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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)

CONNECTED TRANSACTION ACQUISITION OF THE PROPERTIES

ACQUISITION OF THE PROPERTIES

Reference is made to the announcement dated 29 October 2020 of the Company in relation to the proposed purchase of the Properties by the Company. On 9 December 2020, the Company entered into the Sale and Purchase Agreement on Commodity House with Xinhua Chuangzhi, pursuant to which the Company agreed to acquire and Xinhua Chuangzhi agreed to sell the Properties at a cash consideration of RMB193,480,283.70 (equivalent to approximately HK\$229,661,096.8).

LISTING RULES IMPLICATIONS

Xinhua Chuangzhi is a wholly-owned subsidiary of Sichuan Xinhua Publishing and Distribution Group, the controlling shareholder of the Company. Therefore, Xinhua Chuangzhi is a connected person of the Company under Chapter 14A of the Listing Rules and the transaction contemplated under the Sale and Purchase Agreement on Commodity House constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratios in respect of the above transaction are more than 0.1% but all are less than 5%, the above transaction is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement dated 29 October 2020 of the Company in relation to the proposed purchase of the Properties by the Company. On 9 December 2020, the Company entered into the Sale and Purchase Agreement on Commodity House with Xinhua Chuangzhi, pursuant to which the Company agreed to acquire and Xinhua Chuangzhi agreed to sell the Properties at a cash consideration of RMB193,480,283.70 (equivalent to approximately HK\$229,661,096.8).

PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENT ON COMMODITY HOUSE

Date: 9 December 2020

Parties: the Company (as purchaser);
Xinhua Chuangzhi (as seller)

ASSETS TO BE ACQUIRED

The Properties to be acquired are Block 38, 39 and 50 of “China Western Culture City (中國西部文化城)”, three real estate properties for office use located at No. 936 Huatu Road, Wenjiang District, Chengdu, the PRC. The Properties are developed and constructed by Xinhua Chuangzhi with a total gross floor area of 16,613.46 sq.m. The land parcel occupied is planned for office use with land use rights expiring on 6 April 2053.

CONSIDERATION

The consideration for the acquisition of the Properties contemplated under the Sale and Purchase Agreement on Commodity House is RMB193,480,283.70 (equivalent to approximately HK\$229,661,096.8), which is determined after arm's length negotiations between the parties. The consideration for the acquisition of the Properties of RMB193,480,283.70 (equivalent to approximately HK\$229,661,096.8) is determined based on the market valuation of the Properties of RMB195,434,700 (equivalent to approximately HK\$231,980,988.9) as at 31 July 2020 conducted by Sichuan Tian Jian Hua Heng Assets Appraisal Co., Ltd., an independent valuer approved by the parties using market approach and income approach. The book value of the Properties as at 14 October 2020 was RMB139,323,093.11 (equivalent to approximately HK\$165,376,511.5).

PAYMENT TERMS

The consideration for the acquisition of the Properties shall be paid in cash in three instalments: (i) 30% of the consideration (i.e. RMB58,044,085.11) shall be paid within 5 Business Days after the Company has received the invoices specially used for real estate value-added tax issued by Xinhua Chuangzhi upon the signing of the Sale and Purchase Agreement on Commodity House; (ii) 50% of the consideration (i.e. RMB96,740,141.85) shall be paid within 5 Business Days after Xinhua Chuangzhi has delivered the Properties fulfilling the requisite standard to the Company and the Company has received the invoices specially used for real estate value-added tax invoice issued by Xinhua Chuangzhi; and (iii) the remaining 20% of the consideration (i.e. RMB38,696,056.74) shall be paid by the Company within 5 Business Days after Xinhua Chuangzhi has completed the processing of the Real Estate Ownership Certificate for the Company and actually delivered the Properties to the Company.

The consideration for the acquisition of the Properties will be funded by the Group's own funds. The Directors consider that the acquisition of the Properties will not have a material impact on the financial position of the Group.

COMPLETION

The transactions contemplated under the Sale and Purchase Agreement on Commodity House shall be conducted in compliance with the relevant requirements on connected transactions under the Listing Rules and the relevant requirements on related party transactions under the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, respectively.

Xinhua Chuangzhi shall deliver the Properties to the Company on or before 31 December 2020. Upon delivery, the Properties shall have obtained the filing certificate for construction completion and the surveying report of the Properties.

Upon full payment of the consideration due from the Company to Xinhua Chuangzhi, Xinhua Chuangzhi shall deliver the Properties to the Company and the parties shall jointly apply to the housing registration authority for registration of ownership transfer.

REASONS FOR AND BENEFITS OF THE ACQUISITION

In recent years, with the iterative development of the internet, the traditional e-commerce industry has changed from the pure online retail model to the multi-segment model. In response to the changes in the development of the industry, the Group has transformed and upgraded its e-commerce business into supply chain services in the new round of strategic planning, and put forward the development goal of empowering the publishing and media industry with the internet and big data, and enhancing the innovation capability of the supply chain service model. In order to promote the implementation of the new round of strategies, the Group will build a supply chain service cluster including e-commerce of publications, digital publishing and distribution, digital reading, knowledge services and content creativity extension, and increase investment in supply chain service business, so as to lay a foundation for the development of the Group's supply chain business.

Wenjiang District, Chengdu City, where the Properties to be acquired are located, enjoys the advantages of industrial clusters, talents and policies, which can provide a sound business environment, policy support, talents and technical development support for the development of the Group's supply chain service business. The industry park where the Properties are located embraces a number of cultural, technology, education and other institutions, which can form an effective external linkage with the Group's supply chain service business and is conducive to the development of the Group's supply chain service business. Therefore, the acquisition of the Properties as the base of the supply chain services cluster can satisfy the growing needs of the supply chain services business in the future. From a long-term perspective, the Group can benefit from the capital appreciation of the Properties.

The Company plans to purchase the Properties to further support the development of the supply chain services business. The Directors (including the independent non-executive Directors) are of the view that the Sale and Purchase Agreement on Commodity House is entered into on normal commercial terms, and the terms and conditions contained therein are fair and reasonable and such transaction is in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP AND THE COUNTERPARTY

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.

Xinhua Chuangzhi is principally engaged in project investment and asset management (no illegal fund-raising, absorbing public funds and other financial activities); real estate development and operation; organization, planning and communication of various cultural activities; computer software development; educational information consultation services (excluding overseas study consultation); conference display and exhibition services; real estate brokerage services; and business information consultation services, etc.

LISTING RULES IMPLICATIONS

Xinhua Chuangzhi is a wholly-owned subsidiary of Sichuan Xinhua Publishing and Distribution Group, the controlling shareholder of the Company. Therefore, Xinhua Chuangzhi is a connected person of the Company under Chapter 14A of the Listing Rules and the transaction contemplated under the Sale and Purchase Agreement on Commodity House constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratios in respect of the above transaction are more than 0.1% but all are less than 5%, the above transaction is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.68 of the Listing Rules and the articles of association of the Company, the Directors, Mr. He Zhiyong, Mr. Chen Yunhua, Mr. Luo Jun and Mr. Zhang Peng may be regarded as having a material interest in the Sale and Purchase Agreement on Commodity House. Accordingly, they have abstained from voting on the Board resolution approving the Sale and Purchase Agreement on Commodity House. Save for the Directors mentioned above, none of the Directors has a material interest in the Sale and Purchase Agreement on Commodity House and is required to abstain from voting.

DEFINITIONS

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

“Board”	the board of directors of the Company
“Business Day(s)”	any day (excluding a statutory rest day and statutory holiday or public holiday in the PRC) on which institutions generally work
“Sale and Purchase Agreement on Commodity House”	the sale and purchase agreement on commodity house entered into between the Company and Xinhua Chuangzhi on 9 December 2020 in relation to the acquisition of the Properties by the Company from Xinhua Chuangzhi

“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
“Xinhua Chuangzhi”	Chengdu Xinhua Chuangzhi Cultural Industry Investment Co., Ltd.* (成都市新華創智文化產業投資有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Sichuan Xinhua Publishing and Distribution Group
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it 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
“independent shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“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)
“Properties”	the target assets under the Sale and Purchase Agreement on Commodity House, being three real estate properties for office use with a total gross floor area of 16,613.46 sq.m. located at No. 936 Huatu Road, Wenjiang District, Chengdu City, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company

“Sichuan Xinhua Publishing and Distribution Group”

Sichuan Xinhua Publishing and Distribution Group Co., Ltd.* (四川新華出版發行集團有限公司) (formerly known as 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 and the controlling shareholder of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

percentage

In this announcement, for the purpose of illustration only, amounts denominated in RMB have been translated into HK\$ at the rate of RMB1 to HK\$1.187.

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

Sichuan, the PRC, 9 December 2020

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

* For identification purposes only