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WINSHARE

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)

(I) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS — SANZHOU SUPPLY (RENEWAL) AGREEMENT AND SANZHOU AGENCY (RENEWAL) AGREEMENT; AND (II) CONTINUING CONNECTED TRANSACTION — PUBLICATIONS PURCHASE AGREEMENT

(I) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS — SANZHOU SUPPLY (RENEWAL) AGREEMENT AND SANZHOU AGENCY (RENEWAL) AGREEMENT

Reference is made to the announcement and circular of the Company in relation to the Old Sanzhou Supply Agreement and the Old Sanzhou Supply Agreement entered into between the Company and the Parent Company dated 21 October 2008 and 30 October 2008 respectively. The Old Sanzhou Supply Agreement and Old Sanzhou Agency Agreement will expire on 31 December 2010. Sanzhou Xinhua Bookstores are managed and operated by the Parent Company in accordance with the policies of relevant government authorities of the PRC. The parties to the Old Sanzhou Supply Agreement and the Old Sanzhou Agency Agreement have agreed to renew the terms of the transactions and entered into the Sanzhou Supply (Renewal) Agreement and Sanzhou Agency (Renewal) Agreement on 3 December 2010.

Pursuant to the Sanzhou Supply (Renewal) Agreement, the Company shall (i) provide Non-government-subsidised Products to Sanzhou Xinhua Bookstores (excluding the Sanzhou Franchaise Stores); (ii) provide Franchise Products to Sanzhou Franchise Stores; and (iii) provide Government-subsidised Textbooks for primary and junior secondary schools in the Sanzhou Area to Sanzhou Xinhua Bookstores (excluding the Sanzhou Franchise Stores), for a term of three years commencing on 1 January 2011 and expiring on 31 December 2013 (both days inclusive).

Pursuant to the Sanzhou Agency (Renewal) Agreement, Sanzhou Xinhua Bookstores shall provide agency services to the Company in connection with the provision of Sanzhou Products to the chain stores and textbook distribution divisions of the Company in the Sanzhou Area, for a term of three years commencing on 1 January 2011 and expiring on 31 December 2013 (both days inclusive) .

Terms and conditions under the Sanzhou Supply (Renewal) Agreement and Sanzhou Agency (Renewal) Agreement are basically the same as the terms and conditions under the Old Sanzhou Supply Agreement and the Old Sanzhou Agency Agreement respectively.

As the Parent Company is the controlling Shareholder of the Company, the Parent Company is therefore a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under each of the Sanzhou Supply (Renewal) Agreement and Sanzhou Agency (Renewal) Agreement constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As all applicable Percentage Ratios (other than the profits ratio) calculated in accordance with the Listing Rules in respect of each of the Sanzhou Supply (Renewal) Agreement and Sanzhou Agency (Renewal) Agreement are, on an annual basis, more than 0.1% but less than 5%, each of the Sanzhou Supply (Renewal) Agreement and Sanzhou Agency (Renewal) Agreement is only subject to the annual review requirements, the reporting and announcement requirements and is exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.25 of the Listing Rules and having considered that as some of the products regulated by the Sanzhou Supply Renewal Agreement and the Sanzhou Agency (Renewal) Agreement are of the same nature and the relevant counter party is also Sanzhou Xinhua Bookstores, the transactions under the Sanzhou Supply (Renewal) Agreement and the Sanzhou Agency (Renewal) Agreement should be aggregated. It is anticipated that all applicable Percentage Ratios (other than the profits ratio) after aggregation are more than 0.1% but less than 5% therefore the transactions under the Sanzhou Supply (Renewal) Agreement and the Sanzhou Agency (Renewal) Agreement are also only subject to the annual review requirements, the reporting and announcement requirements and are exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(II) CONTINUING CONNECTED TRANSACTION — PUBLICATIONS PURCHASE AGREEMENT

On 3 December 2010, the Company and Winshare Online entered into the Publications Purchase Agreement, pursuant to which Winshare Online shall purchase and the Company shall supply publications to Winshare Online to be marketed on Xinhua Online Bookstore for a term of two years and three months from 1 October 2010 to 31 December 2012.

Winshare Online is a limited liability company established on 1 July 2010 in Sichuan, PRC, of which its equity interests are owned by the Company, the Parent Company, and Gold Abacus as to 75%, 15% and 10% respectively. Winshare Online is a non-wholly owned subsidiary of the Company whilst the Parent Company, which control over 10% of the voting power of Winshare Online, is the controlling Shareholder of the Company. As such, Winshare Online is a connected person of the Company under Chapter 14A of the Listing Rules. Transactions contemplated under the Publications Purchase Agreement therefore constitute continuing connected transactions for the Company under the Listing Rules.

The Publications Purchase Agreement involve the purchases of publications by Winshare Online which is carried out on a continuing or recurring basis in the ordinary and usual course of business of the Company and constitute a continuing connected transaction for the Company under the Listing Rules. As all applicable Percentage Ratios (other than the profits ratio) calculated in accordance with the Listing Rules in respect of the Publications Purchase Agreement are, on an annual basis, more than 0.1% and less than 5%, the Publications Purchase Agreement is only subject to the annual review requirements, the reporting and announcement requirements and is exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(I) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

BACKGROUND

Reference is made to the announcement and circular of the Company dated 21 October 2008 and 30 October 2008 respectively. On 21 October 2008, the Company and the Parent Company entered into the Old Sanzhou Supply Agreement and the Old Sanzhou Agency Agreement. The Old Sanzhou Supply Agreement and Old Sanzhou Agency Agreement will expire on 31 December 2010. Sanzhou Xinhua Bookstores are managed and operated by the Parent Company in accordance with the policies of relevant government authorities of the PRC. The parties to the Old Sanzhou Supply Agreement and the Old Sanzhou Agency Agreement have agreed to renew the terms of the transactions and entered into the Sanzhou Supply (Renewal) Agreement and Sanzhou Agency (Renewal) Agreement on 3 December 2010.

Terms and conditions under the Sanzhou Supply (Renewal) Agreement and Sanzhou Agency (Renewal) Agreement are basically the same as the terms and conditions under the Old Sanzhou Supply Agreement and the Old Sanzhou Agency Agreement respectively.

A. THE SANZHOU SUPPLY (RENEWAL) AGREEMENT

Date: 3 December 2010

Parties: (a) the Company; and
(b) the Parent Company

Pursuant to the Sanzhou Supply (Renewal) Agreement, the Company shall (i) provide Non-government-subsidised Products to Sanzhou Xinhua Bookstores (excluding the Sanzhou Franchaise Stores); (ii) provide Franchise Products to Sanzhou Franchise Stores; and (iii) provide Government-subsidised Textbooks for primary and junior secondary schools in the Sanzhou Area to Sanzhou Xinhua Bookstores (excluding the Sanzhou Franchise Stores), for a term of three years commencing on 1 January 2011 and expiring on 31 December 2013 (both days inclusive).

I. Distribution of Non-government-subsidised Products to Sanzhou Xinhua Bookstores (excluding the Sanzhou Franchise Stores)

Under the Sanzhou Supply (Renewal) Agreement, the Company shall provide Non-government-subsidised Products to Sanzhou Xinhua Bookstores (excluding Sanzhou Franchise Stores), at a distribution price (the "Non-government-subsidised Products Distribution Price"), which ranges from approximately 45% to 80% of the Mayang, depending on the type of merchandise involved. The Directors confirm that the Non-government-subsidised Products Distribution Price has been determined in accordance with market standards.

Sanzhou Xinhua Bookstores (excluding Sanzhou Franchise Stores) shall settle the total payment for Non-government-subsidised Products every six months, with payment being made on or before the last day of each six-month period by depositing the payment into a designated bank account opened in the name of the Company. The Parent Company shall procure that the Company is the sole and exclusive supplier of Non-government-subsidised Products to Sanzhou Xinhua Bookstores (excluding Sanzhou Franchise Stores).

II. Distribution of Franchise Products to Sanzhou Franchise Stores

Under the Sanzhou Supply (Renewal) Agreement, the Company shall provide Franchise Products to Sanzhou Franchise Stores, and shall act as the sole supplier of each Sanzhou Franchise Store in respect of the Franchise Products and provide the merchandise to each Sanzhou Franchise Store at a discounted price (the "Franchise Price") which ranges from approximately 60% to

75% of the Mayang, depending on the type of merchandise involved. Such merchandise is delivered on credit, and each Sanzhou Franchise Store shall pay the Franchise Price to the Company on a monthly basis, by depositing the payment into a designated bank account opened in the name of the Company.

In addition to the Franchise Price, Sanzhou Franchise Stores shall be charged a franchise fee (the "Franchise Fee") and a franchise management fee (the "Franchise Management Fee", together with the Franchise Fee and the Franchise Price, the "Franchise Payment"). Franchise Fees and Franchise Management Fees shall be charged at a certain percentage up to 1% of the monthly or quarterly revenue of the Sanzhou Franchise Stores in respect of the selling of the Franchise Products. Similar to the franchise arrangement engaged by the Group outside the Sanzhou Area, an exemption of the Franchise Fees and Franchise Management Fees may continue to be offered to some of Sanzhou Franchise Stores. The Directors confirm that the Franchise Payment has been determined in accordance with market standards.

III. Distribution of Government-subsidised Textbooks to Sanzhou Xinhua Bookstores (excluding the Sanzhou Franchise Stores)

Under the Sanzhou Supply (Renewal) Agreement, the Company shall provide Government-subsidised Textbooks to Sanzhou Xinhua Bookstores (excluding Sanzhou Franchise Stores), at a distribution price (the "Government-subsidised Textbooks Distribution Price") of approximately 78% of the Mayang. The Directors confirm that the Government-subsidised Textbooks Distribution Price has been determined in accordance with market standards.

Sanzhou Xinhua Bookstores (excluding Sanzhou Franchise Stores) shall settle the total payment for Government-subsidised Textbooks every six months, with payment being made on or before the last day of each six-month period by depositing the payment into a designated bank account opened in the name of the Company. The Parent Company shall procure that the Company is the sole and exclusive supplier of Government-subsidised Textbooks to Sanzhou Xinhua Bookstores (excluding Sanzhou Franchise Stores).

In the event that the Parent Company ceases to operate and manage certain Sanzhou Xinhua Bookstores in accordance with the relevant policies of government authourities of the PRC during the term of the Sanzhou Supply (Renewal) Agreement, the supply arrangement under the Sanzhou Supply (Renewal) Agreement to such Sanzhou Xinhua Bookstores shall be terminated. In the event that the Parent Company ceases to operate and manage all Sanzhou Xinhua Bookstores in accordance with the relevant policies of government authourities of the PRC during the term of the Sanzhou Supply (Renewal) Agreement, the Sanzhou Supply (Renewal) Agreement shall be terminated and cease to have effect.

Terms and conditions under the Sanzhou Supply (Renewal) Agreement are basically the same as the terms and conditions under the Old Sanzhou Supply Agreement.

Historical transaction value

For each of the year ended 31 December 2008, 31 December 2009 and for the ten months ended 31 October 2010, the total payment received by the Company in relation to the sales to Sanzhou Xinhua Bookstores under the Old Sanzhou Supply Agreement amounted to approximately RMB97,934,713 (equivalent to approximately HK$113,890,816), RMB 98,849,506 (equivalent to approximately HK$114,954,653) and RMB99,475,553 (equivalent to approximately HK$115,682,699) respectively, and the previous proposed cap amounts of the Old Sanzhou Supply Agreement for each of the three years ending 31 December 2010 are RMB128,804,000 (equivalent to approximately HK$149,789,510), RMB150,223,000 (equivalent to approximately HK$174,698,220) and RMB175,422,000 (equivalent to approximately HK$204,002,791) respectively.

Annual caps

The Company expects a steady and sustainable increase in the sale of textbooks in the three years ending 31 December 2013. Such increase is mainly due to (i) the total payment received by the Company; (ii) the government policies of the PRC regarding the pricing of the Government of the PRC and the market value of other books from time to time as a result of the increase in the cost of paper and inflation; and (iii) the anticipated increase in the selling prices of textbooks. Having considered the above factors, the Directors propose that the Sanzhou Supply (Renewal) Agreement annual caps shall approximately be as follows:

Year ending 31 December 2011 *(RMB)*	**Year ending 31 December 2012** *(RMB)*	**Year ending 31 December 2013** *(RMB)*
136,753,100 (approximately HK$159,033,725)	140,856,000 (approximately HK$163,805,094)	143,673,000 (approximately HK$167,081,056)

The Directors are of the view that the Sanzhou Supply (Renewal) Agreement has been entered into on normal commercial terms and in the ordinary and usual course of business and that the terms of the Sanzhou Supply (Renewal) Agreement and the annual caps for each of the year ending 31 December 2011, 31 December 2012 and 31 December 2013 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Reasons for and benefits of entering into the Sanzhou Supply (Renewal) Agreement

The Directors believe that the Sanzhou Supply (Renewal) Agreement would minimize any competition or potential competition between the businesses of the Company and those of the Sanzhou Xinhua Bookstores. Also, the Directors consider that the Sanzhou Supply (Renewal) Agreement would also help to promote the brand image of the Group, as the Sanzhou Franchise Stores are required to operate under the Company's self owned brand names and therefore, serves a longer term brand promotional and brand building purpose for the Company.

B. SANZHOU AGENCY (RENEWAL) AGREEMENT

Date: 3 December 2010

Parties: (a) the Company; and
(b) the Parent Company

Pursuant to the Sanzhou Agency (Renewal) Agreement, Sanzhou Xinhua Bookstores shall provide agency services to the Company in connection with the provision of Sanzhou Products to the chain stores and textbook distribution divisions of the Company in the Sanzhou Area, for a term of three years commencing on 1 January 2011 and expiring on 31 December 2013 (both days inclusive).

Sanzhou Xinhua Bookstores shall act as the agent of the Company for acknowledging receipt of Sanzhou Products from the suppliers of the Company in the Sanzhou Area and delivering Sanzhou Products to the chainstores and textbook distribution divisions of the Company in the Sanzhou Area. The Company shall pay an agency fee (the "Agency Fee") to Sanzhou Xinhua Bookstores, which is calculated at 5% of the total Mayang of all Sanzhou Products handled by Sanzhou Xinhua Bookstores. The Company shall pay the Agency Fee to Sanzhou Xinhua Bookstores on or before the last day of each quarter by depositing the payment into the designated bank accounts opened in the names of the relevant Sanzhou Xinhua Bookstores. The Directors confirm that the Agency Fee has been determined in accordance with market standards and reflects the prevailing market rates of comparable services.

In the event that the Parent Company ceases to operate and managing certain Sanzhou Xinhua Bookstores in accordance with the relevant policies of government authourities of the PRC during the term of the Sanzhou Agency (Renewal) Agreement, the arrangement in respect of the provision of agency services under the Sanzhou Agency (Renewal) Agreement by such Sanzhou Xinhua Bookstores shall be terminated. In the event that the Parent Company ceases to operate and managing all Sanzhou Xinhua Bookstores in accordance with the relevant policies of government authourities of the PRC during the term of the Sanzhou Agency (Renewal) Agreement, the Sanzhou Agency (Renewal) Agreement shall be terminated and cease to have effect.

Terms and conditions under the Sanzhou Agency (Renewal) Agreement are basically the same as the terms and conditions under the Old Sanzhou Agency Agreement.

Historical transaction value

For each of the year ended 31 December 2008, 31 December 2009 and for the ten months ended 31 October 2010, the total payment paid by the Company in relation to the Old Sanzhou Agency Agreement amounted to approximately RMB2,203,170 (equivalent to approximately HK$2,562,124), RMB3,485,313 (equivalent to approximately HK$4,053,161) and RMB1,819,813(equivalent to approximately

HK$2,116,308) respectively, and the previous proposed cap amounts of the Old Sanzhou Agency Agreement for each of the three years ending 31 December 2010 are RMB8,068,000 (equivalent to approximately HK$9,382,486), RMB8,472,000 (equivalent to approximately HK$9,852,308) and RMB8,895,000 (equivalent to approximately HK$10,344,226) respectively.

Annual caps

The Company expects an increase in agency transactions in the three years ending 31 December 2013. Such increase is mainly due to (i) the anticipated increase in the demand for Sanzhou Products due to the changes in the choices of books and audio-visual products of the ultimate customers; and (ii) the anticipated increase in the selling prices of Sanzhou Products. Having considered the above factors, the Directors propose that the Sanzhou Agency (Renewal) Agreement annual caps shall approximately be as follows:

Year ending 31 December 2011 *(RMB)*	Year ending 31 December 2012 *(RMB)*	Year ending 31 December 2013 *(RMB)*
11,600,000 (approximately HK$13,489,941)	11,948,000 (approximately HK$13,894,639)	12,187,000 (approximately HK$14,172,578)

The Directors are of the view that the Sanzhou Agency (Renewal) Agreement has been entered into on normal commercial terms and in the ordinary and usual course of business and that the terms of the Sanzhou Agency (Renewal) Agreement and the annual caps for each of the year ending 31 December 2011, 31 December 2012 and 31 December 2013 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Reasons for and benefits of entering into the Sanzhou Agency (Renewal) Agreement

Due to the particular geographical location and cultural considerations in the Sanzhou Area, the Company Directors believe that the Sanzhou Agency (Renewal) Agreement can make effective use of Sanzhou Xinhua Bookstores' network and logistic capabilities to facilitate the development of the Company's business in the Sanzhou Area, thus lower the Company's transportation costs and increase the Company's revenue.

THE CONNECTED RELATIONSHIP BETWEEN THE PARTIES

As the Parent Company is the controlling Shareholder of the Company, the Parent Company is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Transactions contemplated in each of the Sanzhou Supply (Renewal) Agreement and Sanzhou Agency (Renewal) Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

LISTING RULES IMPLICATIONS

As all applicable Percentage Ratios (other than the profits ratio) calculated in accordance with the Listing Rules in respect of each of the Sanzhou Supply (Renewal) Agreement and Sanzhou Agency (Renewal) Agreement are, on an annual basis, more than 0.1% but less than 5%, each of the Sanzhou Supply (Renewal) Agreement and Sanzhou Agency (Renewal) Agreement is only subject to the annual review requirements, the reporting and announcement requirements and is exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.25 of the Listing Rules and having considered that as some of the products regulated by the Sanzhou Supply (Renwal) Agreement and the Sanzhou Agency (Renewal) Agreement are of the same nature and the relevant counter party is also Sanzhou Xinhua Bookstores, the transactions under the Sanzhou Supply (Renewal) Agreement and the Sanzhou Agency (Renewal) Agreement should be aggregated. It is anticipated that on an annual basis, the aggregated annual cap for each of the three years ending 31 December 2013 are approximately RMB148,353,100 (equivalent to approximately HK$172,523,666), RMB152,804,000 (equivalent to approximately HK$177,699,733) and RMB155,860,000 (equivalent to approximately HK$181,253,634) respectively, and all applicable Percentage Ratios (other than the profits ratio) after aggregation are more than 0.1% but less than 5% therefore the transactions under the Sanzhou Supply (Renewal) Agreement and the Sanzhou Agency (Renewal) Agreement are also only subject to the annual review requirements, the reporting and announcement requirements and are exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As Mr. Gong Cimin, the chairman and an executive Director, Mr. Luo Jun and Mr. Zhang Chengxing, both the non-executive Directors, are nominated by the Parent Company as the Directors, Mr. Gong Cimin, Mr. Luo Jun and Mr. Zhang Chengxing have therefore abstained from voting on the relevant board resolution approving the Sanzhou Supply (Renewal) Agreement and Sanzhou Agency (Renewal) Agreement. Save as disclosed above, none of the Directors has a material interest in the transaction contemplated under the Sanzhou Supply (Renewal) Agreement and the Sanzhou Agency (Renewal) Agreement.

(II) CONTINUING CONNECTED TRANSACTION — PUBLICATIONS PURCHASE AGREEMENT

On 3 December 2010, the Company and Winshare Online entered into the Publications Purchase Agreement, pursuant to which Winshare Online shall purchase and the Company shall supply publications to Winshare Online to be marketed on Xinhua Online Bookstore for a term of two years and three months from 1 October 2010 to 31 December 2012. Details of the Publications Purchase Agreement are as follows:

Date:	3 December 2010
Parties:	(a) The Company, as the supplier; and (b) Winshare Online, as the purchaser

Pursuant to the Publications Purchase Agreement, Winshare Online shall purchase publications from the Company for wholesale and retail at Winshare Online's e-commerce platform, Xinhua Online Bookstore. The amount payable by Winshare Online to the Company under the Publications Purchase Agreement shall be settled at least on a semi-annual basis with regard to the type and quantity of the publications being purchased by Winshare Online for sale on Xinhua Online Bookstore during such period.

Given the recurring nature of the transactions under the Publications Purchase Agreement, Winshare Online may place its orders of publications to the Company from time to time.

Winshare Online was established on 1 July 2010 and has commenced its business in October 2010. For the month ended 31 October 2010, the total amount payable by Winshare Online to the Company under the Publications Purchase Agreement amounted to RMB3,908,849 (equivalent to approximately HK$4,534,265).

The annual caps

It was agreed between the Company and Winshare Online that the amount payable of the publications ordered by Winshare Online to the Company under the Publications Purchase Agreement shall be determined in accordance with market standards reflecting the prevailing market rates of comparable products to be supplied to other independent online bookstores or online retailers and with regard to the type and quantity of publications ordered by Winshare Online.

The Directors consider the sales of publications through online retail platforms shall record a rapid increase in the next three years. As such, in considering the annual caps under the Publications Purchase Agreement, the Directors have considered a number of factors including: (i) the relevant purchase plans of Winshare Online in accordance with its overall business strategies and marketing plans; (ii) the emerging and expanding business of Winshare Online with its short track records; (iii) the flourishing e-commerce market in the PRC; (iv) the anticipated growth in publications and cultural industries in light of the policies of the PRC Government; (v) the natural and reasonable growth of market price of publications from time to time as a result of the increase in the cost of paper, commodity price level and inflation. Having considered the above factors, the Directors propose that the annual caps for the Publications Purchase Agreement for each of the three years ending 31 December 2012 shall be as follows:

Year ending 31 December 2010* *(RMB)*	**Year ending 31 December 2011** *(RMB)*	**Year ending 31 December 2012** *(RMB)*
20,000,000 (approximately HK$23,258,518)	130,000,000 (approximately HK$151,180,370)	150,000,000 (approximately HK$174,438,888)

Note: the Publications Purchase Agreement shall be commenced from 1 October 2010

Reasons for and benefits of the entering into the Publications Purchase Agreement

Winshare Online is a joint venture company established for the purposes of carrying out the Group's development strategies, in particular for the expansion of the Group's publications e-commerce, and forms a part of the Group's business chain. The Publications Purchase Agreement can facilitate the Group's publications e-commerce business model and improve the Company's sustainability for long term development. As one of the largest publications suppliers in the region, the Company is capable of and competitive in the supply of publications and related businesses of which should be considered as one of the best available suppliers of publications to Winshare Online.

The Directors consider that the Publications Purchase Agreement is entered into in the ordinary and usual course of business of the Company and the terms as contained in the Publications Purchase Agreement are normal commercial terms, which are arrived at after arm's length negotiations between the parties, the annual caps are fair and reasonable, and the terms of the Publications Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders taken as a whole.

THE CONNECTED RELATIONSHIP BETWEEN THE PARTIES

Winshare Online is a limited liability company established on 1 July 2010 in Sichuan, PRC, of which its equity interests are owned by the Company, the Parent Company, and Gold Abacus as to 75%, 15% and 10% respectively. Winshare Online is a non-wholly owned subsidiary of the Company whilst the Parent Company, which control over 10% of the voting power of Winshare Online, is the controlling Shareholder of the Company. As such, Winshare Online is a connected person of the Company under Chapter 14A of the Listing Rules. Transactions contemplated under the Publications Purchase Agreement therefore constitute continuing connected transactions for the Company under the Listing Rules.

LISTING RULES IMPLICATIONS

The Publications Purchase Agreement involves the purchases of publications by Winshare Online which is carried out on a continuing or recurring basis in the ordinary and usual course of business of the Company and constitute a continuing connected transaction for the Company under the Listing Rules. As all applicable Percentage Ratios (other than the profits ratio) calculated in accordance with the Listing Rules in respect of the Publications Purchase Agreement are, on an annual basis, more than 0.1% and less than 5%, the Publications Purchase Agreement is only subject to the annual review requirements, the reporting and announcement requirements and is exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As Mr. Gong Cimin, the chairman and an executive Director, Mr. Luo Jun and Mr. Zhang Chengxing, both the non-executive Directors, are nominated by the Parent Company as the Directors, Mr. Gong Cimin, Mr. Luo Jun and Mr. Zhang Chengxing have therefore abstained from voting on the relevant board resolution approving the Publications Purchase Agreement. Save as disclosed above, none of the Directors has a material interest in the transaction contemplated under the Publications Purchase Agreement.

INFORMATION ON THE GROUP AND THE COUNTERPARTIES

The Group is principally engaged in the business of retailing of publications and electronic publications, wholesaling of audio-visual products, production of electronic publications and audio-visual products, distribution and publication of educational materials, investment and asset management in relation to publications industry, leasing of properties, business services and import and export of various commodities for retailing and wholesaling.

The Parent Company is principally engaged in the business of wholesaling and retailing, leasing of properties, real estate, project investment, computer software and hotel services. Sanzhou Xinhua Bookstores are public interest entities in the PRC and are managed and operated by the Parent Company.

Winshare Online is primarily engaged in the provision of online transactions related services in relation to the publications and cultural products.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

"Board"	the board of Directors of the Company
"Company"	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 PRC with limited liability, whose H shares are listed on the Main Board of the Stock Exchange
"connected person"	has the same meaning as ascribed to it under the Listing Rules
"Directors"	the directors of the Company, including the independent non-executive directors
"Franchise Products"	publications which are sold through the franchise stores of the Company under the franchise scheme of the Company
"Gold Abacus"	重慶金算盤軟件有限公司 (Chongqing Gold Abacus Software Company Limited*), a limited liability company incorporated in the PRC
"Government-subsidised Textbooks"	government textbooks that are used at primary and junior secondary schools, and are distributed free of charge to the education bureaus in the PRC (which then pass them on to primary and junior secondary schools) under the applicable governmental education subsidy program of the PRC
"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
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"Mayang"	the list price of a book, as printed at the back of a book. The Mayang in relation to the Non-government-subsidised Products (excluding textbooks) are determined by the relevant publishers/manufacturers of those products. The Mayang in relation to all textbooks for primary and secondary schools, including Government-subsidised Textbooks and certain Non-government-subsidised Products which are textbooks are determined by reference to the pricing standards as prescribed by the relevant governmental authorities in the PRC
"Non-government-subsidised Products"	non-government subsidised textbooks and supplementary materials, books of general interests and audio-visual products, excluding Government-subsidised Textbooks
"Old Sanzhou Agency Agreement"	an agency agreement dated 21 October 2008 entered into between the Company and the Parent Company for the period from 21 October 2008 to 31 December 2010
"Old Sanzhou Supply Agreement"	a supply agreement dated 21 October 2008 entered into between the Company and the Parent Company for a period from 1 January 2008 to 31 December 2010
"Parent Company"	四川新華發行集團有限公司 (Sichuan Xinhua Publishing Group Co. Ltd.*), a wholly State-owned company established in the PRC, which is the controlling Shareholder of the Company
"Percentage Ratios"	shall have the meaning as ascribed to it under Chapter 14 of the Listing Rules
"PRC"	The People's Republic of China which, for the purpose of this announcement, excludes Hong Kong and the Macau Special Administrative Region of the PRC and Taiwan
"Publications Purchase Agreement"	an agreement dated 3 December 2010 entered into between the Company and Winshare Online in respect of the purchases of publications by Winshare Online from the Company for a term of two years and three months from 1 October 2010 to 31 December 2012 (both days inclusive)
"RMB"	renminbi, the lawful currency of the PRC

"Sanzhou Agency (Renewal) Agreement"	an agreement dated 3 December 2010 entered into between the Company and the Parent in respect of the provision of agency services by Sanzhou Xinhua Bookstores to the Company, for the period from 1 January 2011 to 31 December 2013 (both days inclusive)
"Sanzhou Area"	the three autonomous prefectures of A Ba, Ganzi and Liangshan in the Sichuan Province of the PRC
"Sanzhou Franchise Stores"	certain Sanzhou Xinhua Bookstores operated under the franchise scheme of the Company
"Sanzhou Products"	Government-subsidised Textbooks and Non-government-subsidised Products manufactured by suppliers of the Company in the Sanzhou Area
"Sanzhou Supply (Renewal) Agreement"	an agreement dated 3 December 2010 entered into between the Company and the Parent in respect of (i) the provision of Non-government-subsidised Products to Sanzhou Xinhua Bookstores (excluding Sanzhou Franchise Stores) by the Company; (ii) the provision of Franchise Products to Sanzhou Franchise Stores by the Company; and (iii) the provision of Government-subsidised Textbooks for primary and junior secondary schools in the Sanzhou Area to Sanzhou Xinhua Bookstores (excluding the Sanzhou Franchise Stores) by the Company, for the period from 1 January 2011 to 31 December 2013 (both days inclusive)
"Sanzhou Xinhua Bookstores"	新華書店 (Xinhua Bookstores*) located within the Sanzhou Area as of the date of this Announcement, the business of which are managed and operated by the Parent Company
"Shareholder(s)"	the shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiaries"	has the same meaning as ascribed to it under the Listing Rules

"Winshare Online"	四川文軒線上電子商務有限公司 (Sichuan Winshare Online E-commerce Company Limited*), a limited liability company established on 1 July 2010 in Sichuan, PRC, of which its equity interests are owned by the Company, the Parent Company, and Gold Abacus as to 75%, 15% and 10% respectively
"Xinhua Online Bookstore"	www.winxuan.com, the online bookstore operated by Winshare Online which act as Winshare Online's online retail platform
"%"	per cent

For the purpose of this announcement, the exchange rate is HK$1.00 = RMB0.8599.

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

Sichuan, PRC, 3 December 2010

As at the date of this announcement, the Board comprises (a) Mr. Gong Cimin and Mr. Zhang Bangkai as executive Directors; (b) Ms. Wang Jianping, Mr. Yu Changjiu, Mr. Li Jiawei, Mr. Luo Jun, Mr. Wu Qiang, Mr. Zhang Chengxing, Mr. Zhao Junhuai and Mr. Zhao Miao as non-executive Directors; and (c) Mr. Han Xiaoming, Mr. Cheng Sanguo and Mr. Chan Yuk Tong as independent non-executive Directors.

* *For identification purposes only*