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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

Aurora Borealis Investment Services Limited



On 11 July 2016 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company appointed the Placing Agent to place, on a best efforts basis and subject to the fulfillment of the conditions precedent to the Placing, a maximum of 241,388,000 Placing Shares to not less than six independent Placers at a price of HK\$0.41 per Placing Share.

The Placing Price of HK\$0.41 per Placing Share represents: (i) a discount of approximately 17.17% to the closing price of HK\$0.495 per Share as quoted on the Stock Exchange on 11 July 2016, being the date of the Placing Agreement; and (ii) a discount of approximately 19.92% to the average closing price of approximately HK\$0.512 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately prior to the date of the Placing Agreement.

Assuming the Placing Shares are fully placed, the maximum number of 241,388,000 Placing Shares represents approximately 20.00% of the issued share capital of the Company of 1,206,942,121 Shares as at the date of this announcement, and approximately 16.67% of the issued share capital of the Company as enlarged by the issue of a maximum of 241,388,000 Placing Shares.

Assuming the Placing Shares are fully placed, the gross and net proceeds from the Placing will be approximately HK\$99 million and HK\$97 million, respectively. It is intended that such net proceeds will be used by the Company to improve the working capital position of the Group in preparation for the prolonged deterioration of the Group's publishing and advertising business.

The Placing is not subject to the Shareholders' approval as the Placing Shares will be issued pursuant to the General Mandate.

Shareholders and potential investors of the Shares should note that the Placing is subject to the fulfillment of the conditions precedent to completion of the Placing and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING

Date

11 July 2016 (after trading hours)

Parties

- (a) the Company; and
- (b) the Placing Agent

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owners is a third party independent of and not connected with the Company and its connected persons.

Placees

The Placing Shares will be placed to not less than six Placees who and whose ultimate beneficial owners are third party(ies) independent of the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates. It is expected that none of the Placees nor their associates will become a substantial shareholder of the Company as a result of the Placing.

Number of Placing Shares

The Company appointed the Placing Agent to place, on a best efforts basis and subject to the fulfillment of the conditions precedent to the Placing, a maximum of 241,388,000 Placing Shares. Assuming the Placing Shares are fully placed, the maximum number of 241,388,000 Placing Shares represents approximately 20.00% of the issued share capital of the Company of 1,206,942,121 Shares as at the date of this announcement, and approximately 16.67% of the issued share capital of the Company as enlarged by the issue of a maximum of 241,388,000 Placing Shares. The aggregate nominal value of the maximum number of 241,388,000 Placing Shares is HK\$24,138,800.

Placing Price

The Placing Price of HK\$0.41 per Placing Share was agreed after arm's length negotiations between the Company and the Placing Agent, with reference to, among other things, the recent trading price of the Shares on the Stock Exchange. The Placing Price represents:

- (i) a discount of approximately 17.17% to the closing price of HK\$0.495 per Share as quoted on the Stock Exchange on 11 July 2016, being the date of the Placing Agreement; and
- (ii) a discount of approximately 19.92% to the average closing price of approximately HK\$0.512 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately prior to the date of the Placing Agreement.

Placing Commission

Subject to completion of the Placing, the Placing Agent will receive a placing commission of 1.25% on the gross proceeds of the Placing Shares which are successfully placed by the relevant Placing Agent. The placing commission was determined after arm's length negotiation between the Company and the Placing Agent with reference to, amongst other things, the prevailing market rate. After deducting the costs and expenses in connection with the Placing, the net price per Placing Share will be approximately HK\$0.40 per Share.

Condition of the Placing

Completion of the Placing is conditional upon the Stock Exchange granting or agreeing to grant listing of and permission to deal in the Placing Shares.

If the above condition is not satisfied on or before 8 August 2016 (or such later date as may be agreed between the Placing Agent and the Company) (the "**Long Stop Date**"), the Placing will lapse and all rights, obligations and liabilities of the Placing Agent and the Company in relation to the Placing shall cease and determine and neither party shall have any claim against the other in respect of the Placing save for any antecedent breach and/or any rights or obligations which may accrue under the Placing Agreement prior to such termination. The condition to the Placing may not be waived by any party to the Placing Agreement.

Completion of the Placing

Completion of the Placing shall take place within five business days after the fulfillment of the conditions set out in the Placing Agreement (or such other date as the Company and the Placing Agent may agree).

Rescission of the Placing Agreement

If any of the following events occur at any time prior to 10:00 a.m. on the date of completion of the Placing (the “**Completion Date**”), the Placing Agent may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by giving a written notice to the Company, at any time prior to the Completion Date provided that such notice is received prior to 6:00 p.m. on the day immediately preceding the Completion Date, rescind the Placing Agreement without liability to the other party, and the Placing Agreement shall thereupon cease to have effect and none of the parties shall have any rights or claims by reason thereof save for any rights or obligations which may accrue under the Placing Agreement prior to such termination:

- (i) in the reasonable opinion of the Placing Agent there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing; or
- (ii) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (iii) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of the representations and warranties contained in the Placing Agreement untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or

- (iv) any moratorium, suspension or restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances; or
- (v) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank pari passu among themselves and with Shares in issue at the time of issue and allotment of the Placing Shares.

Application for listing

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

GENERAL MANDATE

The Placing is not subject to the Shareholders' approval as the Placing Shares will be issued under the General Mandate, which was granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 17 May 2016.

Pursuant to the General Mandate, the Company was authorized to issue and allot up to 241,388,424 Shares, representing 20% of the aggregate nominal value of the share capital of the Company in issue on the date of passing such resolution. The General Mandate has not been previously utilised prior to the issue of the Placing Shares. As the Placing Shares are to be issued under the General Mandate, the issue of the Placing Shares is not subject to any Shareholders' approval.

REASONS FOR ENTERING INTO THE PLACING AGREEMENT

The Company is an investment holding company. Its subsidiaries are principally engaged in the business of publishing and advertising in the PRC. The Group has been actively exploring cultural, media and other business opportunities in order to facilitate its development.

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 improve the working capital position of the Group in preparation for the prolonged deterioration of the Group's publishing and advertising business, and to strengthen its capital base.

Assuming the Placing Shares are fully placed, the gross and net proceeds from the Placing will be approximately HK\$99 million and HK\$97 million, respectively. It is intended that such net proceeds will be used by the Company to improve the working capital position of the Group in preparation for the prolonged deterioration of the Group's publishing and advertising business. Assuming the Placing Shares are fully placed, the net placing price will be approximately HK\$0.40 per Placing Share.

The terms of the Placing Agreement (including the Placing Price and the placing commission) were determined after arm's length negotiations between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITY DURING THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising exercises in the past twelve months immediately preceding the date of this announcement.

Date of announcement	Equity fund raising exercise	Net proceeds raised	Intended use of proceeds	Actual use of proceeds
22 December 2015	Subscriptions of a total of 200,000,000 new Shares at the subscription price of HK\$0.80 per share under specific mandate granted at the extraordinary general meeting held on 17 February 2016. The Subscriptions were completed on 19 February 2016.	HK\$158 million	(i) approximately RMB120 million (HK\$144 million) for the Proposed Project Participation pursuant to the MOU (as those terms are defined in the Company's announcement dated 22 December 2015) (ii) the remaining balance for general working capital of the Group and if and when suitable investment opportunity in the media business arises	(i) approximately RMB110 million (HK\$131 million) for the movie investment agreement with Hehe Film for the acquisition of 55% of the target income right of the movie "Ip Man 3" for 30 years. (ii) the remaining HK\$27 million for general working capital of the Group and if and when suitable investment opportunity in the media business arises
18 November 2015	Placing of up to 167,988,424 new Shares at the placing price of HK\$0.70 per share under general mandate granted at the annual general meeting held on 21 May 2015 The Placing was completed on 1 December 2015 whereby 167,000,000 shares were actually placed.	HK\$115 million	For general working capital purpose	(i) approximately HK\$38 million was used for general working capital of the Group (ii) the remaining balance of approximately HK\$77 million was maintained 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 other equity fund raising activities in the twelve months immediately prior to the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the completion of the Placing (assuming the Placing Shares were placed in full):

	As at the date of this announcement		Immediately upon completion of the Placing	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Mr. Chen Zhi (<i>Note 1</i>)	166,394,696	13.79	166,394,696	11.49
Mr. Shi Jianxiang	186,850,000	15.48	186,850,000	12.90
Greater China Financial Holdings Limited (<i>Note 2</i>)	70,106,000	5.81	70,106,000	4.84
Public shareholders	783,591,425	64.92	783,591,425	54.10
Placees	—	—	241,388,000	16.67
Total	<u>1,206,942,121</u>	<u>100.00%</u>	<u>1,448,330,121</u>	<u>100.00%</u>

Notes:

1. This represents the aggregate of (i) 7,032,655 Shares beneficially owned by Mr. Chen Zhi, an executive Director of the Company, and (ii) 159,362,041 Shares owned by TopBig International Development Limited which is wholly owned by Mr. Chen Zhi.
2. This represents the aggregate of (i) 53,046,000 Shares held by Summit Yield Developments Limited, and (ii) 17,060,000 Shares held by Spring Chance Limited, both of which are wholly owned by Greater China Financial Holdings Limited.

Shareholders and potential investors of the Shares should note that the Placing is subject to the fulfillment of the conditions precedent to completion of the Placing and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“associate(s)”	having the meaning ascribed thereto under the Listing Rules
“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
“connected person(s)”	having the meaning ascribed thereto under the Listing Rules
“Directors”	directors of the Company
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 17 May 2016 to issue and allot up to 241,388,424 Shares, representing 20% of the aggregate nominal value of the share capital of the Company in issue on the date of passing such resolution
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Placee(s)”	any person(s) or entity(ies) procured by the Placing Agent or any of its sub-placing agent(s) to subscribe for any of the Placing Shares under the Placing
“Placing”	the best-effort placing of up to 241,388,000 Placing Shares on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Aurora Borealis Investment Services Limited, a licensed corporation to carry on business in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the agreement entered into between the Placing Agent and the Company dated 11 July 2016 in relation to Placing
“Placing Price”	HK\$0.41 per Placing Share
“Placing Shares”	a maximum of 241,388,000 Shares to be placed under the Placing
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“substantial shareholder(s)” having the meaning ascribed thereto under the Listing Rules

“%” per cent

By order of the Board
ShiFang Holding Limited
Siuming Tsui

Executive Director & Chief Executive Officer

Hong Kong, 11 July 2016

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