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SHIFANG HOLDING LIMITED

十方控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1831)

**MAJOR TRANSACTION IN RELATION TO
THE ACQUISITION OF THE ENTIRE ISSUED SHARE
CAPITAL OF SUPREME GLORY LIMITED**

Financial Adviser to the Company



The Board is pleased to announce that on 8 May 2017 (after trading hours of the Stock Exchange), the Company, the Vendors and the Guarantors entered into the Acquisition Agreement pursuant to which the Company conditionally agreed to acquire, and the Vendors conditionally agreed to dispose of, the Acquired Interest for the Consideration of HK\$340,000,000, comprising the Deposit, the Cash Consideration Balance, the Promissory Note and the Consideration Shares.

The relevant applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition are more than 25% but less than 100%. Accordingly, the Acquisition constitutes a major acquisition for the Company under Chapter 14 of the Listing Rules and is subject to reporting, circular and shareholders' approval requirements under the Listing Rules.

The EGM will be held for the Shareholders to consider and, if thought fit, approve the ordinary resolutions in respect of, amongst other things, (i) the entering into of the Acquisition Agreement and the transactions contemplated thereunder; and (ii) the allotment and issue of the Consideration Shares under the Specific Mandate. A circular containing, among other things, (i) further details of the Acquisition; (ii) financial information on the Target Group; (iii) the valuation report in relation to the fair market value of the Acquired Interest; (iv) a notice of EGM; and (v) other information as required under the Listing Rules, is expected to be dispatched to the Shareholders on or before 31 May 2017.

THE ACQUISITION AGREEMENT

The Board is pleased to announce that on 8 May 2017 (after trading hours of the Stock Exchange), the Company, the Vendors and the Guarantors entered into the Acquisition Agreement pursuant to which the Company conditionally agreed to acquire, and the Vendors conditionally agreed to dispose of, the Acquired Interest for the Consideration of HK\$340,000,000.

Details of the Acquisition Agreement are summarized as follow:

Date

8 May 2017 (after trading hours of the Stock Exchange)

Parties

Purchaser: ShiFang Holding Limited

- Vendors:
- (i) Zenith Sky Limited (i.e. Vendor A), the legal and beneficial owner of approximately 9.09% of the issued share capital of the Target Company as at the date of the Acquisition Agreement;
 - (ii) Better Top Investment Group Limited (i.e. Vendor B), the legal and beneficial owner of approximately 18.18% of the issued share capital of the Target Company as at the date of the Acquisition Agreement;
 - (iii) Pioneer Way Investment Holdings Limited (i.e. Vendor C), the legal and beneficial owner of approximately 18.18% of the issued share capital of the Target Company as at the date of the Acquisition Agreement;
 - (iv) Joint Way Limited (i.e. Vendor D), the legal and beneficial owner of approximately 18.18% of the issued share capital of the Target Company as at the date of the Acquisition Agreement;
 - (v) Fullness Time Limited (i.e. Vendor E), the legal and beneficial owner of approximately 18.18% of the issued share capital of the Target Company as at the date of the Acquisition Agreement; and
 - (vi) Fortune Catcher Investments Limited (i.e. Vendor F), the legal and beneficial owner of approximately 18.18% of the issued share capital of the Target Company as at the date of the Acquisition Agreement.

- Guarantors:
- (i) Mr. Zhang Qingsong (張慶松), the sole shareholder and director of Vendor A;
 - (ii) Ms. Lin Huiyun (林惠雲), the sole shareholder and director of Vendor B;
 - (iii) Ms. Sun Xia (孫霞), the sole shareholder and director of Vendor C;
 - (iv) Ms. Guo Jinmei (郭金梅), the sole shareholder and director of Vendor D;
 - (v) Ms. Cai Ruiying (蔡瑞英), the sole shareholder and director of Vendor E; and
 - (vi) Ms. Luo Junrong (羅俊榕), the sole shareholder and director of Vendor F.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Vendors and their ultimate beneficial owners (i.e. the Guarantors) is a third party independent of the Company and its connected persons.

Under the terms of the Acquisition Agreement, each of the Guarantors jointly and severally guarantees the due and punctual performance of the obligations of the Vendors under the Acquisition Agreement.

Subject Matter

Pursuant to the Acquisition Agreement, the Company conditionally agreed to acquire, and the Vendors conditionally agreed to dispose of, the Acquired Interest, comprising the entire issued share capital and all shareholders' loans (if any) of the Target Company. Based on the information provided by the Vendors, the Target Company did not owe the Vendors any shareholders' loans.

Further details and the financial information of the Target Group is set out in the section headed "*INFORMATION ON THE TARGET GROUP*" in this announcement.

Consideration

The total Consideration for the Acquisition is HK\$340,000,000, which shall be payable by the Company to the respective Vendors (or their respective designated nominees) in proportion to their respective shareholdings in the Target Company as follows:

- (i) a refundable deposit of HK\$34,000,000 (the "**Deposit**") shall be payable by the Company in cash within 7 days after the signing of the Acquisition Agreement;
- (ii) upon Completion, HK\$68,500,000 (the "**Cash Consideration Balance**", and together with the Deposit, the "**Cash Consideration**") shall be payable by the Company in cash;
- (iii) upon Completion, HK\$100,000,000 shall be satisfied by the issue by the Company of the Promissory Note in the principal amount of HK\$100,000,000, which carries interest at 5.5% per annum and is repayable on the third anniversary of the date of issue; and
- (iv) upon Completion, HK\$137,500,000 shall be satisfied by the allotment and issuance by the Company of 550,000,000 Consideration Shares at the Issue Price of HK\$0.25 per Consideration Share.

The Consideration was determined after arm's length negotiations between the Vendors and the Company after taking into consideration, among other things, the Company's assessment on the prospect and feasibility of the Project (as defined below), the terms of the Lease and the future development value of the Land given its geographical location, area, transportation and the remaining Lease Period.

The Company intends to settle the Cash Consideration by the internal resources of the Group.

Promissory Note

The Company shall issue to the Vendors (or their designated nominees) the Promissory Note in the aggregate principal amount of HK\$100,000,000 upon Completion on the following principal terms:

Issuer	:	the Company
Principal amount	:	HK\$100,000,000
Date of issue	:	Completion Date
Interest	:	5.5% per annum, payable semi-annually on 30 June and 31 December in each year in arrears and upon maturity or redemption of the Promissory Note
Maturity date	:	The Promissory Note is repayable on the third anniversary of the date of issue.
Transferability	:	The Promissory Note may be assigned or transferred in whole or in part by the note-holder(s) to any person.
Denomination	:	A note-holder may request that the certificate(s) of the Promissory Note be split into such denominations as the holder sees fit, provided that the minimum denomination of any note certificate shall not be less than HK\$1,000,000.

Early redemption : The Company may redeem any part of the Promissory Note at 102% of its principal amount at any time prior to the maturity date. The note-holders may not demand the Company to make early repayment of the Promissory Note in any event.

Consideration Shares

The Consideration Shares represent:

- (i) approximately 37.97% of the issued share capital of the Company as at the date of the Acquisition Agreement; and
- (ii) approximately 27.52% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Consideration Shares will be allotted and issued under the Specific Mandate to be obtained by the Company at the EGM. The Consideration Shares, when allotted and issued, shall be credited as fully paid and rank *pari passu* amongst themselves and with all other Shares in issue in the share capital of the Company.

Issue Price

The Issue Price of HK\$0.25 per Consideration Share represents:

- (i) a discount of approximately 9.09% to the closing price of HK\$0.275 per Share as quoted on the Stock Exchange as at the date of the Acquisition Agreement (i.e. 8 May 2017);
- (ii) a discount of approximately 12.28% to the average closing price of HK\$0.285 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days immediately prior to and including the date of the Acquisition Agreement;
- (iii) a discount of approximately 14.38% to the average closing price of approximately HK\$0.292 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to and including the date of the Acquisition Agreement;

- (iv) a discount of approximately 21.88% to the average closing price of approximately HK\$0.320 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to and including the date of the Acquisition Agreement; and
- (v) a premium of approximately 9.03% over the audited net asset value per Share of approximately HK\$0.2293 based on the audited consolidated net assets of the Company attributable to the Shareholders of approximately RMB294,227,000 (equivalent to approximately HK\$332,123,000) as at 31 December 2016 and the issued share capital of 1,448,330,121 Shares as at the date of the Acquisition Agreement.

The Issue Price was determined after arm's length negotiation between the Company and the Vendors with reference to the recent trading prices of the Shares and the net asset value per Share. The Directors consider that the Consideration and the Issue Price are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion of the Acquisition is conditional upon fulfillment or waiver (as the case may be) of the Conditions as set forth below:

- (A) the Company having completed its due diligence in respect of, including but not limited to, affairs, business, assets, results, legal and financial structure of members of the Target Group, and the results of due diligence being satisfactory to the Company in its absolute discretion;
- (B) the Company having obtained a legal opinion from qualified PRC legal advisers, in form and substance satisfactory to the Company in its absolute discretion, to confirm, amongst other things, the due incorporation, valid and continued existence of members of the Target Group which are incorporated in the PRC, the approvals, consents, licences and/or permissions required by each member of the Target Group incorporated in the PRC to conduct their business operations, the title and ownership of assets of the Target Group free from encumbrances, the full force and effect of the material contracts in relation to the Project, the Land and the income derived therefrom during the Lease Period (as defined below);

- (C) the obtaining of all approvals, completion of all filings, waiting periods having expired or terminated and all applicable statutory and legal obligations having been complied with, in each case as may be necessary and expedient in connection with the entering into and the complementation of the Acquisition Agreement;
- (D) no events having occurred which may result in any material adverse effect on the financial performance, business or assets, operating results or business prospects the Target Group between the date of the Acquisition Agreement and Completion;
- (E) all warranties given by the Vendors being true, accurate and not misleading at all times between the date of the Acquisition Agreement and Completion;
- (F) (if applicable) the obtaining of the required approvals, confirmations, waivers or consents from all third parties or regulatory authorities in respect of the Acquisition Agreement and the transactions contemplated thereunder;
- (G) the obtaining of a valuation report (in form and substance satisfactory to the Company in its absolute discretion) from a valuer appointed by the Company and showing that the fair market value of the Acquired Interest is not less than HK\$340,000,000;
- (H) the passing of the ordinary resolution(s) by the Shareholders at the EGM to be convened and held to approve the Acquisition Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Consideration Shares); and
- (I) the Listing Committee of the Stock Exchange having granted the approval for the listing of and permission to deal in the Consideration Shares.

Save for and except Conditions (H) and (I) above which cannot be waived by any party in any event, the other Conditions can be waived at the absolute discretion of the Company. The Company has no intention to waive any Condition in a way and to an extent which unjustifiably exposes the Company to material extra risks or economic loss.

The Long Stop Date for the fulfillment or waiver of the Conditions is 31 July 2017 (or such later date as the parties may agree in writing). If any of the Conditions are not fulfilled or waived on or before the Long Stop Date, the Acquisition Agreement shall terminate, the Vendors shall forthwith refund the Deposit made by the Company without interest, and no party shall have any claim in relation to the Acquisition Agreement (without prejudice to the rights of any party in respect of antecedent breaches).

As at the date of this announcement, none of the Conditions set out above has been satisfied.

Completion

Subject to fulfillment or waiver (as the case may be) of all the Conditions, Completion shall take place on the Completion Date, which shall be the third business day after the day on which all the Conditions have been fulfilled or waived (or such other date as may be agreed between the Company and the Vendors).

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company, and the Group will consolidate the financial results and assets and liabilities of the Target Group.

Specific Mandate

The Consideration Shares will be allotted and issued under the Specific Mandate to be obtained from the Shareholders at the EGM.

Application for listing

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

INFORMATION ON THE TARGET GROUP

The Target Company is an investment holding company incorporated in Samoa with limited liability. Prior to the entering into of the Acquisition Agreement, the Target Company is legally and beneficially owned by Vendor A, Vendor B, Vendor C, Vendor D, Vendor E and Vendor F as to approximately 9.09%, approximately 18.18%, approximately 18.18%, approximately 18.18%, approximately 18.18% and approximately 18.18%, respectively. Based on the information provided by the Vendors, the only asset of the Target Company is the entire issued share capital in Wahshi Enterprises.

Wahshi Enterprises is an investment holding company incorporated in Samoa with limited liability. Based on the information provided by the Vendors, as at the date of this announcement, the entire issued share capital of Wahshi Enterprises is legally and beneficially owned by the Target Company. Based on the information provided by the Vendors, the only asset of Wahshi Enterprises is the entire equity interests in Fujian Huashi.

Fujian Huashi is a wholly foreign owned enterprise established in the PRC with limited liability. Based on the information provided by the Vendors, as at the date of this announcement, the registered capital of Fujian Huashi is RMB10,000,000, which is 100% legally and beneficially owned by Wahshi Enterprises. Based on the information provided by the Vendors, the only asset of Fujian Huashi is the entire equity interests in Beijing Fanxing.

Beijing Fanxing is a domestic enterprise established in the PRC with limited liability. Based on the information provided by the Vendors, as at the date of this announcement, the registered capital of Beijing Fanxing is RMB5,000,000, which is 100% legally and beneficially owned by Fujian Huashi. Beijing Fanxing is principally engaged in the design, construction and operation of a multi-purpose media, resort and eco-tourism project known as Beijing Shihua Caves Niaoyulin* (北京石花洞鳥語林) (the “**Project**”) which is situated at Fangshan District (房山區), Beijing, the PRC, approximately 40 kilometers away from the city centre of Beijing. The Project is adjacent to Beijing Shihua Caves of China (中國北京石花洞), a nationwide famous tourist attraction, part of Fangshan Global Geopark of China (中國房山世界地質公園) and graded as National Park of China (國家級風景名勝區), National Geopark of China (國家地質公園), National Natural Heritage (國家自然遺產) and National 4A Tourist Attraction (國家AAAA級旅遊景區).

Based on the preliminary information provided by the Vendors and the Target Company, Beijing Fanxing inherited the leasing right of a parcel of uncultivated hills and land (the “**Land**”) at the site of the Project with a measurable usable area of approximately 4,022 Chinese mu falling within the four boundaries. Such leasing right was inherited from the original tenant, namely, 北京中夏國際投資發展有限公司 (Beijing Zhongxia International Investment Development Company Limited*) (the “**Original Tenant**”), through the assignment (the “**Assignment**”) of the original lease dated 30 December 2008 (the “**Lease**”) with the consent of the then and current owner of the collective land, namely, 北京市房山區河北鎮李各莊村經濟聯合社 (Economic Cooperative Society of Ligezhuang Village, Hebei Town, Fangshan District, Beijing*) (the “**Land Owner**”) for the continual use and occupancy of the Land for the remaining period of the original 50 years’ lease period expiring on 30 December 2058 (the “**Lease Period**”), which is renewable further by mutual consent. According to the information provided by the Vendors, under the terms of the Lease and the Assignment, Beijing Fanxing also inherited the unencumbered title and ownership and unfettered use and enjoyment of the cultivation grown, livestock raised and properties built on the Land (including dormitories, guest rooms and hostels, power supply facilities, water and drainage facilities and roads) and the assets relevant to the Project (collectively, the “**Project Assets**”). According to the information provided by the Vendors, under the terms of the Lease and the Assignment, the Land Owner must buy out the Project Assets from the legal successor of the leasing right of the Lease (i.e. currently Beijing Fanxing) at fair value at the expiry of the Lease.

The Land Owner is the rural collective economic organization established by the villagers under the leadership of the government. Based on publicly available information, the industry and commerce registration of the Original Tenant in the PRC has already been cancelled. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Land Owner, the Original Tenant and their ultimate beneficial owners is a third party independent of the Company and its connected persons.

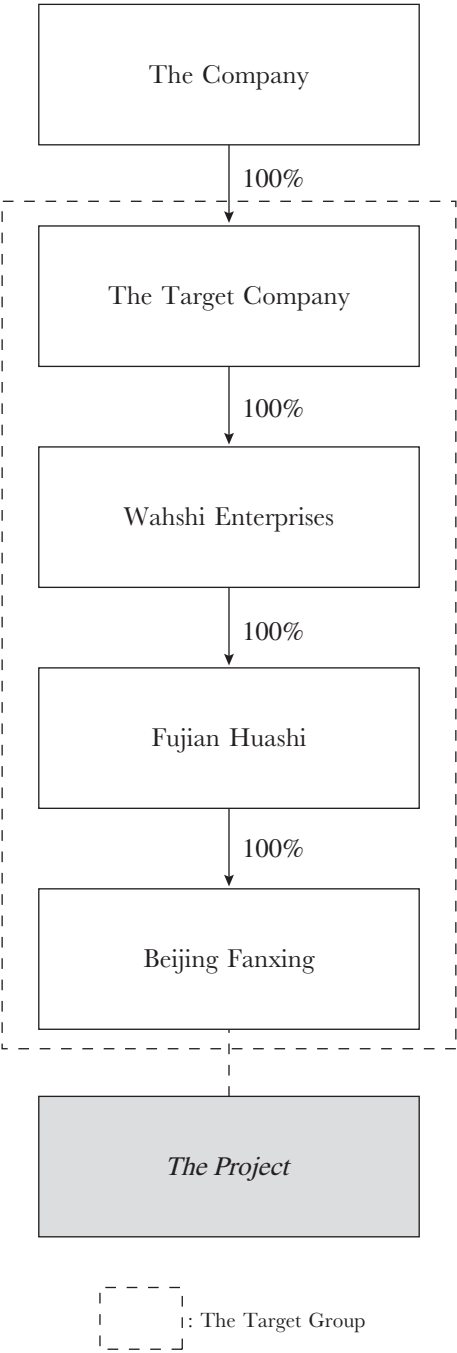
No audited accounts have been prepared by the Target Company, Wahshi Enterprises and Fujian Huashi since they have not conducted any business since their respective dates of incorporation. Beijing Fanxing has not prepared any audited accounts yet, as it was only incorporated in 2016. Based on the unaudited consolidated management accounts of the Target Company provided by the Vendors, as at 31 January 2017, the Target Company had unaudited total assets and net assets of approximately RMB344,917,000 (equivalent to approximately HK\$389,342,000) and approximately RMB300,000,000 (equivalent to approximately HK\$338,640,000), respectively. Based on the unaudited management accounts of Beijing Fanxing (the only operating company within the Target Group) provided by the Vendors, during the period from its date of incorporation (i.e. 19 August 2016) up to 31 January 2017, Beijing Fanxing recorded unaudited net losses (both before and after taxation) of approximately RMB7,000 (equivalent to approximately HK\$8,000).

Set out below is the shareholding structure of the Target Group as at the date of the Acquisition Agreement and immediately after Completion:

As at the date of the Acquisition Agreement:



Immediately after Completion:



REASONS FOR THE ACQUISITION

The Company is an investment holding company and its subsidiaries are principally engaged in the business of publishing and advertising in the PRC.

As reading habits of consumers continued to reshape, the Chinese advertising industry was still undergoing structural adjustments. The unstoppable shift of advertisers from print media to the internet and other new media posed challenges to the newspaper advertising market in 2016. Both the newspaper advertising and printing service businesses of the Group were thus under pressure. As disclosed in the annual report of the Company for the year ended 31 December 2016, the Group recorded loss after tax of approximately RMB56,484,000 for the year ended 31 December 2016. Such loss was primarily attributable to (a) the decrease in revenue of the newspaper advertising business, which was resulted from the competition from online new media and the slowdown in the PRC's economic growth; (b) the slower-than-expected development of the online business; and (c) the rise in overheads and rental expenses due to the Group's diversification and business expansion efforts.

In view of the emergence of online films and online television series, the Group believes that the prospects of the film, television and cultural market will be promising. With the extensive experience in film and television entertainment production and management as well as the influence of the Group's management team, particularly Mr. Siuming Tsui, an executive Director and chief executive officer of the Company, the Board is of the view that the Acquisition provides a good opportunity for the Group to tap its businesses into multi-purpose media, resort and eco-tourism business in the PRC.

The development plan on the Land includes a film studio, a media and performing arts training centre, a multi-purpose resort and eco-tourism park and guest accommodation for carrying out film and television entertainment production and tourist reception and entertainment business. According to the knowledge of the Directors, it is common for film and television producers in the PRC to shoot films in large studios and many such studios in the PRC have become popular tourist attractions, such as Hengdian World Studios (橫店影視城) in Zhejiang and Three Kingdoms and Outlaws of the Marsh Town (三國演義及水滸傳之城) in Wuxi. In the PRC, a large plot of land area in the magnitude of over thousand mu is normally required for the development of a successful outdoor film studio.

The Land is situated in Beijing City and approximately 40 kilometers away from the city centre, approximately 90 kilometers away from Xiongan New Area (雄安新區) and approximately 130 kilometers away from Tianjin City, with high transportation accessibility to and from all of these areas and Hebei Province. Beijing is the national tertiary education centre of performing arts, film and media. Several well-known universities of performing arts, including but not limited to Beijing Film Academy (北京電影學院), the Central Academy of Drama (中央戲劇學院) and the China Central Academy of Fine Arts (中央美術學院), are located in Beijing. According to the market research and studies conducted by the Company's management, there is a demand for media training center and large outdoor film studios in the vicinity of Beijing City and Hebei Province.

According to Beijing Municipal Bureau of Statistics, Beijing has a total resident population of approximately 21,729,000 in 2015, representing an annual growth rate of approximately 0.9% as compared to that in 2014. Beijing has a high consumer spending level. During the period between 2011 and 2015, the average disposable income per capita of Beijing residents and households increased by approximately RMB15,555 to approximately RMB48,458, representing a compound annual growth rate ("CAGR") of approximately 10.2%, while the average consumption expenditure per capita of Beijing residents and households increased by approximately RMB11,819 to approximately RMB33,803, representing a CAGR of approximately 11.4%. The Land is conveniently situated next to Beijing Shihua Caves Niaoyulin, National 4A Tourist Attraction, and approximately 13 kilometers away from the Peking Man Site at Zhoukoudian, a UNESCO World Heritage Site. According to the market research and studies conducted by the Company's management, there is a demand for tourist and resort parks in Beijing. Therefore, the Group intends to develop the Land into a multi-purpose film studio, media and performing arts training, resort and eco-tourism park.

According to the information provided by the Vendors, as at the date of this announcement, Beijing Fanxing has entered into letters of intent with various cooperation partners with the view to developing different operation aspects of the Project, including eco-tourism, outdoor sports, resort, catering and accommodation.

Based on the Vendors' original business plan and projection, the Project expects to commence construction of the Land in the second half of 2017 and partially complete construction and be ready for partial opening and operation in or around the second half of 2018. The estimated capital expenditure for the first-stage development of the Land for the opening in 2018 is approximately RMB35,000,000. The business and construction plan, opening timetable and budget will be subject to the Group's further review if the Acquisition proceeds to completion. However, assuming that the first-stage development budget remains unchanged, the Group intends to finance such construction and development costs through internal resources and/or bank financing. In view of the business prospect of the Land and the Project, the Directors consider that the Acquisition offers a good opportunity for the Group to diversify the revenue stream of the Group.

Having considered the above, the Directors are of the view that the entering into of the Acquisition Agreement is in the interests of the Company and the Shareholders as a whole.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set forth below are the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Consideration Shares, assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the allotment and issue of the Consideration Shares:

	As at the date of this announcement		Immediately after the allotment and issue of the Consideration Shares	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Mr. Chen Zhi (<i>Note 1</i>)	166,394,696	11.49	166,394,696	8.33
Mr. Shi Jianxiang	186,850,000	12.90	186,850,000	9.35
Vendor A (<i>Note 2</i>)	—	—	50,000,000	2.50
Vendor B (<i>Note 3</i>)	—	—	100,000,000	5.00
Vendor C (<i>Note 4</i>)	—	—	100,000,000	5.00
Vendor D (<i>Note 5</i>)	—	—	100,000,000	5.00
Vendor E (<i>Note 6</i>)	—	—	100,000,000	5.00
Vendor F (<i>Note 7</i>)	—	—	100,000,000	5.00
Public shareholders	1,095,085,425	75.61	1,095,085,425	54.80
Total:	1,448,330,121	100.00	1,998,330,121	100.00

Notes:

1. This represents the aggregate of (i) 7,032,655 Shares personally held by Mr. Chen Zhi, an executive Director, and (ii) 159,362,041 Shares owned by TopBig International Development Limited, a controlled corporation wholly owned by Mr. Chen Zhi.
2. The sole shareholder and director of Vendor A is Mr. Zhang.
3. The sole shareholder and director of Vendor B is Ms. Lin.
4. The sole shareholder and director of Vendor C is Ms. Sun.
5. The sole shareholder and director of Vendor D is Ms. Guo.
6. The sole shareholder and director of Vendor E is Ms. Cai.
7. The sole shareholder and director of Vendor F is Ms. Luo.
8. Any discrepancies in the table above between totals and sums of amounts set out in it are due to rounding.

GENERAL

The relevant applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition are more than 25% but less than 100%. Accordingly, the Acquisition constitutes a major acquisition for the Company under Chapter 14 of the Listing Rules and is subject to reporting, circular and shareholders' approval requirements under the Listing Rules.

The EGM will be held for the Shareholders to consider and, if thought fit, approve the ordinary resolutions in respect of, amongst other things, (i) the entering into of the Acquisition Agreement and the transactions contemplated thereunder; and (ii) the allotment and issue of the Consideration Shares under the Specific Mandate. As no Shareholder has a material interest in the Acquisition Agreement, no Shareholder is required to abstain from voting at the EGM in respect of the Acquisition Agreement.

A circular containing, among other things, (i) further details of the Acquisition; (ii) financial information on the Target Group; (iii) the valuation report in relation to the fair market value of the Acquired Interest; (iv) a notice of EGM; and (v) other information as required under the Listing Rules, is expected to be dispatched to the Shareholders on or before 31 May 2017.

DEFINITIONS

In this announcement, the following terms have the following meanings unless the context requires otherwise:

“Acquired Interest”	the entire issued share capital and all shareholders’ loans (if any) of the Target Company proposed to be acquired by the Company from the Vendors in the Acquisition
“Acquisition”	the proposed acquisition of the Acquired Interest by the Company from the Vendors pursuant to the Acquisition Agreement
“Acquisition Agreement”	a sale and purchase agreement entered into between the Company, the Vendors and the Guarantors on 8 May 2017 in relation to the Acquisition
“Beijing Fanxing”	北京繁星旅遊有限公司 (Beijing Fanxing Travel Co. Ltd.*), a domestic enterprise established in the PRC with limited liability and a wholly-owned subsidiary of Fujian Huashi
“Board”	the board of Directors
“Company”	ShiFang Holding Limited, a company incorporated in Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange with stock code 1831, being the purchaser of the Acquired Interest under the Acquisition Agreement
“Completion”	completion of the Acquisition in accordance with the terms and subject to the Conditions of the Acquisition Agreement
“Completion Date”	the date of Completion, being the third business day after the day on which all the Conditions have been fulfilled or waived, or such other date as may be agreed between the Company and the Vendors

“Conditions”	the conditions precedent to the Completion as contained in the Acquisition Agreement and summarized in the sub-paragraph headed “ <i>Conditions precedent</i> ” under the paragraph headed “ <i>THE ACQUISITION AGREEMENT</i> ” in this announcement
“connected person”	having the meaning as ascribed thereto under the Listing Rules
“Consideration”	the total consideration for the Acquisition in the amount of HK\$340,000,000
“Consideration Shares”	550,000,000 new Shares to be allotted and issued to the Vendors (or their designated nominees) in accordance with the terms of the Acquisition Agreement, as part of the Consideration
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held for the purpose of considering, and if thought fit, approving, amongst other things, (i) the entering into of the Acquisition Agreement and the transactions contemplated thereunder; and (ii) the allotment and issue of the Consideration Shares under the Specific Mandate
“Fujian Huashi”	福建華實電子科技有限公司 (Fujian Huashi Electronic Technology Co., Ltd.*), a wholly foreign owned enterprise established in the PRC with limited liability and a wholly-owned subsidiary of Wahshi Enterprises
“Group”	the Company and its subsidiaries
“Guarantors”	collectively, Ms. Cai, Ms. Guo, Ms. Lin, Ms. Luo, Ms. Sun and Mr. Zhang
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Issue Price”	HK\$0.25 per Consideration Share
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 July 2017, or such later date as may be agreed in writing between the Company and the Vendors
“Mr. Zhang”	Mr. Zhang Qingsong (張慶松), the sole shareholder and director of Vendor A and one of the Guarantors under the Acquisition Agreement
“Ms. Cai”	Ms. Cai Ruiying (蔡瑞英), the sole shareholder and director of Vendor E and one of the Guarantors under the Acquisition Agreement
“Ms. Guo”	Ms. Guo Jinmei (郭金梅), the sole shareholder and director of Vendor D and one of the Guarantors under the Acquisition Agreement
“Ms. Lin”	Ms. Lin Huiyun (林惠雲), the sole shareholder and director of Vendor B and one of the Guarantors under the Acquisition Agreement
“Ms. Luo”	Ms. Luo Junrong (羅俊榕), the sole shareholder and director of Vendor F and one of the Guarantors under the Acquisition Agreement
“Ms. Sun”	Ms. Sun Xia (孫霞), the sole shareholder and director of Vendor C and one of the Guarantors under the Acquisition Agreement
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

“Promissory Note”	a promissory note in the principal amount of HK\$100,000,000 to be issued by the Company to the Vendors (or their designated nominees) in accordance with the terms of the Acquisition Agreement, as part of the Consideration
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Specific Mandate”	the specific mandate proposed to be sought from the Shareholders at the EGM to authorize the Directors to allot and issue the Consideration Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Supreme Glory Limited (卓耀有限公司), an investment holding company incorporated in Samoa with limited liability which is legally and beneficially owned by Vendor A, Vendor B, Vendor C, Vendor D, Vendor E and Vendor F as to approximately 9.09%, approximately 18.18%, approximately 18.18%, approximately 18.18%, approximately 18.18% and approximately 18.18%, respectively, prior to the entering into of the Acquisition Agreement
“Target Group”	the Target Company and its subsidiaries
“Vendor A”	Zenith Sky Limited, the legal and beneficial owner of approximately 9.09% of the entire issued share capital of the Target Company prior to the entering into of the Acquisition Agreement

“Vendor B”	Better Top Investment Group Limited, the legal and beneficial owner of approximately 18.18% of the entire issued share capital of the Target Company prior to the entering into of the Acquisition Agreement
“Vendor C”	Pioneer Way Investment Holdings Limited, the legal and beneficial owner of approximately 18.18% of the entire issued share capital of the Target Company prior to the entering into of the Acquisition Agreement
“Vendor D”	Joint Way Limited, the legal and beneficial owner of approximately 18.18% of the entire issued share capital of the Target Company prior to the entering into of the Acquisition Agreement
“Vendor E”	Fullness Time Limited, the legal and beneficial owner of approximately 18.18% of the entire issued share capital of the Target Company prior to the entering into of the Acquisition Agreement
“Vendor F”	Fortune Catcher Investments Limited, the legal and beneficial owner of approximately 18.18% of the entire issued share capital of the Target Company prior to the entering into of the Acquisition Agreement
“Vendors”	collectively, Vendor A, Vendor B, Vendor C, Vendor D, Vendor E and Vendor F
“Wahshi Enterprises”	Wah Shi Enterprises Limited (華實企業有限公司), an investment holding company incorporated in Samoa with limited liability which is legally and beneficially owned as to 100% by the Target Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the exchange rate of RMB1.0000 to HK\$1.1288. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

By order of the Board
ShiFang Holding Limited
Siuming Tsui

Executive Director and Chief Executive Officer

Hong Kong, 8 May 2017

As at the date of this announcement, the executive Directors are Mr. Siuming Tsui (Chief Executive Officer), Mr. Chen Zhi and Mr. Yu Shi Quan; 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 Jian Quan.

* *For identification purpose only*