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 CONTINUING CONNECTED TRANSACTION THE LEASE FRAMEWORK (RENEWAL) AGREEMENT

Reference is made to the announcement of the Company dated 12 December 2013 in relation to, among others, the Existing Lease Framework Agreement entered into between the Company and Sichuan Publication Group.

Pursuant to the Existing Lease Framework Agreement, Sichuan Publication Group agreed to lease certain buildings and warehouses to the Group and provide ancillary property management services to the Group. As the Existing Lease Framework Agreement will expire on 31 December 2016, the Company (and on behalf of the Group) and Sichuan Publication Group entered into the Lease Framework (Renewal) Agreement on 27 October 2016.

As at the date of this announcement, Sichuan Publication Group is a wholly-owned subsidiary of Sichuan Development (the ultimate controlling shareholder of the Company). Accordingly, Sichuan Publication Group is a connected person of the Company and therefore the transactions contemplated under the Lease Framework (Renewal) Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (other than the profit ratio) in respect of the Lease Framework (Renewal) Agreement is, on an annual basis, over 0.1% but less than 5%, the Lease Framework (Renewal) Agreement is only subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Introduction

Reference is made to the announcement of the Company dated 12 December 2013 in relation to, among others, the Existing Lease Framework Agreement entered into between the Company (and on behalf of the Group) and Sichuan Publication Group.

Pursuant to the Existing Lease Framework Agreement, Sichuan Publication Group agreed to lease certain buildings and warehouses to the Group with a total leased area of approximately 35,000 square metres, and provide ancillary property management services to the Group.

As the Existing Lease Framework Agreement will expire on 31 December 2016, the Company (and on behalf of the Group) and Sichuan Publication Group entered into the Lease Framework (Renewal) Agreement on 27 October 2016.

Terms and conditions under the Lease Framework (Renewal) Agreement have no substantial changes from, and are basically the same as, the terms and conditions under the Existing Lease Framework Agreement.

The Lease Framework (Renewal) Agreement

Date:	27 October 2016
Effective Period:	1 January 2017 to 31 December 2019 (both days inclusive)
Parties:	(1) Sichuan Publication Group (on behalf of Sichuan Publication Group and its subsidiaries) as lessor, and (2) the Company (on behalf of the Group) as lessee
Nature of transaction:	Sichuan Publication Group and/or its subsidiaries shall lease the Premises and provide corresponding ancillary property management services to the Group.
The Premises:	Certain properties legally owned by Sichuan Publication Group and/or its subsidiaries (including but not limited to various buildings, corresponding ancillary facilities, venues, etc. legally owned by Sichuan Publication Group and/or its subsidiaries) with a total leased area of approximately 22,000 square metres. The leased area may be increased or decreased depending on the needs of the Group's operation.
Rental and property management service fees:	For the three years ending 31 December 2019, the rental of the Premises leased by the Company from Sichuan Publication Group amounts to RMB13,991,989 per annum (exclusive of, among other things, the electricity tariff, duties and charges and management fees except otherwise stated). If the area of the buildings leased by the Company from Sichuan Publication Group is adjusted during the term of the lease, the above total rental may be adjusted by the parties and ascertained by a further supplementary agreement entered into by the parties. The fees for the ancillary property management services shall be agreed by the parties after considering the type of the properties leased by the Group and the type of service provided by Sichuan Publication Group for each leased property.

Payment term:	Unless otherwise agreed between the Group and Sichuan Publication Group, the relevant rental and the fees for the ancillary property management services shall be paid to Sichuan Publication Group or its subsidiaries on a half year basis by the actual lessee by way of bank transfer or bills.
Pre-emptive rights:	Pursuant to the Lease Framework (Renewal) Agreement, the Group is entitled to the pre-emptive rights to (i) acquire the Premises and the related land use rights during the term of the lease; and (ii) renew the lease on the Premises upon expiry of the term of the agreement, on the same terms and conditions.

Pricing policies

The rental was arrived at after arm's length negotiations between the parties in a fair and reasonable manner on normal commercial terms with reference to the valuation of the prevailing market rental rates for the Premises as at 31 July 2016 issued by Sichuan Zhenhua Appraisal Co., Limited* (四川振華資產評估有限責任公司), an independent qualified property valuer, on 26 August 2016, and based on the market rental rates of the comparable properties.

The fees for the ancillary property management services will be arrived at after arm's length negotiations between the parties in a fair and reasonable manner with reference to quotations in relation to similar property management services for comparable properties from not less than two Independent Third Parties. The basis for the property management service fees is reviewed by the professional department of the Company to ensure that the rate is fair and not higher than the rate of the rental and the property management service fee for the same type of premises charged by Independent Third Parties to the lessee.

Historical caps and transaction amounts

The historical annual caps and the related historical transaction amounts for the total amounts paid under the Existing Lease Framework Agreement by the Company for the two years ended 31 December 2015 and the nine months ended 30 September 2016 are summarised in the following tables:

	Year ended 31 December 2014 *(RMB'000)*	**Year ended 31 December 2015** *(RMB'000)*	**Nine months ended 30 September 2016** *(RMB'000)*
Historical annual caps	25,000	28,000	30,000
Historical transaction amounts	15,898	17,338	11,773

ANNUAL CAPS AND BASIS FOR DETERMINING THE ANNUAL CAPS

It was agreed between Sichuan Publication Group and the Company that the rental payable and/or the fees for the ancillary property management services payable by the Group under the Lease Framework (Renewal) Agreement shall not be higher than the fees for the same type of premises and/or ancillary property management services provided by Independent Third Parties to the Group.

In considering the annual caps for the Lease Framework (Renewal) Agreement, the Directors have considered a number of factors including (i) the total rental and the fees for the ancillary property management services paid by the Group to Sichuan Publication Group and its subsidiaries for each year under the Existing Lease Framework Agreement; (ii) the prevailing market rental rates of comparable properties and property management services and the valuation report on the leases prepared by an independent qualified property valuer for the leased properties; (iii) the anticipated area of the properties to be leased by the Group for the three years ending 31 December 2019; and (iv) the leased area may be increased depending on the needs of operation. Having considered the above factors, the Directors propose that the annual caps for the Lease Framework (Renewal) Agreement for each of the three years ending 31 December 2019 shall be as follows:

	Year ending 31 December 2017 *(RMB'000)*	**Year ending 31 December 2018** *(RMB'000)*	**Year ending 31 December 2019** *(RMB'000)*
Annual caps	20,000	20,000	20,000

REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE FRAMEWORK (RENEWAL) AGREEMENT

Currently, buildings of Sichuan Publication Group are leased by some subsidiaries of the Company and the Company. During the term of the lease, the Premises are mainly used as offices and warehouses of the Group to satisfy the Group's needs on administration, goods storage and circulation. The locations and area of the Premises are both considered favourable and appropriate, by the Group for the functions discussed above. Renewal of the lease arrangements under the Existing Lease Framework Agreement can ensure the continuous availability of the Premises and continuous provision of ancillary property management services to the Group to meet its needs.

The Directors (including the independent non-executive Directors) are of the opinion that the Lease Framework (Renewal) Agreement has been entered into on normal commercial terms and in the ordinary and usual course of business; the terms of the Lease Framework (Renewal) Agreement are normal commercial terms arrived at after arm's length negotiations; and the annual caps and the terms of the Lease Framework (Renewal) Agreement contained in this announcement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

THE CONNECTED RELATIONSHIP BETWEEN THE PARTIES

As at the date of this announcement, Sichuan Publication Group is a wholly-owned subsidiary of Sichuan Development (the ultimate controlling shareholder of the Company). Accordingly, Sichuan Publication Group is a connected person of the Company and therefore the transactions contemplated under the Lease Framework (Renewal) Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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 Premises, collects the data of market rents of comparable properties, and provide advice on pricing with reference to the assessment results and market rents of comparable properties. For the pricing of the fees for ancillary 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 not less than two Independent Third Parties, review the basis for the property management service fees, and provide advice on pricing. The Infrastructure and Asset Management Centre also submit the pricing advice to the management of the Company for approval and confirmation.

(ii) The office of the Board and Financial Management Centre of the Company continuously supervise the payment arrangement under the Lease Framework (Renewal) Agreement, and track, monitor and review the actual transaction amount month by month, in order to ensure that the amount of continuing connected transactions does not exceed the annual caps.

(iii) 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) every year in accordance with the requirement of Rule 14A.56 of the Listing Rules.

(iv) The transactions under the Lease Framework (Renewal) 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 Lease Framework (Renewal) Agreement are appropriate. The measures can ensure that the transactions will proceed in accordance with the pricing principles set by the Lease Framework (Renewal) Agreement, and can be supervised appropriately.

LISTING RULES IMPLICATIONS

As each of the applicable percentage ratios (other than the profit ratio) for the Lease Framework (Renewal) Agreement is, on an annual basis, over 0.1% but less than 5%, the Lease Framework (Renewal) Agreement is only subject to the reporting, announcement and annual review requirements but 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, Mr. He Zhiyong, Mr. Luo Yong, Mr. Luo Jun and Mr. Zhang Peng may be regarded as having material interests in the Lease Framework (Renewal) Agreement. Therefore, they have abstained from voting on the Board resolution for approving the Lease Framework (Renewal) Agreement and the proposed annual cap amount for each of the three years ending 31 December 2019. Save for the above Directors, none of the Directors has any material interests in the Lease Framework (Renewal) Agreement and was required to abstain from voting.

INFORMATION ON THE GROUP AND THE RELATED PARTIES

The Group is principally engaged in the retails of publications and electronic publications, wholesale of audio and visual products, production and distribution of electronic publications and audio and visual products, publications, assets management, commercial service as well as imports and exports of products for retail and wholesale use.

Sichuan Publication Group is a limited liability company established in the PRC and is principally engaged in the investments in publication business and assets management, storage services, property management, leasing business, etc.

DEFINITIONS

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

"A Share(s)"	Renminbi-denominated ordinary share(s) of the Company of RMB1.00 each, all of which are issued in the PRC, subscribed in Renminbi and listed on the Shanghai Stock Exchange
"Board"	the board of Directors
"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 H Shares and A Shares of which are listed on the Stock Exchange and the Shanghai 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
"Director(s)"	the director(s) of the Company
"Existing Lease Framework Agreement"	an agreement dated 12 December 2013 entered into between the Company and Sichuan Publication Group in connection with the leasing of the certain buildings and warehouses and provision of ancillary property management services from Sichuan Publication Group to the Group for the period from 1 January 2014 to 31 December 2016

"Group"	the Company and its subsidiaries
"H Share(s)"	overseas listed foreign share(s) of the Company with a nominal value of RMB1.00 each, all of which are issued in Hong Kong, subscribed in Hong Kong dollars and listed on the Stock Exchange
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"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 Company and its subsidiaries
"Lease Framework (Renewal) Agreement"	an agreement dated 27 October 2016 entered into between the Company and Sichuan Publication Group in connection with the leasing of the Premises and provision of ancillary property management services from Sichuan Publication Group and its subsidiaries to the Group for the period from 1 January 2017 to 31 December 2019
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"percentage ratios"	has the same meaning as ascribed to this term under the Listing Rules
"PRC"	the People's Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
"Premises"	certain properties legally owned by Sichuan Publication Group and/or its subsidiaries with a total leased area of approximately 22,000 square metres located in Sichuan Province, the PRC
"Shareholder(s)"	shareholder(s) of the Company
"Sichuan Development"	Sichuan Development Holding Co., Ltd.* (四川發展(控股)有限責任公司), a state-owned entity established in the PRC and the ultimate controlling shareholder of the Company
"Sichuan Publication Group"	Sichuan Publication Group Co., Ltd.* (四川出版集團有限責任公司), a limited liability company established in the PRC and a wholly-owned subsidiary of Sichuan Development
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiaries"	has the meaning as ascribed to this term under the Listing Rules
"substantial shareholder"	has the meaning as ascribed to this term under the Listing Rules

"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent.

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

Sichuan, the PRC, 27 October 2016

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

* *For identification purposes only*