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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 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 audited consolidated final results for the year ended December 31, 2022 (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 and September 29, 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; (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; and (x) dated August 31, 2023 in relation to the appointment of the Independent Investigator and the Internal Control Consultant (collectively, the “**Announcements**”). 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 announcement of the Company dated June 23, 2023, the Company received a letter 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; and
- (v) announce all material information for the Company's shareholders and investors to appraise its position.

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

As disclosed in the Announcements, the publication of the 2022 Audited Annual Results and 2023 Interim Results and the dispatch of the 2022 Annual Report and 2023 Interim Report ("**Outstanding Financial Results**") are still pending. Mazars CPA Limited (the "**Auditor**") has been appointed as the new auditor of the Company with effect from August 17, 2023 and to hold office until the conclusion of the next annual general meeting of the Company.

As additional time is required for the Auditor to finalize certain information in the 2022 Audited Annual Results, the Outstanding Financial Results will be further delayed. The Company and the Audit Committee have maintained communications with the Auditor in relation to the Outstanding Financial Results. The publication of the Outstanding Financial Results is subject to the progress and outcome of the Independent Investigation. Based on the communication with the Auditor and the latest progress of audit work, the audit of the Outstanding Financial Results is expected to be completed by January 31, 2024.

Independent Investigation and Internal Control Review

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

As of the date of this announcement, the Independent Professional Firm is in the process of finalizing the reports for the Independent Investigation and the Internal Control Review, which is expected to be substantially completed by January 15, 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. The Board will continue to assess and monitor the impact of the suspension of trading on the operations and financial performance of the Company.

Other Updated Information

The Company is taking appropriate steps to fulfil the Resumption Guidance and 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 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, January 4, 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.