

*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.*



**SHIFANG HOLDING LIMITED**

**十方控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1831)**

**DISCLOSEABLE TRANSACTION  
IN RELATION TO  
THE SUCCESSFUL BID ON THE ACQUISITION OF  
OPERATION RIGHT OF THE OPERATION SITE OF  
YONGTAI TOWNSHIP PROJECT**

The Board is pleased to announce that on 27 November 2017, Yongtai Project Company (an indirect wholly-owned subsidiary of the Company) was informed by Yongtai Government that Yongtai Project Company had won the bid regarding the acquisition of the 40-years' exclusive Operation Right of the Operation Site. As a result of the winning of the bid, Yongtai Project Company is expected to enter into the Operation Right Agreement with Yongtai Government on or around 7 December 2017 regarding the acquisition of the Operation Right for the consideration of RMB28 million (HK\$33.33 million).

As certain applicable percentage ratios as calculated by the consideration for the Operation Right Acquisition exceed 5% but are less than 25%, the Operation Right Acquisition and the entering into of the Operation Right Agreement will constitute discloseable transactions for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

Reference is made to the Company's announcement dated 15 September 2017 in relation to the strategic cooperation framework agreement on the Yongtai Township Project between the Group and Yongtai Government.

The Board is pleased to announce that on 27 November 2017, Yongtai Project Company (an indirect wholly-owned subsidiary of the Company) was informed by Yongtai Government that Yongtai Project Company had won the bid regarding the acquisition of the 40-years' exclusive Operation Right of the Operation Site. As a result of the winning of the bid, Yongtai Project Company is expected to enter into the Operation Right Agreement with Yongtai Government on or around 7 December 2017 regarding the acquisition of the Operation Right for the consideration of RMB28 million (HK\$33.33 million).

The principal terms of the Operation Right Acquisition are set out below:

## **THE OPERATION RIGHT ACQUISITION**

### **Date**

27 November 2017

### **Parties**

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

Assignee: Yongtai Project Company, an indirect wholly-owned subsidiary of the Company and a wholly foreign owned enterprise established in the PRC as the project company engaged in the Yongtai Township Project

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

### **Exclusive operation right**

Under the Operation Right Acquisition, Yongtai Project Company will be granted a 40-years' exclusive Operation Right to develop, construct, manage and operate commercial activities such as tourism, sightseeing, resort, culture, sports and entertainment in the Operation Site.

The Project Site is the site designated by Yongtai Government for the construction of the theme town under the Yongtai Township Project and is located at the northern part of Geling Town having a site area of approximately 15.6 square kilometers (23,400 Chinese mu). The Project Site is conveniently situated at 45 kilometers from downtown of Fuzhou City with a driving distance of around 30 minutes, and is connected to the Fuzhao Highway (福詔高速公路). The Project Site includes the famous Longchuan-Longmen Canyon Scenic Area (龍村—龍門峽谷風景區) and is situated near another famous scenic spot of Tian Men Shan (天門山).

The Operation Site is a part of the Project Site covering an area of approximately 14.99 square kilometers (22,487 Chinese mu) designated by Yongtai Government for the grant of the Operation Right by way of open tender.

### **Consideration**

The consideration for the Operation Right Acquisition is RMB28 million (HK\$33.33 million), which shall be deducted from the RMB50 million (HK\$59.52 million) deposit already placed by the Group with Yongtai Government under the Framework Agreement.

### **Term**

The term of the Operation Right is 40 years commencing on the date of the Operation Right Agreement.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Company is an investment holding company. The Group is principally engaged in the businesses of publishing and advertising in the PRC. Since as early as 2015 and 2016, the Group has entered the movie industry through the participation of the movie “Ip Man 3”. With the joining of Mr. Siuming Tsui to our Board as Chief Executive Officer, the Group had been actively exploring business opportunities of movie, media and cultural projects with the view to broadening income stream and reducing reliance and risk of traditional printed media, which had been suffering global downturn for several years now. The acquisition and investment in Yongtai Township Project represents a good opportunity for the Group to leverage on its management expertise and investment experience in movie, culture and media industries by diversifying into integrated project development with movie or media themes.

The Board considers that the Yongtai Township Project is not only consistent with the Group's strategy to invest in movie or media theme projects but also the PRC Government's 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.

As explained above, the Project Site includes the famous Longchuan-Longmen Canyon Scenic Area (龍村－龍門峽谷風景區) and is situated near another famous scenic spot of Tian Men Shan (天門山). The Company considers that the Operation Site has a geographical advantage and is suitable for integrated project development with movie or media themes.

The Board believes that the Operation Right Acquisition can diversify the Group's business into integrated project development with synergy with the Company's existing media and movie businesses, broaden its income stream in the long run, and reduce its reliance on the downtrend printed media business. The consideration for the Operation Right Acquisition was within the bidding price range acceptable to Yongtai Government as stipulated in its open tender invitation document. The bidding price for the Operation Right Acquisition was decided by the Board by reference to the total area of the Operation Site, the term of exclusivity of the Operation Right Agreement and the business prospect of the Operation Site and the Yongtai Township Project as a whole. The Directors (including independent non-executive Directors) is of the view that the terms of the Operation Right Acquisition (including the consideration) are fair and reasonable and the Operation Right Acquisition and the transactions contemplated thereunder (including the entering into of the Operation Right Agreement) are in the interests of the Company and its shareholders as a whole.

The Operation Right Acquisition is part of the Group's participation in Yongtai Township Project. Based on the initial planning, the planned investment amount of the Yongtai Township Project is RMB500 million (HK\$595.24 million) during the first three years of the project commencement. The Company intends to finance the Yongtai Township Project through a combination of (a) equity and/or debt fund-raising of the Company; and (b) establishing an investment fund in cooperation with asset management companies to co-invest in the Yongtai Township Project. Further acquisition(s) of assets under the Yongtai Township Project in future may, where applicable, on an aggregated basis together with the Operation Right Acquisition disclosed hereunder, 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 including, where applicable, in terms of reporting, announcement, circular and shareholders' approval requirements.

The Company has not entered into any binding agreement(s) on any aforesaid possible equity and/or debt fund-raising plans, nor has it entered into any binding agreement(s) in relation to the aforesaid possible establishment of investment fund. Further announcement(s) will be made by the Company if and when any of these funding plans materializes which trigger any disclosure obligations for the Company.

## **IMPLICATIONS UNDER THE LISTING RULES**

As certain applicable percentage ratios as calculated by the consideration for the Operation Right Acquisition exceed 5% but are less than 25%, the Operation Right Acquisition and the entering into of the Operation Right Agreement will constitute discloseable transactions for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Under the Framework Agreement, the Group 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. If the Group continues to participate in any such open tender auctions as part of the Yongtai Township Project in future, such proposed acquisitions (where applicable, on an aggregated basis together with the Operation Right Acquisition disclosed hereunder) 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 including, where applicable, in terms of reporting, announcement, circular and shareholders' approval requirements.

## 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 the Group and Yongtai Government on 15 September 2017 in respect of the Yongtai 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”	a 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
“Operation Right”	the 40-years’ exclusive operation right granted by Yongtai Government to Yongtai Project Company under the Operation Right Agreement to develop, construct, manage and operate commercial activities such as tourism, sightseeing, resort, culture, sports and entertainment in the Operation Site

“Operation Right Acquisition”	the acquisition of the Operation Right by Yongtai Project Company from Yongtai Government through the winning of the bid on 27 November 2017
“Operation Right Agreement”	the operation right agreement expected to be entered into between Yongtai Project Company and Yongtai Government on or around 7 December 2017 in respect of the Operation Right Acquisition
“Operation Site”	the site covering an area of approximately 14.99 square kilometers (22,487 Chinese mu) designated by Yongtai Government for the grant of the Operation Right by way of open tender, being part of the Project Site
“PRC”	the People’s Republic of China
“Project Site”	the site designated by Yongtai Government for the construction of the theme town under the Yongtai Township Project, which is located at the northern part of Geling Town having a site area of approximately 15.6 square kilometers (23,400 Chinese mu)
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yongtai Government”	the People’s Government of Yongtai County, Fuzhou City, Fujian Province, the PRC
“Yongtai Project Company”	福州功夫小鎮景區開發有限公司 (Fuzhou Kungfu Town Scenic Area Development Company Limited), an indirect wholly-owned subsidiary of the Company and a wholly foreign owned enterprise established in the PRC as the project company engaged in the Yongtai Township Project

“Yongtai Township  
Project”

the project contemplated under the Framework Agreement in relation to (inter alia) the design, construction, development and operation by the Group 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

“%”

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\$1.00 = RMB0.84.*

By order of the Board  
**ShiFang Holding Limited**  
**Siuming Tsui**

*Executive Director and Chief Executive Officer*

Hong Kong, 27 November 2017

*As at the date of this announcement, the executive Directors are Mr. Siuming Tsui (Chief Executive Officer), Mr. Chen Zhi and Mr. Yu Shi Quan; 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 Jian Quan.*