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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 THE LITIGATION BETWEEN
LIAONING AOHAİ AND SHENYANG MEDIA CORPORATION**

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**”).

Reference is made to the Company’s announcement dated 31 July 2011 (the “**Announcement**”) in relation to (i) termination of the Renewed Comprehensive Cooperation Contract with Shenyang Media Corporation; and (ii) potential litigation proceeding against Shenyang Media Corporation. Unless otherwise defined, capitalized terms used in this announcement have the same meaning as defined in the Announcement.

As disclosed in the Announcement, Shenyang Media Corporation unilaterally terminated the Renewed Comprehensive Cooperation Contract and alleged that as at 25 July 2011, advertising fees of RMB7 million shall be payable by Liaoning Aohai to Shenyang Media Corporation, while the Group disagreed with such a view. As advised by the Company's PRC counsel, the Company was of the view Shenyang Media Corporation has breached the terms of the Renewed Comprehensive Cooperation Contract. Accordingly, the Company was 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.

LITIGATION INSTITUTED BY SHENYANG MEDIA CORPORATION AGAINST LIAONING AOHAİ

On 25 October 2011, Liaoning Aohai has received a writ of summons* (傳票) (the “**Summons**”) issued by the Shenyang Intermediate People's Court in Liaoning Province* (遼寧省瀋陽市中級人民法院) of the PRC (the “**Court**”), and endorsed with (1) a civil writ* (民事起訴狀) (the “**Writ**”) issued by Shenyang Media Corporation as the plaintiff against Liaoning Aohai as the defendant pursuant to which Shenyang Media Corporation claimed Liaoning Aohai for (i) a total sum of RMB17,328,767, being the outstanding advertising fees payable by Liaoning Aohai to Shenyang Media Corporation under the Renewed Comprehensive Cooperation Contract as at 26 July 2011; and (ii) all legal costs in relation to such litigation (the “**Claim**”); and (2) a civil ruling* (民事裁定書) (the “**Ruling**”) pursuant to which the Court has ordered, pending the hearing outcome of the Claim (i) to preserve and freeze the bank deposit of RMB17,328,767 in the bank account of Liaoning Aohai or an equivalent amount of assets of Liaoning Aohai ; and (ii) to seal up a property as a guarantee provided by Shenyang Daily Agency, the guarantor of Shenyang Media Corporation to apply for the Ruling.

According to the Summons, Liaoning Aohai is required to attend a court hearing on 30 November 2011 in relation to the Claim.

POTENTIAL LITIGATION TO BE INSTITUTED BY LIAONING AOHAI AGAINST SHENYANG MEDIA CORPORATION

The Company is of the view that there is a lack of basis to support the Claim and the Company has instructed its PRC legal counsel to defend against the Claim. In addition, regarding the breach of the Renewed Comprehensive Cooperation Contract by Shenyang Media Corporation, the Company has basically finished the preparation work on collecting the relevant evidence and the Company will within a short period of time commence a litigation 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.

Impact on the Group

The directors of the Company currently assess that the contingent loss in relation to the Claim will have no immediate adverse impact on the Group's results and financial position.

The Company will make further announcement(s) to inform its shareholders of further developments of the Claim as and when appropriate. 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, 26 October 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 the purpose of identification only*