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**SHIFANG HOLDING LIMITED**

**十方控股有限公司**

*(incorporated in the Cayman Islands and re-domiciled and continued in Bermuda with limited liability)*

**(Stock code: 1831)**

## **SUBSCRIPTIONS OF NEW SHARES UNDER GENERAL MANDATE**

On 16 June 2020 (after trading hours), the Company and the Subscribers entered into the Subscription Agreements pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have agreed to subscribe for, an aggregate of 151,519,806 Subscription Shares at the Subscription Price of HK\$0.101 per Subscription Share.

The Subscription Price of HK\$0.101 per Subscription Share represents: (i) a discount of approximately 0.98% to the closing price of HK\$0.102 per Share as quoted on the Stock Exchange on 16 June 2020, being the date of the Subscription Agreements; and (ii) a premium of approximately 2.02% over the average closing price of approximately HK\$0.099 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately prior to the date of the Subscription Agreements.

The 151,519,806 Subscription Shares represents: (i) 20.00% of the issued share capital of the Company of 757,599,030 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the Subscriptions.

The gross and net proceeds from the Subscriptions are expected to be approximately HK\$15.30 million and HK\$15.15 million, respectively. The Company intends to use such net proceeds to replenish the working capital of the Group and to meet its operational overheads, expenses and liabilities when they fall due.

The Subscriptions are not subject to the Shareholders' approval as the Subscription Shares will be issued pursuant to the General Mandate.

**Shareholders and potential investors of the Shares should note that the Subscriptions are subject to the fulfillment of the condition precedent and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **THE SUBSCRIPTION AGREEMENTS**

### **Date**

16 June 2020 (after trading hours)

### **Parties**

- (a) The Company (as issuer); and
- (b) The Subscribers, comprising Subscriber A and Subscriber B.

The Subscribers are procured by the Company by way of private placement. Based on the information provided by the Subscribers, (i) Subscriber A is an investment holding company wholly, ultimately and beneficially owned by Ms. Ye Xuejin (葉雪金) (a PRC national) which held 6,547,590 Shares, representing 0.86% of the issued share capital of the Company, prior to the Subscriptions; and (ii) Subscriber B is an investment holding company wholly, ultimately and beneficially owned by Ms. Wu Yufang (吳育芳) (a PRC national) which did not hold any Shares prior to the Subscriptions.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Subscribers is a third party independent of and not connected with the Company and its connected persons. In addition, each of the Subscribers has confirmed to the Company that it is not acting in concert with any connected persons of the Company, nor acting in concert with the other Subscriber. None of the Subscribers will become a substantial shareholder of the Company as a result of the Subscriptions.

### **The Subscriptions**

The Company has conditionally agreed to allot and issue, and the Subscribers have agreed to subscribe for, an aggregate of 151,519,806 Subscription Shares at the Subscription Price of HK\$0.101 per Subscription Share. Subscriber A and Subscriber B subscribe for 75,759,903 Shares and 75,759,903 Shares, respectively.

### **Number of Subscription Shares**

The 151,519,806 Subscription Shares represents: (i) 20.00% of the issued share capital of the Company of 757,599,030 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the Subscriptions.

The aggregate nominal value of 151,519,806 Subscription Shares is HK\$1,515,198.06.

### **Subscription Price**

The Subscription Price of HK\$0.101 per Subscription Share was determined after arm's length negotiations between the Company and the Subscribers with reference to the recent trading price of the Shares on the Stock Exchange. The Subscription Price represents: (i) a discount of approximately 0.98% to the closing price of HK\$0.102 per Share as quoted on the Stock Exchange on 16 June 2020, being the date of the Subscription Agreements; and (ii) a premium of approximately 2.02% over the average closing price of approximately HK\$0.099 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately prior to the date of the Subscription Agreements.

### **Condition Precedent to the Subscriptions**

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

The condition above cannot be waived by any party in any event. If the condition precedent to the Subscription Agreements is not fulfilled on or before 7 July 2020 (or such later date as may be agreed between the Subscribers and the Company) (the “**Long Stop Date**”), the Subscription Agreements shall lapse and become null and void and the parties to the Subscription Agreements shall be released from all obligations thereunder, save for liabilities for any antecedent breaches thereof.

### **Completion of the Subscriptions**

Completion of the Subscription Agreements shall take place within five business days after the day on which the condition precedent to the relevant Subscription Agreement is satisfied (or such other date as the Company and the relevant Subscriber may agree in writing).

### **Termination of the Subscription Agreements**

If it is found before completion of the Subscription Agreements that any matter or thing has occurred which constituted a material breach of, or is materially inconsistent with, any of the representations and warranties set out in the Subscription Agreements, a Subscriber shall be entitled by notice in writing to the Company to terminate the relevant Subscription Agreement without liability on its part and without prejudice to any rights which it may have in respect of the breach by the Company.

## **Ranking of Subscription Shares**

The Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with all other fully paid Shares in issue.

## **Application for listing**

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

## **GENERAL MANDATE**

The Subscriptions are not subject to the Shareholders' approval as the Subscription Shares will be issued pursuant to the General Mandate, which was granted to the Directors pursuant to an ordinary resolution passed at the Company's annual general meeting on 24 May 2019 and empowering the Directors to allot and issue up to 151,519,806 new Shares, representing 20% of the issued share capital of the Company on the date of passing such resolution. As at the date of this announcement, no Shares have previously been issued pursuant to the General Mandate.

## **REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS**

The Company is an investment holding company. Its subsidiaries are principally engaged in the provision of (i) advertising services, marketing and consulting services, and printing services; and (ii) tourism and integrated services through its media, resort and eco-tourism integrated development projects and sales of agricultural products. During the past few years, the Group has been actively exploring cultural, media, integrated developments and other business opportunities in order to facilitate its development, including the Beijing Shihua Caves Niaoyulin Project, the Yongtai Distinctive Town Project and an agricultural cooperative project in Yongfu County, Longyan City, Fujian Province.

As disclosed in the Company's announcement dated 31 March 2020 and its annual report 2019, as at 31 December 2019, the Group had net current liabilities of approximately RMB20.0 million, being the shortfall of its current assets of approximately RMB67.7 million as compared to its current liabilities of approximately RMB87.7 million. The Board therefore considered that it was desirable for the Group to enter into equity fund raisings with the view to strengthening the Group's financial position.

The Directors have considered various ways of equity fund raisings, including the best-effort placing as announced on 6 May 2020 (the "**Placing**") which eventually lapsed on 27 May 2020. The direct subscription of Shares by subscribers procured by the Company would involve the incurring of lower costs, as compared to a best-effort placing conducted by financial institutions.

The gross and net proceeds from the Subscriptions are expected to be approximately HK\$15.30 million and HK\$15.15 million, respectively. The net issue price of the Subscription Shares (after deducting costs expected to be incurred in the Subscriptions) is estimated to be approximately HK\$0.10 per Subscription Share. It is intended that the net proceeds from the Subscriptions will be used by the Company to replenish the working capital of the Group and to meet its operational overheads, expenses and liabilities when they fall due.

The terms of the Subscription Agreements (including the Subscription Price) were determined after arm's length negotiations between the Company and the Subscribers with reference to the recent trading price of the Shares on the Stock Exchange. The Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS**

The Company has not conducted any equity fund raising activities in the twelve months immediately prior to the date of this announcement, save for the Placing which lapsed without completion on 27 May 2020.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately after the completion of the Subscriptions assuming there is no other change in the issued share capital of the Company between the date of this announcement and the date of completion of the Subscriptions:

	As at the date of this announcement		Immediately upon completion of the Subscriptions	
	No. of Shares	%	No. of Shares	%
Mr. Chen Zhi ( <i>Note 1</i> )	227,198,674	29.99	227,198,674	24.99
Mr. Yu Shi Quan ( <i>Note 2</i> )	223,049	0.03	223,049	0.02
Mr. Shi Jianxiang	46,712,500	6.17	46,712,500	5.14
Happy Day ( <i>Note 3</i> )	39,335,004	5.19	39,335,004	4.33
Subscriber A	6,547,590	0.86	82,307,493	9.05
Subscriber B	–	–	75,759,903	8.33
Other public shareholders	437,582,213	57.76	437,582,213	48.13
Total	<u>757,599,030</u>	<u>100.00%</u>	<u>909,118,836</u>	<u>100.00%</u>

### Notes:

- This represents the aggregate of (i) 1,758,164 Shares beneficially owned by Mr. Chen Zhi, the Chairman, the Chief Executive Officer and an executive Director of the Company, and (ii) 225,440,510 Shares held by TopBig International Development Limited (“**TopBig International**”), which is wholly owned by Mr. Chen Zhi.
- Mr. Yu Shi Quan is an executive Director.
- According to disclosure of interest filings, Happy Day Development Limited (“**Happy Day**”) is a controlled corporation wholly-owned by Chen Rong.
- The percentages may not add up to 100% because of rounding.

## **WARNING OF THE RISKS OF DEALINGS IN THE SHARES**

**Shareholders and potential investors of the Shares should note that the Subscriptions are subject to the fulfillment of the condition precedent 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 the Cayman Islands and re-domiciled and continued in Bermuda 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 24 May 2019 to issue and allot up to 151,519,806 Shares, representing 20% of the number of Shares 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 People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber A”	Forever Joy Investments Limited, a company incorporated in Samoa with limited liability and a subscriber under the Subscription Agreements
“Subscriber B”	Victory Color International Investment Limited (益美國際投資有限公司), a company incorporated in the British Virgin Islands with limited liability and a subscriber under the Subscription Agreements
“Subscribers”	collectively, Subscriber A and Subscriber B
“Subscription Agreements”	the subscription agreements entered into between the Company and the Subscribers dated 16 June 2020 in relation to the Subscriptions

“Subscription Price”	HK\$0.101 per Subscription Share
“Subscription Shares”	151,519,806 Shares subscribed for by the Subscribers under the Subscriptions
“Subscriptions”	the subscriptions of the Subscription Shares by the Subscribers on the terms and subject to the conditions of the Subscription Agreements
“substantial shareholder(s)”	having the meaning ascribed thereto under the Listing Rules
“%”	per cent

By order of the Board  
**ShiFang Holding Limited**  
**Chen Zhi**  
*Chairman & Chief Executive Officer*

Hong Kong, 16 June 2020

*As at the date of this announcement, the executive Directors are Mr. Chen Zhi (Chairman & Chief Executive Officer) 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.*