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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)**

**ANNOUNCEMENT  
PURSUANT TO RULE 13.09 OF THE LISTING RULES  
REGARDING  
(I) TERMINATION OF RENEWED COMPREHENSIVE  
COOPERATION CONTRACT  
WITH SHENYANG EVENING NEWS  
(II) POTENTIAL LITIGATION PROCEEDING AGAINST  
SHENYANG EVENING NEWS**

This announcement is made by ShiFang Holding Limited (the “**Company**” and its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“**Listing Rules**”).

**TERMINATION OF RENEWED COMPREHENSIVE COOPERATION  
CONTRACT WITH SHENYANG EVENING NEWS**

In March 2008, Liaoning AoHai TianYi Media Advertisement Co., Ltd.\* (遼寧奧海天一傳媒廣告有限公司) (“**Liaoning AoHai**”), a wholly-owned subsidiary of the Company, and Shenyang Daily Agency\* (瀋陽日報社), entered into an agreement (the “**Comprehensive Cooperation Contract**”), pursuant to which Shenyang Daily Agency has granted Liaoning AoHai exclusive right to operate all aspects of advertising component of Shenyang Evening News’ business, including selling all advertising spaces in its publication, providing selected content for inclusion in industry-specific weekly reviews and special editions to help attract advertisers, and organizing events. Details of the Comprehensive Cooperation Contract is disclosed in the “**Business**” section of the Company’s prospectus dated 22 November 2010.

The Comprehensive Cooperation Contract has been amended and renewed by Shenyang Evening News Media Corporation Limited\* (瀋陽晚報傳媒有限公司) (“**Shenyang Media Corporation**”) (being the subsidiary of Shenyang Daily Agency and responsible for the operations of Shenyang Evening News (瀋陽晚報)) and Liaoning AoHai in accordance with its relevant clauses where such term has been extended commencing from 1 January 2011 and expiring on 31 December 2011 (the “**Renewed Comprehensive Cooperation Contract**”).

Under the Renewed Comprehensive Cooperation Contract, Liaoning AoHai is required, amongst other things: (i) to place a deposit (the “**Deposit**”) of RMB10 million with Shenyang Media Corporation; and (ii) pay a portion of the advertising fees on a monthly basis, where such advertising fees being pre-negotiated with Shenyang Media Corporation on an annual basis based on, amongst other things, the revenue that is expected to generate from the sale of advertising spaces and the effective circulation figure of Shenyang Evening News. Shenyang Media Corporation is of the view that, as at 25 July 2011, advertising fees of RMB7 million shall be payable by Liaoning AoHai to Shenyang Media Corporation, but the Group disagrees with such view. As advised by the Company’s PRC legal counsel, there is a lack of basis to support the view of Shenyang Media Corporation.

On 26 July 2011, Liaoning AoHai has received a notice from Shenyang Media Corporation, whereby it unilaterally terminates the Renewed Comprehensive Cooperation Contract. As advised by the Company’s PRC legal counsel, the Company is of the view that Shenyang Media Corporation has breached the terms of the Renewed Comprehensive Cooperation Contract.

As advised by the Company’s PRC legal counsel, as a result of the breach of contract by Shenyang Media Corporation, the Company is of the view that the Renewed Comprehensive Cooperation Contract has been terminated on 26 July 2011 by repudiation. Based on the relevant data recorded in the audited consolidated financial statements of the Group for the year ended 31 December 2010, newspaper advertising revenue derived from Shenyang Evening News accounted for 17.70% of the Group’s revenue. It is also uncertain whether the Group can fully recover the Deposit and other prepaid advertising fees placed with Shenyang Media Corporation. Accordingly, the board of directors of the Company is of the view that the termination of the Renewed Comprehensive Cooperation Contract will have a material adverse impact of the interests of the Group’s newspaper advertising business and hence the Group’s overall turnover and profit for the year ending 31 December 2011. The Company will as soon as possible pursue the development and collaboration of other businesses to minimise such impact on the business of the Group.

## POTENTIAL LITIGATION PROCEEDING AGAINST SHENYANG EVENING NEWS

Due to the abovementioned breach of the Renewed Comprehensive Cooperation Contract by Shenyang Media Corporation, Liaoning AoHai is currently in communication and negotiation with Shenyang Media Corporation. If no mutual consensus could be reached, the Company will authorise its PRC legal counsel to take necessary steps to protect the Company's interests, which include considering a claim against Shenyang Media Corporation for compensation, recovery of the Deposit, and all the interests, fees and damages payable by Shenyang Media Corporation to Liaoning AoHai under the Renewed Comprehensive Cooperation Contract.

The dispute between Liaoning AoHai and Shenyang Media Corporation is still in a preliminary stage and no formal proceedings to the court has yet been made by the Group. Currently, the Company's PRC legal counsel is actively preparing and taking all the necessary steps to protect the Company's interests.

Further announcement will be made as and when appropriate by the Company in relation to the business developments of the Group and the updated status of the dispute between Liaoning AoHai and Shenyang Media Corporation. Shareholders and potential investors are advised to exercise caution in dealing with the shares of the Company.

By order of the Board of  
**ShiFang Holding Limited**  
**Chen Zhi**  
*Chairman*

Hong Kong, 31 July 2011

*As at the date of this announcement, the executive Directors of the Company are Mr. Chen Zhi (Chairman), Mr. Hong Pei Feng and Mr. Zhang Tie Zhu; the non-executive Director is Mr. Wang Ping; and the independent non-executive Directors are Mr. Zhou Chang Ren, Mr. Wong Heung Ming, Henry and Mr. Zhuo Ze Yuan.*

*\* For identification purpose only*