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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)

**DISCLOSEABLE TRANSACTION –
FORMATION OF JOINT VENTURE ON
NEW MEDIA PROJECT**

The Board is pleased to announce that on 6 August 2020, GU Holdings (a wholly-owned subsidiary of the Group) entered into the JV Agreement with Versatile Technologies in relation to the joint investment in the JV Company for the purpose of engaging in the New Media Project in China. Pursuant to the JV Agreement, the JV Company shall have a registered capital of RMB12 million (HK\$13.3 million) which shall be contributed as to 51% or RMB6.12 million (HK\$6.8 million) by GU Holdings and 49% or RMB5.88 million (HK\$6.53 million) by Versatile Technologies.

As one or more of the applicable percentage ratios calculated pursuant to the Listing Rules in respect of the total commitment of the Company to the JV Company under the JV Agreement are more than 5% but less than 25%, the entering into of the JV Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 6 August 2020, GU Holdings (a wholly-owned subsidiary of the Group) entered into the JV Agreement with Versatile Technologies in relation to the joint investment in the JV Company for the purpose of engaging in the New Media Project in China.

THE JV AGREEMENT

The principal terms of the JV Agreement are summarized as follows:

Date

6 August 2020 (after trading hours)

JV Parties

- (1) GU Holdings; and
- (2) Versatile Technologies

GU Holdings is a company incorporated in the British Virgin Islands with limited liability which is principally engaged in investment holding. GU Holdings is a wholly-owned subsidiary of the Group.

Versatile Technologies is a company incorporated in Hong Kong with limited liability. Based on the information provided by Versatile Technologies, (a) it is principally engaged in investment holding, with its principal subsidiaries (collectively, “**Taifund Leasing Group**”) engaging in the sales, leasing and servicing of automobiles in the PRC under the brand name of “泰豐租賃” (“**Taifund Brand Name**”); and (b) its registered capital is legally and beneficially owned as to 84% by Fu Xiaoying (符曉英), 1% by Luo Weilan (羅偉瀾) and 15% by Shenzhen Taifeng Information Technology Consultancy Enterprise (Limited Partnership) (深圳市泰豐信息技術諮詢企業(有限合伙)), which is in turn 86.45% owned by Yan Liang (晏亮). To the best knowledge, information and belief of the Directors after making all reasonable enquiries, each of Versatile Technologies and its ultimate beneficial owners is a third party independent of and not connected with the Company and its connected persons.

JV Company

The JV Company is intended to be established as a limited liability company under the laws of the PRC with a registered capital of RMB12 million (HK\$13.3 million) for the purpose of engaging in the New Media Project. The intended scope of business of the JV Company includes advertising, e-commerce, business and information consultancy, computing and internet technology, and system integration.

Investment commitment and capital contribution of JV Company

Pursuant to the JV Agreement, the JV Company shall have a registered capital of RMB12 million (HK\$13.3 million) which shall be contributed as to: (a) 51% or RMB6.12 million (HK\$6.8 million) by GU Holdings, comprising cash contribution of RMB5.1 million (HK\$5.67 million) and technology contribution of RMB1.02 million (HK\$1.13 million); and (b) 49% or RMB5.88 million (HK\$6.53 million) by Versatile Technologies, comprising cash contribution of RMB4.9 million (HK\$5.44 million) and technology contribution of RMB0.98 million (HK\$1.09 million). The JV Company will become a 51% owned subsidiary of the Group after its establishment.

The technology contributions of GU Holdings and Versatile Technologies are intended to be satisfied by the grants to the JV Company of the following non-exclusive licenses and the provision of the following services during the period of five years after the establishment of the JV Company: (a) the brand names and logos of “ShiFang”, know-how and technical consultancy services by the Group; and (b) the Taifund Brand Name and logos, know-how and technical consultancy services by Taifund Leasing Group.

The capital contribution to be made by the Company to the JV Company was arrived at after arm’s length negotiation between the JV Parties with reference to the parties’ assessment on the working capital and business requirements of the JV Company at current stage of project. The cash portion of the capital contribution can be made by the Company to the JV Company during the period of five years after the establishment of the JV Company, and is expected to be funded by internal resources of the Group.

Board composition of JV Company

Under the JV Agreement, the management of the business and affairs of the JV Company will rest with the board of directors of the JV Company. The board of directors of the JV Company shall consist of five directors, of which GU Holdings shall be entitled to nominate three directors.

Term

The JV Agreement shall take effect upon the issue of the business license of the JV Company by the relevant PRC government authority, and will continue in full force and effect until terminated on liquidation, force majeure events or serious breach or non-performance of material terms of the JV Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE JV AGREEMENT

The Group is principally engaged in the businesses of publishing and advertising in the PRC. The Group has been focusing on restructuring its publishing and advertising businesses by consolidating with cultural and film media businesses in the PRC. In recent years, the Group acquired the media, resort and eco-tourism integrated development projects of Beijing Fangshan Project (through the acquisition of Supreme Glory Limited) and Fuzhou Yongtai Kungfu Distinctive Town Project with the view to broadening the Group's income stream in the long run and reducing its reliance on the downtrend printed media business.

The new media project intended to be carried out by the joint venture under the JV Company (the "**New Media Project**") involves: (a) the installation of hi-resolution interactive display panels at selected indoor locations through cooperation with automobile 4S (sale, spare parts, service and survey) shops, gas and EV (electric vehicles) charging stations and driving schools; (b) the development of a mobile management platform to manage the purchase of advertising airtime; and (c) the development of an e-commerce platform for consumer products using the project's distribution and marketing channels.

The formation of the JV Company signifies the Group's continual commitment to develop its new media business, leveraging on the 4S shop customer base of the Group under its traditional printed media business and synergizing with the business network and expertise of Taifund Leasing Group in car sales, leasing and servicing industry in China. The joint venture is hoped to broaden the Group's income stream and to benefit the Shareholders in the long run. Based on the foregoing, the Directors (including the independent non-executive Directors) are of the view that the terms of the JV Agreement, which were arrived at after arm's length negotiations between the JV Parties, are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated pursuant to the Listing Rules in respect of the total commitment of the Company to the JV Company under the JV Agreement are more than 5% but less than 25%, the entering into of the JV Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, capitalized terms used in this announcement shall have the meanings ascribed to them below:

“associate(s)”	having the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	ShiFang Holding Limited (十方控股有限公司) , a company incorporated in the Cayman Islands and re-domiciled and continued in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1831)
“connected person(s)”	having the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“GU Holdings”	Graceful Universe Holdings Limited (雅宙控股有限公司) , a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Group
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Agreement”	the joint venture agreement dated 6 August 2020 entered into between the JV Parties in relation to the formation, joint investment and management of the JV Company
“JV Company”	the joint venture company to be established in the PRC for holding and operating the New Media Project as contemplated under the JV Agreement

“JV Parties”	collectively, GU Holdings and Versatile Technologies
“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
“Shareholders”	the holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Versatile Technologies”	Versatile Technologies Co., Ltd. (協同技術有限公司), a company incorporated in Hong Kong with limited liability

For ease of reference, the names of entities established in the PRC have been included in this announcement in English by way of translation and for identification purposes only even if such Chinese entities do not have an English name as part of their legal names. If there is any inconsistency between the Chinese names of the Chinese entities mentioned in this announcement and their English translations, the Chinese version shall prevail.

For the purposes of illustration only, the amounts denominated in RMB in this announcement were translated into HK\$ at the rates of HK\$1.00 = RMB0.90. No representation is made that the RMB or HK\$ amounts referred to in this announcement could be converted into RMB or HK\$, as the case may be, at any particular rate or at all.

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

Hong Kong, 6 August 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.