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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
CONNECTED TRANSACTION**

The Board is pleased to announce that on 28 June 2012, BaiChuanDuKe, a wholly-owned subsidiary of the Company, and Beijing Network, which obtained an exclusive operation rights in Chinaunicom Ezhuan RingTone (中國聯通易賺炫鈴) in the PRC for a term of 10 years since 19 May 2011, entered into the Advertisement Services Agreement.

Pursuant to the Advertisement Services Agreement, Beijing Network will broadcast the self-promotional advertisement(s) of www.duk.cn designed by BaiChuanDuke in aggregate 12,000,000 times through Chinaunicom Ezhuan RingTone (中國聯通易賺炫鈴) located in different parts of China.

The term of the Advertisement Services Agreement should be 12 months from 1 July 2012 to 30 June 2013.

Mr. Chen is a Director and chairman of the Company. Together with the interests of his spouse, Mr. Chen owns 100% interests in Fujian ShiFang Digital as at the date of this announcement. Accordingly, Beijing Network, being a direct non wholly-owned subsidiary of Fujian ShiFang Digital, is thus a connected person of the Company, and the transaction contemplated under the Advertisement Services Agreement constitutes a connected transaction for the Company.

As the applicable percentage ratios defined under Rule 14.07 of the Listing Rules calculated for the Company in respect of the Advertisement Services Agreement is more than 0.1% but less than 5%, the transaction contemplated under the Advertisement Services Agreement is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board is pleased to announce that on 28 June 2012, BaiChuanDuKe, a wholly-owned subsidiary of the Company, and Beijing Network, which obtained an exclusive operation rights in Chinaunicom Ezhuan RingTone (中國聯通易賺炫鈴) in the PRC for a term of 10 years since 19 May 2011, entered into the Advertisement Services Agreement.

THE ADVERTISEMENT SERVICES AGREEMENT

Date

28 June 2012

Parties

- (1) BaiChuanDuke
- (2) Beijing Network

Subject matter

Pursuant to the Advertisement Services Agreement, Beijing Network will broadcast the self-promotional advertisement(s) of www.duk.cn designed by BaiChuanDuke in aggregate 12,000,000 times through Chinaunicom Ezhuan RingTone (中國聯通易賺炫鈴) located in different parts of China.

The term of the Advertisement Services Agreement should be 12 months from 1 July 2012 to 30 June 2013.

Consideration

The total consideration of the Advertisement Services Agreement is RMB2,160,000 which shall be paid by BaiChuanDuke to Beijing Network in cash as follows:

The first installment: RMB540,000 shall be paid on or before 30 September 2012;

The second installment: RMB540,000 shall be paid on or before 31 December 2012;

The third installment: RMB540,000 shall be paid on or before 31 March 2013; and

The fourth installment: RMB540,000 shall be paid on or before 30 June 2013.

Reasons for entering into the Advertisement Services Agreement

The Directors are of the view that by broadcasting the self-promotional advertisement(s) of www.duk.cn designed by BaiChuanDuke through Chinaunicom Ezhuan RingTone (中國聯通易賺炫鈴) located in different parts of China, the brand image and market recognition of www.duk.cn shall be further enhanced and strengthened.

In view of the above, the Directors believe that the entering into the Advertisement Services Agreement is in line with the Company's objective of promoting effectively the fee-based reading business of www.duk.cn mobile phone customer group to mobile phone subscribers and the terms of the transaction are fair and reasonable and in the interests of the shareholders as a whole.

Listing Rules Implications

Mr. Chen is a Director and chairman of the Company. Together with the interests of his spouse, Mr. Chen owns 100% interests in Fujian ShiFang Digital as at the date of this announcement. Accordingly, Beijing Network, being a direct non wholly-owned subsidiary of Fujian ShiFang Digital, is thus a connected person of the Company, and the transaction contemplated under the Advertisement Services Agreement constitutes a connected transaction for the Company.

Save for the interest of Mr. Chen as disclosed above, none of the Directors has a material interest in the Advertisement Services Agreement. Mr. Chen and Ms. Chen Min, who is the sister of Mr. Chen, have abstained from approving the transaction as detailed in this announcement.

As the applicable percentage ratios defined under Rule 14.07 of the Listing Rules calculated for the Company in respect of the Advertisement Services Agreement is more than 0.1% but less than 5%, the transaction contemplated under the Advertisement Services Agreement is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

“Advertisement Services Agreement”	the agreement entered by BaiChuanDuke and Beijing Network dated 28 June 2012 pursuant to which
“BaiChuanDuKe”	Beijing BaiChuanDuKe Science and Technology Co., Ltd. (北京百傳讀客科技有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“Beijing Network”	北京網信高科信息技術有限公司, a company incorporated in the PRC and a direct non wholly-owned subsidiary of Fujian ShiFang Digital which is held as to 68.48% by Fujian ShiFang Digital
“Board”	the board of Directors
“Company”	ShiFang Holding Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company

“Fujian ShiFang Digital”	Fujian ShiFang Digital Technology Co., Ltd (福建十方數碼技術有限公司) , a company incorporated in the PRC which is held as to 98% and 2% interest by Mr. Chen and his wife respectively.
“Mr. Chen”	Mr. Chen Zhi, the director and chairman of the of the Board
“PRC” or “China”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administration Region of the PRC and the territory of Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
ShiFang Holding Limited
Chen Zhi
Chairman

Hong Kong, 28 June 2012

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

* *For identification purpose only*