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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)

VOLUNTARY ANNOUNCEMENT ANNOUNCEMENT ON THE PROPOSED ACQUISITION OF TARGET EQUITY

This announcement is made by the board (the “**Board**”) of directors (the “**Director(s)**”) of Xinhua Winshare Publishing and Media Co., Ltd.* (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

The Board is pleased to announce that at the Board meeting of the Company held on 27 October 2022, the Resolution on the Acquisition of 51% Equity Interests of Liangshanzhou Xinhua Bookstore Co., Ltd. by the Company was approved. The Company intends to acquire 51% equity interests (the “**Target Equity**”) of Liangshanzhou Xinhua Bookstore Co., Ltd.* (涼山州新華書店有限責任公司) (the “**Target Company**”) from Liangshanzhou Development (Holdings) Group Co., Ltd.* (涼山州發展(控股)集團有限責任公司) (“**Liangshanzhou Development**”) with its own funds. Upon completion of the acquisition of the Target Equity (the “**Acquisition**”), the Target Company will become a non-wholly owned subsidiary of the Company and its financial statements will be consolidated into the financial statements of the Group. As at the date of this announcement, the Acquisition is subject to the approval or consent of the state-owned assets regulatory authority, and no legally binding agreement has been entered into. Further announcement(s) will be made by the Company as and when appropriate in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules of the Hong Kong Stock Exchange**”).

INFORMATION ON THE GROUP AND THE COUNTERPARTIES

The Company is principally engaged in the business of publishing and trading of publications and related products in the People's Republic of China (“**PRC**”).

Liangshanzhou Development is principally engaged in investment and financing, asset operation and management and equity operation and management; project development; asset acquisition and disposal and enterprise and asset custody; property leasing; land remediation, development and utilization; consultancy services, financial consulting, and corporate restructuring consultancy and agency; operation of mineral products and construction materials; and entrusted loans in the PRC. As at the date of this announcement, to the best of the Company's knowledge, the State-owned Assets Supervision and Administration Commission of Liangshan Yi Autonomous Prefecture is the ultimate beneficial owner of Liangshanzhou Development. To the best of the Board's knowledge, information and belief, having made all reasonable enquiries, Liangshanzhou Development and its ultimate beneficial owner are independent third parties of the Company and its connected persons.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company established in the PRC and is principally engaged in the sales of books, newspaper, periodicals and electronic publication; reproduction and sales of audiovisual products; general freight transportation; property leasing; wholesale and retail of goods; educational ancillary service; and development investment and asset management of the cultural tourism industry in Liangshan Prefecture, Sichuan Province.

The Company and Liangshanzhou Development jointly engaged Sichuan Tian Jian Hua Heng Assets Appraisal Co., Ltd.* (四川天健華衡資產評估有限公司) (“**Tian Jian Hua Heng**”), a qualified asset appraisal institution in the PRC, as the independent asset appraisal institution, which issued the relevant appraisal report (the “**Appraisal Report**”). The appraisal value of the total shareholders’ equity of the Target Company prepared by Tian Jian Hua Heng using the income method with 30 June 2022 as the valuation benchmark date was RMB831,070,600. The pricing of the transaction is proposed to be based on the appraisal value and the pricing of the Target Equity is determined after negotiation between the parties to be RMB423,846,006.

REASONS AND BENEFITS OF THE ACQUISITION

In recent years, the Group has focused on the development of the mainline business of publishing and distribution under the “Three Chains” strategic plan of “Strengthening the Chain, Enhancing the Chain and Extending the Chain”, while the Target Company is engaged in general retail of books and the distribution of teaching materials and supplementary materials in Liangshan Prefecture, Sichuan Province. The Group is currently an important publication supplier of the Target Company. The Target Company has many years of experience and a good management team in the development and expansion of its business in Liangshan Prefecture, and has developed relatively stable customers based and markets over its long-term operation. The Acquisition will enable the Group to further expand the book market in Sichuan Province and consolidate the main channels for the distribution of public books in Sichuan Province, so as to strengthen its industry position in the distribution of teaching materials and supplementary materials in the province, develop as the main position of the distribution of books in the province and effectively develop the education informatisation and education equipment in Liangshan Prefecture and expand diversified new businesses, thereby enhancing the momentum of the Group’s high quality development.

Upon completion of the Acquisition, the financial statements of the Target Company will be consolidated into the financial statements of the Group and therefore the Acquisition will enable the Company to further enhance its financial position and bring long-term value and returns to the Company. The business stream of the Target Company will be able to generate substantial returns to the shareholders of the Company in the near future.

The Board considers that the proposed acquisition of the Target Equity is in the interests of the Company and its shareholders as a whole.

IMPLICATIONS OF THE LISTING RULES OF THE HONG KONG STOCK EXCHANGE

The Acquisition will constitute a disclosable transaction of the Company once it materializes.

As at the date of this announcement, the Acquisition is subject to the approval or consent of the state-owned assets regulatory authority, and no legally binding agreement has been entered into. Further announcement(s) will be made by the Company as and when appropriate in accordance with the Hong Kong Stock Exchange Listing Rules.

As the Acquisition may or may not proceed, shareholders and investors are reminded to exercise caution when dealing in the shares of the Company.

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

Sichuan, the PRC, 27 October 2022

As at the date of this announcement, the Board comprises (a) Mr. Luo Yong, Mr. Liu Longzhang and Mr. Li Qiang as executive Directors; (b) Mr. Dai Weidong, Mr. Ke Jiming and Mr. Zhang Peng as non-executive Directors; and (c) Mr. Lau Tsz Bun, Mr. Fang Bingxi and Mr. Li Xu as independent non-executive Directors.

* *For identification purposes only*