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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)

**DISCLOSEABLE TRANSACTION
IN RESPECT OF THE ACQUISITION OF
34% ISSUED SHARES IN
SKYBROAD INTERNATIONAL LIMITED**

The Board is pleased to announce that on 15 May 2012 (after trading hours), the Purchaser, the Vendor and the Guarantor entered into the Agreement pursuant to which, the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell, the Sale Shares, being 34% of the issued share capital in the Target Company, at the Consideration of HK\$90,000,000, which will be satisfied as to HK\$30,000,000 in cash and HK\$60,000,000 by way of issue of the 120,000,000 Consideration Shares at the issue price of HK\$0.50 per Consideration Share upon Completion.

As the applicable percentage ratios in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Date: 15 May 2012 (after trading hours)

Parties:

Purchaser: Immense Vision Technology Limited, an indirect wholly-owned subsidiary of the Company

Vendor: Myriad Power Limited

Guarantor : Mr. Ma Xiubin

The Vendor is a company incorporated in the British Virgin Islands with limited liability which principal business is investment holding. The Guarantor is the ultimate beneficial owner of the Vendor and will guarantee the due and punctual performance of the Vendor's obligations under the Agreement. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor and the Guarantor is an Independent Third Party.

Assets to be acquired

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing 34% of the issued share capital of the Target Company as at the date of this announcement and upon Completion.

Consideration

The total consideration for the Sale Shares is HK\$90,000,000 which shall be settled by the Purchaser in the following manner:

- (i) HK\$15,000,000, which shall form part of the cash Consideration upon Completion, as a refundable deposit to be paid in cash by the Purchaser within one month after the date of the Agreement;
- (ii) HK\$15,000,000 shall be paid in cash upon Completion;
- (iii) the balance of HK\$60,000,000 shall be settled by the issuance and allotment of 120,000,000 Consideration Shares.

The Consideration for the Acquisition is arrived at after arm's length negotiations between the Vendor and the Purchaser and is determined based on: (i) the preliminary valuation of the Target Group's Cloud Call business using discounted cashflow methodology under income approach conducted by an independent valuer; (ii) the future business prospect and opportunities of advertising business of the Target Group on both mobile devices and internet; and (iii) various reasons for the Acquisition as elaborated further in the section headed "Reasons for the Acquisition" below. The cash Consideration will be satisfied by the Group's internal resources.

In view of the above, the Directors (including the independent non-executive Directors) consider the terms of the Acquisition, including the Consideration and the terms of the Agreement to be fair and reasonable and the Acquisition is in the interests of the Group and the Shareholders as a whole.

Consideration Shares

120,000,000 Consideration Shares will be issued at the issue price of HK\$0.50 per Consideration Share which represents:

- (i) a discount of approximately 5.66% to the closing price of HK\$0.530 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 5.30% to the average closing price of HK\$0.528 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date; and
- (iii) a discount of approximately 4.94% to the average closing price of HK\$0.526 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Date.

The Consideration Shares represent approximately 16.67% of the existing issued share capital of the Company as at the date of this announcement and represent approximately 14.29% of the Company's issued share capital as enlarged by the issue of the Consideration Shares. The Consideration Shares will be issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 30 May 2011. As at the date of this announcement, no Share has been issued under such general mandate.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when issued upon Completion, will rank pari passu in all respects with the then existing Shares in issue.

Conditions precedent

Completion is subject to the following conditions (the “**Conditions**”) having been fulfilled or waived (as the case may be):

- (A) all approvals and consents in respect of the Agreement and the transaction contemplated thereunder having been obtained from the following parties (i) of the Board; and (ii) (if required) any governmental and regulatory authorities (including without limitation the Stock Exchange) and any third parties (including without limitation banks);
- (B) the Stock Exchange granting listing of, and permission to deal in, the Consideration Shares;
- (C) all relevant regulatory requirements (including without limitation the Listing Rules and all relevant regulatory requirements in Hong Kong) having been complied with;
- (D) the issue of a PRC legal opinion on the copyright registration of the Cloud Call App (as defined below) and the Material Contracts in the form and substance satisfactory to the Purchaser;
- (E) the Purchaser undertaking a due diligence investigation in respect of the Target Group and notifying the Vendor that the Purchaser is satisfied with the result of the due diligence investigation;
- (F) the Vendor’s warranties in the Agreement remaining true and accurate in all material respects and there is no breach or potential breach of any of the Vendor’s warranties in any material respect, and no breach by the Vendor of its obligations under the Agreement;
- (G) since the date of the Agreement, no material adverse change in the business, operation, assets, financial position or prospect of the Target Group having occurred;

- (H) the HK Subsidiary having completed the copyright registration of the Cloud Call App in the PRC and provided evidence satisfactory to the Purchaser; and
- (I) the HK Subsidiary having entered into the Material Contracts with the relevant parties and provided evidence satisfactory to the Purchaser.

If any of the conditions has not been satisfied (or, as the case may be, waived by the Purchaser (except Conditions (A), (B) and (C), which are not waivable) on or before noon on 14 August 2012 or such later date as the Vendor and the Purchaser may agree, the Agreement shall cease and determine. If the transaction cannot be completed, any amount paid by the Purchaser shall be refunded (without interest) within the next 7 Business Days to the Purchaser and thereafter, neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place within seven Business Days after all the Conditions have been fulfilled or waived or such later date as may be agreed between the Vendor and the Purchaser.

Upon Completion, the Target Company will be owned as to 34% by the Purchaser, 33% by the Guarantor (via a wholly-owned special purpose vehicle), and 33% by an Independent Third Party (via a wholly-owned special purpose vehicle). As such, the accounts of the Target Group will not be consolidated into the consolidated financial statements of the Company. The Company intends to appoint representative(s) as directors and senior management of the Target Company and the HK Subsidiary after Completion in order to monitor the management and operation of the Target Group for the protection of the interests of the Company and the Shareholders.

Information on the Target Group

The Target Company is a company incorporated in the British Virgin Islands on 25 August 2006. The principal businesses of the Target Company are (i) investment holding; and (ii) research and development of voice over internet protocol (“**VoIP**”) based communication software known as Cloud Call (“**Cloud Call/Cloud Call App**”) which operates on mobile and personal computer platforms.

The HK Subsidiary is a company incorporated in Hong Kong on 7 March 2012 with limited liability which is wholly-owned by the Target Company. The principal business of the HK Subsidiary is operation of VoIP based communication software platform for Cloud Call with online advertising capability by ring-tone and screen displays.

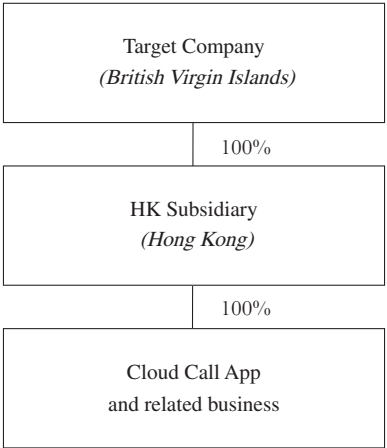
Cloud Call App is a VoIP based application which runs (i) on mobile devices (i.e. smart phones and tablets) operating on the mobile platforms of IOS of Apple and Android of Google and (ii) personal computers under windows platform. It allows Cloud Call App users, no matter they are located in the PRC or overseas, to make calls to landlines or mobile telephone numbers of China and Hong Kong via 3G, wifi or internet networks without payment of any roaming and long distance telephone charges.

Cloud Call App allows its users to make free calls to landline or mobile telephone numbers of China and Hong Kong even if the recipients do not have the Cloud Call App installed in their phones. Cloud Call App also has the capability to extend its services to other countries when the Target Group expands its business. Users are currently not required to pay any money or buy any credit for use of the Cloud Call App. In order to create market awareness and the momentum for market penetration, Cloud Call is a free of charge application for download in Apple's app store and Android market. The HK Subsidiary is expected to generate advertising income from providing advertising services by ring-tone and screen displays when users use the application to make telephone calls. The Subsidiary has made a soft launch of the Cloud Call App in April 2012 and currently is providing free trial period to advertisers. As such, the Target Group has not yet generated any revenue from the Cloud Call business. The Target Group has planned to commence a full launch of the Cloud Call business in the next few months.

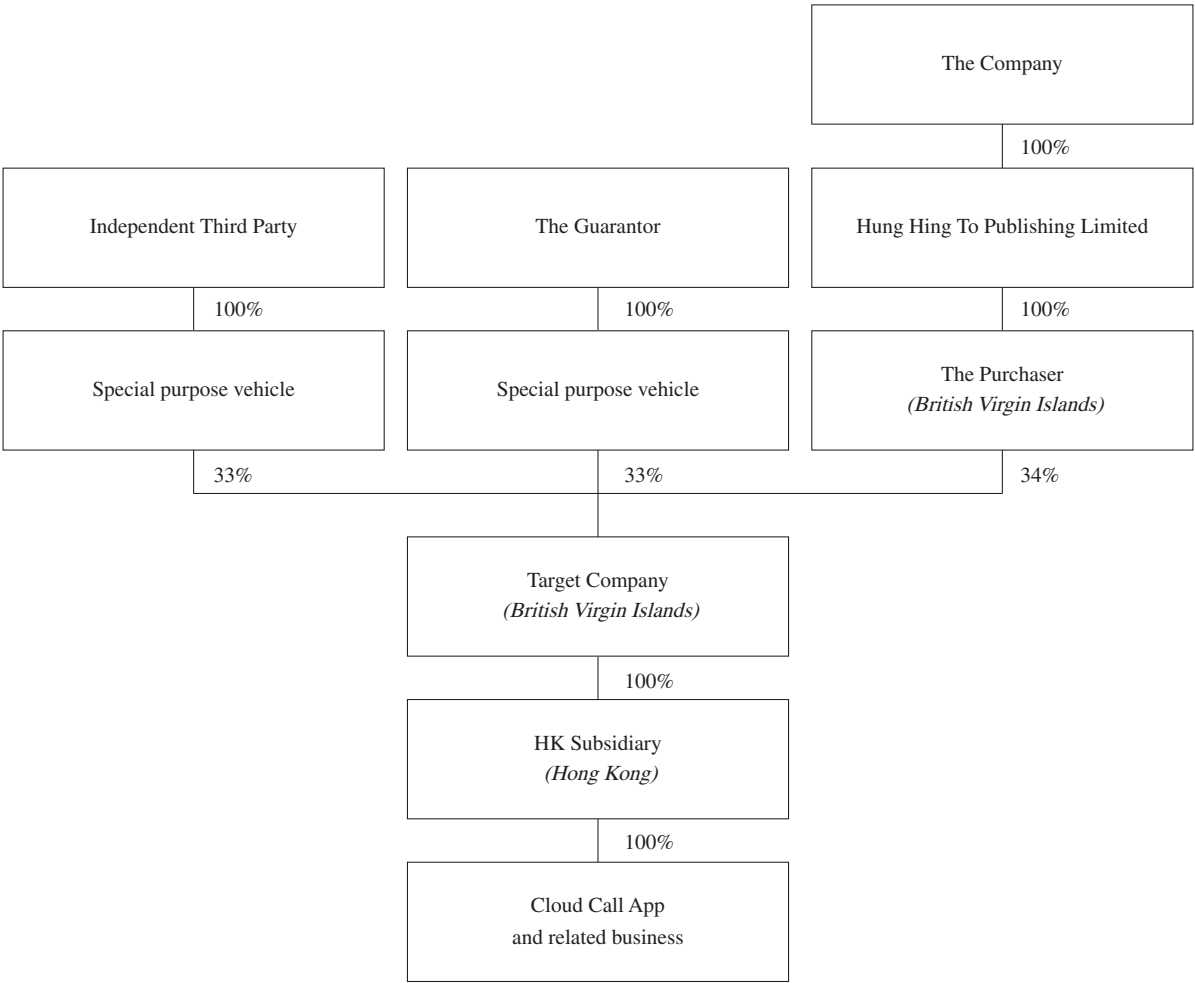
According to the unaudited consolidated management accounts of the Target Group, which were prepared in accordance with the HKGAAP, the unaudited consolidated net liabilities of the Target Company as at 31 December 2011 was approximately RMB10.0 million; and the unaudited consolidated net loss before and after tax of the Target Company for two years ended 31 December 2010 and 2011 were approximately RMB3.9 million and RMB2.8 million respectively.

According to the unaudited consolidated management accounts of the Target Group, which were prepared in accordance with the HKGAAP, the unaudited consolidated net assets of the Target Group (before taking into account of the preliminary valuation) as at 30 April 2012 was approximately RMB1.2 million.

Structure of the Target Group before Completion



Structure of the Target Group after Completion



Reasons for the Acquisition

The Group is principally engaged in four major businesses, namely (i) newspaper advertising; (ii) online services; (iii) marketing, distribution management, consulting and printing services; and (iv) television and radio advertising. The Group is dedicated to offering one-stop solutions with its cross-media advertising platform to advertisers and creating value for its customers.

As stated in the annual report of the Company for the year ended 31 December 2011, the Group is fully aware of the fierce competition faced by the conventional media as well as the enormous technological and application potential of the new media of mobile devices and internet. The advertising market of the PRC maintained a steady growth in 2011. According to a report published by CTR Market Research Co. Ltd., based on standard advertising rates, total advertising spending grew by 12.9% year-on-year to RMB669.33 billion, driving the PRC to become one of the world's leading advertising markets. The growth of both printed media and outdoor media slowed down as the year-on-year growth of newspaper advertising and outdoor media advertising were 11% and 6%, respectively. Radio advertising maintained a good momentum with an increase of 28% compared with last year, while that of television advertising was 13%. Based on the data of the PRC Internet advertising market in 2011 released by iResearch, the Internet continued to have the strongest growth of 57.3%, reflecting the market acceptance of new media. The popularity and increase in sales volume of mobile devices and tablets in recent years also represent a significant growth potential in advertising services in these new mobile media.

The Board considers that the Acquisition is an opportunity for the Group to expand its existing advertising business, which is currently more or less focused on conventional media, to the fast growing advertising industry in the new media of mobile devices and internet. The Group will be able to apply its successful experience in conventional media in the development of its investment in the Target Group which will facilitate the Group to offer one-stop solutions with its cross-media advertising platform to advertisers and creating value for its customers as well as the Shareholders.

Taking into account the reasons and benefits of the Acquisition, the Board is of the view that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The following illustrates the Company's shareholding structure, assuming there is no further change to the share capital of the Company: (i) as at the date of this announcement; and (ii) immediately upon the issue and allotment of the Consideration Shares:

	As at the date of this announcement		Immediately after completion of the Acquisition	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Vendor	0	0.00	120,000,000	14.29
China TopReach Inc. (notes 1 and 2)	320,000,000	44.45	320,000,000	38.10
TopBig International Limited (note 3)	42,998,170	5.97	42,998,170	5.12
Mr. Chen Zhi (note 4)	390,000	0.05	390,000	0.05
<i>Public Shareholders</i>				
Pride Sky Holdings Limited (note 5)	42,606,606	5.92	42,606,606	5.07
Templeton Asset Management Ltd (note 6)	42,606,606	5.92	42,606,606	5.07
Other public Shareholders	271,340,739	37.69	271,340,739	32.30
Total	<u>719,942,121</u>	<u>100.00</u>	<u>839,942,121</u>	<u>100.00</u>

Notes:

- China TopReach Inc. ("**China TopReach**") is a special purpose acquisition corporation with its shares traded on the OTC Bulletin Board in the United States.
- 26.1% of the interest in China TopReach is held by TopBig International Limited ("**TopBig**"), which is wholly-owned by Mr. Chen Zhi ("**Mr. Chen**"), chairman, chief executive officer and executive director of the Company;
 - 10.3% of the interest in China TopReach is held by Blazing Sun Holdings Ltd., which is wholly-owned by Mr. Hong Pei Feng, an executive Director;
 - 5.4% of the interest in China TopReach is held by Keep Profit International Capital Limited, which Mr. Yu Shi Quan, an executive Director, owns 30% of the shareholding;

- (iv) 9.6% of the interest in China TopReach is held by China Science & Kingwin (HK) Investment Management Limited, which is wholly-owned by Shenzhen China Science & Kingwin Venture Capital Co., Ltd, a company that is in turn owned by Mr. Wang Ping, an non-executive Director, as to 54.94%; and
 - (v) 2.0% of the interest in China TopReach is held by Real Sight Consultant Limited, which is wholly-owned by Mr. Zhang Tie Zhu, an executive Director.
3. Such Shares are owned by TopBig which is wholly-owned by Mr. Chen.
 4. Such Shares are owned by Mr. Chen.
 5. CCB International Asset Management Limited (“**CCBI Asset Management**”) is deemed to be interested in the interest of Pride Sky Holdings Limited (“**Pride Sky**”) in the Company by virtue of Part XV of the Securities and Futures Ordinance (Cap. 571) because Pride Sky is wholly-owned by CCBI Asset Management.
 6. Templeton Strategic Emerging Markets Fund III, LDC is a limited duration company incorporated in the Cayman Islands. It makes strategic investments in emerging markets and is managed by Templeton Asset Management Ltd.

Listing Rules Implications

As the applicable percentage ratios in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Acquisition”	the acquisition of the Sale Shares pursuant to the Agreement
“Agreement”	the conditional sale and purchase agreement dated 15 May 2012 entered into between the Purchaser, the Vendor and the Guarantor relating to the sale and purchase of the Sale Shares
“associates”	has the meaning ascribed to it under the Listing Rules

“Board”	board of the Directors from time to time
“Business Day”	a day other than a Saturday, a Sunday or public holiday on which licensed banks in Hong Kong are open for normal business throughout their normal business hours
“Company”	Shifang Holding Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration of HK\$90,000,000 to be paid by the Group to the Vendor pursuant to the Agreement for the Sale Shares
“Consideration Shares”	120,000,000 Shares to be issued and allotted to satisfy part payment of the Consideration pursuant to the Agreement
“Director(s)”	director(s) of the Company from time to time
“Group”	the Company and its subsidiaries from time to time
“Guarantor”	Mr. Ma Xiubin, being the ultimate beneficial owner of the Vendor and a guarantor of the Agreement
“HKGAAP”	accounting principles, standards, and practices generally accepted in Hong Kong, including but not limited to Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards, and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, as amended from time to time

“HK Subsidiary”	Cloud Technology International Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of the Target Company
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Last Trading Date”	the date of the Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Material Contracts”	certain business contracts in respect of the business of the Target Group to be entered into between the HK Subsidiary and certain advertising companies/agents in respect of the use of Cloud Call App
“PRC/China”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Purchaser”	Immense Vision Technology Limited, an indirect wholly-owned subsidiary of the Company
“Sale Shares”	34 shares of US\$1.00 each, being 34% of the issued share capital of the Target Company as at the date of the Agreement and upon Completion which are legally and beneficially owned by the Vendor
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) from time to time

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Skybroad International Limited, a company incorporated in the British Virgin Islands with limited liability, the issued shares of which are owned as to 34% by the Vendor, 33% by an Independent Third Party, and 33% by Magic May Holdings Limited (a company wholly-owned by the Guarantor)
“Target Group”	the Target and the HK Subsidiary
“Vendor”	Myriad Power Limited, a company incorporated in the British Virgin Islands with limited liability
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

By Order of the Board of
SHIFANG HOLDING LIMITED
Chen Zhi
Chairman

Hong Kong, 15 May 2012

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