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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing agent



東方證券(香港)有限公司
ORIENT SECURITIES (HONG KONG) LIMITED

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 18 November 2015 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has agreed to place, on a best effort basis, the Placing Shares comprising up to 167,988,424 new Shares at the Placing Price of HK\$0.70 per Placing Share to not less than six independent Placees.

The maximum number of 167,988,424 Placing Shares represents (i) approximately 20.00% of the existing issued share capital of the Company as at the date of the Placing Agreement; and (ii) approximately 16.67% of the existing issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

Assuming all the Placing Shares were allotted and issued, the gross proceeds of the Placing will amount to approximately HK\$117,591,896.80 and the net proceeds receivable by the Company under the Placing are estimated to be approximately HK\$115,240,058.80 after deducting relevant expenses incurred in relation to the Placing. It is presently expected that the net proceeds will be applied for as general working capital of the Group.

GENERAL

The Placing Shares are to be issued under the General Mandate and therefore the issue of the Placing Shares will not be subject to the approval of the Shareholders.

Completion of the Placing is subject to the fulfillment of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date: 18 November 2015 (after trading hours)

Parties: (1) Issuer: the Company

(2) Placing agent: Orient Securities (Hong Kong) Limited

The Placing Agent has been appointed to place, on a best effort basis, the Placing Shares at the Placing Price. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent is an Independent Third Party.

The Placees

The Placing Shares will be placed on a best effort basis to not less than six Placees which will be institutional, professional and/or private investors who and whose ultimate beneficial owners shall be Independent Third Parties. It is not expected that any Placee will become a Substantial Shareholder immediately after completion of the Placing. The Company has appointed Orient Securities (Hong Kong) Limited as the placing agent.

Number of Placing Shares

The Placing Shares shall be up to 167,988,424 new Shares, representing approximately 20% of the existing issued share capital of the Company as at the date of the Placing Agreement, and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Shares will rank, upon issue, pari passu in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price is HK\$0.70 per Placing Share, representing:

- i. a discount of approximately 13.6% to the closing price of HK\$0.81 per Share as quoted on the Stock Exchange on 18 November 2015, being the date of the Placing Agreement; and
- ii. a discount of approximately 2.5% to the average of the closing prices of approximately HK\$0.718 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agent with reference to, among others, the prevailing market price of the Shares and the liquidity of the Shares. The Directors consider that the Placing Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Based on the estimated expenses for the Placing, the net Placing Price is approximately HK\$0.686 per Placing Share.

Assuming the 167,988,424 Placing Shares are subscribed in full, the aggregate nominal value of the Placing Shares is HK\$16,798,842.40.

Placing commission payable to the Placing Agent

The placing commission payable to the Placing Agent under the Placing Agreement is equal to 2.00% of the aggregate Placing Price of the Placing Shares.

The placing commission payable to the Placing Agent under the Placing Agreement is arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the market rate. The Directors consider that the terms of the Placing Agreement (including the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Mandate to issue the Placing Shares

The Placing Shares will be allotted and issued under the General Mandate. As at the date of this announcement, the General Mandate has not been utilised since it was granted on 21 May 2015 and the number of new Shares that could be issued by the Company under the General Mandate is 167,988,424 Shares. The maximum of 167,988,424 Placing Shares to be allotted and issued will utilize approximately 100% of the General Mandate. Accordingly, the issue of the Placing Shares will not be subject to the approval of the Shareholders.

Conditions of the Placing

The Placing is conditional upon the following conditions being fulfilled on or before the Long Stop Date:

- i. the Listing Committee of the Stock Exchange having granted or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and
- ii. the Placing Agreement not having been terminated in accordance with its terms.

Completion of the Placing

Completion shall take place at 4:00 p.m. (Hong Kong time) on the Completion Date (or such other date and time as may be agreed by the parties) at the principal place of business of the Placing Agent (or such other place to be agreed between the Placing Agent and the Company).

If the conditions precedent of the Placing are not fulfilled by 5:00 p.m. on the Long Stop Date, the Placing Agreement shall terminate and neither the Placing Agent nor the Company will have any claim against the other in respect of the Placing save for any antecedent breach of the Placing Agreement.

Termination

The Placing Agent shall have the right to terminate the Placing Agreement by notice in writing given to the Company at any time prior to 4:00 p.m. (Hong Kong time) on the Completion Date if any of the following develops, occurs or comes into force:

- a) there shall have come to the notice of the Placing Agent any material breach of, or any event rendering untrue or incorrect in any material respect, any of the representations and warranties of the Company contained in the Placing Agreement or any failure to perform any of the Company's undertakings in the Placing Agreement;
- b) any new law, rule or regulation or any change in existing laws (including common law), rules or regulations (or the juridical interpretation thereof) or other occurrence of any nature whatsoever which, in the reasonable opinion of the Placing Agent, are or may be materially adverse to the business or financial position of the Company or any other member of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing;
- c) any event or circumstance (whether or not forming part of a series of events or circumstances occurring or continuing before, on and/or after the date of the Placing Agreement) or material change or deterioration in local, national, international, political, military, financial, economic, market or trading conditions or any other conditions (whether or not ejusdem generis with any of the foregoing) in any part of the world in which the Company or any other member of the Group carries on business which, in the reasonable opinion of the Placing Agent, is or may be materially adverse to the business or financial position of the Company or any other member of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or
- d) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange.

In the event that the Placing Agent terminates the Placing Agreement, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement.

Application for listing

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

REASONS FOR ENTERING INTO THE PLACING AGREEMENT AND USE OF PROCEEDS

The Group is principally engaged in the business of cultural media and advertising in the PRC.

The Directors have considered various fund raising methods and believe that under the prevailing market conditions, the Placing represents an opportunity for the Group to raise additional funds to finance the potential acquisition activities as identified by the Group from time to time and for its future developments. In addition, the Placing will broaden the Company's shareholder base and strengthen its capital base and working capital position.

Assuming all the Placing Shares were allotted and issued, the gross proceeds of the Placing will amount to approximately HK\$117,591,896.80 and the net proceeds receivable by the Company under the Placing are estimated to be approximately HK\$115,240,058.80 after deducting relevant expenses incurred in relation to the Placing. It is presently expected that the net proceeds will be applied for as general working capital of the Group.

Accordingly, the Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activity in the past 12 months immediately before the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purpose only, the shareholding structure of the Company as at the date of this announcement and immediately upon completion of the Placing assuming all the Placing Shares are fully placed is and will be as follows:–

	As at the date of this announcement		Immediately upon completion of the Placing assuming all the Placing Shares are fully placed	
	<i>Number of Shares</i>	<i>Approx %</i>	<i>Number of Shares</i>	<i>Approx %</i>
Mr. Chen Zhi	7,032,655	0.84%	7,032,655	0.70%
TopBig International Development Limited (昇平國際發展有限公司)				
(Note 1)	159,362,041	18.97%	159,362,041	15.81%
Zou Hui Fang	54,945,645	6.54%	54,945,645	5.45%
Templeton Asset Management Ltd.	42,606,606	5.07%	42,606,606	4.23%
The Placees	–	–	167,988,424	16.67%
Other Shareholders	575,995,174	68.58%	575,995,174	57.15%
Total	<u>839,942,121</u>	<u>100%</u>	<u>1,007,930,545</u>	<u>100%</u>

Note 1: TopBig International Development Limited is a company incorporated under the laws of the British Virgin Islands, which is wholly-owned by Mr. Chen Zhi, the executive director and chairman of the Company.

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DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Board”	the board of Directors of the Company
“Business Day(s)”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	Shifang Holding Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company

“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company convened and held on 21 May 2015 to issue and allot up to 167,988,424 new Shares, representing 20% of the share capital of the Company in issue on the date of the passing of the relevant ordinary resolution
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Independent Third Party(ies)”	parties which are not connected persons of the Company (as defined in the Listing Rules) and are independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	27 November 2015 or such later date as the Company and the Placing Agent may agree in writing
“Placee(s)”	any professional, institutional or other investor independent of and not connected with the Company, the connected persons of the Company and their respective associates procured by or on behalf of the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares by the Company, through the Placing Agent, pursuant to the Placing Agreement
“Placing Agent”	Orient Securities (Hong Kong) Limited, a corporation licensed to carry on business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Placing Agreement”	the Placing Agreement dated 18 November 2015 entered into between the Placing Agent and the Company in relation to Placing
“Placing Price”	HK\$0.70 per Placing Share
“Placing Share(s)”	a maximum of 167,988,424 new Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“Shareholder(s)”	holders of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meanings ascribed under the Listing Rules
“%”	per cent

By the Order of the Board
ShiFang Holding Limited
Chen Zhi
Chairman

Hong Kong, 18 November 2015

As at the date of this announcement, the executive Directors are Mr. Chen Zhi (Chairman), Mr. Hong Pei Feng, Mr. Zhang Tie Zhu and Mr. Yu Shi Quan; the non-executive Directors are Mr. Chen Wei Dong and Ms. Chen Min; the independent non-executive Directors are Mr. Zhou Chang Ren, Mr. Wong Heung Ming, Henry and Mr. Cai Jian Quan.