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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)

**DISCLOSEABLE TRANSACTIONS
IN RELATION TO
STRATEGIC COOPERATION FRAMEWORK AGREEMENT
FOR THE TOWNSHIP PROJECT IN YONGTAI, FUZHOU**

The Board is pleased to announce that on 15 September 2017 (after trading hours), Shifang Ysolde (a direct wholly-owned subsidiary of the Company) entered into the Framework Agreement with Yongtai Government pursuant to which Yongtai Government agreed to form a long-term strategic cooperation with Shifang Ysolde regarding the development and operation of the Township Project.

Under the Framework Agreement, Shifang Ysolde shall pay the Deposit of RMB50 million (HK\$59.52 million) to Yongtai Government, which is intended to be utilized for participating in open tender auctions to be organized by the Yongtai Government for land use rights, assets, grant of lease and/or operation rights circulation within the Project Site, and is intended to be financed by its internal cash resources and/or external borrowing.

As certain applicable percentage ratios as calculated by the payment of the Deposit under the Framework Agreement exceed 5% but are less than 25%, the making of the Deposit by Shifang Ysolde to Yongtai Government under the Framework Agreement constitutes a discloseable transaction for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 15 September 2017 (after trading hours), Shifang Ysolde (a direct wholly-owned subsidiary of the Company) entered into the Framework Agreement with Yongtai Government pursuant to which Yongtai Government agreed to form a long-term strategic cooperation with Shifang Ysolde regarding the development and operation of the Township Project.

The principal terms of the Framework Agreement are set out below:

THE FRAMEWORK AGREEMENT

Date

15 September 2017

Parties

Party A: The People's Government of Yongtai County, Fuzhou City, Fujian Province, the PRC (i.e. Yongtai Government)

Party B: YSOLDE Group Limited (i.e. Shifang Ysolde), a direct wholly-owned subsidiary of the Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Yongtai Government is an Independent Third Party.

THE TOWNSHIP PROJECT

The Township Project mainly involves: (a) the design, construction, development and operation by Shifang Ysolde of a distinctive small town located in Yongtai County (永泰縣) featuring an integrated development of film studios, multi-purpose resort and eco-tourism park and guest accommodation for carrying out film and television production and tourist reception and entertainment businesses; and (b) the development and operation by Shifang Ysolde of local industries and financial services at Yongtai County.

Under the Framework Agreement, Shifang Ysolde shall actively participate (through itself, funds managed by the Company or their respective subsidiaries) in open tender auctions organized by the Yongtai Government for the grant of land use rights of other commercial construction lands within the Project Site, or the use and operation of agricultural and forestry lands within the Project Site by way of long-term lease or operation right circulation.

THE DEPOSIT

Under the Framework Agreement, Shifang Ysolde shall pay a deposit of RMB50 million (HK\$59.52 million) (the “**Deposit**”) to Yongtai Government, which is intended to be utilized for participating in open tender auctions to be organized by the Yongtai Government for land use rights, assets, grant of lease and/or operation rights circulation within the Project Site, and is intended to be financed by its internal cash resources and/or external borrowings.

THE PROJECT SITE AND THE SCENIC AREA

The Project Site designated by Yongtai Government for the construction of the theme town under the Township Project is located at the northern part of Geling Town (葛嶺鎮) with a site area of approximately 15.6 million square meters (equivalent to approximately 23,400 Chinese mu). The Project Site includes the famous Longchuan-Longmen Canyon Scenic Area (龍村 — 龍門峽谷風景區) (the “**Longmen Canyon Scenic Area**”).

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Company is an investment holding company and the Group is principally engaged in the business of publishing and advertising in the PRC. Since 2015, the Group has been actively exploring cultural, media, film and other business opportunities by way of business diversification and revenue broadening in an effort to offsetting the downturn of the traditional printed media as a global trend.

On 8 May 2017, the Company announced its planned acquisition of Supreme Glory Limited as its first project of integrated film studio, resort and eco-tourism situated at Beijing Shihua Caves Niaoyulin (北京石花洞鳥語林) (the “**Beijing Project**”). The Beijing Project signifies the Company’s determination and commitment to leverage on the Group’s management expertise and investment experience in movie industry, media and advertising to the development of large scale media-theme resort projects.

The Board considers that the Township Project is not only consistent with the Group's continual commitment in large scale media-theme resort projects but also the new government initiatives of "distinctive small town"(特色小鎮) as referred to in the 13th Five-year Plan for Economic and Social Development of the People's Republic of China (2016-2020) and the joint notice issued by the National Development and Reform Commission, the Ministry of Housing and Urban-rural Development and the Ministry of Finance in July 2016 to cultivate 1,000 distinctive small towns in China by the year 2020 to promote integrated development of the primary, secondary and tertiary industries in the rural areas.

The Board believes that the Group's participation in the Township Project can diversify the Group's business, broaden its income stream in the long run, reduce its reliance on the downtrend printed media business and promote the Group's new corporate image of a key player of large scale media-theme resort projects. The Directors (including independent non-executive Directors) is of the view that the participation in the Township Project and the transactions contemplated thereunder (including the entering into of the Framework Agreement and the making of the Deposit) is in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As certain applicable percentage ratios as calculated by the payment of the Deposit under the Framework Agreement exceed 5% but are less than 25%, the making of the Deposit by Shifang Ysolde to Yongtai Government under the Framework Agreement constitutes a discloseable transaction for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

If Shifang Ysolde participates in any open tender auctions to be organized by Yongtai Government for land use rights, assets, grant of lease and/or operation rights circulation as part of the Township Project in future, such proposed acquisitions (where applicable, on an aggregated basis) may constitute notifiable transactions of a higher category for the Company for the purpose of the Listing Rules. In such circumstances, the Company will re-comply with the Listing Rules and make further announcement(s) as and when appropriate.

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
“Company”	ShiFang Holding Limited (十方控股有限公司), a company incorporated under the laws of Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1831)
“Director(s)”	director(s) of the Company
“Framework Agreement”	the strategic cooperation framework agreement entered into between Shifang Ysolde and Yongtai Government on 15 September 2017 in respect of the Township Project
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	third party independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Project Site”	the site designated by Yongtai Government for the construction of the theme town under the Township Project, which is located at the northern part of Geling Town having a site area of approximately 15.6 million square meters (23,400 Chinese mu)

“RMB”	Renminbi, the lawful currency of the PRC
“Shifang Ysolde”	YSOLDE Group Limited, a company incorporated with limited liability in Samoa and a direct wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Township Project”	the project contemplated under the Framework Agreement in relation to (inter alia) the design, construction, development and operation by Shifang Ysolde of a theme town located in Yongtai County featuring an integrated development of film studios, multi-purpose resort and eco-tourism park and guest accommodation
“Yongtai Government”	the People’s Government of Yongtai County, Fuzhou City, Fujian Province, the PRC
“%”	per cent.

For the purposes of illustration only, the amounts denominated in RMB in this announcement were translated into HK\$ at the rate of HK\$1 = RMB0.84.

By order of the Board
ShiFang Holding Limited
Siuming Tsui

Executive Director and Chief Executive Officer

Hong Kong, 15 September 2017

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.