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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)

**VOLUNTARY ANNOUNCEMENT
ESTABLISHMENT OF A JOINT VENTURE**

The Board is pleased to announce that on 1 December 2011, Beijing HongXinTu, Fujian ShiFang, and Xiamen DuKe entered into the Joint Venture Agreement with Liaoning Baixin for the establishment of the Joint Venture in the PRC to engage in the operation of a newspaper namely, 《城市生活信報》 (City Lifestyle Weekly*) and a magazine namely, 《電視朋友》 (TV Friends*).

The total registered capital of the Joint Venture is proposed to be RMB5,000,000, in which each of Beijing HongXinTu, Fujian ShiFang and Xiamen DuKe shall contribute RMB1,000,000, representing 20% of the total registered capital of the Joint Venture and Liaoning Baixin shall contribute the remaining RMB2,000,000, representing 40% of the total registered capital of the Joint Venture.

Upon the establishment of the Joint Venture, Beijing HongXinTu, Fujian ShiFang and Xiamen DuKe will jointly provide an interest-free shareholders' loan of RMB7,000,000 for a term of 5 years to the Joint Venture which will be used as the working capital for the Joint Venture.

To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, Liaoning Baixin, as well as its ultimate beneficial owner(s) are Independent Third Parties.

The Board is pleased to announce that on 1 December 2011, Beijing HongXinTu, Fujian ShiFang, and Xiamen DuKe entered into the Joint Venture Agreement with Liaoning Baixin for the establishment of the Joint Venture in the PRC. The main terms of the Joint Venture Agreement are summarized as follows:

JOINT VENTURE AGREEMENT

Date: 1 December 2011

Parties:

- (a) Beijing HongXinTu;
- (b) Fujian ShiFang;
- (c) Xiamen DuKe; and
- (d) Liaoning Baixin, an Independent Third Party.

Proposed name of the Joint Venture: 十方信達文化傳媒有限公司 (ShiFang XinDa Culture Media Company Limited*), subject to the approval by the local Administration of Industry and Commerce.

Place of establishment: The PRC.

Registered capital of the Joint Venture: The total registered capital of the Joint Venture is proposed to be RMB5,000,000, in which each of Beijing HongXinTu, Fujian ShiFang and Xiamen DuKe shall contribute RMB1,000,000, representing 20% of the total registered capital of the Joint Venture and Liaoning Baixin shall contribute the remaining RMB2,000,000, representing 40% of the total registered capital of the Joint Venture. Capital contributions shall be made in cash by the parties within the period required by the local Administration of Industry and Commerce after the parties enter into the Joint Venture Agreement.

Shareholders' loans: Upon the establishment of the Joint Venture, Beijing HongXinTu, Fujian ShiFang and Xiamen DuKe will jointly provide an interest-free shareholders' loan of RMB7,000,000 for a term of 5 years to the Joint Venture which will be used as working capital for the Joint Venture.

Save for the capital contributions and shareholders' loans mentioned above, Beijing HongXinTu, Fujian ShiFang and Xiamen DuKe have no other capital commitments or obligations to provide any guarantee or indemnity in connection with the proposed establishment of the Joint Venture under the Joint Venture Agreement. Beijing HongXinTu, Fujian ShiFang and Xiamen DuKe will fund the capital contributions and each will provide a shareholders' loan with its respective internal resources.

Equity interests:	Beijing HongXinTu	20%
	Fujian ShiFang	20%
	Xiamen DuKe	20%
	Liaoning Baixin	40%
	Total:	<u>100%</u>

The Joint Venture will become a 60%-owned subsidiary of the Company upon its establishment and its accounts will be consolidated into the Group's accounts.

Scope of business: The scope of business of the Joint Venture shall include the operation of a newspaper namely, 《城市生活信報》 (City Lifestyle Weekly*) and a magazine namely, 《電視朋友》 (TV Friends*).

Composition of the board of directors and management of the Joint Venture: The board of directors of the Joint Venture shall consist of five directors, each of Beijing HongXinTu, Fujian ShiFang and Xiamen DuKe shall nominate one director and the other two directors shall be nominated by Liaoning Baixin, and all five directors shall be appointed by the shareholders in a general meeting of the Joint Venture. The chairman shall be nominated by Liaoning Baixin and the vice-chairman shall be nominated by Beijing HongXinTu, and both shall be elected by the board of directors of the Joint Venture.

The Joint Venture shall have one general manager who shall be nominated by Fujian ShiFang, one chief financial officer who shall be nominated by Xiamen DuKe and one deputy chief financial officer who shall be nominated by Liaoning Baixin, respectively, and all three shall be appointed by the board of directors of the Joint Venture.

Reasons for and the benefits of the establishment of the Joint Venture

Liaoning Baixin is a subsidiary of 遼寧省廣播電影電視局 (Administration of Radio, Film and Television of Liaoning Province*) and is holding all relevant licences with rights to edit, operate and publish a newspaper namely, 《城市生活信報》 (City Lifestyle weekly*) and a magazine namely, 《電視朋友》 (TV Friends*) granted under all relevant laws and regulations of the PRC. Upon the establishment of the Joint Venture, Liaoning Baixin shall assume all the above rights from Liaoning Baixin and Liaoning Baixin shall no longer operate the abovementioned publications.

《城市生活信報》 (City Lifestyle Weekly*), formerly known as 《遼寧廣播電視報》 (Liaoning Broadcasting & TV Weekly*), is an entertainment and lifestyle weekly journal distributed in Liaoning Province. 《電視朋友》 (TV Friends*) is an entertainment magazine distributed throughout the PRC. The Board believes that the establishment of the Joint Venture could strengthen the Group's position as a provider of integrated printed media service and stabilize the Group's operation platform through investment and cooperation.

To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, Liaoning Baixin, as well as its ultimate beneficial owner(s) are Independent Third Parties.

The terms of the Joint Venture Agreement were agreed upon after arm's length negotiations between the parties. The Directors consider that the terms of the Joint Venture Agreement are on normal commercial terms and believe the terms are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

DEFINITIONS

“Beijing HongXinTu”	北京鴻馨圖文化傳播有限公司 (Beijing HongXinTu Culture Communication Co., Ltd.*), a company established in the PRC with limited liability and a special purpose entity which is treated as a subsidiary of the Company in accordance with the relevant provisions of IFRS
“Board”	the board of Directors
“Company”	ShiFang Holding Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Connected Person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Fujian ShiFang”	福建十方文化傳播有限公司(Fujian ShiFang Culture Communication Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	individuals or companies who/which are independent of and not connected with any of the Company's Connected Persons
“IFRS”	International Financial Reporting Standards
“Joint Venture”	十方信達文化傳媒有限公司 (ShiFang XinDa Culture Media Company Limited*), a joint venture to be established pursuant to the terms of the Joint Venture Agreement and the name of which is subject to the approval by the local Administration of Industry and Commerce

“Joint Venture Agreement”	the joint venture agreement in respect of the establishment of the Joint Venture entered into between Beijing HongXinTu, Fujian ShiFang, Xiamen DuKe and Liaoning Baixin, as amended from time to time
“Liaoning Baixin”	遼寧百信傳媒有限公司(Liaoning Baixin Media Company Limited*), a company established in the PRC with limited liability and an Independent Third Party
“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
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xiamen DuKe ”	廈門讀客信息科技有限公司 (Xiamen DuKe Information Science & Technology Co., Ltd.*), a company established in the PRC with limited liability and an indirectly wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 1 December 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