

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



SHIFANG HOLDING LIMITED

十方控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1831)

COMPLETION OF PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

Aurora Borealis Investment Services Limited



The Board is pleased to announce that all the conditions of the Placing Agreement have been fulfilled and the completion of the Placing took place on 1 August 2016, whereby a total of 241,388,000 Placing Shares have been successfully placed by the Placing Agent to not less than six Places pursuant to the terms and conditions of the Placing Agreement.

Reference is made to the announcement of ShiFang Holding Limited (the “**Company**”, and together with its subsidiaries, collectively the “**Group**”) dated 11 July 2016 (the “**Announcement**”) in relation to the Placing. Unless the context requires otherwise, capitalized terms used in this announcement shall have the same meaning as those defined in the Announcement.

COMPLETION OF THE PLACING

The Board is pleased to announce that all the conditions of the Placing Agreement have been fulfilled and the completion of the Placing took place on 1 August 2016, whereby a total of 241,388,000 Placing Shares have been successfully placed by the Placing Agent to not less than six Placees at the Placing Price of HK\$0.41 per Placing Share.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, each of the Placees (and, where appropriate, their respective ultimate beneficial owners) is not a connected person of the Company and is a third party independent of the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates. None of the Placees nor their associates has become a substantial shareholder (as defined under the Listing Rules) of the Company upon completion of the Placing.

USE OF PLACING PROCEEDS

As disclosed in the Annual Report of the Company for the year ended 31 December 2015, the Company's loss and total comprehensive loss attributable to equity holders of the Company for the two financial years ended 31 December 2014 and 2015 were RMB304 million (HK\$353 million) and RMB164 million (HK\$191 million), respectively.

The Group's performance in newspaper advertising was adversely affected by the competition from new online media and the receding economy in China. While the Company is taking all possible actions to alleviate the negative impact of the Group's operating loss on the Group's cash position, it is the Board's view that the loss-making situation of the Group's newspaper advertising business is unlikely to reverse in the near future. In addition, the Group is actively exploring cultural, media and other business opportunities in order to facilitate its development and to diversify its revenue stream.

As disclosed in the Announcement, the Group still had unutilised proceeds in the approximate amount of HK\$104 million from equity fund-raising activities in the previous twelve months, such proceeds (a) as to HK\$77 million being intended for the Group's general working capital; and (b) as to HK\$27 million being intended for the Group's general working capital and for financing investment in the media business if and when suitable opportunity arises.

Amongst the remaining proceeds from the Company's placing announced on 18 November 2015 and completed on 1 December 2015 in the approximate amount of HK\$77 million, (a) approximately HK\$44 million was set aside for payment of the Group's accrued salaries, salaries and directors' emoluments for the next twelve months; (b) approximately HK\$29 million was set aside for the rental and renovation expenses and equipment purchases of the Group's office premises for the next twelve months; and (c) approximately HK\$4 million was set aside for loan principal and interest repayment for the next twelve months.

In the light of the magnitude of the loss incurred by the Group's newspaper advertising business and to prepare the Company for suitable investment opportunities, the Board considers that it is prudent treasury policy to strengthen the Group's working capital position by way of equity fund-raising through the Placing.

The gross proceeds from the Placing are approximately HK\$99 million. As disclosed in the Announcement, the net proceeds of the Placing (after deducting the placing commission and other professional fees incurred by the Company in the Placing) in the amount of approximately HK\$97 million are intended to be utilised by 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, amongst which (a) approximately HK\$22 million was set aside for business development costs (including marketing and promotion expenses) for the Group's newspaper advertising business for the next twelve months; (b) approximately HK\$9 million was set aside for the Group's professional fees (including legal and auditing fees) for the next twelve months; (c) approximately HK\$9 million was set aside for the repayment of deposits of terminated or completed projects and other receipt in advance; (d) approximately HK\$10 million is intended for the planned budget for business development costs (including extra staff costs and research expenses) for the Group's new media, movie and other cultural or media related (except newspaper advertising) businesses; and (e) approximately HK\$47 million is intended for general working capital of other nature.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The 241,388,000 Placing Shares represent (i) approximately 20.00% of the issued share capital of the Company immediately before completion of the Placing; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the 241,388,000 Placing Shares.

Based on the disclosure of interests filings published on the website of the Stock Exchange and the information available to the Company, set out below is the shareholding structure of the Company (i) immediately before completion of the Placing; and (ii) upon completion of the Placing:

	Immediately before completion of the Placing		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:

- 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.
- 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.

By order of the Board
ShiFang Holding Limited
Siuming Tsui
Executive Director & Chief Executive Officer

Hong Kong, 1 August 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.