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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)

CONNECTED TRANSACTION

DISPOSAL OF 51% EQUITY INTEREST IN WINSHARE LOGISTICS

The Board announces that on 17 February 2012, the Company and Hua Sheng Group entered into the Agreement, pursuant to which the Company has agreed to sell and Hua Sheng Group has agreed to purchase 51% equity interest in Winshare Logistics (i.e. the Target Interest) at a consideration of RMB24,676,100 (equivalent to approximately HK$30,351,603). The Disposal has been approved by Sichuan SASAC and/or other legally authorized authorities and made by way of public tender auction listing procedures conducted in accordance with the relevant PRC laws and regulations with respect to transfer of state-owned assets. Hua Sheng Goup has won the option to buy the Target Interest at the bidding price of RMB24,676,100 through such procedures.

As at the date hereof, Winshare Logistics is a non-wholly owned subsidiary of the Company whilst Hua Sheng Group is a substantial shareholder of Winshare Logistics holding 49% equity interest therein. Meanwhile, the ex-director of the Company, Mr. Wu Qiang, is a controlling shareholder of Hua Sheng Group. Therefore, Hua Sheng Group is regarded as a connected person of the Company and the Disposal contemplated under the Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the relevant percentage ratios (other than the profit ratio) for the Disposal are over 0.1% but less than 5%, the Disposal is subject to the reporting and announcement requirements only but exempt from the independent shareholders' approval requirement pursuant to Rule 14A.32 of the Listing Rules.

THE DISPOSAL

Set out below is a summary of the Agreement:–

Date

17 February 2012

Parties

Vendor: The Company

Purchaser: Hua Sheng Group

Details of the Disposal

The Company has agreed to sell and Hua Sheng Group has agreed to purchase the Target Interest (i.e. 51% equity interest in Winshare Logistics).

Consideration and payment terms

The consideration for the Target Interest, RMB24,676,100 (equivalent to approximately HK$30,351,603), will be settled by Hua Sheng Group in cash in one time within 30 days after the effective date of the Agreement.

The above consideration was determined with reference to the appraised net assets value of Winshare Logistics as at 30 June 2011 (more details please refer to the section headed "INFORMATION ON WINSHARE LOGISTICS" below) and the bidding price offered by Hua Sheng Group, which was no less favourable than the price offered by other independent third parties to the Company. The appraisal was conducted by Sichuan Huaheng Assets Appraisal Co., Ltd (四川華衡資產評估有限公司), a qualified independent professional valuer in the PRC, by using the cost approach and has been approved by and/or registered with Sichuan SASAC and/or other legally authorized authorities.

The Directors (including independent non-executive Directors) consider that the consideration for the Target Interest is fair and reasonable and in the interests of the Company and Shareholders taken as a whole.

INFORMATION ON WINSHARE LOGISTICS

Winshare Logistics is a limited liability company incorporated in the PRC and mainly engaged in logistics business. As at the date hereof, Winshare Logistics is a non-wholly owned subsidiary of the Company, which is owned as to 51% and 49% by the Company and Hua Sheng Group respectively.

Set out below is the basis financial information of Winshare Logistics which was prepared in accordance with the PRC accounting standards:

	Unit: RMB'000 (approximate)
Appraised net assets value as at 30 June 2011	48,385
Book value of the net assets as at 30 June 2011	48,405
Book value of the net assets as at 31 December 2011 (unaudited)	48,087
Net profits/(net loss) before taxation and extraordinary items for the year ended 31 December 2010 (audited)	(606)
Net profits/(net loss) after taxation and extraordinary items for the year ended 31 December 2010 (audited)	(606)
Net profits/(net loss) before taxation and extraordinary items for the year ended 31 December 2011 (unaudited)	(1,307)
Net profits/(net loss) after taxation and extraordinary items for the year ended 31 December 2011 (unaudited)	(1,307)

EFFECT OF THE DISPOSAL

Based on the generally accepted accounting standards in the PRC and International Financial Reporting Standards, the Group is expected to gain working capital of approximately RMB24,676,100 from disposing of the Target Interest and realize a gain of approximately RMB151,536, which is the difference between the consideration of RMB24,676,100 and the unaudited book value of the Target Interest of approximately RMB24,524,564 as at 31 December 2011. The Directors intend to apply the sales proceeds as general working capital of the Company.

Upon completion of the Disposal, the Company will hold no equity interests in Winshare Logistics. The accounts of Winshare Logistics will no longer be consolidated to that of the Group. Winshare Logistics will also change its name and will not use the word "Winshare" therein.

REASONS FOR THE DISPOSAL

In order to integrate the business resources of the Group and focus on its principal businesses, and to realize the development strategy of the Company on establishment of the first class culture and media group in the PRC, the Company decided to sell the Target Interest. The Directors consider that the Company can use the proceeds from the Disposal for its future business development and investments in other principal businesses with sound growth prospects, thereby enhancing the competitiveness of the Company and facilitating the sustainable development of the Group.

The terms of the Agreement have been determined based on the terms of the Disposal Proposal which was approved by Sichuan SASAC and/or other legally authorized authorities, and between the parties after arm's length negotiations. The Directors (including the independent non-executive Directors) consider that the Agreement was entered into in the ordinary course of business of the Company and on normal commercial terms as well as fair and reasonable and in the interest of the Company and Shareholders taken as a whole.

INFORMATION ON THE COMPANY AND HUA SHENG GROUP

The Company is principally engaged in sales of publications and electronic publications, wholesale of audio and visual products, production and distribution of electronic publications and audio and visual products, publications, etc.

Hua Sheng Group is a limited liability company incorporated in the PRC and is principally engaged in real property investment and information services, as well as sales of building materials, etc.

RELATIONSHIP BETWEEN PARTIES AND LISTING RULES IMPLICATIONS

As at the date hereof, Winshare Logistics is a non-wholly owned subsidiary of the Company whilst Hua Sheng Group is a substantial shareholder of Winshare Logistics holding 49% equity interest therein. Meanwhile, the ex-director of the Company, Mr. Wu Qiang, is a controlling shareholder of Hua Sheng Group. Therefore, Hua Sheng Group is regarded as a connected person of the Company and the Disposal contemplated under the Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the relevant percentage ratios (other than the profit ratio) for the Disposal are over 0.1% but less than 5%, the Disposal is subject to the reporting and announcement requirements only but exempt from the independent shareholders' approval requirement pursuant to Rule 14A.32 of the Listing Rules.

To avoid any conflicts of interest, Mr. Zhao Junhuai, who is a non-executive Director of the Company and also the vice president of Hua Sheng Group, has abstained from voting on the Board resolutions for approving the Disposal and the Agreement.

DEFINITIONS

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

"Agreement"	the agreement dated 17 February 2012 entered into between the Company and Hua Sheng Group, pursuant to which the Company has agreed to sell and Hua Sheng Group has agreed to purchase the Target Interest at the consideration of RMB24,676,100
"associate(s)"	has the same meaning as ascribed to this term under the Listing Rules
"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
"controlling shareholder"	has the same meaning as ascribed to this term under the Listing Rules
"Directors"	the directors of the Company
"Disposal"	the disposal of the Target Interest by the Company pursuant to the Agreement
"Disposal Proposal"	the proposal to dispose the Target Interest by way of public tender auction listing procedures conducted in accordance with the relevant PRC laws and regulations with respect to transfer of state-owned assets
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hua Sheng Group"	Chengdu Hua Sheng (Group) Industry Co., Ltd.* (成都市華盛（集團）實業有限公司), a Shareholder of the Company holding approximately 4.7% equity interest in the Company and a connected person of the Company as at the date hereof
"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 Macao Special Administrative Region of the PRC and Taiwan)
"Shareholder(s)"	shareholder(s) of the Company
"Sichuan SASAC"	State-owned Assets Supervision and Administration Commission of Sichuan Provincial Government of the PRC (中國四川省政府國有資產監督管理委員會)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the same meaning as ascribed to this term under the Listing Rules
"Target Interest"	51% equity interest in Winshare Logistics

"Winshare Logistics"	Sichuan Winshare Logistics Co., Ltd.* (四川文軒物流有限公司), a limited liability company incorporated in the PRC and a non-wholly owned subsidiary of the Company as at the date hereof
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent.

For the purpose of this announcement only, the exchange rate of RMB1.00 = HK$1.23 was used.

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

Sichuan, PRC, 17 February 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. Chan Yuk Tong and Mr. Han Liyan as independent non-executive Directors.

* *For identification purposes only*