

For Immediate Release



ShiFang Holding Announces 2011 Interim Results

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Revenue increased by 12.5% for the six month ended 30 June 2011

(25 August 2011, HONG KONG) – **ShiFang Holding Limited** ("ShiFang" or the "Company", and together with its subsidiaries the "Group", HKSE stock code: 01831) today announced its unaudited consolidated interim results for the six months ended 30 June 2011.

For the first half of 2011, ShiFang's revenue from major businesses amounted to RMB270.7million, an increase of 12.5% as compared with the corresponding period in 2010. For the first half of 2011, ShiFang achieved a gross profit of RMB136.2 million and a gross profit margin of 50.3%, which was slightly lower than 50.6% for the first half of 2010, due to a slight increase in the cost of marketing, distribution management, consulting and printing services.

Net profit after tax was RMB41.8 million, representing a decrease of 41.7% as compared with the corresponding period in 2010. The decrease was mainly attributable to the special provision for impairment on trade receivables of RMB26.5 million relating to ShiFang's business in Shenyang and RMB6.7 million exchange loss. Basic earnings per share decreased by 56.2% from RMB0.1304 per share for the six months ended 30 June 2010 to RMB0.0571 per share for the six months ended 30 June 2011.

Despite some market challenges, ShiFang continued to grow steadily and develop new businesses during the period. For instance, ShiFang entered into cooperation with the Management Committee of Wuhua Technology Park in Kunming and secured new media partnership with Xiamen Daily and Xiamen Evening News.

Business review

Newspaper advertising

ShiFang's turnover from its comprehensive cooperation media partners for the first half of 2011 amounted to RMB168.2 million, accounting for 81.6% of the total revenue of newspaper advertising business. The group's turnover from partial cooperation contracts amounted to RMB18.9 million for the first half of the year, which was 9.2% of the total revenue of newspaper advertising.

During the period under review, the newspaper advertising business exhibited stable growth. As of 30 June 2011, ShiFang partnered with 13 publications in over 16 second-tier and third-tier cities across eight provinces in the PRC. In addition to ShiFang's existing partners of Southeast Express, Lifestyle Express, Shenyang Evening News, Modern Life Daily, Yan Zhao Metropolitan Newspaper Jidong Edition, Southeast Business, Jinhua Daily, Jinhua Evening News, Dalian Daily, Changjiang Business and Central Guizhou Morning Post, ShiFang newly partnered with two newspapers, Xiamen Daily and Xiamen Evening News, as new media partners during the first half of this year.

Online services

For the six months ended 30 June 2011, revenue of ShiFang's online services and digital media related businesses amounted to RMB35.9 million, accounting for 13.3% of ShiFang's total revenue and representing an increase of 11.6% as compared with the corresponding period last year. Gross profit for this business was RMB35.0 million, up 11.7% as compared with the corresponding period last year.

ShiFang continued to enhance its digital publication platform and Duk (www.duk.cn) database system, and offer comprehensive information related to healthcare, dining, entertainment and leisure activities.

In addition, ShiFang operates Mobile Duk (3g.duk.cn), which provides the mobile reading of over 100 newspapers and 6,000 novels, software downloads, online games and web interaction for mobile users. By enriching web contents and improving the website setting, Mobile Duk's usage has increased since its launch in 2010, with approximately 200,000 page views per day.

Marketing, distribution management, consultation and printing services

Revenue of ShiFang's marketing, distribution management, consultation and printing services (integrated services) amounted to RMB28.2 million for the six months ended 30 June 2011, accounting for 10.4% of ShiFang's total revenue and representing an increase of 42.2% as compared to the corresponding period last year, mainly due to the expanding marketing services business. In the second half of 2010, ShiFang added a printing production line for Central Guizhou Morning Post, while the printing company in Fuzhou also added a printing production line in February 2011. In addition, Fujian Fangke Network Technology Corporation Limited(福建房客網絡科技股份有限公司), which became a 51% owned subsidiary of the Group through a capital contribution and share subscription in April 2011, contributed a revenue of RMB2.6 million with its real estate marketing services.

For newspaper printing, ShiFang has three factories in Fuzhou, Kunming and Guizhou for printing of Southeast Express, Lifestyle Express and Central Guizhou Morning Post, respectively. By managing the printing of the newspapers, ShiFang is able to have control over the print quality of their publications and ensure the quality of the advertisements published.

Television and radio advertising

During the period ended 30 June 2011, revenue of ShiFang's television and radio advertising business amounted to RMB0.4 million, accounting for 0.1% of ShiFang's total income and decreased by 94.9% as compared with the corresponding period last year, mainly due to the expiration of the contract with Dalian Television Station.

In terms of television advertising, ShiFang renewed an advertising cooperation contract with Nanning Television Station in Guangxi to broadcast advertisements in respect of the automotive and related industries during the acquired advertising time slots on four channels of Nanning Television Station in the first half of 2011. ShiFang has also obtained the right to design and produce mini-programs and relevant advertisements focusing on the automotive industry, during which advertisements can also be aired.

For radio advertising, Beijing HanDing Advertisement Co., Ltd. (北京漢鼎廣告有限公司) ("Beijing HanDing"), a wholly-owned subsidiary of ShiFang, entered into a cooperation agreement with YangGuang DuShi (Beijing) Culture and Media Co. Ltd (央廣都市(北京)文化傳媒有限公司) ("YangGuang DuShi"), a wholly-owned subsidiary of China National Radio, at the end of 2010, pursuant to which YangGuang DuShi authorises ShiFang to operate 5-year cooperative projects in relation to the development of radio stations on provincial, municipal and county levels ("Regional Broadcasting Radio Stations") through broadcasting the radio programmes which YangGuang DuShi was broadcasting rights and are licensed to broadcast by China National Radio and through relevant radio advertisements via all Regional Broadcasting Radio Stations in order to expand our broadcasting media resources other than newspaper and online digital media.

Prospects

Looking forward, we will continue to reinforce our market position as an integrated printed media service provider, improve our operations in the internet, radio and television segments, foster more media partners, innovate new media cooperation arrangements, consolidate resources, and further strengthen our team of integrated sales with an aim to provide higher value-added services to our customers. ShiFang is also seeking to expand its business and cut expenditure so as to raise revenue in the face of increasing inflation in the PRC, to mitigate the impact of inflation on ShiFang.

On the other hand, ShiFang is actively participating in the structural reform of the newspaper and magazine sector in the PRC. It has pre-emptive rights to acquire shares of Southeast Express and Lifestyle Express and has allocated 30% of the listing proceeds for acquiring shares and mergers and acquisitions. The State has planned to transform state-owned news offices into corporations this year and there are currently over 5,000 news offices pending for restructuring, which is expected to be completed by the end of this year. The structural reform of the newspaper and magazine sector will lead to higher quality of ShiFang's publications and better consolidation of ShiFang's existing media resources.

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About Shifang

Shifang Holding Limited is one of the leading media companies which provides a wide range of integrated media services to advertisers. It engages in four major businesses, including (i) newspaper advertising; (ii) online services; (iii) marketing distribution management, consulting and printing services; and (iv) television and radio advertising. As of 30 June 2011, the Group's businesses have extended to over 16 cities across eight provinces in the PRC. The Group offers one-stop solutions to advertisers and creates value for our customers.

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