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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)

UPDATE ON THE PROGRESS OF THE ANNUAL FINANCIAL AUDIT FOR THE YEAR FROM 30 JUNE 2025 TO 30 JUNE 2026, THE FINANCIAL POSITION AND BUSINESS OPERATIONS OF THE COMPANY

This announcement is made by ShiFang Holding Limited (the “**Company**”) on a voluntary basis. The board of directors of the Company (the “**Board**”) hereby provides shareholders and potential investors with the latest information regarding the progress of the financial audit of the Company for the year ended 30 June 2026, the current financial position and business operations of the Company.

I. MEETING OF THE AUDIT COMMITTEE

At 2:00 p.m. on 8 October 2026, the Company convened a meeting of the audit committee in relation to matters concerning the annual financial audit report for the year from 30 June 2025 to 30 June 2026. Attendees included: Mr. Chen Ye, an executive Director of the Company; Mr. Wong Sai Hung, the company secretary of the Company; the relevant financial staff and administrative consultant of the Company; all members of the audit committee of the Company; representatives of the current auditors; Mr. Nian Jiaying (“**Mr. Nian**”), the second largest shareholder of the Company, in person; and a former director of the Company in person.

At the meeting, the current auditors of the Company (the “**Auditors**”) indicated that, based on the following matters, they are unable to issue an audit report opinion:

1. Due to the cash flow and liquidity pressure faced by the Group, certain amounts payable to employees and external service providers of the Group are overdue, resulting in a shortage of human resources, interruption of service supply and delay in valuation work.
2. In view of the ongoing disputes and litigation with the creditors of the Group, the Company has not yet provided sufficient and appropriate documentary evidence (including but not limited to the creditors and employees whose wages are in arrears agreeing to provide financial support or agreeing not to demand repayment of debts within the next twelve months) to support its cash flow forecast.

All parties present confirmed and verified that, based on the matters set out above, the current auditors are unable to issue any audit report opinion.

II. FINANCIAL POSITION AND BUSINESS OPERATION OF THE COMPANY

As at the date of this announcement, the Group has no available funds to repay various significant debts, and its principal business cannot be carried out normally. The main ones are as follows:

1. Flower sales business and inventory situation. According to the six-month financial report of the Company for the period from 1 July 2025 to 31 December 2025 as previously disclosed, in respect of the flower sales-related business which previously constituted the principal source of turnover of the Company, all flowers have ceased to be sold and have been kept as inventory. During the audit preparatory stage, when the auditors of the Company conducted a stock count at the warehouse of the Company, they found that all inventory had been returned to the original farmers to whom it belonged.
2. Payables and performance of business contracts. In the financial report previously disclosed by the Company, there are payables of approximately RMB400 million. As the Company does not have such funds to perform, it is unable to complete the relevant business contracts, and not only can it not recognise revenue, it even faces the risk of being sued by the counterparties to the contracts.
3. Business companies whose contracts were performed with funds not belonging to the Company. In respect of the three business companies whose contracts were performed with funds not belonging to the Company as announced by the Company on 14 September 2026, the relevant supplier (the “**Supplier**”) has completed judicial preservation, and the relevant business funds have been returned to their owner.
4. Matters relating to the business party represented by Mr. Nian. In respect of the financial issues between the business party represented by Mr. Nian (the “**business company represented by Mr. Nian**”) and the Company (the relevant issues repeatedly raised by The Stock Exchange of Hong Kong Limited with the Company from 2023 to 2025), as Mr. Nian has fully returned to the Company the shares of the Company issued by way of increase pursuant to the profit guarantee which was not signed and confirmed by the then auditors and which he held personally, the relevant handling plan confirmed by The Stock Exchange of Hong Kong Limited and disclosed in the clarification announcement of the Company dated 10 February 2026 in respect of such incident can be advanced once the new share registrar of the Company takes office. All legal fees and financial costs arising from such incident have been advanced by Mr. Chen Ye, an executive Director of the Company, personally on behalf of Mr. Nian Jiaying.

5. Debt of RMB20 million. Mr. Nian personally no longer bears, on behalf of such business party, the corresponding losses described in the then audit report of the Company. However, during 2022, the business party represented by Mr. Nian lent RMB20 million to the Company with the collective confirmation of the then board of directors of the Company. Based on the fact that Mr. Nian has returned the shares issued pursuant to the profit guarantee which did not comply with the audit report, Mr. Nian, during the meeting of the audit committee, in the presence of a director of the then board of directors who signed and confirmed, again demanded immediate repayment by the Company of RMB20 million in cash (the “**Debt**”). The relevant financial staff of the Company have confirmed the Debt based on the financial data previously disclosed by the Company, but the Company has now confirmed that it has no funds available to repay the Debt.
6. Chinese Mainland court enforcement situation. It is currently publicly disclosed by the industry and commerce administration department of the government of Chinese Mainland that, as a result of the relevant documents signed personally by Mr. Chen Zhi, an executive Director of the Company, the Company has been ordered by the relevant court of the government of Chinese Mainland to be enforced against in the amount of RMB2,988,300. The Company has no funds to repay the enforced amount.
7. Employee remuneration arrears. A number of employees who have directly entered into employment contracts with the Company have not received their salaries for a long period because the Company has no funds to pay wages, and a total of several million RMB in salaries is owed to them. Pursuant to sections 23, 63C and 64B(1) of the Employment Ordinance (Chapter 57) of Hong Kong, if a new person assumes the office of director of the Company and such employees whose wages are in arrears, including several existing and former directors of the Board of the Company who are owed tens of thousands or over a million, will all formally commence legal proceedings together, the new director may be held criminally liable under the above provisions. Affected employees may also commence civil proceedings in the Labour Tribunal or the court to recover the arrears of wages. The Company advises any person intending to assume the office of director to fully understand the above risks.
8. Legal fee arrears. In respect of the law firm representing the Company, the Company has not paid its service fees for several years, and has accumulated arrears of nearly HK\$10 million in service fees owed to such law firm. The Company currently has no funds to repay such debt.
9. Office premises rent arrears. The office address leased by the Company in Chinese Mainland has not been paid rent for many years, and rent of over RMB1 million is currently owed, and there are no funds to pay the same.

Based on the above matters, the current auditors of the Company are unable to conduct the audit, and have indicated to the Company that they would be unable to issue an audit report opinion. Previously, the Company was able to issue an audit report mainly because the above creditors or employees whose wages were in arrears by the Company were willing to sign a letter of support in support of the Company’s issuance of an audit report. Recently, due to the occurrence of the relevant incidents in which the physical share certificates of the majority of shareholders of the Company were transferred to the names of Mr. Chen Jiaxuan, Mr. Chen

Jiarui and Ms. Zou Huifang without the permission of the owners and without payment of any share purchase consideration, they have confirmed to the Board of the Company that they will no longer sign the letter of support until the Company is free from any risk of financial theft and such incidents are lawfully resolved.

III. MR. CHEN YE'S PERSONAL FINANCIAL CAPACITY AND HIS STATEMENT THAT HE WILL NOT ADVANCE FUNDS FOR THE TIME BEING

Mr. Chen Ye, an executive Director of the Company, has personally provided the current auditors of the Company, an independent third-party financial adviser, two different Hong Kong practising law firms and a Hong Kong licensed accountant independent of the current auditors of the Company with evidence of his personal cash deposits and the cash deposits of enterprises beneficially owned by him, which has verified that Mr. Chen Ye personally has the ability to pay, at any time by way of cash payment on behalf of the Company, all the above debts of the Company and all funds required for the performance of business contracts. However, Mr. Chen Ye has stated to the Board that he merely has the ability to advance all the funds and is not under a legal obligation to advance all the funds on behalf of the Company, and that he personally requires that the previously announced incidents of theft of shares of the relevant shareholders be resolved with judicial fairness before he is willing to believe that continuing to advance funds on behalf of the Company will not expose his personal funds to the risk of theft. Previously, the Company's long-term expenses including but not limited to the annual fees of The Stock Exchange of Hong Kong Limited, business advances, auditors' fees, fees of various listing service institutions, share registrar fees and other relevant necessary expenses were all advanced personally by Mr. Chen Ye, and Mr. Chen Ye has also not received for many years the wages payable by the Company to him pursuant to the service contract.

IV. STATEMENT REGARDING THE ANNUAL REPORT

The Board of the Company has been informed of the formal notices from the above creditors and employees whose wages are in arrears. If any entity makes any misrepresentation or distorts the above information or financial information, the Company will report to the relevant regulatory authorities (including but not limited to the Accounting and Financial Reporting Council) in accordance with the law.

V. MATTERS RELATING TO THE SHARE REGISTRAR

The share registrar of the Company, Tricor Investor Services Limited, has been resigned, and in view of the recent public facts that the physical share certificates of many shareholders of the Company have been transferred to the names of Ms. Zou Huifang, Mr. Chen Jiaxuan and Mr. Chen Jiarui without permission and without receipt of any payment, and that these persons have repeatedly attempted to transfer their remaining physical share certificates in a manner inconsistent with the signature specimens on file with the share registrar and such transfers were lawfully refused to be accepted by Tricor, most Hong Kong licensed share registrars are unwilling to register as the share registrar of the Company. Recently, a share registrar willing to engage in preliminary discussions has finally been found, and the Company has engaged in preliminary discussions with such share registrar regarding the business contract. Subject to the permission of such share registrar, the Company will disclose the name of such share registrar in its next announcement.

At the same time, in respect of the original share registrar, Tricor, because the fees of the Company over the years have all been advanced personally by Mr. Chen Ye, and as mentioned above, Mr. Chen Ye is for the time being unwilling to continue to advance funds on behalf of the Company, the Company can only arrange for the relevant authorised staff to communicate with Tricor, while continuing to advance the review and confirmation by the new share registrar of the documents previously deposited by the Company with Tricor. Whether the handover between the old and new share registrars can be completed is something the Board is currently unable to disclose to the market with certainty.

VI. RESPONSE TO THE STATEMENTS OF MR. HU AS THE REPRESENTATIVE OF SUPPLIER

Mr. Hu, the representative of the Supplier in respect of the three business companies whose contracts were performed with funds not belonging to the Company as announced by the Company on 14 September 2026, stated orally to the Board in the presence of a shareholder of the Company and a senior management member of the Company in office the following facts: the reason given by Mr. Chen Zhi, an executive Director of the Company, for not repaying the RMB2 million loan demanded from Mr. Hu was actually that Mr. Chen Zhi guaranteed to Mr. Hu that “he personally has a so-called ‘rat warehouse’ in the shares of the Company, and once the shares of the Company resume trading, he can sell the ‘rat warehouse’ to repay the loan”. At the same time, Mr. Hu stated that when he demanded repayment from Ms. Zou Huifang, Ms. Zou Huifang told Mr. Hu that “once the shares of the Company she recently obtained resume trading, she can sell them and then repay Mr. Hu”.

The Board hereby formally responds through this announcement to Mr. Hu and the interest group he represents in respect of the above extremely ridiculous, absurd and legally ignorant remarks. The Board of the Company does not know whether Mr. Chen Zhi has the so-called “rat warehouse” he described, and will not express any opinion on any illegal acts. As to whether the shares of the Company recently obtained by Ms. Zou Huifang and her two immediate family members through the relevant channels are lawful, the Company has already disclosed the relevant details in its previous announcements and will not repeat them here; whether they can be traded depends on the handling by the Hong Kong Securities and Futures Commission and the Stock Exchange in respect of the relevant facts, and the Board of the Company will not comment on the same nor give any guarantee in respect of such ridiculous remarks of such persons. The Board of the Company merely advises Mr. Hu and his interested groups to report to the police or to recover the debts by means of litigation.

On the same day, Mr. Hu also stated orally to the Board in the presence of a shareholder of the Company and a senior management member of the Company the following: Mr. Chen Zhi, an executive Director of the Company, by virtue of his position as an executive Director, had advance knowledge of the specific information of the Company’s business announcements, and through Mr. Hu, disclosed it in advance to the interest groups related to Mr. Hu, causing many persons in the interest groups related to Mr. Hu to purchase shares of the Company during such period. These shareholders who purchased shares of the Company for this reason have recently repeatedly caused trouble to Mr. Hu personally, so Mr. Hu asked these persons to directly seek explanations from Mr. Chen Zhi.

The Board of the Company hereby states: the above contents are statements made orally by Mr. Hu to the Board in the presence of witnesses. The relevant matters have been complained to The Stock Exchange of Hong Kong Limited and the Hong Kong Securities and Futures Commission, and it is advised that the relevant persons, if their own rights and interests have been damaged, should handle the matter through lawful channels such as reporting to the police or litigation.

VII. MATTERS RELATING TO THE LISTING RULES

Based on the above facts, the Company currently has no available funds to repay various significant debts, its principal business cannot be carried out normally, the auditors are unable to issue an audit report opinion, and there is significant uncertainty regarding the handover of the share registrar. The Board is of the view that the above circumstances may result in the Company being unable to comply with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) that an issuer must have a sufficient level of business operations and assets to support its continued listing. The Company will maintain close communication with The Stock Exchange of Hong Kong Limited and will make further announcements in due course.

VIII. GENERAL MATTERS

The Company will make further announcements in due course in respect of the further progress of the above matters. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

IX. CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on The Stock Exchange of Hong Kong Limited has been suspended with effect from 10:04 a.m. on Monday, 24 August 2026 and will remain suspended until further notice.

By order of the Board
ShiFang Holding Limited
Chen Ye
Co-Chairman of the Board

Hong Kong, 12 October 2026

As at the date of this announcement, the members of the Board are: Mr. Chen Zhi and Mr. Chen Ye as the executive Directors; Ms. Wang Bao Zhu as the non-executive Director; and Mr. Huang Shengwei, Mr. Zhu Chenghui and Ms. Ng Wing Wing, as the independent non-executive Directors.