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: 00811)

CONTINUING CONNECTED TRANSACTION
PAPER SUPPLY ARRANGEMENT

The Board is pleased to announce that on 13 January 2012, Xinhua Shang Paper, a subsidiary of the Company, and Shantou Guang Shang entered into the Paper Supply Agreement in connection with the provision of printing papers by Xinhua Shang Paper to Shantou Guang Shang and its subsidiaries for the period from 13 January 2012 to 31 December 2014.

As at the date hereof, Shantou Guang Shang is a substantial shareholder of Xinhua Shang Paper, a subsidiary of the Company. Accordingly, Shantou Guang Shang is a connected person of the Company and therefore the Paper Supply Arrangement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (other than the profits ratio) for the Paper Supply Arrangement is, on an annual basis, over 0.1% but less than 5%, the Paper Supply Arrangement is subject to the reporting, announcement and annual review requirements only but exempt from the independent shareholders' approval requirement pursuant to Rule 14A.34 of the Listing Rules.

CONTINUING CONNECTED TRANSACTION

Set out below is a summary of the principal terms of the Paper Supply Agreement.

Date: 13 January 2012

Effective Period: 13 January 2012 to 31 December 2014

Parties:
(1) Shantou Guang Shang (and on behalf of its subsidiaries) as purchaser
(2) Xinhua Shang Paper as supplier

Nature of transaction: Xinhua Shang Paper shall provide printing papers to the Shantou Guang Shang and its subsidiaries.

Price:	The purchase price for the printing papers shall be agreed between the parties having regard to the type and quality of the printing papers under each purchase and shall be determined in a fair and reasonable manner, with reference to the market price for the same type of paper in the PRC and shall not be lower than the price for the same type of paper provided by Xinhua Shang Paper to Independent Third Parties.
Payment term:	The purchase price of the printing papers shall be settled by Shantou Guang Shang and/or its subsidiaries within 3 months upon receipt of the printing papers purchased by way of bank transfer or bills.
Option to renew:	Xinhua Shang Paper may renew the Paper Supply Agreement upon serving a written notice to Shantou Guang Shang prior to the expiry of the agreement. In that case, Xinhua Shang Paper and Shantou Guang Shang shall enter into another written agreement for renewal.

Historical caps and transaction amounts

The following table summarizes the historical cap amounts and their relevant historical transaction amounts for the Paper Supply Arrangement for each of the three years ended 31 December 2011:

	For the year ended 31 December 2009	**For the year ended 31 December 2010**	**For the year ended 31 December 2011**
	RMB'000	*RMB'000*	*RMB'000*
Cap amount	10,000	20,000	21,000
Historical transaction amount	8,451	11,025	12,942

Annual caps and basis for determining the annual caps

In considering the annual caps for the Paper Supply Arrangement for the coming three years, the Directors have considered a number of factors including: (i) the increasing consideration paid by Shantou Guang Shang and its subsidiaries to Xinhua Shang Paper for the paper supply for each of the three years ended 31 December 2011; (ii) the enlarging operation scale of Shantou Guang Shang and its subsidiaries as well as the estimated increase in the demand for the printing papers to be supplied by Xinhua Shang Paper; (iii) the anticipated growth of Xinhua Shang Paper in terms of industry development, paper supply capacity and market share; and (iv) the anticipated growth in the prices of printing papers in the coming three years.

Having considered the above factors, the Directors propose the following annual cap for the Paper Supply Arrangement for each of the three years ending 31 December 2014:

	Unit: RMB'000
For the year ending 31 December 2012	30,000
For the year ending 31 December 2013	35,000
For the year ending 31 December 2014	35,000

Since 1 January 2012 up to the date hereof, no printing papers have been provided by Xinhua Shang Paper to Shantou Guang Shang and/or its subsidiaries under the Paper Supply Arrangement and there was no payment received by Xinhua Shang Paper from Shantou Guang Shang and/or its subsidiaries with respect to the Paper Supply Arrangement.

Reasons for and benefits of the Paper Supply Arrangement

Shantou Guang Shang is a relatively large paper selling company in the PRC and its turnover had been increasing between 2009 and 2011 each year. The entering of the Paper Supply Arrangement between Xinhua Shang Paper (a subsidiary of the Company) and Shantou Guang Shang will increase the business scale and profitability of Xinhua Shang Paper, thereby bringing greater return to the Group and the Shareholders. In addition, apart from Sichuan province, Shantou Guang Shang has business operations in other regions in the PRC. The Directors consider that the entering of the Paper Supply Arrangement with Shantou Guang Shang will help Xinhua Shang Paper to expand its businesses beyond Sichuan province, which facilitates the business development of the Group.

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

INFORMATION ON THE GROUP AND SHANTOU GUANG SHANG

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.

Shantou Guang Shang is a limited liability company established in the PRC and is principally engaged in the sale of printing papers, printed products, utensils for cultural use and arts and crafts products, etc.

RELATIONSHIP BETWEEN PARTIES AND LISTING RULES IMPLICATIONS

As at the date hereof, Shantou Guang Shang is a substantial shareholder of Xinhua Shang Paper, a subsidiary of the Company. Accordingly, Shantou Guang Shang is a connected person of the Company and therefore the Paper Supply Arrangement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (other than the profits ratio) for the Paper Supply Arrangement is, on an annual basis, over 0.1% but less than 5%, the Paper Supply Arrangement is subject to the reporting, announcement and annual review requirements only but exempt from the independent shareholders' approval requirement pursuant to Rule 14A.34 of the Listing Rules.

No Directors have any material interests in the Paper Supply Agreement and thus no Directors were required to abstain from voting on the Board resolutions for approving the Paper Supply Agreement and its proposed annual cap amount for each of the three years ending 31 December 2014.

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"	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 of which are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the same meaning as ascribed to this term 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)"	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
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Paper Supply Agreement"	an agreement dated 13 January 2012 entered into between Xinhua Shang Paper and Shantou Guang Shang in connection with the provision of printing papers by Xinhua Shang Paper to Shantou Guang Shang and its subsidiaries for the period from 13 January 2012 to 31 December 2014
"Paper Supply Arrangement"	the transaction contemplated under the Paper Supply Agreement
"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 Macao Special Administrative Region of the PRC and Taiwan)
"Shantou Guang Shang"	Shantou Guang Shang Packaging Co., Ltd* (汕頭市廣商包裝有限公司), a limited liability company established in the PRC and a substantial shareholder of Xinhua Shang Paper as at the date hereof

“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning as ascribed to this term under the Listing Rules
“Xinhua Shang Paper”	Sichuan Xinhua Shang Paper Co., Ltd.* (四川新華商紙業有限公司), a limited liability company established in the PRC and a subsidiary of the Company, which is owned as to 51% and 49% by the Company and Shantou Guang Shang respectively as at the date hereof
“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, 13 January 2012

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*