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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)

**STRATEGIC COOPERATION MEMORANDUM OF
UNDERSTANDING FOR THE PROPOSED PROJECT
PARTICIPATION OF TARGET MEDIA PROJECT; AND
PROPOSED SUBSCRIPTIONS OF
NEW SHARES UNDER SPECIFIC MANDATE**

STRATEGIC COOPERATION MEMORANDUM OF UNDERSTANDING

This is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board would like to announce that on 22 December 2015 (after trading hours), the Company entered into the MOU with Hehe Film, the proposed scope of strategic cooperation includes:

- (a) Participation in and development of new media projects: utilize and exploit the existing media related capabilities of the Company and Hehe Film with a view to jointly invest in, develop, market and manage the production and distribution of motion pictures that would appeal to the mass Asian market (including the PRC); and
- (b) Participation in existing media projects of Hehe Film: allow the Company to have the priority to participate in the investment in the existing portfolio of motion picture investments currently held by Hehe Film.

The MOU is non-legally binding (save for certain provisions such as the provisions on Hehe Film's undertaking, due diligence, confidentiality, cost as well as governing law). If the Proposed Project Participation proceeds, the Formal Agreement will be entered into between the Company and Hehe Film in respect of the above strategic cooperation.

THE SUBSCRIPTIONS

On 22 December 2015 (after trading hours), the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 200,000,000 new Shares in aggregate at the Subscription Price of HK\$0.80 per Subscription Share. The Subscription Completion is subject to conditions precedent to the Subscriptions as set out in the Subscription Agreements. The Specific Mandate to allot and issue the Subscription Shares will be sought from the Shareholders at the EGM.

The Subscription Price represents (i) a discount of approximately 60.40% to the closing price of HK\$2.02 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements; (ii) a discount of approximately 62.96% to the average closing price of approximately HK\$2.16 per Share as quoted on the Stock Exchange for the last five consecutive trading days of the Shares immediately prior to the date of the Subscription Agreements; (iii) a discount of approximately 54.55% to the average closing price of approximately HK\$1.76 per Share as quoted on the Stock Exchange for the last 20 consecutive trading days of the Shares immediately prior to the date of the Subscription Agreements; (iv) a discount of approximately 44.83% to the average closing price of approximately HK\$1.45 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days of the Shares immediately prior to the date of the Subscription Agreements; (v) a discount of approximately 20% to the average closing price of approximately HK\$1.00 per Share as quoted on the Stock Exchange for the last

60 consecutive trading days of the Shares immediately prior to the date of the Subscription Agreements; and (vi) a premium of approximately 344.44% over the consolidated net asset value per Share of approximately HK\$0.18 (based on the latest published unaudited net asset value of the Group of RMB151,415,000 (equivalent to approximately HK\$181,294,077) as at 30 June 2015 and 1,006,942,121 Shares in issue as at the Last Trading Day).

USE OF PROCEEDS FROM THE SUBSCRIPTIONS

Assuming successful completion of the Subscriptions, the maximum gross proceeds from the Subscriptions are expected to be approximately HK\$160 million. The net proceeds of the Subscriptions (after deducting related professional fees and related expenses) are expected to be approximately HK\$158 million. The net issue price per Share from the Subscriptions will be approximately HK\$0.79.

The Company currently intends to use the net proceeds from the Subscriptions in the following manner:

- (i) approximately RMB120 million (equivalent to approximately HK\$144 million) for the Proposed Project Participation pursuant to the MOU; and
- (ii) the remaining balance for general working capital of the Group and if and when suitable investment opportunity in the media business arises.

In the event that any or all of the Subscriptions do not proceed to completion, the net proceeds to be applied to the Proposed Project Participation will be scaled down accordingly, and the size of the Company's participation in such project will be lowered.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that there will be no change in the shareholding structure of the Company immediately before completion of the Subscriptions:

- (i) the Subscription A Shares represents approximately 15.89% of the existing issued share capital of the Company of 1,006,942,121 Shares as at the date of this announcement, and approximately 13.71% of the issued share capital of the Company of 1,166,942,121 Shares as enlarged by the allotment and issue of the Subscription A Shares;
- (ii) the Subscription B Shares represents approximately 3.97% of the existing issued share capital of the Company of 1,006,942,121 Shares as at the date of this announcement, and approximately 3.82% of the issued share capital of the Company of 1,046,942,121 Shares as enlarged by the allotment and issue of the Subscription B Shares; and

(iii) the Subscription Shares represents approximately 19.86% of the existing issued share capital of the Company of 1,006,942,121 Shares as at the date of this announcement, and represent approximately 16.57% of the issued share capital of the Company of 1,206,942,121 Shares as enlarged by the allotment and issue of the Subscription Shares.

GENERAL

The Subscription Shares will be allotted and issued under Specific Mandate to be proposed for passing by the Shareholders by ordinary resolution(s) at the EGM in accordance with the Listing Rules. The general mandate of the Company will not be used for the issue of the Subscription Shares.

A circular containing, among other things, (i) further details of the Subscriptions; and (ii) a notice convening the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

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

The Subscriptions are not inter-conditional on each other and are subject to the satisfaction of the conditions precedent respectively set out in each of the Subscription Agreements. As the Subscriptions may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

1. STRATEGIC COOPERATION MEMORANDUM OF UNDERSTANDING

This is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board would like to announce that on 22 December 2015 (after trading hours), YSOLDE, being a wholly-owned subsidiary of the Company, entered into the MOU with Hehe Film.

The principal terms of the MOU are set out as follows:

Date: 22 December 2015

Parties: YSOLDE and Hehe Film

Hehe Film is principally engaged in motion media contents related businesses, including investment, planning, production, publication and distribution of television drama series, films and other audio visual media contents. Hehe Film has a well-established team of film industrial experts and is in close cooperation with well-known film production companies and distributors including Central Pictures Corporation (中影股份有限公司), Shanghai Nanguo Pictures Limited Company* (上海上影南國影業有限公司), and Pegasus Entertainment Holdings Limited (stock code: 1326) and Max Screen (Beijing) Film Distribution Holdings Limited* (大銀幕(北京)電影發行控股有限公司). The media products portfolio of Hehe Film includes, among others, 《八星抱喜》 (The Eighth Happiness), 《百星酒店》 (Hotel Deluxe), 《精武青春》 (Kung Fu Angels), 《3D葉問3》 (Ip Man 3 in 3D).

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Hehe Film and its ultimate beneficial owner(s) are Independent Third Parties and are the third party independent of, and not acting in concert (as defined under the Code) with and not connected with the Subscribers and their ultimate beneficial owner(s).

Pursuant to the MOU, the proposed scope of strategic cooperation includes:

- (a) Participation in and development of new media projects: utilize and exploit the existing media related capabilities of YSOLDE and Hehe Film with a view to jointly invest in, develop, market and manage the production and distribution of motion pictures that would appeal to the mass Asian market (including the PRC); and
- (b) Participation in existing media projects of Hehe Film: allow the Company to have priority to participate in the investment in the existing portfolio of motion picture investments currently held by Hehe Film.

Existing Media Projects Participation

Hehe Film proposes to allow YSOLDE to participate in the investment in the Target Media Project in the form of a sale and purchase of certain contractual income sharing rights underlying the motion picture projects owned by Hehe Film.

Proposed Project Participation

Assets to be acquired

The Target Media Project is 《3D葉問3》(Ip Man 3 in 3D), an upcoming Chinese Martial Art film directed by Mr. Wilson Yip (葉偉信), and starred by Mr. Donnie Yen (甄子丹), Mr. Zhang Jin (張晉), Ms. Lynn Hung (熊黛林), Mr. Patrick Tam (譚耀文) and Mr. Mike Tyson. The Target Media Project is a sequel to the Ip Man series directed by Mr. Wilson Yip (葉偉信).

YSOLDE will acquire Hehe Film's Target Income Right which represents at least 60% of the net income of the Target Media Project from box office in the PRC, being the gross box office receipts of the Target Media Project from distribution and screening in cinemas after deduction of the monies payable to National Film Industry Development Special Fund, value added tax and surcharges, and the amounts of the gross box office receipts shared by cinemas and cinema circuit. The Target Media Project is scheduled for first release in the PRC before 28 February 2016.

Hehe Film, principally engaged in film media business, is one of the investors of the Target Media Project, and has obtained exclusive film distribution rights of the Target Media Project in the PRC through its investment in the production of Target Media Project.

Consideration

The consideration of RMB120 million (equivalent to approximately HK\$144 million) for 60% of the Target Income Right is determined after arm's length negotiations between the Company and Hehe Film with reference to the investment costs incurred by Hehe Film in return for the exclusive film distribution rights of the Target Media Project in the PRC and which is subject to further verification an independent valuer.

Formal Agreements

YSOLDE and Hehe Film shall negotiate in good faith definitive terms and conditions, and enter into a formal strategic cooperation agreement (and where necessary formal sale and purchase agreement(s) for the participation in the existing media projects (s)) in relation to the above strategic cooperation.

Condition Precedent for the Above Strategic Cooperation

Subject to the terms and conditions of the Formal Agreement(s), the above strategic cooperation is expected to be conditional upon YSOLDE and Hehe Film having obtained (i) all the necessary approvals from relevant governmental, regulatory authorities or third parties; (ii) the shareholders' and/or board approval of YSOLDE and Hehe Film for the consummation of the above cooperation (if any); and (iii) YSOLDE having been satisfied with the valuation of the income rights of the media projects of Hehe Film by an independent valuer.

Tenure

YSOLDE and Hehe Film intend for the above strategic cooperation to be valid for a period of one year from the date of signing of the MOU and may be extended by a written agreement between YSOLDE and Hehe Film.

Hehe Film's undertaking

Hehe Film further undertakes to YSOLDE that no contract, licence or financial agreement that is material to the Target Income Right shall be terminated or adversely varied between the date of this MOU and completion of the Proposed Project Participation.

Due Diligence

Commencing from the date of this MOU and ending on no later than 28 February 2016 (both dates inclusive), Hehe Film shall give access to YSOLDE, and those persons authorised by it, to the premises of Hehe Film and such title deeds, books, accounts, records and documents associated with the Target Media Project (the "**Due Diligence Documents**") as Hehe Film may deem reasonably necessary to conduct due diligence on the Target Media Project. The Company and its authorised persons shall be entitled to take copies of all Due Diligence Documents and Hehe Film shall procure that the employees of Hehe Film will provide all necessary information and explanations to YSOLDE and its authorised representatives.

Binding effect

The MOU is non-legally binding (save for certain provisions such as the provisions on Hehe Film's undertaking, due diligence, confidentiality, cost as well as governing law). If the Proposed Project Participation proceeds, the Formal Agreement will be entered into between YSOLDE and Hehe Film in respect of the above strategic cooperation.

REASONS FOR AND BENEFITS OF THE MOU

The Group is principally engaged in the business of cultural media and advertising media in the PRC. Further to the latest annual report of the Company for the year ended 31 December 2014, the slowdown in the Chinese economic development and the increasing pressure on certain industries to expand have impacted the advertising spending of the respective industries, thereby posing challenges for the operating environment of the Group. The Group has been focusing on restructuring its media business by consolidating operations that underperformed in terms of revenue growth and has committed to reserve resources for strategically developing media business segments with promising growth potential. Therefore, the Group has been actively exploring media business opportunities in order to facilitate its development and transformation. The Group is optimistic of cultural media and film media market in the PRC. Through the appointment of Mr. Tsui Yiu Ming Siuming, a well-known director and producer in Hong Kong, the Group is actively seeking to further expand its business into cultural and film media industry. The Directors consider that the enter into of the MOU will be beneficial to the Group from the following perspectives:

1. the Directors consider that Hehe Film is inherited with extensive experience and well-established connections in the film media industry and that the entering into of the MOU will allow the Company to take advantages of Hehe Film's strength and resources in the film market for further expanding its current media production business into film media and aligning with the Company's strategy for facilitating its development and transformation;
2. the Directors consider the Proposed Project Participation will allow the Group to gain entry into cultural and film media market in the PRC. In addition, the Group's existing cultural media and advertising media business will create synergies for the development of business of cultural and film media; and

3. the entering into of the MOU provides business synergy between the Company and Hehe Film and is an efficient way to expand and enrich the product portfolio, revenue source, production capacity and the branding and reputation of the Group in the media industry.

Based on the factors mentioned above, the Directors consider that the terms of the MOU are fair and reasonable and that the Proposed Project Participation are in the interest of the Company and Shareholders as a whole.

GENERAL

The Board wishes to emphasise that the above strategic cooperation may or may not proceed and that the Company has not entered into any binding agreement in relation to the Proposed Project Participation as at the date of this announcement. If the above Proposed Project Participation materialises, it will constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. The Company will make further announcement in respect of the above strategic cooperation as and when appropriate in accordance with the Listing Rules.

2. THE SUBSCRIPTIONS

The Subscription Agreement A

Date: 22 December 2015 (after trading hours)

Parties

- (i) Issuer: The Company
- (ii) Subscriber: The Subscriber A is a film producer and merchant.

As at the date of this announcement, the Subscriber A does not hold any Shares.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, the Subscriber A is the Independent Third Party and is the third party independent of, and not acting in concert (as defined under the Code) with and not connected with the other Subscriber and their ultimate beneficial owner(s)

Principle terms of the Subscription Agreements

Subscription A Shares: The Subscriber A has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 160,000,000 new Shares at the Subscription Price.

The 160,000,000 Subscription A Shares represents (i) approximately 15.89% of the existing issued share capital of the Company of 1,006,942,121 Shares as at the date of this announcement; and (ii) approximately 13.71% of the issued share capital of the Company of 1,166,942,121 Shares as enlarged by the allotment and issue of the Subscription A Shares. The aggregate nominal value of the Subscription A Shares is HK\$16,000,000.

Condition precedent for the Subscription A: It shall be conditions precedent to Subscription Completion that prior thereto:–

- (a) the Stock Exchange have granted the listing of, and permission to deal in, the relevant Subscription A Shares and such approval has not been revoked prior to the Subscription Completion;

- (b) (i) the representations and warranties given by the Company herein remaining true, accurate and correct in all material respects from the date of the Subscription Agreement A and at any time before the Subscription Completion, and (ii) the Company having performed all its obligations hereunder expressed to be performed on or before Subscription Completion;
- (c) the passing by the Shareholders of the Company in a general meeting of an ordinary resolution approving the subscription of the relevant Subscription A Shares by the Subscriber A pursuant to the terms of the Subscription Agreement A and the allotment and issuance of the relevant Subscription A Shares in accordance with the requirements of the Listing Rules, its articles of association and as required by law; and
- (d) all the required government and/or regulatory and internal corporate approvals (including, without limitation, the board of directors' approval for the transactions contemplated herein) having been obtained as necessary for the Company to issue the relevant Subscription A Shares and perform its obligations under the Subscription Agreement A.

The Subscriber A may at any time in writing waive in part or in full any of the above conditions, save for the conditions set out in the conditions (a), (c) and (d).

In the event of the condition referred to in the condition (c) not having been fulfilled or waived by 31 March 2016 (or such later date as may be agreed in writing by the Subscriber A and the Company), all rights, obligations and liabilities of the Subscriber A and the Company hereunder shall cease and terminate and none of the Subscriber A and the Company shall have any claim against any other in respect of the Subscription A, save for any antecedent breaches of the Subscription Agreement A.

Termination:

Notwithstanding anything contained herein, the Subscriber A may, by written notice to the Company given at any time prior to the time the Subscriber A is required to make payment of the relevant Subscription Price to the Company pursuant to the Subscription Agreement A, terminate the Subscription Agreement A upon the occurrence of any of the following circumstances:

- (a) if there shall have come to the notice of the Subscriber A any breach of, or any event rendering untrue or incorrect in any material respect, any of the warranties and representations contained in the Subscription Agreement A or any failure by the Company to perform any of its undertakings or obligations in the Subscription Agreement A expressed to be performed by it prior to a completion and such breach or event, having been notified to the Company by the Subscriber A in writing, remains unrectified (to the extent which can be rectified) after 5 Business Days after the notification; and
- (b) if from the date of the Subscription Agreement A to a completion date there shall have occurred either of the following:
 - (i) a suspension or material limitation of trading of the Shares on the Stock Exchange; or
 - (ii) a suspension in trading in the Shares on the Stock Exchange for a consecutive period of 5 trading days (save in respect of any suspension in trading of the Shares (a) for the purposes of clearing the relevant announcement or otherwise in relation to the transactions contemplated in or relating to the Subscription Agreement A, and (b) which is of a routine nature).

Upon the above notice being given, the Subscription Agreement A shall terminate and be of no further effect and the Company and the Subscriber A shall be under any liability to the other party in respect of the Subscription A which have not been completed, except that the Company and the Subscriber A shall remain liable for any liability arising prior to such termination.

Ranking of the Subscription A Shares: The Subscription A Shares will rank pari passu and carry the same rights in all aspects as the other Shares in issue as at the Subscription Completion Date.

Subscription Completion: Subject to the satisfaction (or waiver as the case may be) of the above conditions precedent, Subscription Completion shall take place on the Subscription Completion Date, at the Company's office in Hong Kong and each party shall perform its respective obligations in accordance with terms and conditions of the Subscription Agreement A.

The Subscription Agreement B

Date: 22 December 2015 (after trading hours)

Parties

- (i) **Issuer:** The Company
- (ii) **Subscriber:** The Subscriber B is a wholly-owned subsidiary of Greater China Financial.

Greater China Financial is a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 431). It is principally engaged in (i) investment holding; (ii) industrial property development; (iii) general trading including trading of metal materials; and (iv) pawnshop business.

As at the date of this announcement, the Subscriber B and Greater China Financial do not hold any Shares.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, the Subscriber B and its ultimate beneficial owner(s) are the Independent Third Party and are the third party independent of, and not acting in concert (as defined under the Code) with and not connected with other Subscriber and their ultimate beneficial owner(s)

Principle terms of the Subscription Agreements

Subscription B Shares: The Subscriber B has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 40,000,000 new Shares at the Subscription Price.

The 40,000,000 Subscription B Shares represents (i) approximately 3.97% of the existing issued share capital of the Company of 1,006,942,121 Shares as at the date of this announcement; and (ii) approximately 3.82% of the issued share capital of the Company of 1,046,942,121 Shares as enlarged by the allotment and issue of the Subscription B Shares. The aggregate nominal value of the Subscription B Shares is HK\$4,000,000.

Condition precedent for the Subscription B: It shall be conditions precedent to Subscription Completion that prior thereto:–

- (a) the Stock Exchange have granted the listing of, and permission to deal in, the relevant Subscription B Shares and such approval has not been revoked prior to the Subscription Completion;

- (b) (i) the representations and warranties given by the Company herein remaining true, accurate and correct in all material respects from the date of the Subscription Agreement B and at any time before the Subscription Completion, and (ii) the Company having performed all its obligations hereunder expressed to be performed on or before Subscription Completion;
- (c) the passing by the Shareholders of the Company in a general meeting of an ordinary resolution approving the subscription of the relevant Subscription B Shares by the Subscriber B pursuant to the terms of the Subscription Agreement B and the allotment and issuance of the relevant Subscription B Shares in accordance with the requirements of the Listing Rules, its articles of association and as required by law; and
- (d) all the required government and/or regulatory and internal corporate approvals (including, without limitation, the board of directors' approval for the transactions contemplated herein) having been obtained as necessary for the Company to issue the relevant Subscription B Shares and perform its obligations under the Subscription Agreement B.

The Subscriber B may at any time in writing waive in part or in full any of the above conditions, save for the conditions set out in the conditions (a), (c) and (d).

In the event of the condition referred to in the condition (c) not having been fulfilled or waived by 31 March 2016 (or such later date as may be agreed in writing by the Subscriber B and the Company), all rights, obligations and liabilities of the Subscriber B and the Company hereunder shall cease and terminate and none of the Subscriber B and the Company shall have any claim against any other in respect of the Subscription B, save for any antecedent breaches of the Subscription Agreement B.

Termination:

Notwithstanding anything contained herein, the Subscriber B may, by written notice to the Company given at any time prior to the time the Subscriber B is required to make payment of the relevant Subscription Price to the Company pursuant to the Subscription Agreement B, terminate the Subscription Agreement B upon the occurrence of any of the following circumstances:

- (a) if there shall have come to the notice of the Subscriber B any breach of, or any event rendering untrue or incorrect in any material respect, any of the warranties and representations contained in the Subscription Agreement B or any failure by the Company to perform any of its undertakings or obligations in the Subscription Agreement B expressed to be performed by it prior to a completion and such breach or event, having been notified to the Company by the Subscriber B in writing, remains unrectified (to the extent which can be rectified) after 5 Business Days after the notification; and
- (b) if from the date of the Subscription Agreement B to a completion date there shall have occurred either of the following:
 - (i) a suspension or material limitation of trading of the Shares on the Stock Exchange; or
 - (ii) a suspension in trading in the Shares on the Stock Exchange for a consecutive period of 5 trading days (save in respect of any suspension in trading of the Shares (a) for the purposes of clearing the relevant announcement or otherwise in relation to the transactions contemplated in or relating to the Subscription Agreement B, and (b) which is of a routine nature).

Upon the above notice being given, the Subscription Agreement B shall terminate and be of no further effect and the Company and the Subscriber B shall be under any liability to the other party in respect of the Subscription B which have not been completed, except that the Company and the Subscriber B shall remain liable for any liability arising prior to such termination.

Ranking of the Subscription B Shares: The Subscription B Shares will rank pari passu and carry the same rights in all aspects as the other Shares in issue as at the Subscription Completion Date.

Subscription Completion: Subject to the satisfaction (or waiver as the case may be) of the above conditions precedent, Subscription Completion shall take place on the Subscription Completion Date, at the Company's office in Hong Kong and each party shall perform its respective obligations in accordance with terms and conditions of the Subscription Agreement B.

Subscription Price

The price of HK\$0.80 per Subscription Share was determined after arm's length negotiations between the Company and the Subscribers with reference to the prevailing market price of the Shares on the Stock Exchange, the consecutive loss position of the Group and the going concern issue addressed in the interim report of the Group for the six months period ended 30 June 2015. The Subscription Price represents:

- (i) a discount of approximately 60.40% to the closing price of HK\$2.02 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements;
- (ii) a discount of approximately 62.96% to the average closing price of approximately HK\$2.16 per Share as quoted on the Stock Exchange for the last five consecutive trading days of the Shares immediately prior to the date of the Subscription Agreements;

- (iii) a discount of approximately 54.55% to the average closing price of approximately HK\$1.76 per Share as quoted on the Stock Exchange for the last 20 consecutive trading days of the Shares immediately prior to the date of the Subscription Agreements;
- (iv) a discount of approximately 44.83% to the average closing price of approximately HK\$1.45 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days of the Shares immediately prior to the date of the Subscription Agreements;
- (v) a discount of approximately 20% to the average closing price of approximately HK\$1.00 per Share as quoted on the Stock Exchange for the last 60 consecutive trading days of the Shares immediately prior to the date of the Subscription Agreements; and
- (vi) a premium of approximately 344.44% over the consolidated net asset value per Share of approximately HK\$0.18 (based on the latest published unaudited net asset value of the Group of RMB151,415,000 (equivalent to approximately HK\$181,294,077) as at 30 June 2015 and 1,006,942,121 Shares in issue as at the Last Trading Day).

Based on the Subscription Price of HK\$0.80, the aggregated value of the 200,000,000 Subscription Shares is approximately HK\$160,000,000.

USE OF PROCEEDS AND THE REASONS FOR THE SUBSCRIPTIONS

Assuming the successful completion of the Subscriptions, the maximum gross proceeds from the Subscriptions are expected to be approximately HK\$160 million. The net proceeds of the Subscriptions (after deducting related professional fees and related expenses) are expected to be approximately HK\$158 million. The net issue price per Share from the Subscriptions and will be approximately HK\$0.79.

The Company currently intends to use the net proceeds from the Subscriptions in the following manner:

- (i) approximately RMB120 million (equivalent to approximately HK\$144 million) for the Proposed Project Participation pursuant to the MOU; and
- (ii) the remaining balance for general working capital of the Group and if and when suitable investment opportunity in the media business arises.

The Directors would adopt a prudent approach and would not commit the Group to deploy up to RMB120 million (equivalent to approximately HK\$144 million) for the Proposed Project Participation unless the Company has secured the required source of funding. Subject to the completion of the Subscriptions, the Directors are of the view that, the Formal Agreement can be finalized no later than the first quarter of 2016. In the event that any or all of the Subscriptions do not proceed to completion, the net proceeds to be applied to the Proposed Project Participation will be scaled down accordingly, and the size of the Company's participation in such project will be lowered.

As disclosed in the annual report of the Company for the year ended 31 December 2014, the total operating expenses for the year ended 31 December 2014 was approximately HK\$114 million. The Directors consider that it will be a merit for the Group to have additional working capital for its business operation and development. The Group considers that with the expansion to the cultural and film media business and the Proposed Project Participation, the Group may have to incur additional operating expenses. Accordingly, the Directors are of the view that the Subscriptions will strengthen the financial position (in particular, the working capital and cash flow position) of the Group. Taking into account the uncertainties in the global financial market, the Directors are of the view that it is reasonable for the Group to enhance the capital base by means of the Subscriptions so as to allow the Group to mitigate any business and financial risk and enhance the financial flexibility of the Group. In addition, as the Group has committed to reserve resources for strategically developing media business segments with promising growth potential, sufficient cash reserve is crucial for the development of the Company.

The Board has considered various fund raising methods apart from the Subscriptions such as debt financing as well as rights issue or open offer. As regards debt financing, having considered that it would increase the gearing level of the Group and the interest expenses incurred which would impose additional financial burden to the Group's future cash flows, the Board considers that such fund raising method is currently not the most appropriate method to the Group. As regards the viability of a rights issue or an open offer, the Board is of the view that it will be difficult to identify underwriter(s) which is/are interested to underwrite a rights issue or open offer of the Company in light of its current financial position. The Directors consider that even if such an independent underwriter were identified, the rights issue or open offer would incur costly underwriting commission and the process would be relatively time-consuming.

In light of the above, the Board is of the view that the Subscriptions are the most appropriate fund raising method and are beneficial to the Company. Overall, the Directors, after taking into account the factors, reasons and circumstances disclosed above, consider that the terms of the Subscription Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

EFFECT ON SHAREHOLDING OF THE SUBSCRIPTIONS

Assuming that there will be no change in the shareholding structure of the Company immediately before completion of the Subscriptions:

- (i) the Subscription A Shares represents approximately 15.89% of the existing issued share capital of the Company of 1,006,942,121 Shares as at the date of this announcement;
- (ii) the Subscription B Shares represents approximately 3.97% of the existing issued share capital of the Company of 1,006,942,121 Shares as at the date of this announcement;
- (iii) the Subscription Shares represents approximately 19.86% of the existing issued share capital of the Company of 1,006,942,121 Shares as at the date of this announcement;
- (iv) the Subscription A Shares represent approximately 13.71% of the issued share capital of the Company of 1,166,942,121 Shares as enlarged by the allotment and issue of the Subscription A Shares;
- (v) the Subscription B Shares represent approximately 3.82% of the issued share capital of the Company of 1,046,942,121 Shares as enlarged by the allotment and issue of the Subscription B Shares; and
- (vi) the Subscription Shares represent approximately 16.57% of the issued share capital of the Company of 1,206,942,121 Shares as enlarged by the allotment and issue of the Subscription Shares.

The effects of the Subscriptions on the shareholding structure of the Company are set out in the table below:

| | As at the date of this announcement | | Immediately after completion of the Subscription A assuming that the Subscription B does not proceed to completion (Note 2) | | Immediately after completion of the Subscription B assuming that the Subscription A does not proceed to completion (Note.3) | | Immediately after completion of the Subscriptions (Note 4) | |
|----------------------------|-------------------------------------|------------------------|---|------------------------|---|------------------------|--|------------------------|
| | No. of Shares | Approximate percentage | No. of Shares | Approximate percentage | No. of Shares | Approximate percentage | No. of Shares | Approximate percentage |
| Mr. Chen Zhi (Note 1) | 166,394,696 | 16.52 | 166,394,696 | 14.26 | 166,394,696 | 15.89 | 166,394,696 | 13.79 |
| Zou Hui Fang | 54,945,645 | 5.46 | 54,945,645 | 4.71 | 54,945,645 | 5.25 | 54,945,645 | 4.55 |
| The Subscribers | | | | | | | | |
| Subscriber A | | | 160,000,000 | 13.71 | | | 160,000,000 | 13.26 |
| Subscriber B | | | | | 40,000,000 | 3.82 | 40,000,000 | 3.31 |
| Public Shareholders | | | | | | | | |
| Other public Shareholders | <u>785,601,780</u> | <u>78.02</u> | <u>785,601,780</u> | <u>67.32</u> | <u>785,601,780</u> | <u>75.04</u> | <u>785,601,780</u> | <u>65.09</u> |
| Total | <u>1,006,942,121</u> | <u>100.00</u> | <u>1,166,942,121</u> | <u>100.00</u> | <u>1,046,942,121</u> | <u>100.00</u> | <u>1,206,942,121</u> | <u>100.00</u> |

1. This represent the aggregate of (i) 7,032,655 Shares beneficially owned by Mr. Chen Zhi and (ii) 159,362,041 Shares owned by TopBig International Development Limited which is wholly owned by Mr. Chen Zhi.
2. Assuming no other issue of new Shares and no repurchase of existing Shares before completion of the Subscription A, and the Subscription B does not proceed to completion.
3. Assuming no other issue of new Shares and no repurchase of existing Shares before completion of the Subscription B, and the Subscription A does not proceed to completion.
4. Assuming no other issue of new Shares and no repurchase of existing Shares before completion of the Subscriptions.

Fund raising exercises of the Company in the past 12 months

The Company has conducted the following fund raising activity in the past twelve months from the date of this announcement:

| Date of announcement | Description | Net proceeds raised (approximately) | Intended use of net proceeds | Actual use of net proceeds (approximately) |
|-----------------------------|---|--|-------------------------------------|--|
| 18 November 2015 | Placing of new Shares under general mandate | HK\$115 million | For general working capital purpose | (i) approximately HK\$1.8 million was used for general working capital of the Group (ii) the remaining balance of approximately HK\$113.2 million was maintain in the Group's bank account and is intended to be used as general working capital of the Group |

Save as disclosed above, the Company has not conducted any capital raising activities in the 12 months immediately before the date of this announcement.

GENERAL

Specific Mandate

The Subscription Shares will be allotted and issued under Specific Mandate to be proposed for passing by the Shareholders by ordinary resolution(s) at the EGM. The general mandate of the Company will not be used for the issue of the Subscription Shares.

EGM

The Specific Mandate is subject to Shareholders' approval at the EGM. The EGM will be convened for the purpose of considering and, if deemed appropriate, approving, among other things, the Subscriptions and the respective transactions contemplated thereunder.

In accordance with the Listing Rules, any Shareholder who has a material interest in the Subscriptions shall abstain from voting on the resolution(s) to approve the Subscriptions and the respective transactions contemplated thereunder at the EGM. To the best of knowledge, information and belief of the Directors, none of the Shareholder has a material interest in the transactions contemplated under the Subscription Agreements will be required to abstain from voting on the resolution(s) to approve the Subscriptions and the respective transactions contemplated thereunder at the EGM.

A circular containing, among other things, (i) further details of the Subscriptions; and (ii) a notice convening the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

Application for listing

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

The Subscriptions are not inter-conditional on each other and are subject to the satisfaction of the conditions precedent respectively set out in each of the Subscription Agreements. As the Subscriptions may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

| | |
|-----------------------|--|
| “associate(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Board” | the board of Directors |
| “Business Day” | a day that is not a Saturday, a Sunday or a day on which a tropical cyclone warning number 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 a day 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 or other day on which banks are required or authorised by law to be closed in Hong Kong |
| “Code” | means the Codes on Takeovers and Mergers and Share Buy-backs |
| “Company” | ShiFang Holding Limited (十方控股有限公司), a company incorporated under the laws of Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1831) |
| “connected person(s)” | has the meaning ascribed to it under the List Rules |
| “Director(s)” | director(s) of the Company |
| “EGM” | an extraordinary general meeting of the Company to be convened for the purposes of considering, and if thought fit, approving the Subscriptions and the respective transactions contemplated thereunder |
| “Formal Agreement(s)” | Formal sale and purchase agreements to be entered into between the Company and Hehe Film in respect of the strategic cooperation (and where necessary formal sale and purchase agreement(s) for the participation in the existing media project(s) of Hehe Film) |

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|--------------------------------|---|
| “Greater China Financial” | Greater China Financial Holdings Limited 大中華金融控股有限公司, a company incorporated in Bermuda with limited liability and the shares are listed on the main board of the Stock Exchange (Stock Code: 431) |
| “Group” | the Company and its subsidiaries |
| “Hehe Film” | 上海合禾影視投資有限公司 (Shanghai Hehe Film Investment Ltd.), a company incorporated in Shanghai, the PRC with limited liability |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Third Party(ies)” | individual(s), professional(s) or institutional investor(s) are independent of and not connected with the Company, any promoter(s), director(s), supervisor(s), chief executive(s), substantial shareholder(s) (as defined in the Listing Rules) of the Company or any of its subsidiaries or their respective associates (as defined in the Listing Rules) |
| “Last Trading Day” | 22 December 2015, being the last day on which the Shares were traded on the Stock Exchange prior to the issue of this announcement |
| “Listing Committee” | the Listing sub-committee appointed by the Stock Exchange for considering applications for listing and the granting of listing of securities on the Stock Exchange |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |

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|----------------------------------|---|
| “MOU” | the strategic cooperation memorandum of understanding dated 22 December 2015 entered into between the Company and Hehe Film in relation to proposed strategic cooperation to jointly invest in the production and distribution of motion pictures, including the Proposed Project Participation |
| “PRC” | the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan |
| “Proposed Project Participation” | the proposed acquisition by the Company of Target Income Right |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “SFC” | Means the Securities and Futures Commission |
| “SFO” | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share(s)” | share(s) of HK\$0.100 each in the capital of the Company |
| “Shareholder(s)” | holder(s) of the Shares(s) |
| “Specific Mandate” | the specific mandate to be granted by the Shareholders to the Board at the EGM for the allotment and issue of 200,000,000 Subscription Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscribers | Collectively, Subscriber A and Subscriber B and a “ Subscriber ” means any or each of them |
| “Subscriber A” | Mr. Shi Jianxiang (施建祥), being the Subscriber under the Subscription Agreement A, who is an Independent Third Party |

| | |
|----------------------------|--|
| “Subscriber B” | Summit Yield Developments Limited, a company incorporated in the British Virgin Islands with limited liability which is a wholly-owned subsidiary of Greater China Financial |
| “Subscriptions” | Collectively, Subscription A and Subscription B and a “ Subscription ” means any or each of them |
| “Subscription A” | The subscription of the Subscription A Shares by the Subscriber at the Subscription Price pursuant to the Subscription Agreement A |
| “Subscription B” | The subscription of the Subscription B Shares by the Subscriber at the Subscription Price pursuant to the Subscription Agreement B |
| “Subscription Agreements” | Collectively, Subscription Agreement A and Subscription Agreement B and a “ Subscription Agreement ” means any or each of them |
| “Subscription Agreement A” | the conditional subscription agreement dated 22 December 2015 entered into between the Company and the Subscriber A in relation to the Subscription A |
| “Subscription Agreement B” | the conditional subscription agreement dated 22 December 2015 entered into between the Company and the Subscriber B in relation to the Subscription B |
| “Subscription A Shares” | 160,000,000 Shares to be subscribed by the Subscriber A under the Subscription Agreement A |
| “Subscription B Shares” | 40,000,000 Shares to be subscribed by the Subscriber B under the Subscription Agreement B |
| “Subscription Shares” | Collectively, Subscription A Shares and Subscription B Shares |

| | |
|--------------------------------|--|
| “Subscription Completion” | Completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement |
| “Subscription Completion Date” | means the third Business Day after fulfilment or waiver by the Subscribers (as the case may be) of all the conditions precedent or such other date as may be agreed by the Company and the Subscribers in writing |
| “Subscription Price” | HK\$0.80 per Subscription Share |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers |
| “Target Income Right” | at least 60% of the net income of the Target Media Project from box office in the PRC, being the gross box office receipts of the Target Media Project from distribution and screening in cinemas after deduction of the monies payable to National Film Industry Development Special Fund, value added tax and surcharges, the amounts of the gross box office receipts shared by cinemas and cinema circuits and the investment costs (including promotional expenses) of the Target Media Project |
| “Target Media Project” | 《3D葉問3》 (Ip Man 3 in 3D) |
| “YSOLDE” | YSOLDE Group Limited, a company incorporated in the Samoa with limited liability which is a wholly-owned subsidiary of the Company |
| “%” | per cent. |

By Order of the Board
ShiFang Holding Limited
Chen Zhi
Chairman

Hong Kong, 22 December 2015

For the purposes of illustration only, any amount denominated in RMB in this announcement was translated into HK\$ at the rate of HK\$1 = RMB0.83519 (being the RMB central parity rate by the People's Bank of China as at 22 December 2015). Such translations should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.

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

** For identification purpose only*