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 SIX MONTHS ENDED 30 JUNE 2022

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 six months ended 30 June 2022 together with the comparative figures for the corresponding period in 2021.

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 30 JUNE 2022

	Note	**30 June 2022 *RMB'000* Unaudited**	31 December 2021 *RMB'000* Audited
ASSETS			
Non-current assets			
Property, plant and equipment		**37,443**	39,822
Right-of-use assets		**2,573**	3,241
Intangible assets	*3*	**29,092**	36,958
Prepayments, deposits and other receivables		**20,785**	20,785
		89,893	100,806
Current assets			
Biological assets		**–**	119
Inventories		**1,014**	917
Properties held for sale		**22,793**	22,793
Financial assets at fair value through profit or loss		**7,909**	7,432
Trade receivables – net	*4*	**3,327**	7,004
Contract assets – net		**525**	2,419
Prepayments, deposits and other receivables		**62,055**	62,088
Amounts due from related parties		**1,267**	–
Restricted cash		**835**	935
Cash and cash equivalents		**3,052**	8,851
		102,777	112,558
Assets classified as held for sale		**26,681**	26,681
		129,458	139,239
Total assets		**219,351**	240,045
EQUITY			
Equity attributable to owners of the Company			
Share capital		**8,065**	8,065
Share premium		**55,796**	55,796
Other reserves		**194,701**	191,702
Accumulated deficits		**(408,233)**	(381,189)
		(149,671)	(125,626)
Non-controlling interests		**5,041**	6,106
Total deficit		**(144,630)**	(119,520)

	Note	30 June 2022 RMB'000 Unaudited	31 December 2021 RMB'000 Audited
LIABILITIES			
Non-current liabilities			
Lease liabilities		**4,316**	4,694
Loans from a shareholder		**191,315**	1,500
Deferred income tax liabilities		**–**	888
		195,631	7,082
Current liabilities			
Trade payables	*5*	**11,066**	12,790
Other payables and accrued expenses		**122,240**	123,764
Convertible bonds	*6*	**–**	181,356
Financial guarantees		**941**	865
Lease liabilities		**1,902**	2,036
Borrowings		**4,085**	6,350
Current income tax liabilities		**5,722**	5,851
Amounts due to related parties		**22,394**	19,471
		168,350	352,483
Total liabilities		**363,981**	359,565
Total equity and liabilities		**219,351**	240,045

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

		Six months ended 30 June	
		2022	2021
	Note	***RMB'000***	*RMB'000*
		Unaudited	Unaudited
Revenue	*2*	**88,505**	85,591
Cost of sales		**(87,686)**	(80,194)
Gross profit		**819**	5,397
Selling and marketing expenses		**(3,206)**	(5,496)
General and administrative expenses		**(16,649)**	(24,214)
Provision for impairment on goodwill and other intangible assets		**(3,161)**	(157,226)
Provision for impairment on property, plant and equipment		**–**	(8,818)
Provision for impairment on right-of-use assets		**–**	(1,575)
Other income		**67**	54
Other gains – net		**477**	416
Operating loss		**(21,653)**	(191,462)
Finance income		**9**	18
Finance costs		**(7,242)**	(9,736)
Finance costs – net		**(7,233)**	(9,718)
Loss before income tax	*7*	**(28,886)**	(201,180)
Income tax credit	*8*	**777**	43,198
Loss for the period		**(28,109)**	(157,982)

	Note	Six months ended 30 June	
		2022	2021
		RMB'000	*RMB'000*
		Unaudited	Unaudited
Loss attributable to:			
– Owners of the Company		**(27,044)**	(156,586)
– Non-controlling interests		**(1,065)**	(1,396)
		(28,109)	(157,982)
Loss for the period		**(28,109)**	(157,982)
Other comprehensive income			
Item that may be reclassified to profit or loss			
Currency translation differences		**2,999**	4,269
Other comprehensive income for the period		**2,999**	4,269
Total comprehensive loss for the period		**(25,110)**	(153,713)
Total comprehensive loss attributable to:			
– Owners of the Company		**(24,045)**	(152,317)
– Non-controlling interests		**(1,065)**	(1,396)
		(25,110)	(153,713)
Loss per share for loss attributable to owners of the Company			
– Basic (RMB per share)	*9*	**(0.0287)**	(0.1722)
– Diluted (RMB per share)	*9*	**(0.0287)**	(0.1722)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1.1 General information

ShiFang Holding Limited (the "Company") is an investment holding company and its subsidiaries (together, 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.

The Company changed the 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 change has been effective on 18 March 2019 (Bermuda time).

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 six months ended 30 June 2022 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 31 August 2022.

1.2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2022 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 2021, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Going concern

During six months ended 30 June 2022, the Group reported a net loss of RMB28,109,000 and had a net cash outflow from operating activities of RMB9,174,000. As at 30 June 2022, the Group's current liabilities exceeded its current assets by RMB38,892,000 and the Group had a deficit in equity attributable to owners of the Company of RMB149,671,000.

As at 30 June 2022, the Group's current bank borrowings amounted to RMB4,085,000, while it had cash and cash equivalents of approximately RMB3,052,000 only. During the six months ended 30 June 2022, the Group failed to repay a bank borrowing in full in accordance with the scheduled repayment dates of the underlying bank borrowings agreement. Consequently, a principal of RMB3,785,000 and interest of RMB60,000 became overdue (the "Overdue Bank Borrowings"). The Overdue Bank Borrowings are secured by the Group's property, plant and equipment with a carrying value of RMB6,811,000 as at 30 June 2022.

The Group is in active negotiation with the bank in respect of the Overdue Bank Borrowings for renewal, extension or replacement of the relevant bank borrowings and the directors are confident that agreements will be reached in due course.

The Coronavirus Disease 2019 ("COVID-19") outbreak that led to a series of severe administrative control and precautionary measures taken by governments and authorities in Mainland China temporarily disrupted the operations of the Group's various business and in particular the progress of the Group's tourism and integrated development has been delayed. Management expects that the China's government would launch additional proactive economic and monetary policies to stimulate its economic cycle and is confident that the Group's operation will recover in 2022.

The above conditions indicate the existence of material uncertainties 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 condensed consolidated interim financial information for the six months ended 30 June 2022. In order to improve the Group's 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 the major shareholder on 1 August 2021. RMB1,500,000 had been drawn on 16 August 2021 and a further RMB1,500,000 had also been drawn on 29 March 2022. The borrowing will be repayable in two years from the date of drawdown with an interest rate of 5% per annum. In addition, the major shareholder has issued a letter of financial support to the Company for a period of twelve months from the approval date of these condensed consolidated interim financial information 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 entered into a sale and purchase agreement with an independent third party during the year ended 31 December 2021, pursuant to which certain of the Group's properties will be sold at a consideration of RMB28,000,000 and the relevant properties had been classified as assets classified as held for sale as at 30 June 2022. During the year ended 31 December 2021, the Group received down payment amounted to RMB8,539,000. During the six months ended 30 June 2022, the Group received further down payments amounted to RMB4,821,000. The transaction is expected to be completed, and the remaining consideration of RMB14,640,000 is expected to be settled in full in 2022;

(iii) The Group is in active negotiation with the banks for renewal, extension or replacement of its bank borrowings, including the Overdue Bank Borrowings, and the directors are confident that agreements will be reached in due course;

(iv) The Group is closely monitoring the impact of the COVID-19 pandemic on the Group's operation and particularly on the progress of the Group's tourism project in Yongtai County. Despite there were certain delays in the preparation work, the Group anticipates the project will be ready for commercial operation by the revised planned time. The directors are confident that the Group would be able to commence the commercial operations of the tourism project in Yongtai County in 2022 and starts to generate income and operating cash inflows to the Group;

(v) The Group is in negotiation with certain potential investors to issue new shares of the Company to raise fund to finance the Group's working capital and capital investments for its tourism and integrated development projects; and

(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, expediting the sales of properties held for sale and deferring discretionary capital expenditures, where necessary.

The directors, after making due enquiries and considering the basis of management's projections 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 condensed consolidated interim financial information on a going concern basis.

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

(ii) Successful completion of the sale and purchase agreement for disposal of the assets classified as held for sale, and receive the remaining sales proceeds from the independent third party in full on a timely basis;

(iii) Successful negotiations with the banks for the renewal, extension or replacement of the bank borrowings, including the Overdue Bank Borrowings;

(iv) Successful implementation of measures to address the disruptions caused by the COVID-19 pandemic and to complete the preparation work and commence the commercial operation of the Group's tourism and integrated development projects as planned as well as the successful implementation of business plan for these projects to improve the Group's operating results and generate cash inflow;

(v) Successful in raising funds through placement of the Company's shares to finance the Group's working capital and capital investments;

(vi) Successful implementation of measures to control operating costs, expedite collection from customers effectively and generate sufficient cash inflows from the sales of properties held for sale, as well as deferring discretionary capital expenditures where necessary, so as to improve the Group's cash flow position; and

(vii) Successful in obtaining 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 condensed consolidated interim financial information 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 2021, 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 2021.

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 30 June 2022, 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 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.

The table below shows the segment results and other segment items provided to the Executive Directors for the reportable segments for the six months ended 30 June 2022.

	Tourism and integrated developments *RMB'000* Unaudited	Publishing and advertising *RMB'000* Unaudited	Total *RMB'000* Unaudited
Segment revenue from external customers	48,718	39,787	88,505
Timing of revenue recognition			
At a point in time	48,678	39,671	88,349
Over time	40	–	40
Under IFRS16	–	116	116
Segment results	(998)	(21,199)	(22,197)
Other income			67
Other gains – net			477
Finance costs – net			(7,233)
Loss before income tax			(28,886)
Income tax credit			777
Loss for the period			(28,109)

The table below shows the segment results and other segment items provided to the Executive Directors for the reportable segments for the six months ended 30 June 2021.

	Tourism and integrated developments *RMB'000* Unaudited	Publishing and advertising *RMB'000* Unaudited	Total *RMB'000* Unaudited
Segment revenue from external customers	28,862	56,729	85,591
Timing of revenue recognition			
At a point in time	28,756	56,407	85,163
Over time	106	121	227
Under IFRS 16	–	201	201
Segment results	(167,231)	(24,701)	(191,932)
Other income			54
Other gains – net			416
Finance costs – net			(9,718)
Loss before income tax			(201,180)
Income tax credit			43,198
Loss for the period			(157,982)

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:

	Six months ended 30 June	
	2022 ***RMB'000*** **Unaudited**	2021 *RMB'000* Unaudited
Newspaper and public vehicles advertising services	**4,970**	5,163
Marketing and consulting services	**32,503**	49,626
Sales of agricultural products	**48,610**	28,035
Printing services	**2,197**	2,145
Others	**225**	622
	88,505	85,591

3 Intangible assets

	Computer software RMB'000	Non-compete agreement RMB'000	Goodwill RMB'000	Customer relationships RMB'000	Trademark RMB'000	Web site RMB'000	Right to a land lease RMB'000	Township operation right RMB'000	Exclusive operating right RMB'000	Total RMB'000
At 1 January 2022										
Cost	3,181	11,500	89,839	14,500	9,400	8,476	193,439	28,000	5,582	363,917
Accumulated amortisation	(2,688)	(11,500)	–	(14,500)	(7,135)	(8,476)	(14,667)	(2,590)	(1,232)	(62,788)
Accumulated impairment losses	(411)	–	(82,723)	–	(2,265)	–	(178,772)	–	–	(264,171)
Net carrying amount	82	–	7,116	–	–	–	–	25,410	4,350	36,958
Six months ended 30 June 2022										
Opening net carrying amount	82	–	7,116	–	–	–	–	25,410	4,350	36,958
Additions	–	–	–	–	–	–	–	–	–	–
Amortisation *(Note 7)*	(2)	–	–	–	–	–	–	(353)	(362)	(717)
Impairment *(Note (i))*	–	–	(3,161)	–	–	–	–	–	(3,988)	(7,149)
Closing net carrying amount (Unaudited)	80	–	3,955	–	–	–	–	25,057	–	29,092
At 30 June 2022										
Cost	3,181	11,500	89,839	14,500	9,400	8,476	193,439	28,000	5,582	363,917
Accumulated amortisation	(2,690)	(11,500)	–	(14,500)	(7,135)	(8,476)	(14,667)	(2,943)	(1,594)	(63,505)
Accumulated impairment losses	(411)	–	(85,884)	–	(2,265)	–	(178,772)	–	(3,988)	(271,320)
Net carrying amount (Unaudited)	80	–	3,955	–	–	–	–	25,057	–	29,092

Note (i):

As at 30 June 2022, the carrying amounts of goodwill and exclusive operation right under public vehicles advertising project in Fuzhou were approximately RMB3,161,000 and RMB3,988,000 respectively, before the impairment charges for the six months ended 30 June 2022. Due to the changes in market conditions, the management has revised its business plan of the cash generated units (the "CGU") in public vehicles advertising project in Fuzhou and determined to make a provision for impairment of goodwill and exclusive operation right in the amount of RMB3,161,000 and RMB3,988,000 based on the estimated recoverable amount of the CGU.

4 Trade receivables – net

	As at 30 June 2022	As at 31 December 2021
	RMB'000	*RMB'000*
	Unaudited	Audited
Trade receivables	**11,053**	14,502
Less: provision for impairment of trade receivables	**(7,726)**	(7,498)
Trade receivables – net	**3,327**	7,004

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 30 June 2022	As at 31 December 2021
	RMB'000	*RMB'000*
	Unaudited	Audited
1 – 30 days	**522**	4,949
31 – 60 days	**615**	1,466
61 – 90 days	**369**	53
91 – 180 days	**960**	731
181 – 365 days	**1,680**	393
Over 1 year	**6,907**	6,910
	11,053	14,502
Less: provision for impairment of trade receivables	**(7,726)**	(7,498)
Trade receivables – net	**3,327**	7,004

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:

	Six months ended 30 June 2022	Six months ended 30 June 2021
	RMB'000	*RMB'000*
	Unaudited	Unaudited
At 1 January	**7,498**	9,298
Provision for impairment of trade receivables *(Note 7)*	**228**	464
At 30 June	**7,726**	9,762

5 Trade payables

	As at 30 June 2022	As at 31 December 2021
	RMB'000	*RMB'000*
	Unaudited	Audited
Trade payables	**11,066**	12,790

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 30 June 2022	As at 31 December 2021
	RMB'000	*RMB'000*
	Unaudited	Audited
1 – 30 days	**1,120**	1,006
31 – 90 days	**2,914**	5,896
Over 90 days	**7,032**	5,888
	11,066	12,790

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

6 Convertible bonds

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

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

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

Upon its maturity on 22 April 2022, the convertible bond holder, a company wholly-owned by the major shareholder did not exercise the conversion but entered into a loan agreement of the same amount with the Group which is due for repayment in two years from the date of the agreement at an interest rate of 3% per annum;

The movement of Convertible Bonds are presented as follows:

	Six months ended 30 June 2022	Six months ended 30 June 2021
	RMB'000	*RMB'000*
	Unaudited	Unaudited
At 1 January	**181,356**	168,148
Interest accrued *(note (a))*	**6,959**	9,053
Converted to loan from a shareholder	**(188,315)**	–
At 30 June	**–**	177,201

Note (a):

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

7 Operating loss

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

	Six months ended 30 June 2022	Six months ended 30 June 2021
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Cost of newspaper and public vehicles advertising		
– Media costs	**4,445**	3,252
Cost of printing services:		
– Raw material	**736**	832
– Other costs	**252**	190
Cost of sales of agricultural products	**44,035**	25,903
Cost of marketing services:		
– Subcontracting charges	**33,059**	44,978
Depreciation of property, plant and equipment	**1,905**	2,108
Depreciation of right-of-use assets	**415**	433
Amortisation *(Note 3)*	**717**	2,773
Provision for impairment of exclusive operating right (included in cost of sales) *(Note 3)*	**3,988**	–
Auditor's remuneration	**662**	667
Marketing expenses	**2,363**	4,497
Short term lease expenses	**63**	407
Net provision for impairment of trade receivables *(Note 4)*	**228**	464
Net reversal of provision for impairment of contract assets	**(18)**	(39)
(Gain)/loss on disposal of property, plant and equipment	**(6)**	3
Gain on disposal of properties held for sale	**–**	(49)
Net foreign exchange loss	**1,532**	4,509
Employee benefit expenses (including directors' emoluments)	**11,066**	14,656

8 Income tax credit

	Six months ended 30 June 2022	Six months ended 30 June 2021
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Current income tax:		
Mainland China enterprise income tax		
– Current tax	**(111)**	(203)
Deferred income tax	**888**	43,401
	777	43,198

9 Loss per share

(a) Basic

Basic loss per share for the periods ended 30 June 2022 and 2021 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.

	Six months ended 30 June 2022	Six months ended 30 June 2021
	Unaudited	Unaudited
Loss attributable to owners of the Company *(RMB'000)*	**(27,044)**	(156,586)
Weighted average number of shares in issue, including bonus element (thousands)	**943,439**	909,119
Basic loss per share (RMB per share)	**(0.0287)**	(0.1722)

(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 six months ended 30 June 2022 (2021: same).

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In the first half of 2022, both China's internal and external economic environment became more and more complicated and acute, with continuous "triple pressures" in demand contraction, supply shocks and expected weakening sentiments, and also the abrupt increase of factors beyond expectation such as the resurgence of domestic epidemic and the Ukraine crisis. Despite experiencing a stable start in the beginning of the year, however, economic fluctuation precipitated in late March and major economic indicators fell back in April had bombarded the stable recovery of China's economy. Thereafter, with the epidemic gradually brought under control in various regions in May and June, the national economy were recovering in a hard way. According to data published by the National Bureau of Statistics of the PRC, in the first half of 2022, the gross domestic product (GDP) was RMB56.3 trillion, of which the second quarter GDP was RMB29.2 trillion, increased slightly by 0.4% year-on-year. By contrast, the growth was 4.8% in the first quarter this year, and fell back significantly in the second quarter, in which it had also dragged down the overall economic growth in the first half year, and the total growth was only 2.5% in the first six months. The most seriously affected segment was the service industry, in which it fell into the contraction range from a 4% growth in the first quarter to a down by 0.4% year-on-year.

According to the 2022 China Advertisers' Marketing Trend Survey report jointly released by CCTV Market Research (CTR), the Advertising Institute and the National Advertising Research Institute (國家廣告研究院) of Communication University of China, in 2022, owing to epidemic resurgence, industry reform and other complicated environment impact both domestically and abroad, the advertisers' confidence index (confidence score of advertisers based on the overall domestic economic situation, industry development prospects and enterprise operation) declined when compared with 2021, but it is still higher than 2020 when the epidemic was first emerged. According to the statistics from CTR, the advertising market in the first half of 2022 decreased by 11.8% year-on-year. The advertisements of four industry segments of food, pharmaceuticals, alcoholic beverages and personal supplies were relatively stable in the advertising market. With the successive implementation of security regulations such as the Data Security Law (《數據安全法》) and the Personal Information Protection Law (《個人信息保護法》), it is hard to continue obtaining directly users' personal information through Internet platforms or data service companies. Meanwhile, the education, training, cultural and entertainment industries were under comprehensive governance, while the medical beauty, healthcare, games and Internet finance industries were subject to more stringent monitoring, and led to a 17% year-on-year decrease in terms of the number of brands placing advertisements in the advertising market for the IT product and service industry in 2022, and down by 55% in terms of advertising placements.

The resurgence of epidemic also bombarded the entire film industry chain in the PRC: no film was released, funds were unable to make ends meet; producer suspended screening due to epidemic, which resulted in difficulties of capital funds flow back; suspended works for crew due to epidemic, and delays in shooting schedules. In the first half of 2022, the total box office in Mainland China reached RMB17.19 billion, representing a year-on-year decrease of 37.7%, and the total number of movie-goers fell to 397 million, which was comparable to that in 2014. The film market in Mainland China was at its trough. When summer comes, thanks to the multiple compounded positive effects of comprehensive work and production resumption in the society, adjustment and optimisation of epidemic prevention policies and release of popular films, the film and television industry has shown a significant rebound since June, and the operating rate of domestic cinemas has recovered by over 80%. The statistics showed that the national box office in June 2022 was RMB1.92 billion in total cumulatively, which was 90% recovered as compared with RMB2.103 billion in the same period of 2021, putting the downturn of box office not exceeding the RMB1 billion mark for three consecutive months to a halt.

BUSINESS REVIEW

For the six months ended 30 June 2022, the Group recorded revenue of RMB88.5 million from its principal business (first half of 2021: RMB85.6 million). The gross profit was RMB0.8 million (first half of 2021: RMB5.4 million). The gross profit margin decreased from 6.3% in the first half of 2021 to 0.9% in the first half of 2022. The net loss after taxation decreased to approximately RMB28.1 million (first half of 2021: RMB158.0 million).

Newspapers and Public Vehicles Advertising Services

As the State Administration for Market Regulation previously announced the "14th Five-Year" Plan for the Development of the Advertising Industry (《「十四五」廣告產業發展規劃》), which encourages technological innovation and application in the advertising industry, and supports the extensive application of technologies such as the Internet, artificial intelligence, blockchain, big data and cloud computing in the advertising industry, and further promotes the digital transformation of the advertising industry, online advertising will dominate the advertising market, resulting in a more severe condition for the operation of print media market. During the period, the daily circulation and the number of printed pages of Southeast Express operated by the Group remained unsatisfactory. The public vehicles advertising mainly generates revenue from TV advertisements on public vehicles. For the six months ended 30 June 2022, newspapers and public vehicles advertising contributed RMB4.9 million (first half of 2021: RMB5.2 million) to the Group's revenue, with a gross loss margin of 70%.

Marketing and Consulting Services and Printing Services

Since the beginning of the year, the market environment has been hindered by a number of challenges, including epidemic resurgence, supply chain disruption, weak consumer confidence, resulting in a stagnant overall consumer market. For the six months ended 30 June 2022, the Group's revenue from marketing and consulting services was approximately RMB32.5 million, representing a decrease of 34.5% as compared with the corresponding period in 2021, while the gross loss margin was 2.0%. The revenue from printing services was RMB2.2 million, approximate to that of the corresponding period in 2021, with a gross profit margin of 6.2%.

Sales of Agricultural Products

For the six months ended 30 June 2022, the Group's revenue from sales of agricultural products was approximately RMB48.6 million (first half of 2021: RMB28.0 million), while the gross profit margin was 9%. Epidemic resurgence, supply chain disruption and weak consumer confidence led to a significant decline in economic growth in the second quarter. According to data published by the National Bureau of Statistics of the PRC, the growth of both agriculture and industry slowed down in the second quarter, with agriculture being less affected, only 1.6 percentage points slower than that of the previous quarter, and the consumption of major agricultural products still maintained a rigid growth.

Internet and Other Services

During the period under review, 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 full-chain 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. In 2019, the Company established an O2O website, mobile APP and WeChat Mini Programs to promote online and offline sales of these agricultural products. In the first half of 2022, the Group's revenue from the sales of agricultural products was approximately RMB48.6 million, with a gross profit margin of 9%.

FINANCIAL REVIEW

Revenue

The total revenue of the Group increased by 3.4% from RMB85.6 million for the six months ended 30 June 2021 to RMB88.5 million for the six months ended 30 June 2022, principally due to the increased revenue from the sales of agricultural products and the marketing and consulting services. The Group's revenue from the sales of agricultural products for the six months ended 30 June 2022 was RMB48.6 million (the first half of 2021: RMB28.0 million). The revenue from marketing and consulting services decreased from RMB49.6 million for the six months ended 30 June 2021 to RMB32.5 million for the six months ended 30 June 2022.

Gross profit and gross profit margin

The Group recorded a gross profit of RMB0.8 million for the six months ended 30 June 2022, compared to RMB5.4 million for the six months ended 30 June 2021. The gross profit margin decreased from 6.3% for the six months ended 30 June 2021 to 0.9% for the six months ended 30 June 2022, which was primarily attributable to the provision for impairment of intangible asset of 4.0 million.

Other income

Other income increased from RMB54,000 for the six months ended 30 June 2021 to RMB67,000 for the six months ended 30 June 2022, primarily due to increase in government grant.

Other gains – net

Other gains increased from RMB0.4 million for the six months ended 30 June 2021 to RMB0.5 million for the six months ended 30 June 2022, which is attributable to fair value change on financial assets at fair value through profit or loss.

Selling and marketing expenses

Selling and marketing expenses decreased by 41.8% from RMB5.5 million for the six months ended 30 June 2021 to RMB3.2 million for the six months ended 30 June 2022, mainly due to decrease in selling and marketing expenses of sales of agricultural products.

General and administrative expenses

General and administrative expenses decreased by 31.4% from RMB24.2 million for the six months ended 30 June 2021 to RMB16.6 million for the six months ended 30 June 2022, mainly due to (i) decrease in foreign exchange losses from RMB4.5 million to RMB1.5 million; and (ii) less general and administrative expenses incurred in first half of 2022.

Finance costs – net

Net finance costs incurred for the six months ended 30 June 2022 was RMB7.2 million, representing a decrease of 25.8% as compared to RMB9.7 million for the six months ended 30 June 2021, mainly attributable to the lower interest expense for short-term borrowings in the current period as compared to the comparative period.

Income tax credit

Income tax credit decreased from RMB43.2 million for the six months ended 30 June 2021 to income tax credit RMB0.8 million for the six months ended 30 June 2022, mainly due to the reversal of deferred income tax liabilities arising from business combination due to the provision for impairment on intangible assets during the period.

Results for the period

The Group recorded a net loss of RMB28.1 million for the six months ended 30 June 2022, mainly attributable to the provision for impairment on goodwill and other intangible assets of RMB3.2 million and RMB4.0 million, respectively.

Liquidity and capital resources

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Net cash used in operating activities	**(9,174)**	(7,538)
Net cash generated from investing activities	**4,799**	4,665
Net cash used in financing activities	**(1,424)**	(2,243)
Net decrease in cash and cash equivalents	**(5,799)**	(5,116)
Cash and cash equivalents at beginning of the period	**8,851**	12,889
Exchange loss on cash and cash equivalents	**–**	(5)
Cash and cash equivalents at end of the period	**3,052**	7,768

Cash flow used in operating activities

For the six months ended 30 June 2022, net cash used in operating activities amounted to RMB9.2 million, which is primarily attributable to the net loss for the period amounting to RMB28.1 million and partly offset by non-cash/non-operating items such as provision for impairment on goodwill and other intangible assets of RMB3.2 million and RMB4.0 million, respectively, depreciation and amortisation of RMB3.0 million and finance costs of RMB7.2 million.

Cash flow generated from investing activities

For the six months ended 30 June 2022, net cash generated from investing activities amounted to RMB4.8 million, resulting from down payment received for asset classified as held for sale of RMB4.8 million.

Cash flow used in financing activities

For the six months ended 30 June 2022, net cash used in financing activities amounted to RMB1.4 million, resulting primarily from the repayment of bank borrowings in the amount of RMB2.2 million and partly offset by the drawndown of loan from a shareholder of RMB1.5 million.

Capital expenditures

During the six months ended 30 June 2022 and 2021, the Group incurred capital expenditures mainly for construction costs related to property, plant and equipment, purchase of leasehold improvements and office equipment. The Group's capital expenditures were RMB47,000 and RMB1.5 million for the six months ended 30 June 2022 and 30 June 2021, respectively.

Trade receivables – net

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

	As at 30 June 2022 *RMB'000* **Unaudited**	As at 31 December 2021 *RMB'000* Audited
Aging analysis of trade receivables		
1 – 30 days	**522**	4,949
31 – 60 days	**615**	1,466
61 – 90 days	**369**	53
91– 180 days	**960**	731
181 – 365 days	**1,680**	393
Over 1 year	**6,907**	6,910
	11,053	14,502
Less: provision for impairment of trade receivables	**(7,726)**	(7,498)
Trade receivables – net	**3,327**	7,004

The Group's trade receivables decreased by 52.5% from RMB7.0 million as at 31 December 2021 to RMB3.3 million as at 30 June 2022.

Properties held for sale

	As at 30 June 2022	As at 31 December 2021
	RMB'000	*RMB'000*
	Unaudited	Audited
Properties held for sale	**22,793**	22,793

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 30 June 2022	As at 31 December 2021
	RMB'000	*RMB'000*
	Unaudited	Audited
Aging analysis based on invoice date of trade payables		
1 – 30 days	**1,120**	1,006
31 – 90 days	**2,914**	5,896
Over 90 days	**7,032**	5,888
	11,066	12,790

The Group's trade payables decreased by 13.5% from RMB12.8 million as at 31 December 2021 to RMB11.1 million as at 30 June 2022.

Indebtedness

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

(a) On 23 April 2019, the 3% per annum convertible bonds in the principal amount of RMB215,750,000 were issued by the Company to the Subscriber, a company wholly-owned by Mr. Chen Zhi, an Executive Director and a shareholder of the Company. The convertible bond has a term of 3 years. The effective interest rate for the period is 11.5% per annum. Upon its maturity on 22 April 2022, the convertible bond holder, a company wholly-owned by the major shareholder did not exercise the conversion but entered into a loan agreement of the same amount with the Group which is due for repayment in two years from the date of the agreement at an interest rate of 3% per annum. As at 30 June 2022, the loan balance was amounted to RMB188,315,000.

(b) During the six months ended 30 June 2022, the Group failed to repay a bank borrowing in full in accordance with the scheduled repayment date of the underlying bank borrowings agreement. Consequently, a principal of RMB3,785,000 and interest of RMB60,000 became overdue (the "Overdue Bank Borrowings"). The Overdue Bank Borrowings are secured by the Group's property, plant and equipment with a carrying value of RMB6,811,000 as at 30 June 2022.

(c) During the six months ended 2022, the Group renewed the revolving bank borrowing in the amount of RMB300,000. The revolving bank borrowing was initially drawn in June 2021 and renewed in June 2022. The balance carries an interest rate at 9.22% per annum with a term of 1 year and is denominated in RMB.

(d) During the year ended 31 December 2021, the Group has successfully obtained a borrowing facility of RMB20,000,000 from its shareholder on 1 August 2021. RMB1,500,000 had been drawn on 16 August 2021 and a further RMB1,500,000 had also been drawn on 29 March 2022. The borrowing will be repayable in two years from the date of drawdown with an interest rate of 5% per annum.

Gearing ratio, being proportion of the Group's total borrowings to total assets, increased by 10.7% to 92.3% as at 30 June 2022 (31 December 2021: 81.6%).

Commitments

(a) Operating lease commitments – as a lessor

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

	As at 30 June 2022	As at 31 December 2021
	RMB'000	*RMB'000*
	Unaudited	Audited
Not later than 1 year	**–**	1,253
Later than 1 year and not later than 5 years	**–**	5,536
	–	6,789

(b) Capital commitments

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

	As at 30 June 2022	As at 31 December 2021
	RMB'000	*RMB'000*
	Unaudited	Audited
Property, plant and equipment	**2,930**	4,266

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 30 June 2022 and 31 December 2021, the Group had no material contingent liabilities.

Human resources

As at 30 June 2022, the Group had 196 full-time employees (31 December 2021: 213). Total staff costs including directors' remuneration for the six months ended 30 June 2022 was approximately RMB11.1 million (for the six months ended 30 June 2021: approximately RMB14.7 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

Looking forward into the second half year, external environment uncertainty is still occupying. The conflict between Russia and Ukraine continues to affect the supply of energy and food, pushing the risk of global "stagflation" higher. The monetary policies of major economies such as the United States will be further tightened, and global financial markets may experience more volatile fluctuation. China will face spillover risks such as weakening external demand, global financial market turmoil and geopolitical conflicts. From the perspective of domestic development, despite the significant reduction of GDP growth rate in the second quarter, in which it affected achieving the growth rate target of around 5.5% set at the beginning of the year, however, China's economic foundation was solid and stable. In the first half year, consumer price index, the main indicator, rose by 1.7% year-on-year, which was far lower than those in the European countries and the United States. The overall employment situation remained stable, with the surveyed urban unemployment rate falling for second consecutive month to 5.5 percent in June. In the first half year, the real growth of per capita disposable income of national residents was 3% year-on-year, which was faster than the economic growth rate. With the optimisation of epidemic prevention policies, the impact of the epidemic on the economy will be further weakened. The impact of a series of economic stabilisation policies will gradually get on its feet, and market expectations and consumer confidence will continue to resume. The China Statistical Information Service Center of the National Bureau of Statistics recently published the results of a confidence survey of the second quarter of 100 Chinese economists that conducted in June, which revealed that 71% of the economists believed that the current economic situation in China is relatively lack lustre but looking forward to a recovery of China's economy in next 6 months.

With the current measures in many regions across the country of encouraging large-scale consumption such as automobiles and home appliances; provision of relief measures such as rent reduction, reduction or waiving of platform commission and financial support for market players such as catering and retail; implementation of full rebate of existing and incremental tax in more industries with a total amount of RMB2.64 trillion throughout the year; issuance of consumer coupons such as catering and retail in many regions nationwide to promote consumer reimbursement to boost consumption, as well as all kinds of corporate relief policies, consumption is expected to gradually recover in the second half year under the premise of the epidemic under control.

At the same time, in order to stimulate movie spending in Mainland China, the State Film Administration, in conjunction with the relevant departments, launched a number of active measures such as film support funds and tax incentives to encourage practitioners to produce more and better movies. Meanwhile, it expanded the number of admirable overseas films introduced to meet the audience needs. On the eve of the opening of the 12th Beijing International Film Festival, the State Film Administration issued the Notice on Launching the 2022 Film-Benefiting Consumer Season (《關於開展2022年電影惠民消費季的通知》), and launched various measures including the issuance of movie-watching consumption coupons with RMB100 million in value, which aimed at stimulating public film spending and helping the film market in Mainland China to get out of the haze. It is expected that the film market in Mainland China, which is temporarily affected by the epidemic, is passing through its downturn and will resume its smooth development path. The film market in China still has broad and promising prospects. The Statistics from the State Film Administration revealed that the domestic film box office increased from RMB10.172 billion in 2010 to RMB 64.266 billion in 2019, with a CAGR (9) of 22.73%. In terms of after the epidemic box office revenue in 2020, the film market in China has become the world's largest market.

Going forward, these positive factors are expected to drive the Group to continue to develop its existing businesses of advertising, marketing and consulting, and agricultural products. At the same time, the Group will continue to focus on restructuring its publishing and advertising businesses by consolidating with cultural and film media businesses in PRC, so as to broaden the long-term income sources of the Group. The Group will more actively leverage its experience and resources in the advertising, film, culture and media industries to develop integrated projects on the theme of film or media, and develop these projects focusing on industry positioning, cultural heritage, tourism features, eco-agriculture, entertainment and community functions such as health and wellness, so as to form synergies with the existing businesses. In addition, the Group will continue to strive to identify suitable industry partners and investment or cooperation projects to capture business opportunities which form synergy with our existing businesses, as well as the transformation and upgrade that combine the strength of online and offline activities in the new media era.

COVID-19 OUTBREAK

The Coronavirus Disease 2019 ("**COVID-19**") outbreak that led to a series of severe administrative control and precautionary measures taken by governments and authorities in Mainland China temporarily disrupted the operations of the Group's various business and in particular the progress of the Group's tourism and integrated development has been delayed. Management expects that the China's government would launch additional proactive economic and monetary policies to stimulate its economic cycle.

SUBSEQUENT EVENTS

(i) On 30 July 2022, the Company entered into the loan capitalisation agreement (the "**Loan Capitalisation Agreement**") with the TopBig International Development Limited (the "**Subscriber**"), a company wholly-owned by Mr. Chen Zhi, the Executive Director and a major shareholder of the Company, pursuant to which the Company conditionally agreed to issue, and the subscriber conditionally agreed to subscribe for 383,636,331 convertible preference shares (the "**CPS**") at the subscription price of HK$0.57 per CPS, in full and final settlement of the loan from a shareholder in the amount of HK$218,672,709 (equivalent to RMB188,058,530) as at 30 July 2022, which was entered into between the Company and the Subscriber dated 22 April 2022 for a period of two years at the interest rate of 3% per annum.

    The CPS will be issued under the CPS specific mandate to be obtained from the independent shareholders at an extraordinary general meeting. The long stop date for the fulfilment of the loan capitalisation condition is 31 October 2022 or such later date as may mutually be agreed in writing between the parties.

(ii) On 31 July 2022, the Company entered into a sale and purchase agreement with an independent third party (the "**Seller**"), pursuant to which the Company conditionally agreed to acquire and the Seller conditionally agreed to sell, the effectively 49.95% equity interest of the Baiming (Beijing) Information Technology Co., Ltd (the "**Target Company**") and its subsidiaries (the "**Target Group**") at a consideration of HK$92,407,500 (the "**Acquisition Consideration**") determined under a contingent arrangement of the guaranteed profits in respect of the financial performance of the Target Company for the year ending 31 December 2022.

The payment of the Acquisition Consideration shall be satisfied by the issuance of the convertible bond under the general mandate. The convertible bond to be issued by the Company in the principal amount of HK$92,407,500 carries the right to convert into shares of the Company at HK$0.70 per share. The long stop date for the fulfilment of the acquisition conditions is 15 September 2022 or such later date as may be agreed in writing between the parties.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: 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 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.

CODE PROVISION A.2.1

Under code provision A.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 A.2.1. However, 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 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 Directors of Listed Issuers (the "**Model Code**") as set forth in Appendix 10 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 six months ended 30 June 2022 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. Wong Heung Ming, Henry, Mr. Zhou Chang Ren and Mr. Cai Jian Quan. Mr. Wong Heung Ming, Henry 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 six months ended 30 June 2022.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its listed shares during the six months ended 30 June 2022. Neither the Company nor any of its subsidiaries had purchased, sold or repurchased any of the listed shares of the Company during the six months ended 30 June 2022.

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 six months ended 30 June 2022 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, 31 August 2022

As at the date of this announcement, the executive Directors are Mr. Chen Zhi (Chairman & Chief Executive Officer) and Mr. Yu Shiquan; the non-executive Directors are Mr. Chen Wei Dong and Ms. Chen Min; and the independent non-executive Directors are Mr. Zhou Chang Ren, Mr. Wong Heung Ming, Henry, and Mr. Cai Jianquan.