新華文軒出版傳媒股份有限公司
XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.*

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 00811)

ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS

LEASING ARRANGEMENT AND PRINTING SERVICES ARRANGEMENT

CONTINUING CONNECTED TRANSACTIONS

The Leasing Arrangement

On 29 December 2011, the Company (on behalf of the Group) and Sichuan Publication Group entered into the Lease Framework Agreement, pursuant to which Sichuan Publication Group agreed to lease the Premises and provide ancillary property management services to the Group for the period from 1 April 2011 to 31 December 2013.

The Printing Services Arrangement

On 29 December 2011, the Company (on behalf of the Group) and Sichuan Publication Group (on behalf of its subsidiaries) entered into the Printing Services Framework Agreement, pursuant to which Sichuan Publication Group agreed to provide publication printing services to the Group for the period from 1 July 2011 to 31 December 2013.

LISTING RULES IMPLICATIONS

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 and therefore is a connected person of the Company. Accordingly, both the Leasing Arrangement and the Printing Services Arrangement shall constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (other than the profit ratio) for each of the Leasing Arrangement and the Printing Services Arrangement is, on an annual basis, over 0.1% but less than 5%, each of the Leasing Arrangement and the Printing Services Arrangement 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.

CONTINUING CONNECTED TRANSACTIONS

1. The Leasing Arrangement

On 29 December 2011, the Company (on behalf of the Group) and Sichuan Publication Group entered into the Lease Framework Agreement, pursuant to which Sichuan Publication Group agreed to lease the Premises and provide ancillary property management services to the Group for the period from 1 April 2011 to 31 December 2013, details of which are as follows:

The Lease Framework Agreement

Date:	29 December 2011
Effective Period:	1 April 2011 to 31 December 2013
Parties:	(1) Sichuan Publication Group as lessor (2) The Company (on behalf of the Group) as lessee
Nature of transaction:	Sichuan Publication Group shall lease the Premises and provide ancillary property management services to the Group.
Premises:	Certain buildings and warehouses with a total leased area of approximately 50,000 square metres.
Rental and service fee:	The parties agreed that the rental for the Premises and the fee for the ancillary property management services shall be determined in a fair and reasonable manner with reference to the rental/fee for the same type of properties/property management services offered by Independent Third Parties to the lessee, and such rentals and service fees shall not be higher than those charged by Independent Third Parties for the same type of properties and property management services.
Payment terms:	Unless otherwise agreed between the Group and Sichuan Publication Group, the relevant rentals shall be paid to Sichuan Publication Group on a half year basis by the actual lessee by way of bank transfer or bills.
Pre-emptive rights:	Pursuant to the Lease Framework Agreement, the Group is entitled to the pre-emptive rights to (i) acquire the Properties and the related land use rights during the term of the lease; and (ii) renew the lease on the Properties upon expiry of the term of the agreement, on the same terms and conditions.

Annual caps and basis for determining the annual caps

It was agreed between Sichuan Publication Group and the Company that the rentals payable and/or the fees for the ancillary property management services payable by the Group under the Lease Framework 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.

The total amount of fees paid by the Group to Sichuan Publication Group in respect of the Leasing Arrangement amounted to RMB0, RMB0 and approximately RMB3,829,000 for the three years ended 31 December 2010 respectively.

In considering the annual caps for the Leasing Arrangement, the Directors have considered a number of factors including (i) the prevailing market rates of comparable properties and property management services; (ii) the anticipated area of the properties to be leased by the Group for the three years ending 31 December 2013; and (iii) the anticipated natural and reasonable growth of the rental market. Having considered the above factors, the Directors propose that the annual cap for the Leasing Arrangement for each of the three years ending 31 December 2013 shall be as follows:

	Annual cap for the Leasing Arrangement
For the year ending 31 December 2011 (from 1 April 2011 to 31 December 2011)[#]	RMB17,000,000
For the year ending 31 December 2012	RMB18,000,000
For the year ending 31 December 2013	RMB19,000,000

[#] The term of the Lease Framework Agreement shall commence since 1 April 2011.

Reasons for and benefits of the Leasing Arrangement

Since the Company has acquired the entire equity interests in the 15 publishing units in 2010 (details of the said acquisition was disclosed by the Company in its announcement dated 22 June 2010 and its circular dated 28 June 2010 and the relevant transactions have been approved by the Shareholders at the extraordinary general meeting of the Company held on 20 August 2010), there has been a significant increase in the Group's demand for offices and warehouses. In view of the favourable and suitable locations and areas of the Premises, the Company decided to rent the Premises from Sichuan Publication Group for and on behalf of the Group to satisfy the operation and management needs as well as the inventory storage and circulation needs of the Group. Therefore, the Company entered into the Lease Framework Agreement with Sichuan Publication Group so as to ensure the continuous availability of the Premises and continuous provision ancillary property management services to the Group.

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

2. The Printing Services Arrangement

On 29 December 2011, the Company (on behalf of the Group) and Sichuan Publication Group (on behalf of its subsidiaries) entered into the Printing Services Framework Agreement, pursuant to which Sichuan Publication Group agreed to provide publication printing services to the Group for the period from 1 July 2011 to 31 December 2013, details of which are as follows:

The Printing Services Framework Agreement

Date:	29 December 2011
Effective Period:	1 July 2011 to 31 December 2013
Parties:	(1) the Company (on behalf of the Group) as service recipient (2) Sichuan Publication Group (on behalf of its subsidiaries) as service provider
Nature of transaction:	The Subsidiaries of Sichuan Publication Group shall provide publication printing services to the Group.
Payment terms:	The fees for the publication printing services shall be settled by batches of the printing services provided by way of bank transfer.
Option to renew:	The Company and Sichuan Publication Group may renew the Printing Services Framework Agreement by entering into another written agreement.

Annual caps and basis for determining the annual caps

It was agreed between the Company and Sichuan Publication Group that the fees for the publication printing services to be provided by the Subsidiaries of Sichuan Publication Group under the Printing Services Framework Agreement shall be determined in a fair and reasonable manner, in accordance with normal commercial terms and shall not be higher than the fees for the same type of printing services provided by Independent Third Parties to the Group.

For each of the three years ended 31 December 2010, the total amount of fees paid by the Group to the Subsidiaries of Sichuan Publication Group for provision of the publication printing services amounted to RMB0, RMB0 and approximately RMB14,431,000 respectively.

As (i) the scale of publication business and the demand for printing services of the Group have increased significantly compared to the years prior to the Company has acquired the entire equity interests in the 15 publication units in 2010; and (ii) the Group is integrating its publication business, the Group's operation mode of the printing of publications and the business process has been adjusted accordingly, the Directors consider that the total consideration paid by the Group to the Subsidiaries of Sichuan Publication Group with respect to the provision of the printing services for the three years ended 31 December 2010 cannot accurately indicate the estimated total consideration for the three years ending 31 December 2013 to be paid by the Group to the Subsidiaries of Sichuan Publication Group with respect to the provision of the printing services. The Directors consider that the estimated total consideration for the three years ending 31 December 2013 to be paid by the Group to the Subsidiaries of Sichuan Publication Group with respect to the provision of the printing services will increase.

In considering the annual caps for the Printing Services Arrangement, the Directors have considered a number of factors including (i) the total amount of fees paid by the Group to the Subsidiaries of Sichuan Publication Group with respect to the provision of the printing services for each of the three years ended 31 December 2010; (ii) the current scale of publication business of the Group and its anticipated growth; (iii) the anticipated growth in the fees for printing services in a reasonable pace. Having considered the above factors, the Directors propose that the annual cap for the Printing Services Arrangement for each of the three years ending 31 December 2013 shall be as follows:

	Annual cap for the Printing Services Arrangement
For the year ending 31 December 2011 (from 1 July 2011 to 31 December 2011)#	RMB30,000,000
For the year ending 31 December 2012	RMB50,000,000
For the year ending 31 December 2013	RMB50,000,000

The term of the Printing Services Framework Agreement shall commence since 1 July 2011.

Reasons for and benefits of the Printing Services Arrangement

The Subsidiaries of Sichuan Publication Group are the relatively large publishers in the regional market, and have extensive experience in printing publications in particular textbooks and supplemental learning materials. Due to the expansion in the scale of the publication business of the Group, as well as the significant publications and printings of textbooks and supplemental learning materials prior to every school term, the Group needs to secure high quality printing services providers (including the Subsidiaries of Sichuan Publication Group) to provide printing services that can meet such needs. It is therefore an important business strategy for the Group to develop continuous collaborative cooperation relationship with the Subsidiaries of Sichuan Publication Group with respect to the publication printing business. The Printing Services Arrangement also can improve the stability of the supply of publications for the Group.

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

INFORMATION ON THE GROUP AND THE 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, etc.

Sichuan Publication Group, Sichuan Xinhua Printing Co., Ltd.* (四川新華印刷有限責任公司) and Sichuan Lianxiang Printing Co., Ltd.* (四川聯翔印務有限公司) are limited liability companies established in the PRC which are principally engaged in the investments in publication business and assets management, textbook publication, storage services, property management and leasing business.

RELATIONSHIP BETWEEN PARTIES AND LISTING RULES IMPLICATIONS

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 and therefore is a connected person of the Company. Accordingly, both the Leasing Arrangement and the Printing Services Arrangement shall constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (other than the profit ratio) for each of the Leasing Arrangement and the Printing Services Arrangement is, on an annual basis, over 0.1% but less than 5%, each of the Leasing Arrangement and the Printing Services Arrangement 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.

To avoid any conflicts of interest, the Directors who are connected to Sichuan Development and/or its subsidiaries, including Mr. Gong Cimin, Mr. Zhao Miao, Mr. Zhang Chengxing and Mr. Luo Jun have abstained from voting on the Board resolutions for approving the Lease Framework Agreement and the Printing Services Framework Agreement and the respective proposed annual cap amounts for each of the three years ending 31 December 2013.

DEFINITIONS

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

"Board"	the board of Directors
"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, the H shares of which are listed on the main board of the Stock Exchange
"connected person(s)"	has the same meaning as defined under the Listing Rules
"controlling shareholder"	has the same meaning as defined under the Listing Rules
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	person(s) or company(ies) which is(are) independent of the directors, supervisors, substantial shareholders and the chief executive (as defined under the Listing Rules) of the Company and its subsidiaries

"Lease Framework Agreement"	an agreement dated 29 December 2011 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 to the Group for the period from 1 April 2011 to 31 December 2013
"Leasing Arrangement"	the transactions contemplated under the Lease Framework Agreement
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"percentage ratios"	has the same meaning as defined under the Listing Rules
"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 premises with a total leased area of approximately 50,000 square metres located in Sichuan Province, the PRC
"Printing Services Arrangement"	the transactions contemplated under the Printing Services Framework Agreement
"Printing Services Framework Agreement"	an agreement dated 29 December 2011 entered into between the Company and Sichuan Publication Group in connection with the provision of publication printing services by the Subsidiaries of Sichuan Publication Group to the Group for the period from 1 July 2011 to 31 December 2013
"Shareholder(s)"	the shareholder(s) of the Company
"Sichuan Development"	四川發展(控股)有限責任公司 (Sichuan Development Holding Co., Ltd.*), a state-owned entity established in the PRC, and the ultimate controlling shareholder of the Company
"Sichuan Publication Group"	四川出版集團有限責任公司 (Sichuan Publication Group Co., Ltd.*), a limited liability company established in the PRC and wholly-owned subsidiary of Sichuan Development
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the same meaning as defined under the Listing Rules
"Subsidiaries of Sichuan Publication Group"	四川新華印刷有限責任公司 (Sichuan Xinhua Printing Co., Ltd.*) and 四川聯翔印務有限公司 (Sichuan Lianxiang Printing Co., Ltd.*), both of which are limited liability companies established in the PRC and subsidiaries of Sichuan Publication Group

"supplemental learning materials"	materials relating to textbooks which are intended to assist students in their study at schools and, unlike textbooks, not forming part of the set syllabus mandatory for students
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent.

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

Sichuan, PRC, 29 December 2011

As at the date of this announcement, the Board comprises (a) Mr. Gong Cimin, Mr. Zhao Miao and Mr. Luo Yong as executive Directors; (b) Mr. Zhang Chengxing, Mr. Luo Jun and Mr. Zhao Junhuai as non-executive Directors; and (c) Mr. Han Xiaoming, Mr. Han Liyan and Mr. Chan Yuk Tong as independent non-executive Directors.

* *For identification purposes only*