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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 UPDATE ON LITIGATION MATTER

This announcement is made by ShiFang Holding Limited (the “**Company**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Future Ordinance (Chapter 571, Laws of Hong Kong).

Reference is made to the Company’s announcements dated 16 December 2013, 31 December 2012, 6 September 2012, 30 August 2012, 13 March 2012, 10 January 2012, 9 January 2012, 26 October 2011 and 31 July 2011 (the “**Announcements**”) respectively. Unless otherwise defined, capitalized terms used in this announcement have the same meaning as defined in the Announcements.

SHENYANG MEDIA CORPORATION (AS PLAINTIFF) VS LIAONING AOHAI (AS DEFENDANT)

On 12 May 2014, Liaoning AoHai (a subsidiary of the Company) received a civil judgment of (2013) Shen Zhong Min San Chu no.34 ((2013) 瀋中民三初字第34號) dated 5 May 2014 issued by the Intermediate People’s Court (“**Judgment**”) which ordered Liaoning Aohai to pay to Shenyang Media Corporation advertising agency fees in the sum of RMB17,250,398.00 within 10 days after the judgment becomes effective. Other claims of Shenyang Media Corporation and counter-claims of Liaoning AoHai were dismissed.

Liaoning AoHai may file an appeal within 15 days from the date of receipt of the Judgment. Liaoning AoHai has been advised by its PRC legal advisers that, although the Judgement was a retrial of the judgement of the first trial of the case, the Judgment still contains errors in fact findings which ought to be legally rectified by the Higher People's Court of Liaoning Province during the second trial of the case. Accordingly, Liaoning AoHai will file the appeal within 15 days of receipt of the Judgment.

The Company will make further announcement to inform its shareholders of further developments of this case 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
ShiFang Holding Limited
Chen Zhi
Chairman

Hong Kong, 12 May 2014

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 Director 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.