SHIFANG HOLDING LIMITED
十方控股有限公司

(incorporated in the Cayman Islands and re-domiciled and continued in Bermuda with limited liability)

(Stock code: 1831)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

- Revenue of the Group was RMB24.6 million for the eighteen months ended 30 June 2024 and RMB129.3 million for the year ended 31 December 2022.

- The gross profit of the Group was RMB5.4 million for the eighteen months ended 30 June 2024 and RMB10.8 million for the year ended 31 December 2022.

- The Group recorded a net loss of RMB18.2 million for the eighteen months ended 30 June 2024 and RMB167.9 million for the year ended 31 December 2022, which is mainly attributable to no loss on conversion of shareholder loan to contingent convertible loan and share of results of investments accounted for using equity method in current period.

- The Group recorded a basic loss of RMB0.015 per share for the eighteen months ended 30 June 2024 as compared to RMB0.1668 per share for the year ended 31 December 2022.

- The Board does not recommend the payment of any final dividend for the eighteen months ended 30 June 2024.

The board of directors (the "**Board**") of ShiFang Holding Limited (the "**Company**", together with its subsidiaries, the "**Group**") announces the annual results of the Group for the eighteen months ended 30 June 2024 together with the comparative figures for the year ended 31 December 2022.

The financial information set out in this announcement below does not constitute the Group's consolidated financial statements for the eighteen months ended 30 June 2024 but represents an extract from the Group's audited consolidated financial statements. These consolidated financial statements have been reviewed by the audit committee of the Company (the "**Audit Committee**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2024

	Notes	**Eighteen months ended 30 June 2024** *RMB'000*	Year ended 31 December 2022 *RMB'000* (Represented)
Revenue	*4*	**24,598**	129,321
Cost of sales and services		**(19,179)**	(118,492)
Gross profit		**5,419**	10,829
Other income and gains, net		**9,869**	14,529
Gain on conversion of convertible bond to shareholder loan		**–**	42,827
Loss on conversion of shareholder loan to contingent convertible loan		**–**	(72,719)
Fair value change of contingent convertible loan		**–**	(25,350)
Fair value loss on financial assets at fair value through profit or loss ("**FVTPL**")		**(4,376)**	(3,056)
Impairment losses on properties held for sale		**–**	(5,323)
Impairment losses of trade receivables and contract assets		**(1,515)**	(1,609)
Impairment losses on intangible assets		**–**	(7,148)
Selling and marketing expenses		**(2,432)**	(9,556)
General and administrative expenses		**(23,113)**	(23,884)
Finance costs	*6*	**(2,075)**	(13,125)
Share of results of investments accounted for using equity method		**–**	(75,034)

	Notes	Eighteen months ended 30 June 2024 *RMB'000*	Year ended 31 December 2022 *RMB'000* (Represented)
Loss before tax		**(18,223)**	(168,619)
Income tax (expenses)/credit	*7*	**(23)**	704
Loss for the period/year	*8*	**(18,246)**	(167,915)
(Loss)/profit attributable to:			
– Owners of the Company		**(16,084)**	(169,809)
– Non-controlling interest		**(2,162)**	1,894
		(18,246)	(167,915)
Other comprehensive expense:			
Item that maybe reclassified subsequently to profit or loss			
Currency translation differences		**(6,605)**	(6,040)
Other comprehensive expense for the period/year		**(6,605)**	(6,040)
Total comprehensive expense for the period/year		**(24,851)**	(173,955)
Total comprehensive (expense)/income attributable to:			
– Owners of the Company		**(22,689)**	(175,849)
– Non-controlling interests		**(2,162)**	1,894
		(24,851)	(173,955)
Loss per share for loss attributable to owners of the Company (RMB per share)			
– Basic and diluted	*10*	**(0.0150)**	(0.1668)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Notes	30 June 2024 RMB'000	31 December 2022 RMB'000
Non-current assets			
Property, plant and equipment		**27,462**	30,735
Investment properties		**28,936**	29,204
Right-of-use assets		**2,968**	2,738
Intangible assets		**25,425**	28,720
Investments accounted for using the equity method		**–**	–
Deposits, prepayment and other receivables	*13*	**20,785**	20,785
Total non-current assets		**105,576**	112,182
Current assets			
Biological assets		**–**	185
Inventories		**102**	371
Properties held for sale	*11*	**15,097**	15,097
Trade receivables	*12*	**5,113**	14,518
Contract assets		**–**	260
Deposits, prepayments, and other receivables	*13*	**75,658**	63,697
Financial assets at FVTPL		**–**	4,376
Restricted cash		**42**	578
Cash and cash equivalents		**4,460**	46,025
Total current assets		**100,472**	145,107
Assets classified as held for sale		**1,203**	–
Total assets		**207,251**	257,289

	Note	30 June 2024 RMB'000	31 December 2022 RMB'000
Current liabilities			
Trade payables	*14*	**10,754**	26,508
Accruals, other payables, deposits received and contract liabilities		**106,628**	107,817
Amount due to a joint venture		**–**	9,080
Amounts due to related parties		**23,867**	23,867
Loan from a shareholder		**5,052**	1,500
Financial liabilities at FVTPL		**–**	25,690
Lease liabilities		**2,061**	2,126
Financial guarantees		**–**	851
Income tax payable		**3,282**	5,868
Total current liabilities		**151,644**	203,307
Net current liabilities		**(49,969)**	(58,200)
Total assets less current liabilities		**55,607**	53,982
Non-current liabilities			
Loan from a shareholder		**–**	2,919
Amount due to a joint venture		**9,998**	8,792
Lease liabilities		**5,243**	4,315
Total non-current liabilities		**15,241**	16,026
NET ASSETS		**40,366**	37,956
Capital and reserves			
Share capital		**261,865**	261,475
Reserves		**(251,607)**	(255,789)
		10,258	5,686
Non-controlling interests		**30,108**	32,270
TOTAL EQUITY		**40,366**	37,956

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

ShiFang Holding Limited (the "**Company**") was incorporated as an exempted company with limited liability in the Cayman Islands on 9 December 2009. The Company changed the domicile of the Company from the Cayman Islands to Bermuda by way of discontinuation in the Cayman Islands and continuation as an exempted company under the laws of Bermuda. The change has been effective on 18 March 2019 (Bermuda time).

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The address of its principal place of business of the Company is 6/F, Hua Fu Mansion, No. 121 Gutian Road, Gulou District, Fuzhou, Fujian Province, the People's Republic of China (the "**PRC**").

The principal activity of the Company is investment holding. Details of the principal activities of the Company's subsidiaries are (i) provision of publishing and advertising services and (ii) provision of tourism services and integrated development projects.

The functional currencies of the Company and the subsidiaries (hereinafter collectively referred to as the "**Group**") incorporated in the PRC are Renminbi ("**RMB**") while that of the subsidiaries established in Hong Kong are Hong Kong dollars ("**HK$**"). For the purpose of presenting the consolidated financial statements, the Group adopted RMB as its presentation currency which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

Change of financial year end date

Pursuant to a resolution of the board of directors (the "**Board**") passed on 29 December 2023, the Company's financial year end date was changed from 31 December to 30 June. Accordingly, the current financial period covers a 18-months period from 1 January 2023 to 30 June 2024. The comparative figures cover a 12-months period from 1 January 2022 to 31 December 2022, which may not be comparable with amounts shown for the current period.

Going concern

For the eighteen months ended 30 June 2024, the Group incurred a net loss of RMB18,246,000 during the eighteen months ended 30 June 2024 and, as at 30 June 2024, the Group's current liabilities exceeded its current assets by RMB49,969,000 while the Group had cash and cash equivalents of approximately RMB4,460,000 only. These conditions indicate that material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern.

In light of the above, the directors of the Company have assessed the appropriateness of adopting the going concern basis for the preparation of the consolidated financial statements for the eighteen months ended 30 June 2024. In order to improve the Group's liquidity and financial position, the directors of the Company have been implementing various measures as follows:

(i) The Group has successfully obtained a borrowing facility of RMB20,000,000 from a company wholly-owned by a major shareholder of the company on 1 August 2021. RMB1,500,000, RMB2,919,000 and RMB633,000 had been drawn in the years ended 31 December 2021 and 2022 and eighteen months ended 30 June 2024 respectively. The borrowing will be repayable in two years from the date of drawdown with an interest rate of 5% per annum. On 6 March 2023, the repayment period of facility was extended from repayable in two years to repayable in four years from the date of drawdown. In addition, the major shareholder has issued a letter of financial support to the Company for the period of eighteen months from 30 June 2024 to enable the Group to meet its liabilities as and when they fall due and to carry on its business without a significant curtailment of operations;

(ii) The Group has obtained written confirmations from the directors and related parties which confirmed that they will not demand the Group for repayment of the amounts due by the Group in aggregate of RMB28,354,000 for the next twelve months from 30 June 2024;

(iii) The Group is closely monitoring the progress of the Group's tourism project in Yongtai County in the PRC. As there were certain delays in the preparation work, the Group has revised the plan and anticipates the project will be ready for commercial operation in 2025. The directors are confident that the Group would be able to commence the commercial operations of the tourism project in Yongtai County in 2025 which would start to generate income and operating cash inflows to the Group;

(iv) The Group is in negotiation with certain potential investors to raise fund to finance the capital investments for its tourism and integrated development projects;

(v) The Group is maximising its efforts to dispose its properties held for sales with a carrying amount of approximately RMB15,097,000 as at 30 June 2024 and expected to collect the sales proceeds within the cashflow forecast period;

(vi) The Company is in the process of finalising the recission in relation to the acquisition of the entire issued capital and shareholders' loan from the vendor completed during the year ended 31 December 2022 and exploring the possibility of engaging a placing agent to place the consideration shares to independent third party placees;

(vii) The Group will continue to take initiatives to implement cost control measures, including adjustment to management remuneration and streamlining administrative costs; and

(viii) The Group will continue its efforts to implement measures to strengthen its operating cash flows and working capital position, including expediting collection of outstanding trade receivables, obtaining additional sources of financing and deferring discretionary capital expenditures, where necessary.

The directors have reviewed the Group's cashflow forecast prepared by management which covers a period of not less than twelve months from 30 June 2024.

The directors, after making due enquiries and considering the basis of management's cashflow forecast described above and after taking into account the reasonably possible changes in the operation performance, believe there will be sufficient financial resources available to the Group at least in the coming twelve months after the balance sheet date to meet its financial obligations as and when they fall due. Accordingly, the directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, a material uncertainty exist as to whether management of the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through achieving the below plans and measures:

(i) Successful draw down of financial resources from the above-mentioned (i) borrowing facility from the company wholly-owned by the major shareholder and (ii) financial support from the major shareholder, as and when required;

(ii) Successful implementation of measures to complete the preparation work and commence the commercial operation of the Group's tourism and integrated development projects as planned;

(iii) Successful in raising funds to finance the Group's capital investments for its tourism and integrated development projects;

(iv) Successful of finalising the recission in relation to the acquisition and placing the consideration shares to independent third party placees;

(v) Successful in disposal of its properties held for sale and collection of sales proceeds as planned; and

(vi) Successful implementation of measures to control operating costs, expedite collection from customers, obtain additional sources of financing when needed and deferring discretionary capital expenditures where necessary, so as to improve the Group's cash flow position.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Application of new and amendments to IFRSs

In the current year, the Group has applied, for its first time, the following new and amendments to IFRSs issued by the IASB which are effective for the Group's financial period beginning on 1 January 2023.

Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules
IFRS 17	Insurance Contracts

Amendments to IFRSs issued but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1	Non-current Liabilities with Covenants[1]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements[1]
Amendments to IAS 21	Lack of Exchangeability[2]

[1] Effective for annual periods beginning on or after 1 January 2024

[2] Effective for annual periods beginning on or after 1 January 2025

[3] Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of the new and amendments to IFRSs will have no material impact on the results and the financial position of the Group.

4. REVENUE

	Eighteen months ended 30 June 2024 *RMB'000*	Year ended 31 December 2022 *RMB'000*
Revenue from contracts with customers:		
– Newspaper and public vehicles advertising	**3,715**	6,478
– Marketing and consulting services	**16,866**	54,142
– Printing services	**74**	2,959
– Sales of agricultural products	**2,071**	61,304
– Others	**1,424**	3,830
	24,150	128,713
Revenue from other sources:		
– Property rental income from operating leases	**448**	608
	24,598	129,321
Timing of revenue recognition:		
At a point in time	**22,986**	128,609
Over time	**1,164**	104
Total revenue from contracts with customers	**24,150**	128,713

Transaction price allocated to the remaining performance obligations

All of the Group's remaining performance obligations for contracts with customers are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. SEGMENT INFORMATION

The Group identifies its operating segments and prepared segment information based on the regular internal financial information reported to the Group's executive directors, being the chief operating decision maker ("**CODM**") for the purpose of resources allocation to the Group's business components and review of these components' performance.

The Group is organised into business units based on their products and services, and has reportable operating segments as follows:

a. Publishing and advertising segment, which mainly included provision of the advertising services, marketing and consulting services, printing services and agency commission from sales of service pack; and

b. Tourism and integrated developments segment, which mainly included provision of tourism and integrated services through its media, resort and eco-tourism integrated development projects and sales of agricultural products, including the Yongtai Distinctive Town Project and Cooperative Project in YongFu Town.

The Executive Directors assess the performance of the operating segments based on a measure of earnings before interest, other income and other gains, net and income tax. This measurement basis excludes the effects of non-recurring expenditure from operating segments. Loss on conversion of shareholder loan to contingent convertible loan, gain on conversion of convertible bond to shareholder loan, fair value change of contingent convertible loan, share of results of investments accounted for using the equity method, fair value loss on financial assets at FVTPL, impairment losses of properties held for sales, fair value changes on investment properties, interest income and finance costs are not allocated to segment. No analysis of segment assets and liabilities is regularly provided to the CODM.

As the CODM considers most of the Group's consolidated revenue and results are attributable to the market in the PRC and the Group's consolidated assets are substantially located in the PRC, no geographical information is presented.

Segment revenue and segment results

The table below shows the segment results and other segment items provided to the CODM for the reportable segments for the eighteen months ended 30 June 2024.

	Publishing and advertising *RMB'000*	Tourism and integrated developments *RMB'000*	Total *RMB'000*
Segment revenue from external customers	**22,527**	**2,071**	**24,598**
Timing of revenue recognition:			
– At a point in time	**20,915**	**2,071**	**22,986**
– Over time	**1,164**	**–**	**1,164**
Revenue from contracts with customers	**22,079**	**2,071**	**24,150**
Revenue from other sources	**448**	**–**	**448**
	22,527	**2,071**	**24,598**
Segment results	**(18,580)**	**(3,061)**	**(21,641)**
Reconciliation:			
Other income and gain, net			**9,869**
Fair value loss on financial assets at FVTPL			**(4,376)**
Finance costs			**(2,075)**
Loss before tax			**(18,223)**
Income tax expenses			**(23)**
Loss for the period			**(18,246)**

The table below shows the segment results and other segment items provided to the CODM for the reportable segments for the year ended 31 December 2022.

	Publishing and advertising *RMB'000*	**Tourism and integrated developments** *RMB'000*	**Total** *RMB'000*
Segment revenue from external customers	68,017	61,304	129,321
Timing of revenue recognition:			
– At a point in time	67,305	61,304	128,609
– Over time	104	–	104
Revenue from contracts with customers	67,409	61,304	128,713
Revenue from other sources	608	–	608
	68,017	61,304	129,321
Segment results	(22,705)	(11,719)	(34,424)
Reconciliation:			
Other income and gains, net			14,529
Loss on conversion of shareholder loan to contingent convertible loan			(72,719)
Gain on conversion of convertible bond to shareholder loan			42,827
Fair value change of contingent convertible loan			(25,350)
Share of losses of investment accounted for using the equity method			(75,034)
Impairment loss of properties held for sales			(5,323)
Finance costs			(13,125)
Loss before tax			(168,619)
Income tax credit			704
Loss for the year			(167,915)

Information about major customer

Revenue from customer of the corresponding period/year contributing over 10% of the total revenue of the Group are as follows:

	Eighteen months ended 30 June 2024 *RMB'000*	Year ended 31 December 2022 *RMB'000*
Customer A *(Note)*	**16,866**	53,863

Note: Revenue from publishing and advertising segment

6. FINANCE COSTS

	Eighteen months ended 30 June 2024 *RMB'000*	Year ended 31 December 2022 *RMB'000* (Represented)
Interest on bank borrowings	**–**	309
Interest on lease liabilities	**502**	314
Interest on loan from a shareholder	**367**	10,057
Interest on convertible bonds	**–**	5,953
Interest on loan from a joint venture	**1,206**	92
Discounting impact on loan from a joint venture	**–**	(3,600)
	2,075	13,125

7. INCOME TAX

Income tax has been recognised in profit or loss as following:

	Eighteen months ended 30 June 2024 *RMB'000*	Year ended 31 December 2022 *RMB'000*
Current tax		
– PRC Enterprise Income Tax	**23**	184
– Hong Kong	**–**	–
	23	184
Deferred tax	**–**	(888)
Income tax expenses/(credit)	**23**	(704)

The Group has no assessable income arising in or derived from Hong Kong during the eighteen months ended 30 June 2024 and the year ended 31 December 2022.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC companies is 25% for the eighteen months ended 30 June 2024 (year ended 31 December 2022: 25%).

Pursuant to the rules and regulations of the Bermuda, the Cayman Islands and the British Virgin Islands (the "**BVI**"), the Group is not subject to any taxation under the jurisdictions of the Bermuda, the Cayman Islands and the BVI. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

8. LOSS FOR THE PERIOD/YEAR

Loss for the period/year has been arrived at after charging/(crediting):

	Eighteen months ended 30 June 2024	Year ended 31 December 2022
	RMB'000	*RMB'000*
Employee benefit expenses (including directors' remuneration)		
– Salaries and welfare	**9,563**	17,868
– Defined contributions	**1,089**	1,542
	10,652	19,410
Auditor's remuneration	**1,500**	4,258
Cost of inventories recognised as expenses		
– Cost of services and inventories sold	**19,168**	59,999
Amortisation of intangible assets	**3,295**	1,078
Depreciation of property, plant and equipment	**2,922**	3,367
Depreciation of right-of-use assets	**647**	717
Net change in provision for impairment of trade receivables and contract assets	**1,515**	1,609
Impairment loss of properties held for sale	**–**	5,323
Net foreign exchange losses/(gain)	**4,303**	(5,231)
Expenses relating to short term leases	**24**	422

9. DIVIDENDS

No dividend was paid or proposed during the eighteen months ended 30 June 2024, nor has any dividend been proposed since the end of the reporting period (year ended 31 December 2022: Nil).

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following:

	Eighteen months ended 30 June 2024	Year ended 31 December 2022
	RMB'000	*RMB'000*
Loss		
Loss attributable to owners of the Company	**(16,084)**	(169,809)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**1,070,703**	1,018,193

The diluted loss per share is the same as the basic loss per share as the computation of diluted loss per share does not assume the exercise of the Company's share options since their exercise would result in an anti-dilutive effect on loss per share for the eighteen months ended 30 June 2024 and year ended 31 December 2022.

11. PROPERTIES HELD FOR SALE

The Group's properties held for sale include the following:

	As at 30 June 2024 *RMB'000*	As at 31 December 2022 *RMB'000*
Properties held for sale	**15,097**	15,097

The properties in the PRC were received in exchange of advertising services to real estate developers in the PRC. The Group's intention is to sell these properties and, accordingly, such rights are recognised as properties held for sale upon the completion of the advertising sales transaction if the related properties are ready to be sold.

Management assessed the fair value less costs to sell of the properties with reference to their market value with the assistance of an independent property valuer. Valuation methodologies used in the valuation included direct market comparable approach and income approach which are within Level 2 and Level 3 of the fair value hierarchy respectively. For direct market comparable approach, observable inputs other than quoted prices within Level 1 included market price of comparable properties adjusted having regard to the location, size and nature of the properties (Level 2). For income approach, unobservable inputs included expected rent income, growth rate and discount rate (Level 3). There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year. For the eighteen months ended 30 June 2024, the management compared the carrying amount and fair value less costs to sell of the properties and no impairment provision has been recognised (year ended 31 December 2022: impairment of RMB5,323,000).

12. TRADE RECEIVABLES

	As at 30 June 2024 *RMB'000*	As at 31 December 2022 *RMB'000*
Receivables at amortised cost comprised:		
Trade receivables	**15,840**	23,730
Less: allowance for impairment of trade receivables	**(10,727)**	(9,212)
	5,113	14,518

The Group allows credit period ranging from 30 to 365 days to its trade customers. The following is an aging analysis of trade receivables net of allowance for impairment of trade receivables presented based on the invoice date, at the end of the reporting period.

	As at 30 June 2024 RMB'000	As at 31 December 2022 RMB'000
0 to 30 days	**34**	13,925
31 to 60 days	**–**	714
61 to 180 days	**–**	888
181 to 365 days	**3,380**	1,099
Over 1 year	**12,426**	7,104
	15,840	23,730
Less: provision for impairment of trade receivables	**(10,727)**	(9,212)
	5,113	14,518

The Group does not hold any collateral as security.

13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2024 RMB'000	As at 31 December 2022 RMB'000
Non-current portion		
Prepayment for township development *(Note (a))*	**16,100**	16,100
Prepayment for property, plant and equipment	**4,685**	4,685
	20,785	20,785
Current portion		
Prepayments	**7,047**	1,559
Rental deposits	**2,664**	500
Deposits and other receivables	**13,947**	9,638
Deposits for marketing and promotion contracts *(Note (b))*	**52,000**	52,000
	75,658	63,697

Notes:

(a) Prepayment for township development

Pursuant to the framework agreement entered into by the Group with Yongtai Government on 15 September 2017, Yongtai Government agreed to form a long-term strategic cooperation with the Group regarding the development and operation of the Township Project. Under the framework agreement, the Group shall pay a deposit of RMB50,000,000 to Yongtai Government, which was intended to be utilised for participating in open tender auctions to be organised by the Yongtai Government for land use rights, assets, grant of lease and/or operation rights circulation within the project site.

During the year ended 31 December 2017, the Group entered into an operation right agreement with the Yongtai Government for the acquisition of a 40-years' exclusive operation right to develop, construct, manage and operate commercial activities such as tourism, sightseeing, resort, culture, sports and entertainment in the operation site at a consideration of RMB28,000,000. The consideration of RMB28,000,000 was deducted from the RMB50,000,000 refundable deposit placed by the Group with Yongtai Government under the framework agreement. The prepayment of RMB28,000,000 had been utilised upon completion of the acquisition on 19 April 2018. RMB5,000,000 and RMB900,000 had been refunded by the Government during the year ended 31 December 2019 and 2021 respectively.

As at 30 June 2024, the remaining amount of RMB16,100,000 (31 December 2022: RMB16,100,000) is intended to be utilised for township development and is classified as a prepayment for township development. As at 30 June 2024, RMB4,685,000 (31 December 2022: RMB4,685,000) represented prepayment for property, plant and equipment of Yongtai Township development project.

(b) Deposits for marketing and promotion contracts

As at 30 June 2024, deposits for marketing and promotion contracts represent cash paid by the Group to a property developer in the PRC in relation to exclusive marketing and promotion services agreements between the Group and the property developer. Pursuant to the agreements, the Group has obtained rights as the sole marketing and promotion services provider for two real estate development projects owned by the property developer for terms of 3 years over the selling period of the real estate development projects. These deposits will, amongst other terms and conditions, be repayable to the Group after the Group meet the sales target as stated in the agreements.

14. TRADE PAYABLES

	As at 30 June 2024 *RMB'000*	As at 31 December 2022 *RMB'000*
Trade payables	**10,754**	26,508

The credit period is generally ranging from 30 to 365 days. The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period.

	As at 30 June 2024 *RMB'000*	As at 31 December 2022 *RMB'000*
0 to 30 days	**–**	14,940
31 to 90 days	**–**	2,958
Over 90 days	**10,754**	8,610
	10,754	26,508

15. CONVERTIBLE BONDS

On 24 January 2019, the Company entered into the convertible bond subscription agreement with TopBig International Development Limited (the "**Subscriber**"), a company wholly-owned by Mr. Chen Zhi, an Executive Director and a shareholder of the Company, pursuant to which the Company conditionally agreed to issue, and the Subscriber conditionally agreed to subscribe for, 3% per annum convertible bonds (the "**Convertible Bonds**") in the aggregate principal amount of HK$250,000,000 (equivalent to RMB215,750,000).

The initial conversion price of the Convertible Bonds is HK$0.24 per conversion share. The Convertible Bonds matures at the day falling on the third anniversary of the date of issue of the Convertible Bonds and the conversion period covers the period commencing on the date of issue of the Convertible Bonds and ending on the maturity date.

On 23 April 2019, the Convertible Bonds were issued. The initial value of the liability component was calculated using a market interest rate for an equivalent non-convertible bond of the Company.

The convertible bonds are presented as follows:

	As at 30 June 2024	As at 31 December 2022
	RMB'000	*RMB'000*
As at 1 January	**–**	181,356
Interest accrued *(Note (a))*	**–**	5,954
Conversion during the period/year *(Note (b))*	**–**	(187,310)
As at 30 June/31 December	**–**	–

Notes:

(a) Interest expense is calculated by applying the effective interest rate of 11.5% per annum to the liability component.

(b) On 22 April 2022, the conversion option of convertible bonds remained unexercised and it was lapsed. The Group and the Subscriber entered into a loan agreement where the outstanding convertible bonds were replaced by a 2-year loan from Top Big International Development Limited with face value of RMB187,310,000 at an interest rate of 3% p.a. (the "**shareholder loan**"). The shareholder loan was recognised and initially measured at fair value of RMB144,484,000 (equivalent to approximately HK$174,363,000). A gain of RMB42,827,000 have been recognised in the Group's profit or loss. The Group's shareholder loan were valued by Valplus Consulting Limited, an independent professionally qualified valuer who holds a recognised relevant professional qualification. Management assessed the fair value of shareholder loan using discounted cash flow method and the discount rate is reference to comparable bonds in the market with scimitar credit rating. The shareholder loan were classified as Level 2 under the fair value hierarchy. There were no transfer between any levels during the year.

    On 30 July 2022, the shareholder loan subsequently derecognised upon entering into the Loan Capitalisation Agreement.

16. COMPARATIVE FIGURES

Certain comparative figures have been represented to conform with current period presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

According to the data published by the National Bureau of Statistics on 15 September 2024, upon preliminary calculation, China's gross domestic product (GDP) amounted to RMB61,683.6 billion in the first half year, representing a year-on-year growth of 5.0% at constant prices. When observing from a global perspective, the GDP growth rate in the first quarter exceeded those in the United States, the Eurozone, Japan and other countries. Taking into account the domestic and foreign situation in the second quarter, it is expected that China's economic growth rate will continue its forefront position and remain an important engine of global economic growth and a stabilising force in the first half year.

On a quarterly basis, the GDP grew by 5.3% in the first quarter and 4.7% in the second quarter. On a quarter-on-quarter basis, the GDP grew by 0.7% in the second quarter.

The service sector continued its recovery. In the first half year, the added value of the agriculture industry (plantation industry) increased by 4.0% year-on-year. Total national summer grain production amounted to 149.78 million tonnes, up by 3.63 million tonnes or 2.5% over the previous year. The added value of industries above the designated size increased by 6.0% year-on-year, and the added value of the service sector increased by 4.6% year-on-year.

Market sales maintained their growth and the scale of fixed asset investments expanded. In the first half year, total retail sales of social consumer goods amounted to RMB23,596.9 billion, representing a year-on-year increase of 3.7%. National fixed asset investments (excluding farmers) were RMB24,539.1 billion, representing a year-on-year increase of 3.9%. Excluding the investments in real estate development, national fixed asset investments increased by 8.5%.

Imports and exports of goods grew at a faster pace, and the trade structure continued to optimise. In the first half year, total imports and exports of goods amounted to RMB21,168.8 billion, representing a year-on-year increase of 6.1%. General trade imports and exports grew by 5.2%, accounting for 65.0% of total imports and exports.

Consumer prices rose moderately and the employment situation was generally stable. In the first half year, the national consumer price index (CPI) rose by 0.1% year-on-year, and the core CPI after deducting food and energy prices rose by 0.7% year-on-year. The average national urban survey unemployment rate was 5.1%, down by 0.1 percentage points from the first quarter and 0.2 percentage points from the same period of last year.

Residents income continued to grow. In the first half year, the national per capita disposable income was RMB20,733, a nominal increase of 5.4% year-on-year or an actual increase of 5.3% after deducting the price factor.

According to the data from Media Intelligence of CTR, the overall advertising market achieved a year-on-year growth of 2.7% in the first half of 2024. Advertising on railway/high-speed railway stations, elevator LCDs and elevator posters grew by 9.4%, 22.9% and 16.8% year-on-year, respectively, while spending on other advertising channels showed a year-on-year decline in various degrees. In terms of monthly performance in June, advertising on elevators, televisions, elevator posters, cinema videos and railway/high-speed railway stations all showed year-on-year growth. On a quarter-on-quarter basis, there were increases in various channels for outdoor scenarios, such as street facilities, metros, airports and elevator posters.

Business Review

For the eighteen months ended 30 June 2024, the Group recorded a revenue of RMB24.6 million (year ended 31 December 2022: RMB129.3 million) in its principal business. Gross profit was RMB5.4 million (year ended 31 December 2022: RMB10.8 million), and gross profit margin increased from 8.4% in the year ended 31 December 2022 to 22.0% in the eighteen months ended 30 June 2024. Net loss after taxation decreased to approximately RMB18.2 million in the eighteen months ended 30 June 2024 (year ended 31 December 2022: RMB167.9 million).

FINANCIAL REVIEW

Revenue

Total revenue was RMB24.6 million for the eighteen months ended 30 June 2024 and RMB129.3 million for the year ended 31 December 2022, primarily due to the decrease in revenue from sales of agricultural products. Revenue from marketing and consulting services was RMB16.9 million for the eighteen months ended 30 June 2024 and RMB54.1 million for the year ended 31 December 2022. Revenue from newspaper and public vehicle advertising was RMB3.7 million for the eighteen months ended 30 June 2024 and RMB6.5 million for the year ended 31 December 2022. Revenue from sales of agricultural products RMB2.1 million for the eighteen months ended 30 June 2024 and RMB61.0 million for the year ended 31 December 2022. Revenue from printing services was RMB0.1 million for the eighteen months ended 30 June 2024 and RMB3.0 million for the year ended 31 December 2022.

Gross profit and gross profit margin

Gross profit was RMB5.4 million for the eighteen months ended 30 June 2024 and RMB10.8 million for the year ended 31 December 2022. Gross profit margin increased from 8.4% in the year ended 31 December 2022 to 22.0% in the eighteen months ended 30 June 2024, which was primarily attributable to the decrease in revenue from sales of agricultural products, which contributed a lower gross profit margin.

Other income and gains, net

Other income and gains, net was RMB9.8 million for the eighteen months ended 30 June 2024 and RMB14.5 million for the year ended 31 December 2022. Mainly due to a decrease of RMB3.5 million change in fair value on financial liabilities at FVTPL.

Selling and marketing expenses

Selling and marketing expenses decreased to RMB2.4 million for the eighteen months ended 30 June 2024 from RMB9.6 million for the year ended 31 December 2022, mainly due to the decrease in selling and marketing expenses of the sales of agricultural products.

General and administrative expenses

General and administrative expenses were RMB23.1 million for the eighteen months ended 30 June 2024 and RMB23.9 million for the year ended 31 December 2022, mainly due to a decrease of RMB8.8 million in total staff costs (including directors' remuneration).

Loss before income tax

As a result of the above, the loss before income tax was RMB18.2 million for the eighteen months ended 30 June 2024 and RMB168.6 million for the year ended 31 December 2022.

Loss for the period

The Group recorded a net loss for the year was RMB18.2 million for the eighteen months ended 30 June 2024 and RMB167.9 million for the year ended 31 December 2022. Decrease in loss for the period was mainly attributable to (i) one-off impact on loss on conversion of shareholder loan, to contingent convertible loan of RMB72.7 million; and (ii) share of loss of investments accounted for using the equity method of RMB75.0 million for the year ended 31 December 2022.

Loss attributable to non-controlling interests

As a result of the above factors, loss attributable to non-controlling interests was RMB2.2 million for the eighteen months ended 30 June 2024 and RMB1.9 million for the year ended 31 December 2022.

Loss attributable to owners of the Company

As a result of the above factors, loss attributable to owners of the Company decreased from RMB169.8 million for the year ended 31 December 2022 to RMB16.1 million for the eighteen months ended 30 June 2024.

Liquidity and capital resources

As at 30 June 2024, the Group had total assets of approximately RMB207.3 million (31 December 2022: RMB257.3 million) and total borrowings (including amount due to a joint venture, loan from a shareholder and financial liabilities at FVTPL and lease liabilities) totalling approximately RMB22.3 million (31 December 2022: RMB54.4 million), representing a gearing ratio, defined as total borrowings over total assets, of approximately 10.8% ((31 December 2022: 21.2%).

The Group had net current liabilities of approximately RMB50.0 million (31 December 2022: RMB58.2 million), calculated on the basis of the current assets of approximately RMB101.7 million (31 December 2022: RMB145.1 million) divided by current liabilities of approximately RMB151.6 million (31 December 2022: RMB203.3 million), representing a current ratio of approximately 0.7 (31 December 2022: 0.7).

As at 30 June 2024, the Group had cash and bank balances of approximately RMB4.5 million (31 December 2022: RMB46.6 million), including restricted cash of RMB42,000.

Capital expenditures

Capital expenditures incurred during the period are mainly for the purchase or construction costs related to property, plant and equipment. Capital expenditures were RMB0.8 million and RMB1 million for the eighteen months ended 30 June 2024 and year ended 31 December 2022, respectively.

Trade receivables

The aging analysis of the Group's trade receivables based on invoice dates is set out in Note 12 to the consolidated financial statements.

Trade receivables decreased by 64.8% from RMB14.5 million as at 31 December 2022 to RMB5.1 million as at 30 June 2024. Such decrease was mainly attributable to a decrease of RMB104.7 million in total revenue.

Prepayments, deposits and other receivables

The non-current prepayments, deposits and other receivables maintained at RMB20.8 million as at 30 June 2024, while the current prepayments, deposits and other receivables slightly increased from RMB63.7 million as at 31 December 2022 to RMB75.7 million as at 30 June 2024, mainly due to an increase of RMB5.4 million in prepayment for the Kungfu Distinctive Town Project.

Properties held for sale

As at 30 June 2024, properties held for sale amounted to approximately RMB15.1 million (31 December 2022: RMB15.1 million). The properties in the PRC were received in exchange of advertising services to real estate developers in the PRC. The Group's intention is to sell these properties, accordingly, such rights are recognised as properties held for sale upon the completion of the advertising sales transaction if the related properties are ready to be sold.

Management assessed the fair value less costs to sell of the properties with reference to their market value with the assistance of an independent property valuer. For the eighteen months ended 30 June 2024, the management compared the carrying amount and fair value less costs to sell of the properties made no impairment provision based on the valuation of the valuer (year ended 31 December 2022: RMB5,323,000).

Trade payables

The aging analysis of the Group's trade payables based on invoice dates is set out in Note 14. Trade payables decreased from approximately RMB26.5 million as at 31 December 2022 to RMB10.8 million as at 30 June 2024. Turnover days of trade payables increased from 109 days for the year ended 31 December 2022 to 355 days for the eighteen months ended 30 June 2024 due to (i) a decrease of RMB4.5 million in marketing agency fee payable; and (ii) a significant decrease of purchases of agricultural products for sale.

Other payables, accrued expenses and contract liabilities

The current other payables, accrued expenses and contract liabilities decreased from RMB107.8 million as at 31 December 2022 to RMB106.6 million as at 30 June 2024, mainly due to a decrease of RMB1.4 million in performance deposit for marketing agency fee.

Share capital

(a) On 30 July 2022, the Group and Top Big International Development Limited (the "**Shareholder**"), a company wholly-owned by Mr. Chenzhi, an executive Director and a Shareholder of the Company, entered into the Loan Capitalisation Agreement where the Company conditionally agreed to issue, and the Shareholder agreed to subscribe for 383,636,331 convertible preference shares (the "**CPS**") at the subscription price of HK$0.57 per CPS, to settle the entire outstanding balance (including the principal and interest) of the shareholder's loan. The completion of the Loan Capitalisation is subject to satisfaction of conditions precedent. Before the fulfilment of all conditions, this arrangement was recognised as contingent convertible loan and loss of RMB72,719,000 was recognised for the difference between the carrying amount of the shareholder's loan and the initial fair value of the contingent convertible loan.

On 4 November 2022, the issuance of the CPS was approved by the independent shareholders of the Company at a special general meeting and the authorised share capital of the Company has increased to HK$1,100,000,000, comprising: (a) 100,000,000,000 ordinary shares of HK$0.01 each; and (b) 10,000,000,000 non-voting Convertible Preference Shares of HK$0.01 upon the resolution passed at the Special General Meeting. The Loan Capitalisation was approved by the stock exchange on 9 November 2022. Therefore, contingent convertible loan was remeasured on 9 November 2022 and fair value loss of RMB25,350,000 was recognised.

On 11 November 2022, 383,636,331 Convertible Preference Shares were allotted and issued to the TopBig International Development Limited under the Convertible Preference Shares Specific Mandate at the subscription price of HK$0.57 per Convertible Preference Shares, in full and final settlement of the entire outstanding balance of the TopBig International Development Limited's Loan (including principal and interest) owed by the Group to the TopBig International Development Limited.

The Group's contingent convertible loan was valued by Valplus Consulting Limited, an independent professionally qualified valuer who holds a recognised relevant professional qualification. Management assessed the fair value of contingent convertible loan as at 30 July 2022 with reference to total market capitalisation of the Group, fair value of shareholder loan and control premium. Management assessed the fair value of contingent convertible loan as at 9 November 2022 with reference to total market capitalisation of the Group and control premium. The contingent convertible loan was classified as Level 3 under the fair value hierarchy. There were no transfer between any levels during the year.

The Group's management reviewed the valuations performed by the independent valuer for financial reporting purposes. The management reported directly to the directors. Discussions of valuation processes and results were held between management and the valuer. The management and the directors verified major inputs to the independent valuation reports and held discussion with the independent valuer on the valuation basis, processes and results.

(b) On 14 October 2022, 15 November 2022 and 27 February 2023, the convertible bonds with carrying amount of RMB27,063,000, RMB27,490,000 and RMB27,260,000, respectively, were converted based on the principal amount of HK$30,803,000, HK$30,803,000 and HK$30,803,000 at the conversion price of HK$0.7 and HK$0.7, respectively. As a result, 44,003,571, 44,003,571 and 44,003,571, respectively, new shares were issued and allotted.

Convertible bonds

On 24 January 2019, the Company entered into the convertible bond subscription agreement with TopBig International Development Limited (the "**Subscriber**"), a company wholly-owned by Mr. Chen Zhi, an Executive Director and a shareholder of the Company, pursuant to which the Company conditionally agreed to issue, and the Subscriber conditionally agreed to subscribe for, 3% per annum convertible bonds (the "**Convertible Bonds**") in the aggregate principal amount of HK$250,000,000 (equivalent to RMB215,750,000).

The initial conversion price of the Convertible Bonds is HK$0.24 per conversion share. The Convertible Bonds matures at the day falling on the third anniversary of the date of issue of the Convertible Bonds and the conversion period covers the period commencing on the date of issue of the Convertible Bonds and ending on the maturity date.

On 23 April 2019, the Convertible Bonds were issued. The initial value of the liability component was calculated using a market interest rate for an equivalent non-convertible bond of the Company.

Indebtedness

Indebtedness consists of obligations to lenders, including commercial banks and certain related parties and companies.

For the eighteen months ended 30 June 2024, the Group has successfully obtained a borrowing facility of RMB20,000,000 from a shareholder on 1 August 2021. RMB1,500,000 and RMB2,919,000 had been drawn in 2021 and 2022, respectively, and a further RMB633,000 had also been drawn in 2023. The borrowing will be repayable in two years from the date of drawdown with an interest rate of 5% per annum. On 6 March 2023, the borrowing period of facility was extended from repayable in two years to repayable in four years from the date of drawdown.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total assets, as shown in the consolidated balance sheet.

Gearing ratio as at 30 June 2024 was 10.8% (year ended 31 December 2022: 21.2%).

Commitments

(a) Operating lease commitments – as a lessor

The future aggregate minimum lease receipts under non-cancellable operating leases are as follows:

	30 June 2024	31 December 2022
	RMB'000	*RMB'000*
Not later than 1 year	**773**	652
Later than 1 year and not later than 5 years	**871**	2,116
	1,644	2,768

(b) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	30 June 2024	31 December 2022
	RMB'000	*RMB'000*
Property, plant and equipment	**3,043**	2,640

Contingent liabilities

As at 30 June 2024 and 31 December 2022, the Group had no material contingent liabilities.

Human resources

As at 30 June 2024, the Group had 110 employees (31 December 2022: 106). Total staff costs including directors' remuneration for the eighteen months ended were RMB10.7 million (year ended 31 December 2022: RMB19.4 million).

The remuneration of the directors is evaluated by the remuneration committee, which also makes recommendations to the Board. In addition, the remuneration committee reviews the performance, and determines the remuneration structure, of the Group's senior management.

The Company operates an employee share option scheme, the purpose of which is to incentivise or reward eligible individuals who provide services to the Company for their contributions and their continuing efforts to promote the interests of the Company, and for other purposes as the Board may approve from time to time. The employee share option scheme lapsed in November 2020.

Prospects

On 10 September 2024, the 2024 China Advertising Forum & CTR Insight Summit was held in Beijing. The data revealed that revenue from the advertising business of public institutions and enterprises above the designated size in China's advertising industry in 2023 amounted to RMB1.3 trillion, representing a year-on-year increase of 17.5%, ranked second in the world. In the first half of 2024, leading enterprises and public institutions in the advertising industry achieved a revenue of RMB648.50 billion in the advertising business, representing a year-on-year increase of 4.0%.

According to QuestMobile, as of June 2024, the scale of monthly active users on mobile internet reached 1.235 billion, representing a year-on-year increase of 1.8%. Unlike the four– or five-tier cities where users had previously supported the overall growth, new users in the first half year mainly came from first-tier cities, which also increased the proportion of first-tier users to 9.3% (a year-on-year increase of 1%), indicating a clear trend of people clustering in first-tier cities in the first half year.

The changes in the crowd have also brought changes in the usage in different sectors. Online entertainment, living consumption, education and job-hunting, tourism and travelling, shopping finance, and automobile consumption have become the "six highlighted sectors". In June 2024, the scale of monthly active users in the living service industry reached 865 million, with monthly per capita usage time of 222.8 minutes, representing a year-on-year increase of 4.5% and 4.8% respectively and indicating a significant recovery trend in urban living consumption, especially in local life and movie goings, where the scale of monthly active users increased by 11.1% and 22.7% year-on-year.

In the online entertainment sector, the monthly active users of short videos reached 989 million. In the education and job-hunting sectors, the monthly active users of education tools reached 133 million, representing a year-on-year increase of 14.5%. The total user scale in the tourism and travelling sector reached 1.067 billion, with the scales of monthly active users of travelling tools, flight services, hotel services, railway services, and vehicle services increased by 35%, 29.9%, 25.8%, 24.8%, and 16.2%, respectively. In the shopping finance and automobile consumption sectors, the scale of monthly active users of the mobile shopping industry reached 1.08 billion, representing a year-on-year increase of 3.5%, and the emerging APPs for banks and automobile enterprises are changing the traditional usage patterns in these two sectors.

The data from the National Bureau of Statistics revealed that, from January to May, the operating income of enterprises above the designated size of information transmission, software and information technology services grew by 11.2%. In the first half year, the online retail sales of physical commodities increased by 8.8% year-on-year, accounting for 25.3% of the total retail sales of social consumer goods.

Looking at the above, the Group's internet-based flower trading platform corresponds to the market development direction and the major consumption trend of residents. In addition, the Group's investment in cultural and tourism projects such as Kungfu Distinctive Town is also highly compatible with the consumption pattern of tourism and travelling. Leveraging these favourable factors, we expected to bring the Group an improved profit model and brand new market opportunities to expand our long-term sources of income.

DIVIDEND

The Board does not recommend the payment of any dividend for the eighteen months ended 30 June 2024.

CORPORATE GOVERNANCE CODE

The Company recognises the importance and value of achieving high standards of corporate governance practices. The Board believes that good corporate governance is an essential element in maintaining and promoting shareholder value and investor confidence.

The Company has adopted the principles and complied with the former and revised Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance since the date of the listing of the shares of the Company on the Main Board of the Stock Exchange on 3 December 2010 (the "**Listing Date**"), which shall also be revised from time to time in accordance with the Listing Rules. Saved as disclosed below, the Board considers the Company has complied with the code provisions as set out in the CG Code.

During the year under review, Mr. Chen Zhi acted as the Chairman and the CEO of the Company.

Code Provision A.2.1

Under Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Board met regularly to consider and review the major and appropriate issues which may affect the operations of the Company arising from the overlap of chairman and CEO. As such, the Board considers that the sufficient measures had been taken, and that either the overlap of chairman and CEO should not impair the balance of power and authority between the Board and the management.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by the Directors of Listed Issuers (the "**Model Code**") as set forth in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities by the directors of the Company. Specific enquiries have been made with all the incumbent directors of the Company and all of them confirmed and declared that they have complied with the required standards as set out in the Model Code during the eighteen months ended to 30 June 2024.

AUDIT COMMITTEE

The Audit Committee has been established in compliance with Rules 3.21 and 3.22 of the Listing Rules with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. The Audit Committee consists of three independent non-executive directors of the Company, namely Mr. Chai Chung Wai, Mr. Mao Xiangyun and Mr. Wei Hong. Mr. Chai Chung Wai is the chairman of the Audit Committee. The Audit Committee has reviewed the Group's unaudited consolidated financial statements for the eighteen months ended to 30 June 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the eighteen months ended to 30 June 2024.

SCOPE OF WORK OF PRISM HONG KONG LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the eighteen months ended to 30 June 2024 as set out in this announcement have been agreed by the Group's external auditor, Prism Hong Kong Limited, Certified Public Accountants, Hong Kong to the amounts set out in the Group's audited consolidated financial statements for the period. The work performed by Prism Hong Kong Limited, Certified Public Accountants in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Prism Hong Kong Limited, Certified Public Accountants on this announcement.

EXTRACT OF INDEPENDENT AUDITOR'S OPINION

The following is an extract of the independent auditor's report on the Group's audited consolidated financial statements for the eighteen months ended 30 June 2024.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2024, and of its consolidated financial performance and its consolidated cash flows for the eighteen months period ended 30 June 2024 in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to the Going Concern

We draw attention to note 2 to the consolidated financial statements, which indicates that the Group incurred a net loss of RMB18,246,000 during the eighteen months ended 30 June 2024 and, as at 30 June 2024, the Group's current liabilities exceeded its current assets by RMB49,969,000 while the Group had cash and cash equivalents of approximately RMB4,460,000 only. These conditions indicate that material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the websites of the Company (www. shifangholding.com) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the eighteen months ended 30 June 2024 containing all the information required by the Listing Rules will be dispatched to shareholders of the Company and made available on the abovementioned websites in due course.

By order of the Board
ShiFang Holding Limited
Chen Zhi
Chairman & Chief Executive Officer

Hong Kong, 30 September 2024

As at the date of this announcement, the executive directors of the Company are Mr. Chen Zhi (Chairman & Chief Executive Officer) and Mr. Chen Ye; the non-executive Director is Ms. Wang Bao Zhu; and the independent non-executive Directors are Mr. Chai Chung Wai, Mr. Mao Xiangyun and Mr. Wei Hong.