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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 YEAR ENDED 30 JUNE 2025**

FINANCIAL HIGHLIGHTS

- Revenue of the Group was RMB71.3 million for the year ended 30 June 2025 and RMB24.6 million for the eighteen months ended 30 June 2024.
- The gross profit of the Group was RMB12.9 million for the year ended 30 June 2025 and RMB5.4 million for the eighteen months ended 30 June 2024.
- The Group recorded a net loss of RMB42.3 million for the year ended 30 June 2025 and RMB18.2 million for the eighteen months ended 30 June 2024, which is mainly attributable to impairment loss on intangible assets.
- The Group recorded a basic loss of RMB0.043 per share the year ended 30 June 2025 as compared to RMB0.015 per share for the eighteen months ended 30 June 2024.
- The Board does not recommend the payment of any final dividend for the year ended 30 June 2025.

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 year ended 30 June 2025 together with the comparative figures for the eighteen months ended 30 June 2024.

The financial information set out in this announcement below does not constitute the Group's consolidated financial statements for the year ended 30 June 2025 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 YEAR ENDED 30 JUNE 2025

		Year ended	Eighteen
		30 June	months ended
		2025	30 June
	<i>Notes</i>	RMB'000	RMB'000
Revenue	4	71,312	24,598
Cost of sales and services		(58,370)	(19,179)
Gross profit		12,942	5,419
Other income and gains, net		876	9,869
Impairment losses on property, plant and equipment		(12,739)	–
Fair value loss on financial assets at fair value through profit or loss ("FVTPL")		–	(4,376)
Net change in provision for impairment losses of trade receivables and other receivables		(9,332)	(1,515)
Impairment losses on intangible assets		(20,726)	–
Selling and marketing expenses		(1,011)	(2,432)
General and administrative expenses		(10,852)	(23,113)
Finance costs	6	(1,445)	(2,075)
Loss before tax		(42,287)	(18,223)
Income tax expenses	7	(32)	(23)
Loss for the year/period	8	(42,319)	(18,246)

		Year ended	Eighteen
		30 June	months ended
		2025	30 June
			2024
	<i>Note</i>	RMB'000	RMB'000
Loss attributable to:			
– Owners of the Company		(45,840)	(16,084)
– Non-controlling interest		<u>3,521</u>	<u>(2,162)</u>
		<u>(42,319)</u>	<u>(18,246)</u>
Other comprehensive expense:			
<i>Item that maybe reclassified subsequently to profit or loss</i>			
Currency translation differences		<u>2,352</u>	<u>(6,605)</u>
Other comprehensive expense for the year/period		<u>2,352</u>	<u>(6,605)</u>
Total comprehensive expense for the year/period		<u>(39,967)</u>	<u>(24,851)</u>
Total comprehensive expense attributable to:			
– Owners of the Company		(43,488)	(22,689)
– Non-controlling interests		<u>3,521</u>	<u>(2,162)</u>
		<u>(39,967)</u>	<u>(24,851)</u>
Loss per share attributable to owners of the Company (RMB per share)			
– Basic and diluted	10	<u>(0.043)</u>	<u>(0.015)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

		30 June 2025	30 June 2024
	<i>Notes</i>	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		14,009	27,462
Investment properties		26,500	28,936
Right-of-use assets		2,829	2,968
Intangible assets		3,974	25,425
Deposits, prepayment and other receivables		20,586	20,785
		<hr/>	<hr/>
Total non-current assets		67,898	105,576
		<hr/>	<hr/>
Current assets			
Inventories		410	102
Properties held for sale	11	15,097	15,097
Trade receivables, net	12	17,623	5,113
Deposits, prepayments, and other receivables		56,138	75,658
Restricted cash		42	42
Cash and cash equivalents		2,786	4,460
		<hr/>	<hr/>
Total current assets		92,096	100,472
		<hr/>	<hr/>
Assets classified as held for sale		–	1,203
		<hr/>	<hr/>
Total assets		159,994	207,251
		<hr/>	<hr/>
Current liabilities			
Trade payables	13	12,460	10,754
Accruals, other payables, deposits received and contract liabilities		110,561	106,628
Amounts due to related parties		24,642	23,867
Loan from a shareholder		5,052	5,052
Lease liabilities		1,156	2,061
Income tax payable		2,515	3,282
		<hr/>	<hr/>
Total current liabilities		156,386	151,644
		<hr/>	<hr/>

	30 June 2025 RMB'000	30 June 2024 RMB'000
Net current liabilities	(64,290)	(49,969)
Total assets less current liabilities	3,608	55,607
Non-current liabilities		
Amount due to a joint venture	–	9,998
Lease liabilities	3,209	5,243
Total non-current liabilities	3,209	15,241
NET ASSETS	399	40,366
Capital and reserves		
Share capital	261,865	261,865
Reserves	(295,095)	(251,607)
	(33,230)	10,258
Non-controlling interests	33,629	30,108
TOTAL EQUITY	399	40,366

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.

The corresponding comparative amounts shown in the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover eighteen-month period ended 30 June 2024 and therefore may not be comparable with amounts shown for the current period.

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.

Going concern

For the year ended 30 June 2025, the Group incurred a net loss of RMB42,319,000 and, as at 30 June 2025, the Group’s current liabilities exceeded its current assets by RMB64,290,000 while the Group had cash and cash equivalents of approximately RMB2,786,000 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 year ended 30 June 2025. 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 year ended from 30 June 2025 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 a shareholder, 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 RMB28,710,000 for the next twelve months from 30 June 2025;
- (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 2025 and expected to collect the sales proceeds within the cashflow forecast period;
- (vi) The Group will continue to take initiatives to implement cost control measures, including adjustment to management remuneration and streamlining administrative costs; and
- (vii) 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 2025.

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 rescission 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 year beginning on 1 July 2024.

Amendment to IAS 1	Classification of Liabilities as Current or Non-Current
Amendment to IFRS 16	Leases on sale and leaseback
Amendment to IAS 7 and IFRS 7	Supplier finance arrangement

The application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The nature and the impact of the new and revised IFRSs that are applicable to the Group are described below:

- (a) Amendments to IAS 1: Classification of Liabilities as Current or Non-Current In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.

That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified a non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.

The Group has reassessed the terms and conditions of its liabilities as at 1 July 2023 and 1 July 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments had no impact on the Group's consolidated financial statements.

(b) Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted, and that fact must be disclosed if utilised. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the Group's consolidated financial statements.

(c) Supplier Finance Arrangements – Amendments to IFRS 7 and IAS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after 1 January 2024. As the Group does not have supplier finance arrangements, the amendments had no impact on the Group's consolidated financial statements.

New and 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 IAS 21	Lack of Exchangeability ¹
Amendments to IFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to IFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ²

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ 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

	Year ended 30 June 2025 RMB'000	Eighteen months ended 30 June 2024 RMB'000
Revenue from contracts with customers:		
– Newspaper and public vehicles advertising	–	3,715
– Marketing and consulting services	1,887	16,866
– Printing services	–	74
– Sales of agricultural products	69,077	2,071
– Others	348	1,424
	71,312	24,150
Revenue from other sources:		
– Property rental income from operating leases	–	448
	71,312	24,598
Timing of revenue recognition:		
At a point in time	71,034	22,986
Over time	278	1,164
Total revenue from contracts with customers	71,312	24,150

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. Fair value loss on financial assets at FVTPL, 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 year ended 30 June 2025.

	Publishing and advertising RMB'000	Tourism and integrated developments RMB'000	Total RMB'000
Segment revenue from external customers	<u>2,235</u>	<u>69,077</u>	<u>71,312</u>
Timing of revenue recognition:			
– At a point in time	1,957	69,077	71,034
– Over time	<u>278</u>	<u>–</u>	<u>278</u>
Revenue from contracts with customers	<u>2,235</u>	<u>69,077</u>	<u>71,312</u>
	2,235	69,077	71,312
Segment results	(12,486)	(29,232)	(41,718)
Reconciliation:			
Other income and gain, net			876
Finance costs			<u>(1,445)</u>
Loss before tax			(42,287)
Income tax expenses			<u>(32)</u>
Loss for the year			<u><u>(42,319)</u></u>

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 <i>RMB'000</i>	Tourism and integrated developments <i>RMB'000</i>	Total <i>RMB'000</i>
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)

Information about major customer

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

	Year ended 30 June 2025 <i>RMB'000</i> (Note 3)	Eighteen months ended 30 June 2024 <i>RMB'000</i>
Customer A (Note 1)	N/A	16,866
Customer B (Note 2)	9,845	–
Customer C (Note 2)	8,336	–
Customer D (Note 2)	8,029	–
Customer E (Note 2)	7,156	–

Note 1: Revenue from publishing and advertising segment

Note 2: Revenue from tourism and integrated developments segment

Note 3: The corresponding revenue did not contribute over 10% of the total revenue of the Group.

6. FINANCE COSTS

	Year ended 30 June 2025 RMB'000	Eighteen months ended 30 June 2024 RMB'000 (Represented)
Interest on lease liabilities	296	502
Interest on loan from a shareholder	253	367
Interest on loan from a joint venture	896	1,206
	<u>1,445</u>	<u>2,075</u>

7. INCOME TAX

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

	Year ended 30 June 2025 RMB'000	Eighteen months ended 30 June 2024 RMB'000
Current tax		
– PRC Enterprise Income Tax	32	23
– Hong Kong	–	–
	<u>32</u>	<u>23</u>
Deferred tax	–	–
Income tax expenses	<u>32</u>	<u>23</u>

The Group has no assessable income arising in or derived from Hong Kong during the year ended 30 June 2025 and the eighteen months ended 30 June 2024.

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 year ended 30 June 2025 (eighteen months ended 30 June 2024: 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 YEAR/PERIOD

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

	Year ended 30 June 2025 <i>RMB'000</i>	Eighteen months ended 30 June 2024 <i>RMB'000</i>
Employee benefit expenses (including directors' remuneration)		
– Salaries and welfare	3,212	9,563
– Defined contributions	670	1,089
	<u>3,882</u>	<u>10,652</u>
Auditor's remuneration	900	1,500
Cost of inventories recognised as expenses		
– Cost of services and inventories sold	58,370	19,168
Amortisation of intangible assets	725	3,295
Depreciation of property, plant and equipment	713	2,922
Depreciation of right-of-use assets	344	647
Net change in provision for impairment of trade receivables and other receivables	9,332	1,515
Net foreign exchange losses	–	4,303
Expenses relating to short term leases	39	24
	<u>39</u>	<u>24</u>

9. DIVIDENDS

No dividend was paid or proposed during the year ended 30 June 2025, nor has any dividend been proposed since the end of the reporting period (eighteen months ended 30 June 2024: Nil).

10. LOSS PER SHARE

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

	Year ended 30 June 2025 <i>RMB'000</i>	Eighteen months ended 30 June 2024 <i>RMB'000</i>
Loss		
Loss attributable to owners of the Company	<u>(45,840)</u>	<u>(16,084)</u>
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>1,075,450</u>	<u>1,070,703</u>

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 year ended 30 June 2025 and the eighteen months ended 30 June 2024.

11. PROPERTIES HELD FOR SALE

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

	As at 30 June 2025 <i>RMB'000</i>	As at 30 June 2024 <i>RMB'000</i>
Properties held for sale	<u>15,097</u>	<u>15,097</u>

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 year ended 30 June 2025, the management compared the carrying amount and fair value less costs to sell of the properties and no impairment provision has been recognised (eighteen months ended 30 June 2024: impairment of RMB nil).

12. TRADE RECEIVABLES

	As at 30 June 2025 <i>RMB'000</i>	As at 30 June 2024 <i>RMB'000</i>
Receivables at amortised cost comprised:		
Trade receivables	26,540	15,840
Less: allowance for impairment of trade receivables	<u>(8,917)</u>	<u>(10,727)</u>
	<u>17,623</u>	<u>5,113</u>

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 2025 <i>RMB'000</i>	As at 30 June 2024 <i>RMB'000</i>
0 to 30 days	–	34
31 to 60 days	2,571	–
61 to 180 days	10,103	–
181 to 365 days	–	3,380
Over 1 year	<u>13,866</u>	<u>12,426</u>
	26,540	15,840
Less: allowance for impairment of trade receivables	<u>(8,917)</u>	<u>(10,727)</u>
	<u>17,623</u>	<u>5,113</u>

The Group does not hold any collateral as security.

13. TRADE PAYABLES

	As at 30 June 2025 <i>RMB'000</i>	As at 30 June 2024 <i>RMB'000</i>
Trade payables	<u>12,460</u>	<u>10,754</u>

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 2025 <i>RMB'000</i>	As at 30 June 2024 <i>RMB'000</i>
0 to 30 days	2,057	–
31 to 90 days	660	–
Over 90 days	<u>9,743</u>	<u>10,754</u>
	<u>12,460</u>	<u>10,754</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

Table 1 Preliminary Accounting Data of GDP for the Second Quarter and First Half of 2025

	Absolute Value (RMB100 million)		Year-on-Year Growth (%)	
	Second Quarter	First Half	Second Quarter	First Half
GDP	341,778	660,536	5.2	5.3
Primary Industry	19,459	31,172	3.8	3.7
Secondary Industry	127,147	239,050	4.8	5.3
Tertiary Industry	195,172	390,314	5.7	5.5
Agriculture, Forestry, Animal Husbandry and Fishery	20,687	33,224	4.0	3.9
Industry	104,206	202,550	6.2	6.2
#Manufacturing	87,771	169,885	6.5	6.6
Construction	23,781	38,211	(0.6)	0.7
Wholesale and Retail Trades	35,129	68,226	6.0	5.9
Transport, Storage and Post	15,620	29,513	5.6	6.4
Accommodation and Catering Services	5,766	11,455	5.2	5.2
Financial Intermediation	25,737	51,559	5.8	4.8
Real Estate	21,072	42,377	1.0	1.0
Information Transmission, Software and IT Services	18,750	37,120	11.8	11.1
Leasing and Business Services	13,576	27,815	9.0	9.6
Other Industries	57,455	118,487	4.4	4.2

Notes:

1. Absolute values are calculated at current prices, while growth rates are calculated at constant prices;
2. The three-industry classification is based on the “Three-Industry Classification Standard” revised by the National Bureau of Statistics in 2018;
3. The industry classification adopts the “Industrial Classification for National Economic Activities (GB/T 4754-2017)”;
4. In the GDP total data of this table, the sum of the individual industries may not equal the total due to rounding errors; no mechanical adjustment has been made.

Table 2 GDP Year-on-Year Growth Rate*Unit: %*

Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2020	(6.8)	3.2	4.9	6.5
2021	18.9	8.1	5.5	4.5
2022	4.8	0.8	4.0	3.0
2023	4.7	6.5	5.0	5.3
2024	5.3	4.7	4.6	5.4
2025	5.4	5.2		

Note: Year-on-year growth rate is the growth rate compared with the same period of the previous year.

Table 3 GDP Quarter-on-Quarter Growth Rate*Unit: %*

Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2020	(10.5)	12.8	3.0	2.3
2021	0.0	2.7	0.3	1.4
2022	0.2	(0.8)	3.1	0.5
2023	1.7	1.2	1.5	0.8
2024	1.4	1.0	1.3	1.6
2025	1.2	1.1		

Note: Quarter-on-quarter growth rate is the seasonally adjusted growth rate compared with the previous quarter.

According to data released by the National Bureau of Statistics, the preliminary accounting results show that China's GDP for the first half of 2025 reached RMB66,053.6 billion, representing a year-on-year growth of 5.3% calculated at constant prices. This represents an increase of 0.3 percentage point as compared to both the same period last year and the full year of 2024. Specifically, the year-on-year growth was 5.4% in the first quarter and 5.2% in the second quarter, indicating a faster growth rate in the first quarter than in the second quarter.

Advertising expenditure based on published rate cards reached RMB120.595 billion in 2025, a year-on-year increase of 6%. Behind this seemingly modest growth lies profound shifts in the market landscape and cautious strategic adjustments by advertisers, while also reflecting the industry's continued emphasis on brand building and precise reach.

In the first half of 2025, a total of 16,704 brands placed outdoor advertisements nationwide, representing the highest number of advertising brands for the first half of the year in the past five years. Compared with the same period last year, this number increased by 552 brands, showing a slight acceleration in growth and marking the third consecutive year of increase. The activity of brand advertising increased, driven by traditional holidays in the first quarter and the sustained high demand in the service industry and cultural tourism in the second quarter.

Regarding the characteristics of advertising expenditure across different market tiers, Tier 1 markets continue to dominate and hold the highest brand value. In the first half of 2025, the number of brands advertising in Tier 1 markets reached 5,924, an increase of 465 brands year-on-year. Advertising expenditure based on rate cards grew 9% year-on-year, and market share increased by 1%. While the growth in the number of brands and advertising expenditure in Tier 2 and Tier 3 markets was lower than in Tier 1 markets, the increase in value per brand was higher. Tier 2 and Tier 3 markets hold advantages in cost control and regional penetration.

Prospect

Overall, according to data released by the National Bureau of Statistics, in August, the consumer market operated steadily overall. The consumer price index (CPI) was flat month-on-month and decreased by 0.4% year-on-year. The core CPI, which excludes food and energy prices, increased by 0.9% year-on-year, marking the fourth consecutive month of expanding growth. Domestic market competition order continued to optimize, and supply-demand relations in some industries improved. The producer price index for industrial products (PPI) turned from a 0.2% decrease last month to flat month-on-month; it decreased by 2.9% year-on-year, with the rate of decline narrowing by 0.7 percentage point from the previous month.

The shift of the CPI year-on-year change from flat to negative was mainly due to the higher comparison base from the same period last year, coupled with food price increases this month being lower than seasonal levels. From the carryover effect perspective, the price changes from the previous year contributed approximately -0.9 percentage point to the CPI year-on-year change this month, with the downward pull effect expanding by 0.4 percentage point from the previous month. From the perspective of new price increases, the CPI was flat month-on-month this month, which was about 0.3 percentage point lower than the seasonal level. These two factors jointly led to the lower CPI year-on-year figure. By category, the main factor was lower food prices. Food prices increased by 0.5% month-on-month this month, about 1.1 percentage points lower than the seasonal level. Prices for pork, eggs, and fresh fruit all performed weaker than the seasonal trend. Food prices decreased by 4.3% year-on-year, with the rate of decline expanding by 2.7 percentage points from the previous month. The downward pull effect on the CPI year-on-year figure increased by approximately 0.51 percentage point compared to the previous month, exceeding the CPI year-on-year decline rate. Specifically, prices for pork, fresh vegetables, and eggs decreased by 16.1%, 15.2%, and 14.2% year-on-year respectively, with the rates of decline expanding by 6.6, 7.6, and 1.3 percentage points respectively from the previous month. The price of fresh fruit shifted from a 2.8% increase last month to a 3.7% decrease year-on-year. These four items together increased the downward pull effect on the CPI year-on-year figure by approximately 0.47 percentage point compared to the previous month. Non-food prices increased by 0.5% year-on-year, marking the third consecutive month of expanding growth, contributing approximately 0.43 percentage point to the CPI year-on-year increase.

As policies to expand domestic demand and promote consumption continue to take effect, the core CPI year-on-year increase has expanded for the fourth consecutive month. The core CPI excluding food and energy prices increased by 0.9% year-on-year this month, with the growth rate expanding by 0.1 percentage point from the previous month. Among these, the prices of industrial consumer goods excluding energy increased by 1.5% year-on-year, with the growth rate expanding by 0.3 percentage point from the previous month. Among industrial consumer goods, prices for gold and platinum jewelry increased by 36.7% and 29.8% year-on-year respectively, together contributing approximately 0.22 percentage point to the CPI year-on-year increase. Prices for household appliances and cultural & recreational durable goods saw their year-on-year increases expand to 4.6% and 2.4% respectively, together contributing approximately 0.09 percentage point to the CPI year-on-year increase. The year-on-year decline in prices for fuel-powered cars continued to narrow, reaching 2.3%. The year-on-year increase in service prices has been gradually expanding since March, rising by 0.6% this month with the growth rate expanding by 0.1 percentage point from the previous month, contributing approximately 0.23 percentage point to the CPI year-on-year increase. Among services, prices for domestic services and hairdressing increased by 2.3% and 1.0% year-on-year respectively, showing relatively stable growth. Prices for medical services and education services increased by 1.6% and 1.2% year-on-year respectively, while prices for vehicle rental fees and tourism increased by 0.8% and 0.7% year-on-year respectively, with their growth rates all expanding.

Human Resources

As at 30 June 2025, the Group had 110 employees (30 June 2024: 110). Total staff costs including directors' remuneration for the year ended were RMB1.6 million (eighteen months ended 30 June 2024: RMB0.8 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.

BUSINESS REVIEW

For the year ended 30 June 2025, the Group recorded revenue of approximately RMB71.3 million from its principal business (eighteen months ended 30 June 2024: approximately RMB24.6 million). The gross profit was RMB12.9 million (eighteen months ended 30 June 2024: approximately RMB5.4 million). The gross profit margin decreased from 22.0% in 2024 to 18.1% in 2025. The net loss after taxation was approximately RMB42.3 million (eighteen months ended 30 June 2024: approximately RMB18.2 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 year ended 30 June 2025, newspapers and public vehicles advertising contributed RMBNil (eighteen months ended 30 June 2024: approximately RMB Nil 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 30 June 2025, the Group's revenue from marketing and consulting services was approximately RMB1.9 million, representing a decrease of 89% as compared with the corresponding period in 2024. No revenue recognised from the printing services for the year ended 30 June 2025 and eighteen months ended 30 June 2024.

Sales of Agricultural Products

For the twelve months ended 30 June 2025, the Group's revenue from sales of agricultural products was approximately RMB69.1 million (eighteen months ended 30 June 2024: approximately RMB2.1 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 2025, the Group's revenue from the sales of agricultural products was approximately RMB69.1 million.

FINANCIAL REVIEW

Revenue

The total revenue of the Group increased from RMB24.6 million for the eighteen months ended 30 June 2024 to RMB71.3 million for the year ended 30 June 2025, principally due to the increase in revenue from sales of agricultural products. The Group's revenue from the sales of agricultural products for the year ended 30 June 2025 was RMB69.1 million (the eighteen months ended 30 June 2024: approximately RMB2.1 million).

Gross profit and gross profit margin

The Group recorded a gross profit of RMB12.9 million for the year ended 30 June 2025, as compared to RMB5.4 million for the eighteen months ended 30 June 2024. The gross profit margin decreased from 22.0% for the eighteen months ended 30 June 2024 to 18.1% for the year ended 30 June 2025. The Group's profit margin on sales of agricultural products was lower in 2025.

Overall expenses

The Group's overall expenses were RMB13.3 million for the year ended 30 June 2025, as compared to approximately RMB27.6 million for the corresponding period in 2024, principally due to the significant decrease in general and administrative expenses in 2024.

Results for the year/period

The Group recorded a net loss of RMB42.3 million for the year ended 30 June 2025 (eighteen months ended 30 June 2024: net loss of RMB18.2 million), principally due to the increase in revenue from sales of agricultural products in 2024.

Capital expenditures

During the year ended 30 June 2025 and eighteen months ended 30 June 2024, 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 year ended 30 June 2025 and RMB0.8 million for the eighteen months ended 30 June 2024, respectively.

General and administrative expenses

General and administrative expenses were RMB10.9 million for the year ended 30 June 2025 and RMB23.1 million for the eighteen months ended 30 June 2024, mainly due to a decrease of RMB6.8 million in total staff costs (including directors' remuneration).

Loss before income tax

As a result of the above, the loss before income tax was RMB42.3 million for the year ended 30 June 2025 and RMB18.2 million for the eighteen months ended 30 June 2024.

Loss for the year/period

The Group recorded a net loss for the year was RMB42.3 million for the year ended 30 June 2025 and RMB18.2 million for the eighteen months ended 30 June 2024. Increase in loss for the year was mainly attributable to (i) impairment losses on intangible assets; and (ii) impairment losses on property, plant and equipment.

Gain/loss attributable to non-controlling interests

As a result of the above factors, gain attributable to non-controlling interests was RMB3.5 million for the year ended 30 June 2025 and loss RMB2.2 million for the eighteen months ended 30 June 2024.

Loss attributable to owners of the Company

As a result of the above factors, loss attributable to owners of the Company increased from RMB16.1 million for the eighteen months ended 30 June 2024 to RMB45.8 million for the year ended 30 June 2025.

Liquidity and capital resources

As at 30 June 2025, the Group had total assets of approximately RMB160.0 million (eighteen months ended 30 June 2024: RMB207.3 million) and total borrowings (including amount due to a joint venture, loan from a shareholder and lease liabilities) totalling approximately RMB9.4 million (eighteen months ended 30 June 2024: RMB22.3 million), representing a gearing ratio, defined as total borrowings over total assets, of approximately 5.9% (eighteen months ended 30 June 2024: 10.8%).

The Group had net current liabilities of approximately RMB64.3 million (eighteen months ended 30 June 2024: RMB50.0 million), calculated on the basis of the current assets of approximately RMB92.1 million (30 June 2024: RMB101.7 million) divided by current liabilities of approximately RMB156.4 million (30 June 2024: RMB151.6 million), representing a current ratio of approximately 0.6 (30 June 2024: 0.7).

As at 30 June 2025, the Group had cash and bank balances of approximately RMB2.8 million (30 June 2024: RMB4.5 million), including restricted cash of RMB42,000.

Capital expenditures

Capital expenditures incurred during the year are mainly for the purchase or construction costs related to property, plant and equipment. Capital expenditures were RMBnil and RMB0.8 million for the year ended 30 June 2025 and eighteen months ended 30 June 2024, 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 increased by 245.1% from RMB5.1 million as at 30 June 2024 to RMB17.6 million as at 30 June 2025. Such decrease was mainly attributable to an increase of RMB46.7 million in total revenue.

Prepayments, deposits and other receivables

The non-current prepayments, deposits and other receivables slightly decreased from RMB20.8 million as at 30 June 2024 to RMB20.6 million as at 30 June 2025, while the current prepayments, deposits and other receivables slightly decreased from RMB75.7 million as at 30 June 2024 to RMB56.1 million as at 30 June 2025.

Properties held for sale

As at 30 June 2025, properties held for sale amounted to approximately RMB15.1 million (30 June 2024: 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 year ended 30 June 2025, 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 (eighteen months ended 30 June 2024: RMBNil).

Trade payables

The aging analysis of the Group's trade payables based on invoice dates is set out in Note 13. Trade payables increased from approximately RMB10.8 million as at 30 June 2024 to RMB12.5 million as at 30 June 2025. Turnover days of trade payables increased from 355 days for the eighteen months ended 30 June 2024 to 341 days for the year ended 30 June 2025 due to (i) a significant increase of purchase of agricultural products for sales.

Other payables, accrued expenses and contract liabilities

The current other payables, accrued expenses and contract liabilities increased from RMB106.6 million as at 30 June 2024 to RMB110.6 million as at 30 June 2025, mainly due to increase in accrual salary.

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.

Indebtedness

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

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 2025 was 12.7% (eighteen months ended 30 June 2024: 10.8%).

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 year ended to 30 June 2025.

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. LEE Kam Wing Victor and Mr. WEI Hong. Mr. Chai Chung Wai is the chairman of the Audit Committee. The Audit Committee has reviewed the Group's annual results for the Reporting Period and this announcement.

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 year ended 30 June 2025.

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 year ended 30 June 2025 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 year ended 30 June 2025.

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 2025, and of its consolidated financial performance and its consolidated cash flows for the year ended 30 June 2025 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 RMB42,319,000 during the year ended 30 June 2025 and, as of 30 June 2025, the Group's current liabilities exceeded its current assets by RMB64,290,000 while the Group had cash and cash equivalents of approximately RMB2,786,000 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 year ended 30 June 2025 containing all the information required by the Listing Rules will be dispatched to shareholders of the Company and made available on the above-mentioned websites in due course.

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

Hong Kong, 30 September 2025

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. Victor Lee and Mr. Wei Hong.