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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)**

**PROFIT ALERT  
AND  
CONTINUED SUSPENSION OF TRADING**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the Shareholders and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended December 31, 2023, the Group is expected to record a net loss in the range of RMB757.2 million to RMB836.9 million for the year ended December 31, 2023, as compared to a net profit of RMB231.7 million for the year ended December 31, 2022.

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

This announcement is made by Huafang Group Inc. (the “**Company**”, 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 “**Stock Exchange**”) (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) (the “**SFO**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended December 31, 2023, the Group is expected to record a net loss in the range of RMB757.2 million to RMB836.9 million for the year ended December 31, 2023, as compared to a net profit of approximately RMB231.7 million for the year ended December 31, 2022. Such decrease is primarily due to (i) the impairment loss on goodwill of approximately RMB681.8 million recognised in the first half of 2023 in relation to 6.cn, one of the Group’s products; (ii) the increase in share-based compensation expenses in relation to the options granted to the grantees under the pre-IPO share option scheme adopted by the Company on November 21, 2022; and (iii) the overall industry downturn which led to a decline in the Group’s business performance for the year ended December 31, 2023. As of the date of this announcement, the business operation of the Group remains normal, and the Company is actively exploring new business directions to adapt to the changing market landscape.

The Company is in the process of preparing the audited consolidated financial results of the Group for the year ended December 31, 2023. The information contained in this announcement is only based on a preliminary review of the unaudited consolidated management accounts of the Group and the information currently available to the Board and is not based on any figures or information which has been audited or reviewed by the Company’s auditors. Further adjustments of the Group’s financial results for the year ended December 31, 2023 may be required. The Company expects to publish the audited consolidated financial results of the Group for the year ended December 31, 2023 on or before March 31, 2024.

## **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 3 April 2023 pending the publication of the audited consolidated final results for the year ended December 31, 2022, and will remain suspended until the Company fulfils the resumption guidance and any supplement or modification thereto. The Company will publish further announcement(s) to inform the shareholders of the Company of its progress in complying with the resumption guidance as and when appropriate, as well as quarterly updates on its development pursuant to Rule 13.24A of the Listing Rules.

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

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

Hong Kong, March 18, 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.*