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WIN SHARE

新華文軒出版傳媒股份有限公司

XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 811)

RENEWAL OF VARIOUS CONTINUING CONNECTED TRANSACTIONS

(1) RENEWAL OF VARIOUS CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Company's announcement dated 23 November 2015 regarding, amongst others, renewal of various continuing connected transactions (the "**Announcement**").

According to the Announcement, the Group has been conducting certain continuing connected transactions with, amongst others, Sichuan Xinhua Publishing Group and Huang Peng Property pursuant to the Previous Property Leasing Framework Agreement and Previous Property Management Service Framework Agreement.

As the Previous Property Leasing Framework Agreement and the Previous Property Management Service Framework Agreement will expire on 31 December 2018, the Company has agreed to renew the Previous Property Leasing Framework Agreement and Previous Property Management Service Framework Agreement and entered into the following agreements with Sichuan Xinhua Publishing Group and Huang Peng Property, respectively on 18 December 2018.

(2) PROPERTY LEASING FRAMEWORK AGREEMENT

On 18 December 2018, the Company has entered into the Property Leasing Framework Agreement with Sichuan Xinhua Publishing Group in connection with the leasing of the Premises by Sichuan Xinhua Publishing Group to the Group for the period from 1 January 2019 to 31 December 2021.

As at the date of this announcement, Sichuan Xinhua Publishing Group holds approximately 49.11% of the shares of the Company, and is the controlling shareholder of the Company. Accordingly, Sichuan Xinhua Publishing Group is a connected person of the Company and therefore the transaction contemplated under the Property Leasing Framework Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

(3) PROPERTY MANAGEMENT SERVICE FRAMEWORK AGREEMENT

On 18 December 2018, the Company has entered into the Property Management Service Framework Agreement with Huang Peng Property in connection with the provision of property management services to the Group by Huang Peng Property for the period from 1 January 2019 to 31 December 2021.

As at the date of this announcement, Huang Peng Property is a wholly-owned subsidiary of Sichuan Xinhua Publishing Group, the controlling shareholder of the Company. Accordingly, Huang Peng Property is a connected person of the Company and therefore the transaction contemplated under the Property Management Service Framework Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

LISTING RULES IMPLICATIONS

As various applicable percentage ratios (other than the profits ratio) for the Property Leasing Framework Agreement and the Property Management Service Framework Agreement are, on an annual basis, more than 0.1% but less than 5%, the Property Leasing Framework Agreement and the Property Management Service Framework Agreement are subject to the reporting, announcement and annual review requirements but exempt from the Independent Shareholders' approval requirements.

RENEWAL OF VARIOUS CONTINUING CONNECTED TRANSACTIONS

Introduction

Reference is made to the Announcement. On 23 November 2015, the Company entered into the Previous Property Leasing Framework Agreement and the Previous Property Management Service Framework Agreement, respectively with Sichuan Xinhua Publishing Group and Huang Peng Property. Pursuant to the Previous Property Leasing Framework Agreement, Sichuan Xinhua Publishing Group shall lease certain buildings and units in Sichuan Province to the Group during the term of the agreement. Pursuant to the Previous Property Management Service Framework Agreement, Huang Peng Property shall provide property management services to the Group during the term of the agreement.

As the Previous Property Leasing Framework Agreement and the Previous Property Management Service Framework Agreement will expire on 31 December 2018, the Company has agreed to renew the Previous Property Leasing Framework Agreement and the Previous Property Management Service Framework Agreement and entered into the following agreements with Sichuan Xinhua Publishing Group and Huang Peng Property respectively on 18 December 2018:

(1) Property Leasing Framework Agreement

Principal Terms:

Date:	18 December 2018
Term:	1 January 2019 to 31 December 2021 (both days inclusive)
Parties:	(1) the Company (and on behalf of the Group) (as lessee) (2) Sichuan Xinhua Publishing Group (as lessor)
Nature of transaction:	Sichuan Xinhua Publishing Group shall lease the Premises to the Group.
Rental:	<p>Regarding the Premises to be leased by the Company from Sichuan Xinhua Publishing Group, the rental shall be determined with reference to the assessment results of the relevant leased buildings issued by Sichuan TianJian HuaHeng Assets Appraisal Co., Ltd., an independent qualified property valuer, dated 22 November 2018.</p> <p>For the Premises leased by the subsidiaries of the Company from Sichuan Xinhua Publishing Group, the rental shall be based on the pricing policy and principles set out in the “Property Leasing Framework Agreement”, with reference to the prevailing market rent of comparable similar properties, and shall be confirmed by the subsidiaries of the Company and Sichuan Xinhua Publishing Group through otherwise entering into a separate lease.</p> <p>During the term of the lease, if the area of the Premises leased by the Company and its subsidiaries from Sichuan Xinhua Publishing Group changes, which should be confirmed by the parties through otherwise entering into a supplemental agreement.</p>
Payment term:	Unless otherwise agreed between the Company and Sichuan Xinhua Publishing Group, the rentals in respect of the lease of each Premise shall be paid by the Group to Sichuan Xinhua Publishing Group yearly by way of bank transfer or bill.
Option to renew:	Subject to the Listing Rules and the approvals of the Stock Exchange, the Board and/or the Independent Shareholders (if required), the Company may separately enter into a written property leasing framework agreement upon serving a written notice to Sichuan Xinhua Publishing Group prior to the expiry of the Property Leasing Framework Agreement.

Pricing policy

The rental shall be determined by the parties in a fair and reasonable manner through arm's length negotiation and on normal commercial terms with reference to the assessment results of the prevailing market rent of the relevant leased buildings as at 30 September 2018 issued by Sichuan TianJian HuaHeng Assets Appraisal Co., Ltd., an independent qualified property valuer, as at 22 November 2018 and the market rent of comparable properties, and shall not be less favourable than conditions offered by the third party lessees.

The connected relationship between the parties

As at the date of this announcement, Sichuan Xinhua Publishing Group holds approximately 49.11% of the shares of the Company, and is the controlling shareholder of the Company. Accordingly, Sichuan Xinhua Publishing Group is a connected person of the Company and therefore the transaction contemplated under the Property Leasing Framework Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

Historical caps and transaction amounts

The following table summarizes the historical cap amounts and their relevant historical transaction amounts for the Previous Property Leasing Framework Agreement for each of the two years ended 31 December 2017 and the ten months ended 31 October 2018:

	For the year ended 31 December 2016 (RMB'000)	For the year ended 31 December 2017 (RMB'000)	For the ten months ended 31 October 2018 (RMB'000)
Annual cap	41,000	41,500	42,000
Historical transaction amount	<u>40,100</u>	<u>38,530</u>	<u>31,979</u>

Annual caps and basis for determining the annual caps

In considering the annual caps for the Property Leasing Framework Agreement, the Directors have considered a number of factors including:

- (1) the market rent and the lease valuation report in respect of the lease of Premises prepared by an independent qualified property valuer;
- (2) the anticipated demand for leasing property for offices, warehouses and retail outlets of the Group for the three years ending 31 December 2021; and
- (3) the possible increase in area of the Premises to be leased base on the demand of the operation and business growth of the Group and the anticipated natural and reasonable growth of the market.

Having considered the above factors, the Directors propose that the annual cap for the Property Leasing Framework Agreement for each of the three years ending 31 December 2021 shall be as follows:

	For the year ending 31 December 2019 (RMB'000)	For the year ending 31 December 2020 (RMB'000)	For the year ending 31 December 2021 (RMB'000)
Annual cap	<u>52,000</u>	<u>52,000</u>	<u>52,000</u>

Reasons for and benefits of the Property Leasing Framework Agreement

Currently, most of the Premises used by the Company and some of its subsidiaries are leased by Sichuan Xinhua Publishing Group to the Group and are mainly used as offices, warehouses and retail outlets of the Group. During the term of the lease, the Premises will mainly be used as offices, warehouses and retail outlets of the Group to satisfy administration needs, the inventory turnover storage needs as well as the retail business needs of the Group. The locations and area of the Premises that can be leased by Sichuan Xinhua Publishing Group to the Group are considered favourable and appropriate, respectively, for the functions discussed above. The arrangements under the Property Leasing Framework Agreement can continuously provide the Premises to the Group to meet its needs.

The Directors (including the independent non-executive Directors) consider that the Property Leasing Framework Agreement is entered into in the ordinary and usual course of business of the Group and the terms as contained in the Property Leasing Framework Agreement are normal commercial terms, which are arrived at after arm's length negotiations between the parties, the annual caps stated above in this announcement and the terms of the Property Leasing Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders taken as a whole.

(2) Property Management Service Framework Agreement

Principal terms:

Date:	18 December 2018
Term:	1 January 2019 to 31 December 2021 (both days inclusive)
Parties:	(1) the Company (and on behalf of the Group) (as recipient of services) (2) Huang Peng Property (as service provider)
Nature of transaction:	Huang Peng Property shall provide property management services to the Group.

Price:	The service fees for the property management services shall be agreed between the parties having regard to the type of property owned or rented by the Group and the type of services provided by Huang Peng Property under each service agreement.
Payment term:	Unless otherwise agreed between the Company and Huang Peng Property, the fees for the property management services shall be settled by the Company and its subsidiaries every 3 months by way of bank transfer.
Option to renew:	Subject to the Listing Rules and the approvals of the Stock Exchange, the Board and/or the Independent Shareholders (if required), the Company may separately enter into a written property management agreement upon serving a written notice to Huang Peng Property prior to the expiry of the Property Management Service Framework Agreement.

Pricing policy

The service fees charged by Huang Peng Property for the provision of property management services of the Group shall be determined through arm's length negotiation between the parties and shall be determined in accordance with the principles of fairness and reasonableness. The agreed price shall be based on normal commercial terms and conditions, taking into account the following factors:

- (1) with reference to the quotations of similar property management services (including but not limited to service qualifications, scope of services and content of services) provided by no less than two Independent Third Parties; and
- (2) the standard of the fees charged by Huang Peng Property for the provision of property management services to the Group shall not be higher than the average level of quotations for provision of similar property management services charged by no less than two abovementioned Independent Third Parties.

The connected relationship between the parties

As at the date of this announcement, Huang Peng Property is a wholly-owned subsidiary of Sichuan Xinhua Publishing Group, the controlling shareholder of the Company. Accordingly, Huang Peng Property is a connected person of the Company and therefore the transaction contemplated under the Property Management Service Framework Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

Historical caps and transaction amounts

The following table summarizes the historical cap amounts and their relevant historical transaction amounts for the Previous Property Management Service Framework Agreement for each of the two years ended 31 December 2017 and the ten months ended 31 October 2018:

	For the year ended 31 December 2016 (RMB'000)	For the year ended 31 December 2017 (RMB'000)	For the ten months ended 31 October 2018 (RMB'000)
Annual cap	9,500	11,000	12,000
Historical transaction amount	<u>7,670</u>	<u>7,490</u>	<u>7,066</u>

Annual caps and basis for determining the annual caps

In considering the annual caps for the Property Management Service Framework Agreement, the Directors have considered a number of factors including:

- (i) the scope of property management services to be covered by the property management services arrangements;
- (ii) natural rise of general market price owing to factors such as labour cost; and
- (iii) the possible increase in area and scope of the property management services base on the demand of the operation and business growth of the Group.

Having considered the above factors, the Directors propose that the annual cap for the Property Management Service Framework Agreement for each of the three years ending 31 December 2021 shall be as follows:

	For the year ending 31 December 2019 (RMB'000)	For the year ending 31 December 2020 (RMB'000)	For the year ending 31 December 2021 (RMB'000)
Annual cap	<u>13,500</u>	<u>14,000</u>	<u>14,000</u>

Reasons for and benefits of the Property Management Service Framework Agreement

Huang Peng Property concentrates on providing property management services to various business units and management departments of the Group, which can improve the efficiency in the Group's administration and reduce the fees for property management.

At the same time, Huang Peng Property has continuously provided the Group with thorough, efficient and convenient property management services in the past years of cooperation, and is very familiar with the property services projects and the needs of the Group. The Directors believe that Huang Peng Property could provide better services support to the Group to meet its office and operational needs.

The Directors (including the independent non-executive Directors) consider that the Property Management Service Framework Agreement is entered into in the ordinary and usual course of business of the Group and the terms as contained in the Property Management Service Framework Agreement are normal commercial terms, which are arrived at after arm's length negotiations between the parties, the annual caps stated above in this announcement and the terms of the Property Management Service Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders taken as a whole.

Internal Control Measures

In order to ensure that the Group is in compliance with the pricing policies in relation to certain continuing connected transactions, and safeguard the interests of the Company and the Shareholders as a whole, the Company has adopted the following measures:

- (i) For the rental pricing, a qualified property valuer appointed by the Infrastructure and Asset Management Centre of the Company carries out assessment on the properties, collects the data of market rents of comparable properties, and provides advice on pricing with reference to the assessment results and the market rents of comparable properties. The Infrastructure and Asset Management Centre of the Company also submits the pricing advice to the management of the Company for approval and confirmation. For the pricing of the fees for property management services, the Infrastructure and Asset Management Centre of the Company collects the quotations in relation to similar property management services for comparable properties from no less than two Independent Third Parties, reviews the basis for the property management service fees, provides advice on the pricing, and submits the pricing advice to the management of the Company for approval and confirmation.
- (ii) The Infrastructure and Asset Management Center of the Company checks the payment amount in accordance with the Property Leasing Framework Agreement and the Property Management Service Framework Agreement or/and a separate supplemental agreement entered into therefor.
- (iii) The office of the Board and Financial Management Centre of the Company continuously supervises the payment arrangement under the Property Leasing Framework Agreement and the Property Management Service Framework Agreement, and tracks, monitors and reviews the actual transaction amount on a monthly basis, in order to ensure that the amount of continuing connected transactions does not exceed the annual caps.
- (iv) The Group will engage the auditor of the Company to carry out annual review on the continuing connected transactions (including but not limited to the relevant pricing policies and annual caps) each year in accordance with the requirement of Rule 14A.56 of the Listing Rules.

- (v) The transactions under the Property Leasing Framework Agreement and the Property Management Service Framework Agreement for each financial period, as well as the conclusion made by the independent non-executive Directors on whether the relevant transactions proceed according to the normal commercial terms, are fair and reasonable, and are in the interests of the Shareholders of the Company as a whole will be disclosed in annual reports and accounts of the Group.

The Directors (including the independent non-executive Directors) are of the opinion that the above internal control measures adopted by the Company regarding the Property Leasing Framework Agreement and the Property Management Service Framework Agreement are appropriate. The measures can ensure that the transactions will proceed in accordance with the pricing principles set by the Property Leasing Framework Agreement and the Property Management Service Framework Agreement, and can be supervised appropriately.

INFORMATION OF THE GROUP AND THE COUNTERPARTIES

The Group is principally engaged in the wholesale and retails of publications and electronic publications, wholesale of audio and visual products, production and distribution of electronic publications and audio and visual products and publication business, etc.

Huang Peng Property is principally engaged in the business of property management and services, maintenance and cleaning services and construction and renovation services etc.

Sichuan Xinhua Publishing Group is principally engaged in the business of wholesaling and retailing, leasing of properties, real estate, project investment, computer software and hotel services.

IMPLICATION OF THE LISTING RULES

As various applicable percentage ratios (other than the profits ratio) for the Property Leasing Framework Agreement and Property Management Service Framework Agreement are, on an annual basis, more than 0.1% but less than 5%, these two agreements are only subject to the reporting, announcement and annual review requirements but exempt from the Independent Shareholders' approval requirements.

Pursuant to Rule 14A.70(11) of the Listing Rules and the Articles of Association of the Company, Mr. He Zhiyong, Mr. Chen Yunhua, Mr. Luo Jun and Mr. Zhang Peng may be regarded as having relevant interests in the Property Leasing Framework Agreement and Property Management Service Framework Agreement. As such, they have abstained from voting on the Board resolution for approving the said two agreements and their respective proposed annual cap amount for each of the three years ending 31 December 2021. Save for the aforementioned Directors, none of the Directors has any material interests in the said two agreements.

DEFINITIONS

In this announcement, the following terms shall have the meanings set out below, unless the context otherwise requires:

“Articles of Association”	the articles of association of the Company as amended from time to time
“associate(s)”	has the same meaning as ascribed to this term under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	Xinhua Winshare Publishing and Media Co., Ltd.* (新華文軒出版傳媒股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the A shares and H shares of which are listed on the Shanghai Stock Exchange and the Stock Exchange respectively
“connected person(s)”	has the same meaning as ascribed to this term under the Listing Rules
“controlling shareholder”	has the same meaning as ascribed to this term under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huang Peng Property”	Chengdu Huang Peng Property Co., Ltd.* (成都皇鵬物業有限責任公司), a limited liability established in the PRC and a wholly-owned subsidiary of Sichuan Xinhua Publishing Group, the controlling shareholder of the Company as at the date of this announcement
“Independent Shareholders”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“Independent Third Party(ies)”	persons(s) or company(ies) which is(are) independent of the Directors, supervisors, substantial shareholders and chief executive (as defined under the Listing Rules) of the Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“Premises”	Certain buildings and units owned by Sichuan Xinhua Publishing Group with a total area of approximately 74,709.23 square metres

“Previous Property Leasing Framework Agreement”	an agreement dated 23 November 2015 entered into between the Company and Sichuan Xinhua Publishing Group in connection with the leasing of certain buildings in Sichuan Province by Sichuan Xinhua Publishing Group to the Group for the period from 1 January 2016 to 31 December 2018
“Previous Property Management Service Framework Agreement”	an agreement dated 23 November 2015 entered into between the Company and Huang Peng Property in connection with provision of property management service by Huang Peng Property to the Group for the period from 1 January 2016 to 31 December 2018
“Property Leasing Framework Agreement”	the framework agreement dated 18 December 2018 entered into between the Company and Sichuan Xinhua Publishing Group in connection with the leasing of Premises by Sichuan Xinhua Publishing Group to the Group for the period from 1 January 2019 to 31 December 2021
“Property Management Service Framework Agreement”	the framework agreement dated 18 December 2018 entered into between the Company and Huang Peng Property in connection with provision of property management service by Huang Peng Property to the Group for the period from 1 January 2019 to 31 December 2021
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Sichuan Xinhua Publishing Group”	Sichuan Xinhua Publishing Group Co., Ltd.* (四川新華發行集團有限公司), a state-owned entity established in the PRC which is the controlling shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.*
He Zhiyong
Chairman

Sichuan, the PRC, 18 December 2018

As at the date of this announcement, the Board comprises (a) Mr. He Zhiyong, Mr. Chen Yunhua and Mr. Yang Miao as executive Directors; (b) Mr. Luo Jun, Mr. Zhang Peng and Mr. Han Xiaoming as non-executive Directors; and (c) Mr. Chan Yuk Tong, Ms. Xiao Liping and Mr. Fang Bingxi as independent non-executive Directors.

* *For identification purposes only*