the 2023 Annual Report dated April 23, 2024 and the 2024 Interim Report dated September 27, 2024. Unless the context requires otherwise, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

RESUMPTION GUIDANCE

As disclosed in the announcements of the Company dated June 23, 2023, and dated May 9, 2024, the Company received letters from the Stock Exchange, in which, inter alia, the Stock Exchange sets out the following Resumption Guidance:

- (i) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (ii) conduct an appropriate independent investigation, assess the impact on the Company’s business operation and financial position, announce the findings and take appropriate remedial actions;
- (iii) conduct an independent internal control review and demonstrate that the Company has in place adequate internal control and procedures to comply with the Listing Rules;
- (iv) demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules;
- (v) announce all material information for the Company’s shareholders and investors to appraise its position; and
- (vi) demonstrate that there is no reasonable regulatory concern about the integrity, competence or character of the Group’s management and/or any persons with substantial influence over the Company’s management and operations, which may pose a risk to investors and damage market confidence.

UPDATED INFORMATION

Latest Business Development

The Group is principally engaged in offering video- and audio-based live entertainment and social networking services to its users.

Since the suspension of trading in the Shares on April 3, 2023 and up to the date of this announcement, the Group continued to operate its business by implementing its business strategies and the live streaming and video- and audio-based social networking products operated by the Group are accessed and used by its users as usual.

Publication of Outstanding Financial Results

Forvis Mazars CPA Limited (formerly known as Mazars CPA Limited) has been re-appointed as the auditor of the Company with effect from May 31, 2024 and to hold office until the conclusion of the next annual general meeting of the Company.

The Company has published all outstanding financial results, including:

- (i) the announcement of audited annual results for the year ended December 31, 2022 on February 29, 2024;
- (ii) the announcement of interim results for the six months ended June 30, 2023 on February 29, 2024;
- (iii) the annual report for the year ended December 31, 2022 on March 15, 2024;
- (iv) the interim report for the six months ended June 30, 2023 on March 15, 2024;
- (v) the announcement of audited annual results for the year ended December 31, 2023 on March 26, 2024;
- (vi) the annual report for the year ended December 31, 2023 on April 23, 2024;
- (vii) the announcement of interim results for the six months ended June 30, 2024 on August 26, 2024; and
- (viii) the interim report for the six months ended June 30, 2024 on September 27, 2024.

Independent Investigation and Internal Control Review

As disclosed in the Announcements, the Company has appointed AOGB, an external and independent accounting firm with appropriate experience and credentials as (i) the Independent Investigator to conduct the Independent Investigation, and (ii) the Internal Control Consultant to conduct the Internal Control Review.

Independent Investigation

As disclosed in the Announcements, AOGB issued the Investigation Report on February 19, 2024. For details of the key findings of the Investigation Report, please refer to the announcement of the Company dated February 23, 2024.

Internal Control Review

As disclosed in the Announcements, AOGB issued the Internal Control Review Report on February 19, 2024. For details of the key findings of the Internal Control Review Report, please refer to the announcement of the Company dated February 23, 2024.

Demonstrate Compliance with Rule 13.24 of the Listing Rules

The Board considers that the Company has always complied with Rule 13.24 of the Listing Rules given that the Group is carrying out its business with a sufficient level of operations including the live streaming and video- and audio-based social networking products operated by the Group, the management team and staff and its large and active user base and assets of sufficient value including the Group's tangible and intangible assets and working capital for supporting its business operations.

Additional Resumption Guidance

As disclosed in the Announcements, the Stock Exchange has imposed the Additional Resumption Guidance, as indicated in (vi) above in “Resumption Guidance” of this announcement. The Company has appointed AOGB to conduct the Forensic Investigation in relation to the Additional Resumption Guidance.

As disclosed in the Announcements, AOGB issued the Forensic Investigation Report on September 17, 2024.

Based on the findings in the Forensic Investigation Report, AOGB recommended certain Improvement Measures. The Company engaged the Internal Control Consultant to carry out the Supplemental Internal Control Review in response to such recommendations. On September 18, 2024, the Internal Control Consultant issued the Supplemental Internal Control Review Report.

For details of the key findings of the Forensic Investigation and the Supplemental Internal Control Review, please refer to the announcement of the Company dated September 19, 2024.

Submission of Resumption Proposal

The Company has submitted an updated resumption proposal to the Stock Exchange to demonstrate that the Company has fulfilled the conditions set out in the Resumption Guidance (including, among others, the Additional Resumption Guidance) for resumption of trading of the shares of the Company.

The Company will update the shareholders of the Company and potential investors on, among others, such progress in due course.

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 until the Company fulfils the Resumption Guidance and any supplement or modification thereto.

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

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

Hong Kong, October 2, 2024

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.