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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
PRICE SENSITIVE INFORMATION
AND
RESUMPTION OF TRADING**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

On 6 November 2012, The Company was informed that Yueyang City Intermediate People's Court has issued an enforcement order against the Company and its subsidiaries, including Fuzhou AoHai Advertisement Co., Ltd.* (福州奧海廣告有限公司) and Kunming AoHai Advertisement Co., Ltd.* (昆明奧海廣告有限公司), which, as at the date of this announcement, about RMB3,171,106.40 of cash deposits in four bank accounts in the PRC of the Company and Subsidiaries has been temporarily frozen by the Court under the Enforcement Order.

As advised by the Company's PRC legal counsel, on 8 November 2012, the Company together with its Subsidiaries have submitted an objection application to the Court (a copy of the application has been passed to the Higher People's Court of Hunan Province at the same time) to object the Enforcement Order and ask the Court to rescind its enforcement order against the relevant assets.

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

Trading in the shares on the Stock Exchange was suspended at the request of the Company at 9:00 a.m. on 7 November 2012. The Company has applied to the Stock Exchange for the resumption of trading of the shares of the Company with effect from 9:00 a.m. on 9 November 2012.

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**”).

INTRODUCTION

On 6 November 2012, The Company was informed that Yueyang City Intermediate People’s Court (the “**Court**”) has issued an enforcement order against the Company and its subsidiaries, including Fuzhou AoHai Advertisement Co., Ltd.* (福州奧海廣告有限公司) and Kunming AoHai Advertisement Co., Ltd.* (昆明奧海廣告有限公司) (collectively the “**Subsidiaries**”), which, as at the date of this announcement, about RMB3,171,106.40 of cash deposits in four bank accounts in the PRC of the Company and Subsidiaries has been temporarily frozen by the Court pursuant to an enforcement order ((2012) 岳中執字第104-7 號) (the “**Enforcement Order**”) made by the Court on 26 October 2012.

BACKGROUND

According to a civil judgement ((2012)岳中民二初字第12號) (the “**Civil Judgment**”) made by the Court on 10 July 2012, there was a civil claim between Yueyanglin Paper Co., Ltd.* (岳陽林紙股份有限公司) (the “**Plaintiff**”) and Southeast Express* (東南快報社) and Lifestyle Express* (生活新報社) (the “**Defendants**”), all are independent third parties of the Group, in respect of an outstanding payment of RMB31,859,018.15 relating to sale of papers between September 2003 and February 2005. Pursuant to the Civil Judgment, the Defendants shall pay to the Plaintiff the amount of RMB31,859,018.15 equivalent to the outstanding payment.

Nonetheless, on 26 October 2012, the Court issued the Enforcement Order which stated that there was intentional transfer of assets, such as connected transactions or confusion of properties, between the Defendants and the Company together with its Subsidiaries in order to against the Civil Judgment. Accordingly, the Court ordered to freeze the cash and assets of the Company and Subsidiaries up to a maximum value of RMB31,859,018.15 under the Enforcement Order.

However, according to the best knowledge, information and belief of the directors of the Company, neither the Company nor Subsidiaries has been informed or notified by the Court about the said civil claim throughout the process of the legal proceedings. The Company and Subsidiaries were not given any reasonable opportunity to defense or clarify their legal positions. The Company and Subsidiaries did not have knowledge about the Civil Judgment and Enforcement Order until their cash deposits have been frozen by the Court. The Civil Judgment and Enforcement Order also did not mention any reason or rationale about the order.

COOPERATION WITH NEWSPAPERS

As disclosed in our prospectus dated 22 November 2010, the Company entered commercial cooperation contracts with newspapers across multiple provinces in the PRC to gain exclusive rights to sell advertising spaces in their newspapers and related services to advertisers.

For the Defendants, the Company provides consultation and management services on the operation of the advertising component of the newspapers' businesses, including provision of select content for inclusion in their numerous weekly special editions on specific industries. The Company also provide them with ancillary services such as electronic dissemination of their publications, distribution consultation and management, including the printing component of their businesses.

Nonetheless, according to the best knowledge, information and belief of the directors of the Company, the Defendants and the Company (together with its Subsidiaries) are separate legal entities which operate their own businesses independently. There was neither any shareholding, assets management nor control relationship between the Defendants and the Company or Subsidiaries. Hence, the Defendants are not connected persons of the Company (together with its Subsidiaries) under the PRC law and there should not be any connected transaction between them. The relationship established between the Defendants and the Company (together with its Subsidiaries) are commercial cooperation subject to terms and conditions under the commercial cooperation contracts with arm-lengths negotiations.

PRC LEGAL COUNSEL ADVICE

The Company has immediately sought legal advice in relation to the Enforcement Order and was advised by the Company's PRC legal counsel as follows:–

- (1) throughout the process of the legal proceedings, the Plaintiff has filed the claim only against the Defendants, which the Company and Subsidiaries have never been claimed as other defendants or third parties in the case;
- (2) the Court did not mention or provide any reason or evidence in the Enforcement Order to support its allegation that there was intentional transfer of assets between the Defendants and the Company together with its Subsidiaries to against the Civil Judgement;

- (3) there was neither any creditor nor debtor relationship between the Plaintiff and the Company or Subsidiaries. The Company and Subsidiaries also did not provide any guarantee for, or have become the guarantor of, the Defendants;
- (4) the Defendants and the Company (together with its Subsidiaries) are separate legal entities under the PRC Law. There was neither any shareholding, assets management nor control relationship between the Defendants and the Company or Subsidiaries. The Company together with its Subsidiaries has provided advertising agency, printing services and distribution consultancy services for the Defendants only;
- (5) according to the civil procedure law in the PRC, the plaintiff shall undergo formal applications to the court in order to add or put in any third party into the case as an additional defendant or any third party during the legal proceedings, and such third party should be provided with reasonable opportunity to defense himself with reason and evidence before the court. However, neither the Company nor Subsidiaries have been informed about the case throughout the process of the legal proceedings.

ACTION BY THE COMPANY

As advised by the Company's PRC legal counsel, on 8 November 2012, the Company together with its Subsidiaries have submitted an objection application to the Court (a copy of the application has been passed to the Higher People's Court of Hunan Province at the same time) to object the Enforcement Order and ask the Court to relieve its enforcement order against the relevant assets.

IMPACT ON THE GROUP

As at the date of this announcement, about RMB3,171,106.40 of cash deposits in four bank accounts in the PRC of the Company and Subsidiaries has been temporarily frozen by the Court under the Enforcement Order. The frozen amount may be varied subject to the continuous influence of the Enforcement Order and the progress of our objection application submitted to the Court.

As at 31 October 2012, the total unaudited consolidated cash and cash equivalents of the Group is RMB66,578,116.75. The directors of the Company currently assess that the contingent loss in relation to the claim will have no material adverse impact on the Group's results and financial position at this stage.

The Company is actively following up the above case and evaluate their impact on the Group, and will make further announcement(s) to inform its shareholders and potential investors of further developments of the case as and when appropriate. Shareholders and potential investors are advised to exercise caution in dealing with the shares of the Company.

RESUMPTION OF TRADING

Trading in the shares on the Stock Exchange was suspended at the request of the Company at 9:00 a.m. on 7 November 2012. The Company has applied to the Stock Exchange for the resumption of trading of the shares of the Company with effect from 9:00 a.m. on 9 November 2012.

By order of the Board
ShiFang Holding Limited
Chen Zhi
Chairman

Hong Kong, 8 November 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*