

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.



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)

PROFIT WARNING REDUCTION IN LOSS

This announcement is made by Huazhang Technology Holding Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 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 in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Based on the preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 31 December 2022 and the information currently available to the board of directors (the “**Board**”) of the Company, the Board wishes to inform the shareholders of the Company and potential investors that the net loss for the six months ended 31 December 2022 is expected to decrease significantly by not less than 60.0% as compared to the net loss of approximately RMB76.2 million for the six months ended 31 December 2021.

Such expected decrease in net loss is primarily attributable to the following factors:

- (a) an increase in gross profit for the six months ended 31 December 2022 as compared to that for the corresponding period in 2021 due to no provision for claims during the six months ended 31 December 2022 and overall profit margin of the Group during the six months ended 31 December 2022 were improved;
- (b) no provision for the six months ended 31 December 2022 was made for the legal claims under a litigation in relation to a contractual dispute between Hubei Industrial Construction Group Installation Engineering Company Limited* (湖北省工業建築集團安裝工程有限公司) and Yunnan Yunhong Paper Company Limited* (雲南雲泓紙業有限公司) as the Group recognised the provision for such legal claims amounting to RMB12.9 million for the six months ended 31 December 2021;

- (c) a decrease in research and development expenses for the six months ended 31 December 2022 as compared to that for the corresponding period in 2021 due to decrease in staff costs; and
- (d) a decrease in the recognition of impairment losses on trade and other receivables for the six months ended 31 December 2022 as compared to that for the corresponding period in 2021.

The Company is still in the process of finalising the unaudited financial results of the Group for the six months ended 31 December 2022. The information contained in this announcement is only a preliminary assessment by the Board based on the unaudited consolidated management accounts for the six months ended 31 December 2022 as well as operational data currently available, which have not been audited or reviewed by the Company's auditor or the audit committee of the Board and therefore may be subject to amendments. Shareholders and potential investors of the Company are advised to read carefully the interim results announcement of the Company for the six months ended 31 December 2022 which is expected to be published in February 2023.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in its shares on The Stock Exchange of Hong Kong Limited has been suspended with effect from 9:00 a.m. on 3 October 2022 and will remain suspended until the Company fulfils the resumption guidance as disclosed in its announcement dated 28 November 2022.

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, 23 February 2023

As at the date of this announcement, the executive Directors are Mr. Fang Hui 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.

* *For the purpose of identification only*