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.

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)

INTERIM RESULTS ANNOUNCEMENT FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2023

The board (the "**Board**") of directors (the "**Directors**") of ShiFang Holding Limited (the "**Company**") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the twelve months ended 31 December 2023 together with the comparative figures for the corresponding period in 2022.

The Company's previous auditors retired upon the conclusion of the Company's annual general meeting on 30 June 2023 and the Company has yet to fill the vacancy so created. The condensed consolidated interim financial information has not been audited or reviewed by the Company's auditors, but has been reviewed by the Company's audit committee (the "**Audit Committee**").

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2023

	Note	**31 December 2023 RMB'000 Unaudited**	31 December 2022 RMB'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment		**29,269**	30,735
Investment properties		**29,204**	29,204
Right-of-use assets		**2,022**	2,738
Intangible assets		**28,010**	28,720
Prepayments, deposits and other receivables		**20,785**	20,785
		109,290	112,182
Current assets			
Biological assets		**185**	185
Inventories		**–**	371
Properties held for sale		**15,097**	15,097
Financial assets at fair value through profit or loss		**4,376**	4,376
Trade receivables – net	*3*	**44,011**	14,518
Contract assets – net		**–**	260
Prepayments, deposits and other receivables		**64,224**	63,697
Restricted cash		**578**	578
Cash and cash equivalents		**9,867**	46,025
		138,338	145,107
Total assets		**247,628**	**257,289**
EQUITY			
Equity attributable to owners of the Company			
Share capital		**261,865**	261,475
Share premium		**136,454**	109,546
Other reserves		**180,457**	185,662
Accumulated deficits		**(577,979)**	(550,997)
		797	5,686
Non-controlling interests		**18,254**	32,270
Total equity		**19,051**	37,956

	Note	31 December 2023 RMB'000 Unaudited	31 December 2022 RMB'000 Audited
LIABILITIES			
Non-current liabilities			
Amount due to a joint venture		**8,792**	8,792
Lease liabilities		**2,191**	4,315
Loan from a shareholder		**–**	2,919
		10,983	16,026
Current liabilities			
Trade payables	*4*	**49,886**	26,508
Other payables and accrued expenses		**119,883**	107,817
Financial guarantees		**851**	851
Lease liabilities		**2,283**	2,126
Loan from a shareholder		**5,052**	1,500
Financial liabilities at fair value through profit or loss		**–**	25,690
Current income tax liabilities		**6,092**	5,868
Amounts due to related parties		**23,867**	23,867
Amount due to a joint venture		**9,680**	9,080
		217,594	203,307
Total liabilities		**228,577**	219,333
Total equity and liabilities		**247,628**	257,289

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2023

	Note	**Twelve months period ended 31 December 2023**	Year ended 31 December 2022
		RMB'000	*RMB'000*
		Unaudited	Audited
Revenue	*2*	**56,610**	129,321
Cost of sales		**(46,832)**	(118,492)
Gross profit		**9,778**	10,829
Selling and marketing expenses		**(1,867)**	(9,556)
General and administrative expenses		**(42,677)**	(23,884)
Impairment loss of properties held for sale		**–**	(5,323)
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)
Net fair value loss on financial assets at fair value through profit or loss		**–**	(3,056)
Provision for impairment of trade receivables and contract assets, net		**–**	(1,609)
Provision for impairment on goodwill and other intangible assets		**–**	(7,148)
Other income		**285**	109
Other (losses)/gains – net		**(7,456)**	14,404

	Note	Twelve months period ended 31 December 2023 RMB'000 Unaudited	Year ended 31 December 2022 RMB'000 Audited
Operating loss		**(41,937)**	(80,476)
Finance income		**5**	16
Finance costs		**(921)**	(13,125)
Finance costs – net		**(916)**	(13,109)
Share of loss of investments accounted for using the equity method		**–**	(75,034)
Loss before income tax	*5*	**(42,853)**	(168,619)
(Income tax)/income tax credit	*6*	**(34)**	704
Loss for the period		**(42,887)**	(167,915)
Loss attributable to:			
– Owners of the Company		**(28,153)**	(169,809)
– Non-controlling interests		**(14,734)**	1,894
		(42,887)	(167,915)

	Note	Twelve months period ended 31 December 2023 RMB'000 Unaudited	Year ended 31 December 2022 RMB'000 Audited
Loss for the period		**(42,887)**	(167,915)
Other comprehensive income			
Item that may be reclassified to profit or loss			
Currency translation differences		**–**	(6,040)
Other comprehensive loss for the period		**–**	(6,040)
Total comprehensive loss for the period		**(42,887)**	(173,955)
Total comprehensive loss attributable to:			
– Owners of the Company		**(28,153)**	(175,849)
– Non-controlling interests		**(14,734)**	1,894
		(42,887)	(173,955)
Loss per share for loss attributable to owners of the Company			
– Basic (RMB per share)	*7*	**(0.0265)**	(0.1668)
– Diluted (RMB per share)	*7*	**(0.0265)**	(0.1668)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1.1 General information

ShiFang Holding Limited (the "**Company**") is an investment holding company which, together with its subsidiaries (collectively, the "**Group**"), are principally engaged in the business of publishing and advertising (the "**Publishing and Advertising Businesses**") in the People's Republic of China (the "**PRC**"). The Group has been focusing on restructuring its Publishing and Advertising Businesses by consolidating with cultural media and film media business in PRC and diversifying into tourism and integrated developments.

The Company was incorporated in the Cayman Islands on 9 December 2009 as an exempted company with limited liability under the Companies Law (2009 Revision as amended, supplemented or otherwise modified) of the Cayman Islands. With effect from 18 March 2019 (Bermuda time), the Company changed its domicile of 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 address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda after the change of domicile.

The Company's shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information for the twelve months ended 31 December 2023 is unaudited but has been reviewed by the Audit Committee of the Company. This condensed consolidated interim financial information is presented in thousands of units of Renminbi (RMB'000), unless otherwise stated.

This condensed consolidated interim financial information has been approved for issue by the Board on 29 February 2024.

1.2 Basis of preparation

This condensed consolidated interim financial information for the twelve months ended 31 December 2023 has been prepared in accordance with International Accounting Standards ("**IAS**") 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

Going concern

For the twelve months ended 31 December 2023, the Group reported a net loss of approximately RMB42.9 million. As at 31 December 2023, the Group's current liabilities exceeded its current assets by RMB79.3 million while the Group had cash and cash equivalents of approximately RMB9.9 million. The above conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern.

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 twelve months ended 31 December 2023. 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 had been drawn in 2021 and a further RMB2,919,000 had also been drawn in 2022. 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 a period of eighteen months from 31 December 2022 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 RMB23,867,000 for the next eighteen months from 31 December 2022.

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

(iv) The Group is maximising its efforts to dispose its properties held for sales with a carrying amount of approximately RMB15.1 million as at 31 December 2023 and expected to collect the sales proceeds within the cashflow forecast period.

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

(vi) 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 and deferring discretionary capital expenditures, where necessary.

The directors, after making due enquiries and considering the basis of management's measures 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, material uncertainty exists 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 drawdown 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 completion of fund raising to finance the Group's capital investments for its tourism and integrated development projects;

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

(iv) 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; and

(v) Successful obtaining of additional sources of financing as and when needed.

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 which are prepared on a going concern basis.

1.3 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2022, as described in those annual financial statements except for those disclosed in the followings:

(a) New or amended standards adopted by the Group.

There are a number of new or amended standards and interpretations that become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adoption these standards.

(b) New standards and amendments to standards have been issued but are not yet early adopted by the Group.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for this reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

1.4 Estimates

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements for the year ended 31 December 2022.

2 Segment and revenue information

The Executive Directors have been identified as the chief operating decision maker ("**CODM**"). Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance.

The Group has two business segments, namely (i) Publishing and advertising segment and (ii) Tourism and integrated developments segment.

The Executive Directors assess the performance of the operating segments based on a measure of earnings before other income, other gains – net, finance costs – net and income tax. This measurement basis excludes the effects of non-recurring expenditure from operating segments. Finance cost are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group. No analysis of segment assets and liabilities is regularly provided to the Executive Directors.

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.

As at 31 December 2023, the Executive Directors considered the nature of the Group's business and determined that the Group has two reportable operating segments as follows:

(i) Publishing and advertising segment, which mainly included provision of the newspaper and public vehicles advertising services, marketing and consulting services, and printing services.

(ii) Tourism and integrated developments and sale of agricultural products segment, which mainly included provision of tourism and integrated services through its media, resort and eco-tourism integrated development projects and the sales of agricultural products, including the Beijing Shihua Caves Niaoyulin Project, the Yongtai Distinctive Town Project and the Cooperative Project in Yongfu Town, mainly focus on ornamental plants.

The table below shows the segment results and other segment items provided to the Executive Directors for the reportable segments for the twelve months ended 31 December 2023.

	Tourism and integrated developments and sale of agricultural products *RMB'000* Unaudited	Publishing and advertising *RMB'000* Unaudited	Total *RMB'000* Unaudited
Segment revenue from external customers	34,450	22,160	56,610
Timing of revenue recognition			
At a point in time	34,450	21,712	56,610
Over time	–	448	–
Segment results	(38,555)	3,789	(34,766)
Other income			285
Other losses – net			(7,456)
Finance costs – net			(916)
Loss before income tax			(42,853)
Income tax			(34)
Loss for the period			(42,887)

The table below shows the segment results and other segment items provided to the Executive Directors for the reportable segments for the twelve months ended 31 December 2022.

	Tourism and integrated developments *RMB'000* Audited	Publishing and advertising *RMB'000* Audited	Total *RMB'000* Audited
Segment revenue from external customers	61,304	68,017	129,321
Timing of revenue recognition			
At a point in time	61,304	67,305	128,609
Over time	–	104	104
Under IFRS 16	–	608	608
Segment results	(11,719)	(22,705)	(34,424)
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)
Other income			109
Other gains – net			14,404
Finance costs – net			(13,109)
Loss before income tax			(168,619)
Income tax credit			704
Loss for the period			(167,915)

The accounting policies of the reportable segments are the same as the Group's accounting policies.

Revenue from external customers are mainly derived from the provision of newspaper and public vehicles advertising services to advertisers in the PRC, the provision of marketing and consulting services, printing services and sales of agricultural products. An analysis of the revenue by category is as follows:

	Twelve months period ended 31 December 2023	Year ended 31 December 2022
	RMB'000	*RMB'000*
	Unaudited	Audited
Newspaper and public vehicles advertising services	**848**	6,478
Marketing and consulting services	**21,238**	54,142
Sales of agricultural products	**34,333**	61,304
Printing services	**74**	2,959
Others	**117**	4,438
	56,610	129,321

3 Trade receivables – net

	As at 31 December 2023	As at 31 December 2022
	RMB'000	*RMB'000*
	Unaudited	Audited
Trade receivables	**53,789**	23,730
Less: provision for impairment of trade receivables	**9,778**	(9,212)
Trade receivables – net	**44,011**	14,518

The payment terms with customers are mainly cash on delivery and on credit. The credit periods range from 30 days to 365 days after end of the month in which the relevant sales occurred.

The aging analysis of the Group's trade receivables based on invoice date is as follows:

	As at 31 December 2023	As at 31 December 2022
	RMB'000	*RMB'000*
	Unaudited	Audited
1 – 30 days	**31,321**	13,925
31 – 60 days	**–**	714
61 – 90 days	**–**	–
91 – 180 days	**–**	888
181 – 365 days	**18,462**	1,099
Over 1 year	**4,006**	7,104
	53,789	23,730
Less: provision for impairment of trade receivables	**(9,778)**	(9,212)
Trade receivables – net	**44,011**	14,518

The carrying amounts of the Group's trade receivables are denominated in RMB.

Movements on the Group's provision for impairment of trade receivables are as follows:

	Twelve months ended 31 December 2023	Twelve months ended 31 December 2022
	RMB'000	*RMB'000*
	Unaudited	Audited
At 1 January	**9,212**	7,726
Provision for impairment of trade receivables *(Note 5)*	**566**	1,486
At 31 December	**9,778**	9,212

4 Trade payables

	As at 31 December 2023 *RMB'000* Unaudited	As at 31 December 2022 *RMB'000* Audited
Trade payables	**49,886**	26,508

Payment terms granted by suppliers are mainly on cash on delivery and on credit. The credit periods range from 30 days to 365 days after end of the month in which the relevant purchases occurred.

The aging analysis of the trade payables based on the invoice date is as follows:

	As at 31 December 2023 *RMB'000* Unaudited	As at 31 December 2022 *RMB'000* Audited
1 – 30 days	**26,812**	14,940
31 – 90 days	**–**	2,958
Over 90 days	**23,074**	8,610
	49,886	26,508

The carrying amounts of the Group's trade payables are all denominated in RMB.

5 Operating loss

Operating loss before income tax is stated after charging/(crediting) the following:

	Twelve months ended 31 December 2023	Year ended 31 December 2022
	RMB'000	*RMB'000*
	Unaudited	Audited
Cost of newspaper and public vehicles advertising		
– Media costs	**1,255**	5,250
Cost of printing services:		
– Raw materials	**546**	1,208
– Other costs	**570**	822
Cost of sales of agricultural products	**9,660**	52,719
Depreciation of property, plant and equipment	**3,112**	3,367
Depreciation of right-of-use assets	**655**	717
Amortisation of intangible assets *(Note 5)*	**716**	1,078
Auditor's remuneration	**3,946**	4,258
Marketing expenses	**8,447**	8,361
Operating lease charges in respect of land and buildings	**76**	422
Net (gain)/loss on disposal of property, plant and equipment	**–**	(2,830)
Net change in provision for impairment of financial guarantee	**–**	(14)
Net fair value loss/(gain) on financial assets at fair value through profit or loss	**–**	3,056
Net change in provision for impairment of trade receivables and contract assets	**566**	1,609
Impairment loss of properties held for sale	**–**	5,323
Loss on conversion of shareholder loan to contingently convertible loan	**–**	72,719
Gain on conversion of convertible bond to shareholder loan	**–**	(42,827)
Fair value change of contingent convertible loan	**–**	25,350
Provision for impairment on goodwill and other intangible assets	**–**	7,148
Legal and professional fee	**757**	1,289
Written-off/(recovery of) previously written-off of trade receivables	**–**	425
Net foreign exchange (gain)/losses	**–**	(5,231)
Employee benefit expenses (including directors' emoluments)	**10,107**	19,410
Business tax	**–**	103

6 (Income tax)/income tax credit

	Twelve months ended 31 December 2023 *RMB'000* Unaudited	Year ended 31 December 2022 *RMB'000* Audited
Current income tax:		
Mainland China enterprise income tax		
– Current tax	**(34)**	(111)
Deferred income tax	**–**	888
	(34)	704

7 Loss per share

(a) Basic

Basic loss per share for the periods ended 31 December 2023 and 2022 is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue, including bonus element, during the period.

	Twelve months ended 31 December 2023 *RMB'000* Unaudited	Year ended 31 December 2022 *RMB'000* Audited
Loss attributable to owners of the Company *(RMB'000)*	**(28,153)**	(169,809)
Weighted average number of shares in issue, including bonus element (thousands)	**1,061,515**	1,018,193
Basic loss per share (RMB per share)	**(0.0265)**	(0.1668)

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has no dilutive potential ordinary shares during the twelve months ended 31 December 2023 (2022: same).

8. Dividend

No dividend has been declared by the Company since its incorporation.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

According to data published by National Bureau of Statistics on 17 January 2024, the annual gross domestic product (GDP) in 2023 was RMB126,058.2 billion, representing a year-on-year growth of 5.2% at constant prices. In terms of industry sectors, the value-added of the primary, secondary and tertiary industries amounted to RMB8,975.5 billion, RMB48,258.9 billion and RMB68,823.8 billion, representing year-on-year growth of 4.1%, 4.7% and 5.8%, respectively. On a quarterly basis, the GDP grew by 4.5%, 6.3%, 4.9% and 5.2% year-on-year in the first, second, third and fourth quarter, respectively. On a quarter-on-quarter basis, GDP grew by 1.0% in the fourth quarter.

The added value of the service sector for the whole year increased by 5.8% year-on-year. Among them, the added value of the accommodation and catering sector, information transmission, software and information technology services sector, leasing and business service sector, traffic and transportation, storage and postal service sector, financial service sector, wholesale and retail sector increased by 14.5%, 11.9%, 9.3%, 8.0%, 6.8%, 6.2%, respectively. In December, the production index of the service sector grew by 8.5% year-on-year. Among them, the production index of the accommodation and catering sector, information transmission, software and information technology service sector increased by 34.8% and 13.8%, respectively. From January to November, the operating revenues of service enterprises with scalable capacity increased by 8.5% year-on-year. Among which, the operating revenues of the culture, sports and entertainment sector, information transmission, software and information technology service sector, leasing and business service sector increased by 18.9%, 12.8% and 12.7%, respectively.

According to data from Media Intelligence of CTR, the overall advertising spending in the broadcast advertising market fell by 12.9% year-on-year from January to November 2023, reflecting the industry challenges under digital transformation and intensifying market competition. The decrease in advertising expenses may be attributed to the changes in habits in media consumption and reassessment of advertisers' budget allocation. However, the alcoholic beverages sector demonstrated positive growth, particularly in the Chinese table wine and wine/fruit wine categories, where advertising spending increased by 13.4% and 20.8% year-on-year, respectively. Moreover, the adding of new brands had also revitalised the broadcast advertising market, with new brands covering 13 sectors in November, of which the entertainment & leisure and food sectors accounted for nearly one-third of the new brands.

BUSINESS REVIEW

For the twelve months ended 31 December 2023, the Group recorded revenue of approximately RMB56.6 million from its principal business (2022: approximately RMB129.3 million). The gross profit was RMB9.8 million (2022: approximately RMB10.8 million). The gross profit margin increased from 8.4% in 2022 to 11.3% in 2023. The net loss after taxation was approximately RMB42.9 million (2022: loss after taxation of approximately RMB167.9 million).

Newspapers and Public Vehicles Advertising Services

With the rapid advancement of technology and speedy changes in the market environment, the advertising industry is swiftly changing its placement model. Traditional media such as newspapers, radio, and television are gradually declining, while the mobile Internet and new media are beginning to dominate a strong lead in the advertising industry. Overall speaking, throughout the period, performance of this part of the business continued to deteriorate, due to adverse operating environment. For the twelve months ended 31 December 2023, newspapers and public vehicles advertising contributed RMB848,000 (2022: approximately RMB6.5 million) to the Group's revenue.

Marketing and Consulting Services and Printing Services

The rate of post-COVID 19 recovery is slower than expected and consumer confidence and property market remain weak. For the twelve months ended 31 December 2023, the Group's revenue from marketing and consulting services was approximately RMB21.2 million, representing a decrease of 60.8% as compared with the corresponding period in 2022. The revenue from the printing services decreased to RMB74,000, compared to approximately RMB3.0 million for the corresponding period in 2022.

Sales of Agricultural Products

For the twelve months ended 31 December 2023, the Group's revenue from sales of agricultural products was approximately RMB34.3 million (2022: approximately RMB61.3 million). The sales of agricultural products of the Group mainly focus on ornamental plants.

Internet and Other Services

During the period under review, the Group was still conducting market survey to decide the business models of www.dnkb.com.cn and www.duk.cn and as such, the Internet services segment has yet to contribute any revenue to the Group.

Tourism and Integrated Developments Segment

In line with the national policy of distinctive town construction, development and investment with an aim to promoting China regional development and rural revitalisation, the Group entered into a framework agreement with the government of Yongtai County of Fuzhou to undertake the project of "Yongtai Kungfu Distinctive Town" with a theme of film and cultural entertainment. The first phase of the project has completed most of its construction works and features a 60-Chinese mu eco-friendly greenhouse farm and ecologic forests with a total area of over 10,000 Chinese mu. The Group intends to develop this part of the project into a fullchain ecological production center that integrates seed production, plantation, processing and sales of agricultural products.

To further develop our eco-agricultural business, in 2019, the Company commenced a cooperation project in Yongfu County, Longyan City, Fujian Province. Under this cooperation project, qualified cultivators joined the Company's cooperatives to form an eco-agricultural demonstration base. Cultivators under the cooperation will be responsible for planting agricultural products, and the Company will be responsible for sourcing seeds, soil, fertilizers, auxiliary materials and other productive materials. Moreover, the Company will provide all-round technical guidance and latest industrial information to cultivators under the cooperation. The Company will procure the agricultural products produced by cultivators and sell them through various marketing channels. Since 2019, the Company established an O2O website, mobile APP and WeChat Mini Programs to promote online and offline sales of these agricultural products. In 2023, the Group's revenue from the sales of agricultural products was approximately RMB34.3 million.

FINANCIAL REVIEW

Revenue

The total revenue of the Group decreased by 56.2% from RMB129.3 million for the twelve months ended 31 December 2022 to RMB56.6 million for the twelve months ended 31 December 2023, principally due to the decrease in revenue from marketing and consulting services and sales of agricultural products. The Group's revenue from the sales of agricultural products for the twelve months ended 31 December 2023 was RMB33.4 (the twelve months ended 31 December 2022: approximately RMB61.3 million). The revenue from marketing and consulting services decreased from approximately RMB54.1 million for the twelve months ended 31 December 2022 to approximately RMB303,000 for the twelve months ended 31 December 2023.

Gross profit and gross profit margin

The Group recorded a gross profit of RMB9.8 million for the twelve months ended 31 December 2023, compared to RMB10.8 million for the twelve months ended 31 December 2022. The gross profit margin increased from 8.4% for the twelve months ended 31 December 2022 to 17.3% for the twelve months ended 31 December 2023. The Group's profit margin on sales of agricultural products was higher in 2023.

Overall expenses

The Group's overall expenses was RMB52.6 million for the twelve months ended 31 December 2023, compared to approximately RMB104.4 million for the corresponding period in 2022, principally due to the notable decrease in cost of sales which was in line with the decrease in revenue and the significant decrease in selling and marketing expenses in 2023. The one-off loss of RMB72.7 million arisen from conversion of shareholder loan to contingent convertible loan in 2022 does not recur in 2023.

Results for the period

The Group recorded a net loss of RMB42.9 million for the twelve months ended 31 December 2023 (the corresponding period in 2022: net loss of RMB167.9 million), principally due to the decrease in revenue from marketing and consulting services and sales of agricultural products in 2023.

Liquidity and capital resources

	Twelve months period ended 31 December 2023 *RMB'000* Unaudited	Year ended 31 December 2022 *RMB'000* Audited
Net cash used in operating activities	**(35,852)**	(11,645)
Net cash used in/generated from investing activities	**(306)**	25,995
Net cash used in financing activities	**–**	22,824
Net decrease in cash and cash equivalents	**(36,158)**	37,174
Cash and cash equivalents at beginning of the period	**46,025**	8,851
Exchange loss on cash and cash equivalents	**–**	–
Cash and cash equivalents at end of the period	**9,867**	46,025

Cash flow used in operating activities

For the twelve months ended 31 December 2023, net cash used in operating activities amounted to RMB35.9 million, which is primarily attributable to the net loss for the period in the amount of RMB42.9 million.

Cash flow used in/generated from investing activities

For the twelve months ended 31 December 2023, net cash used in investing activities amounted to RMB306,000.

Capital expenditures

During the twelve months ended 31 December 2023 and 2022, the Group incurred capital expenditures mainly for construction costs related to property, plant and equipment, purchase of leasehold improvements and office equipment. No capital expenditures were recorded for the twelve months ended 31 December 2023 and RMB1.0 million for the year ended 31 December 2022, respectively.

Trade receivables – net

The following table sets out the aging analysis of the Group's trade receivables based on invoice date:

	As at 31 December 2023	As at 31 December 2022
	RMB'000	*RMB'000*
	Unaudited	Audited
Aging analysis of trade receivables		
1 – 30 days	**31,321**	13,925
31 – 60 days	**–**	714
61 – 90 days	**–**	–
91– 180 days	**–**	888
181 – 365 days	**18,462**	1,099
Over 1 year	**4,006**	7,104
	53,789	23,730
Less: provision for impairment of trade receivables	**(9,778)**	(9,212)
Trade receivables – net	**44,011**	14,518

Properties held for sale

	As at 31 December 2023 *RMB'000* **Unaudited**	As at 31 December 2022 *RMB'000* Audited
Properties held for sale	**15,097**	15,097

Properties are classified as properties held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable.

Trade payables

	As at 31 December 2023 *RMB'000* **Unaudited**	As at 31 December 2022 *RMB'000* Audited
Aging analysis of trade payables based on invoice date		
1 – 30 days	**26,812**	14,940
31 – 90 days	**–**	2,958
Over 90 days	**23,074**	8,610
	49,886	26,508

Indebtedness

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

During the year ended 31 December 2022, the Group has successfully obtained a borrowing of RMB12,300,000 from a joint venture on 1 August 2022, 27 September 2022 and 11 November 2022. The borrowing is unsecured, interest-free and the maturity over 4 years.

The Group has successfully obtained a borrowing facility of RMB20,000,000 from a shareholder on 1 August 2021. RMB1,500,000 had been drawn in 2021 and a further RMB2,919,000 had also been drawn in 2022. 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.

As at 31 December 2022, all bank borrowings were repaid.

Gearing ratio, being proportion of the Group's total borrowings to total assets, was 11.3% as at 31 December 2023 (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:

	As at 31 December 2023	As at 31 December 2022
	RMB'000	*RMB'000*
	Unaudited	Audited
Not later than 1 year	**652**	652
Later than 1 year and not later than 5 years	**2,116**	2,116
	2,768	2,768

(b) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities amounted to RMB2.6 million in respect of property, plant and equipment as at 31 December 2023 and 31 December 2022.

Contingent liabilities

The Group follows the guidance of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" to determine when should contingent liabilities be recognised, which requires significant judgement.

A contingent liability will be disclosed when a possible obligation has arisen, but its existence has to be confirmed by future events outside the Group's control, or when it is not possible to calculate the amount. Realisation of any contingent liabilities currently not recognised or disclosed could have a material impact on the Group's financial position.

The Group reviews for any significant outstanding litigations in order to assess the need for provisions. Among the factors considered are the nature of the litigation, legal processes and potential level of damages, the opinions and views of the legal counsel, and the management's intentions to respond to the litigations. To the extent the estimates and judgements do not reflect the actual outcome, this could materially affect the results for the year and the financial position.

As at 31 December 2023 and 31 December 2022, the Group had no material contingent liabilities.

Human resources

As at 31 December 2023, the Group had 110 full-time employees (31 December 2022: 196). Total staff costs including directors' remuneration for the twelve months ended 31 December 2023 was approximately RMB10.1 million (for the year ended 31 December 2022: approximately RMB19.4 million). The Group offers competitive remuneration packages to its employees that include salaries, bonuses and share options to qualified employees. The compensation of the Directors is evaluated by the Remuneration Committee of the Company, which makes recommendations to the Board. In addition, the Remuneration Committee conducts regular reviews of Directors' and senior management's performance, and determines the compensation structure of the Group's senior management.

PROSPECTS

According to the General Analytical Report on the Operation of the National Newspaper Industry in 2023（《二零二三年度全國報業經營整體分析報告》）issued by the Newspaper Working Committee of China Advertising Association, in 2023, China's media industry accelerated its pace of transformation, and the evolution of the diversified operation layout sped up, with the media integration further facilitated and the transformation achieved remarkable results. The revenue scale of the newspaper industry was stable and progressive, with a year-on-year increase of 6.8%. In particular, by their unique political advantages and continuous deepening in reform and innovation, the Party newspapers at all levels continued to lead the media market in terms of operating results. Changes in media's revenue composition became more scientific and reasonable, and the results of the operating layout of the new media became increasingly remarkable, with the proportion of diversified operations increasing significantly.

Given the multiple changes such as the restructuring of the media ecosystem and changes in the competition track, the mainstream media have grasped the right time to ride the trends and captured the opportunities stemming from the trend of increasing advantages, and tapped into the stock and searched for incremental growth through the establishment of a new media communication matrix, or resources integration, or technological empowerment, or focusing on the strengths of creating IP activities or facilitating the penetration of media services to stock up and earn volumes, with a considerable number of newspapers (media groups, media convergence centres) creating many novelties and valuable marketing templates.

According to QuestMobile, a research institution specializing in the PRC mobile internet market, the recovery continued in 2023 with the scale of monthly active users on mobile internet in the PRC exceeding 1.224 billion, the average monthly per capita using time on the entire network being close to 160 hours, and the number of players in the top tier with over 400 million de-duplicated users reaching 15. Of which, Tencent, Alibaba, Baidu, DouYin, Ant, Pinduoduo and Meituan are the top 7 players with over 700 million de-duplicated users.

At the same time, the monthly active users of Mini Programs in large platforms (WeChat, Alipay, Baidu and DouYin) reached 980 million after de-duplication, providing huge traffic support for small and medium-sized players in the living services, mobile shopping and mobile videos sectors to name a few. Under this scalable effect, the Internet application ecology continues its increasingly robust development, and the application format with content production combined with online and offline scenes is "converging" rapidly.

The realization mode of platforms was also further refined. Advertising, e-commerce, member (value-added) services, games, financial and content cooperation, cloud services, etc. are all core measures. It is expected that the revenue scale of the entire Internet market will exceed RMB3.33 trillion in 2023, of which the size of the Internet advertising market will reach RMB714.61 billion, with a year-on-year growth of 7.6%. It is expected that by 2024, this data will rise to RMB788.4 billion.

As digital technology penetrates people's livelihood, smart terminals have completely covered domestic, living, sports, travel and other scenarios. Smart devices and smartphones form a close synergy and create a strong adhesion, with monthly active users of smart homes, smart wearables, smart autos, smart accessories, and smart health reaching 284 million, 129 million, 70 million, 22 million, and 9 million, respectively.

According to preliminary statistical data from the National Film Development Funds Management Committee, on 13 November 2023, the annual box office of the film market in the PRC exceeded RMB50 billion, which only took 317 days. The box office of Chinese films was RMB41.7 billion, accounting for 83.4% of the total box office, while the box office of imported films was RMB8.3 billion, accounting for 16.6% of the total box office. The box office has 55 Chinese and foreign films (new films released during the year) exceeded RMB100 million, of which 11 exceeded RMB1 billion. This is the first time since the epidemic that the national box office has returned to the RMB50 billion high mark, indicating that China's film industry has recovered with stable fundamentals, progressing upward with its long-term development trend remaining intact.

In light of the above macro-background of industry development, the Group focused on the development of the digitalization business of the flower export platform which has generated consistent revenue during the year. Looking ahead, these favourable factors are expected to drive the Group's existing information service industry, namely the agricultural products platform sales business. At the same time, the Group will continue to focus on developing specialty township projects that combine culture, tourism and eco-agriculture through the integration of businesses related to traditional Chinese culture and film services, intending to expand the long-term sources of income for the Group.

SUBSEQUENT EVENTS

On 21 February 2024, the Company (as purchaser), Mr. Nian Jiaxing (the "**Vendor**") and Ideal Class Holdings Limited (the "**Target Company**") entered into a deed of settlement (the "**Settlement Deed**") in relation to the rescission (the "**Rescission**") on non-admission of liabilities basis and in full and final settlement of all claims as regards the acquisition (the "**Acquisition**") of the entire issued share capital and shareholders' loans of the Target Company by the Company from the Vendor (the "**Acquired Interest**"). Pursuant to the Settlement Deed: (i) the Vendor agreed to transfer back 132,010,713 Shares which was issued by the Company in consideration for the Acquisition (the "**Consideration Shares**") to the Company or as the Company may direct; (ii) the Company agreed to transfer back the Acquired Interest and the equity interests in Zhuoshi Technology (Beijing) Co., Ltd.(琢石科技(北京)有限公司), Zhongxing Hongye (Beijing) Enterprise Management Co., Ltd.(中興弘業(北京)企業管理有限公司), Fujian Qixing Investment Partnership (Limited Partnership)(福建啟興投資合夥企業(有限合夥)) and Baiming (Beijing) Information Technology Co., Ltd.(百鳴(北京)信息技術有限公司)("**Baiming Beijing**") the Vendor, the original holder(s) prior to the Acquisition, or as the Vendor may direct, as the case may be; and (iii) the Company may in its absolute discretion issue a written notice (the "**Completion Notice**") to complete the Rescission. In accordance with such term of the Settlement Deed, the Company issued the Completion Notice on 22 February 2024, and the Rescission was deemed to have taken effect on 23 February 2024. Further details of the Settlement Deed are set out in the announcement of the Company dated 26 February 2024.

OTHER INFORMATION

(i) As disclosed in the Company's announcement dated 27 February 2023, according to the audited accounts of Baiming Beijing provided by the Vendor, the Company was given to understand by the Vendor that it has met the Third Guaranteed Profit. Pursuant to the terms of the Acquisition Agreement, the Third Tranche CB in the principal amount of HK$30,802,500 was automatically converted by the Company into 44,003,571 CB Conversion Shares (the "**Third Tranche CB Conversion Shares**") at the CB Conversion Price of HK$0.70 per CB Conversion Share and released to the Vendor (or his nominated entity(ies) as he may direct) on or before 28 February 2023. The Third Tranche CB Conversion Shares represent approximately 4.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Third Tranche CB Conversion Shares.

(ii) With effect from the conclusion of the annual general meeting of the Company held on 30 June 2023, PricewaterhouseCoopers retired as the Company's auditor.

(iii) On 24 July 2023, the Company's principal place of business in Hong Kong was changed to Room B, 4th Floor, Hennessy Plaza, 164-166 Hennessy Road, Wanchai, Hong Kong.

(iv) On 31 July 2022, the Company (as purchaser) and the Vendor entered into an acquisition agreement (as amended by a supplemental agreement dated 15 September 2022) (the "**Acquisition Agreement**") pursuant to which the Company conditionally agreed to purchase the Acquired Interest for the consideration of HK$92,407,500, which were to be satisfied by the issue of three tranches of convertible bonds which were to be automatically converted into the Company's shares upon the fulfillment of certain profit guarantees undertaken by the Vendor. Subsequent to the completion of the Acquisition on 14 October 2022, it was discovered by the Company that the Vendor has committed material breaches of the terms and conditions of the Acquisition Agreement including, among other things, the representations, warranties and undertakings given to the Company prior to the completion of the Acquisition. On 23 August 2023, the Board resolved to issue a notice of rescission to the Vendor (the "**Notice of Rescission**") to treat the Acquisition as rescinded due to the material breaches of the Vendor and demand the immediate return of 132,010,713 Shares issued by the Company in consideration for the Acquisition, failing which the Company reserves the rights to commence legal action in a Court having jurisdiction without further notice. Further details of the Notice of Rescission are set out in the announcement of the Company dated 23 August 2023.

(v) On 24 November 2023, the new bye-laws of the Company were adopted by a special resolution of the shareholders of the Company in its special general meeting held on 24 November 2023.

(vi) On 29 December 2023, the Board resolved to change the financial year end date of the Company from 31 December to 30 June with immediate effect.

CHANGES IN DIRECTORS AND COMPANY SECRETARY

(i) On 9 January 2023, (a) Mr. Wang Xu was appointed as an executive Director; (b) Mr. Chen Ye was appointed as a non-executive Director; (c) Mr. Mao Xiangyun was appointed as an independent non-executive Director; (d) Mr. Wei Hong was appointed as an independent non-executive Director; (e) Mr. Chen Wei Dong resigned as a non-executive Director; (f) Mr. Zhou Chang Ren resigned as an independent non-executive Director; and (g) Mr. Cai Jian Quan resigned as an independent non-executive Director.

(ii) On 19 April 2023, Mr. Wong Heung Ming, Henry resigned as an independent non-executive Director.

(iii) On 30 June 2023, (a) Mr. Yu Shi Quan retired as an executive Director; (b) Ms. Chen Min retired as a non-executive Director; (c) Mr. Wang Xu retired as an executive Director; (d) Ms. Wang Bao Zhu was appointed as a non-executive Director; (e) Mr. Chai Chung Wai was appointed as an independent non-executive Director; and (f) Mr. Chen Ye was re-designated from a non-executive Director to an executive Director.

(iv) On 22 July 2023, (a) Ms. Chan Ching Yi resigned as the company secretary and an authorized representative of the Company; and (b) Mr. Chen Ye was appointed as an authorized representative of the Company.

(v) On 4 August 2023, Mr. Pang Wai Hong was appointed as the company secretary of the Company.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the twelve months ended 31 December 2023 (twelve months ended 31 December 2022: Nil).

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 code provisions on Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 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.

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. During the period under review, Mr. Chen Zhi is the chairman and the CEO of the Company, which deviates from code provision C.2.1. However, the management conveyed the latest business developments to the Directors to enable them to communicate 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 the overlap of chairman and CEO should not impair the balance of power and authority between the Board and the management.

Under Code Provision D.1.2, management should provide all members of the Board with monthly updates on the issuer's performance, position and prospects, which may include monthly management accounts and material variance between projections and actual results. During the period under review, although management accounts were not circulated to Board members on monthly basis, regular verbal updates were given by management to Directors on working level meetings from time to time, which the management and the Board consider to be sufficient and appropriate in the circumstances in giving a balanced and understandable assessment of the Group's performance and enabling Directors to discharge their duties.

The Board shall continue to monitor and review the Company's corporate governance practices to ensure compliance of the CG Code.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set forth in Appendix C3 of the Listing Rules as its own code of conduct for dealing in securities by the directors of the Company. Specific enquiries have been made to all the 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 twelve months ended 31 December 2023 and up to the date of this announcement.

AUDIT COMMITTEE

The Audit Committee of the Company has been established in compliance with Rules 3.21 and Rules 3.22 of the Listing Rules with written term 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 currently 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, who has appropriate professional qualifications and experience in accounting matters. The Audit Committee has reviewed the Group's condensed consolidated interim financial information for the twelve months ended 31 December 2023.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its listed shares during the twelve months ended 31 December 2023. Neither the Company nor any of its subsidiaries had purchased, sold or repurchased any of the listed shares of the Company during the twelve months ended 31 December 2023.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Company (www.shifangholding.com) and the Stock Exchange (www.hkexnews.hk). An interim report of the Company for the twelve months ended 31 December 2023 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, 29 February 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 Directors is Ms. Wang Bao Zhu; and the independent non-executive Directors are Mr. Chai Chung Wai, Mr. Mao Xiangyun and Mr. Wei Hong.