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)

CONNECTED TRANSACTIONS

DISPOSALS OF PART OF THE EQUITY INTERESTS IN WINSHARE PRESCHOOL EDUCATION AND WINSHARE PROPERTIES

The Board announces that on 24 February 2012, the Company and Hua Sheng Group entered into the Winshare Preschool Education Agreement and Winshare Properties Agreement, pursuant to which the Company has agreed to sell and Hua Sheng Group has agreed to purchase 17% equity interest in Winshare Preschool Education and 51% equity interest in Winshare Properties (collectively, the Target Interests) at the considerations of RMB1,109,100 (equivalent to approximately HK$1,364,193) and RMB24,220,400 (equivalent to approximately HK$29,791,092) respectively. The Disposals have been made by way of public listing procedures conducted in accordance with the relevant PRC laws and regulations with respect to transfer of state-owned assets and Hua Sheng Group has won the options to buy the Target Interests through such procedures. However, the Disposals are conditional upon the approval(s) by Sichuan SASAC and/or other legally authorized authorities.

As at the date hereof, both Winshare Preschool Education and Winshare Properties are non-wholly owned subsidiaries of the Company. Hua Sheng Group, holding 49% equity interest in each of Winshare Preschool Education and Winshare Properties, is a substantial shareholder of those two subsidiaries. Meanwhile, the ex-director of the Company, Mr. Wu Qiang, is the controlling shareholder of Hua Sheng Group. Therefore, Hua Sheng Group is regarded as a connected person of the Company and the Disposals constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

The relevant percentage ratios (other than the profit ratio) for the Disposal under the Winshare Properties Agreement are over 0.1% but less than 5% whilst the relevant percentage ratios (other than the profit ratio) for the Disposal under the Winshare Preschool Education Agreement are less than 0.1%. Accordingly, the Disposal under the Winshare Properties Agreement 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 whilst the Disposal under the Winshare Preschool Education Agreement (on a standalone basis) is exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.31 of the Listing Rules.

THE DISPOSALS

Save and except for the subject matter and consideration, other principal terms of the Winshare Preschool Education Agreement and Winshare Properties Agreement are substantially the same, summary of which is set out below:–

Date

24 February 2012

Parties

Vendor: The Company

Purchaser: Hua Sheng Group

Details of the Disposals

Agreement	Subject
Winshare Preschool Education Agreement	17% equity interest in Winshare Preschool Education
Winshare Properties Agreement	51% equity interest in Winshare Properties

Consideration and payment terms

Agreement	Consideration
Winshare Preschool Education Agreement	RMB1,109,100 (equivalent to approximately HK$1,364,193)
Winshare Properties Agreement	RMB24,220,400 (equivalent to approximately HK$29,791,092)

The considerations for the Target Interests will be settled by Hua Sheng Group in cash in one time within 30 days after the respective effective dates of the Winshare Preschool Education Agreement and Winshare Properties Agreement.

Each of the consideration for the Target Interests was determined by the parties after arm's length negotiations with reference to the respective appraised net assets values of Winshare Preschool Education and Winshare Properties as at 30 June 2011 (more details please refer to the paragraph headed "INFORMATION ON WINSHARE PRESCHOOL EDUCATION AND WINSHARE PROPERTIES" below). The appraisals were 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 have 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 considerations for the Target Interests are fair and reasonable and in the interests of the Company and Shareholders taken as a whole.

Conditions Precedent

The Disposals are conditional upon fulfillment of the following conditions precedent:

(a) obtaining the approval(s) of the Disposal from Sichuan SASAC and/or other legally authorized authorities;

(b) no objections raised against the Disposal due to material defects during the publication period according to the PRC laws and regulations with respect to transfer of state-owned assets.

INFORMATION ON WINSHARE PRESCHOOL EDUCATION AND WINSHARE PROPERTIES

Winshare Preschool Education is a limited liability company incorporated in the PRC and mainly engaged in early childhood education business. As at the date hereof, Winshare Preschool Education 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.

Winshare Properties is a limited liability company incorporated in the PRC and mainly engaged in logistics related property development business. As at the date hereof, Winshare Properties 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 on each of Winshare Preschool Education and Winshare Properties which was prepared in accordance with the PRC accounting standards:

Unit: RMB'000 (approximate)

	Winshare Preschool Education	**Winshare Properties**
Appraised net assets value as at 30 June 2011	6,524	47,491
Book value of the net assets as at 30 June 2011	6,414	47,518
Book value of the net assets as at 31 December 2011 (unaudited)	4,262	47,604
Net profits/(net loss) before taxation and extraordinary items for the year ended 31 December 2010 (audited)	(198)	(861)
Net profits/(net loss) after taxation and extraordinary items for the year ended 31 December 2010 (audited)	(198)	(861)
Net profits/(net loss) before taxation and extraordinary items for the year ended 31 December 2011 (unaudited)	(3,041)	(1,535)
Net profits/(net loss) after taxation and extraordinary items for the year ended 31 December 2011 (unaudited)	(3,040)	(1,535)

EFFECT OF THE DISPOSALS

Upon completion of the Disposals, the Company will hold no equity interests in Winshare Properties but will remain holding 34% equity interest in Winshare Preschool Education. The accounts of each of the two subsidiaries will no longer be consolidated to that of the Group.

Based on the generally accepted accounting standards in the PRC and International Financial Reporting Standards, the Group is expected to realize a total gain of approximately RMB1,096,045 from disposing of the Target Interests, being the sum of the following two items: (i) the difference between the total consideration of RMB25,329,500 and the total unaudited book value of the Target Interests of approximately RMB25,002,534 as at 31 December 2011; and (ii) the gain of approximately RMB769,079, which is the difference between the appraised net assets value as at 30 June 2011 and the unaudited book value as at 31 December 2011 of the remaining 34% equity interest in Winshare Preschool Education being approximately RMB2,218,262 and RMB1,449,183 respectively, generated from the re-quantification of the value of the remaining 34% equity interest in Winshare Preschool Education due to the Group's loss of control over Winshare Preschool Education after completion of the Disposal of the 17% equity interest therein.

It is expected that the Group will gain working capital of approximately RMB25,329,500 from disposing of the Target Interests. The Company intends to apply the sales proceeds as its general working capital.

Since the Company will hold no equity interests in Winshare Properties after completion of the Disposal under the Winshare Properties Agreement, Winshare Properties will change its name and will not use the word "Winshare" therein.

REASONS FOR THE DISPOSALS

In order to integrate the business resources of the Group and enable the Group to further focus on its principal businesses so as 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 Interests. Meanwhile, taking into consideration that the Group possesses certain business resources and foundation over cultural and education aspects, the Company decided to retain its 34% equity interest in and its relative controlling right over Winshare Preschool Education, thereby achieving the synergy of the cultural and education businesses of the Group.

The Directors consider that the Company can use the proceeds from the Disposals for its future business development and operation, as well as investments in other principal businesses with sound growth prospects, thereby enhancing the competitiveness of the Company and facilitating sustainable development of the Group.

The terms of each of the Winshare Preschool Education Agreement and Winshare Properties Agreement have been determined based on the terms of their respective Disposal Proposals which were 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 each of the Winshare Preschool Education Agreement and Winshare Properties 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, both Winshare Preschool Education and Winshare Properties are non-wholly owned subsidiaries of the Company. Hua Sheng Group, holding 49% equity interest in each of Winshare Preschool Education and Winshare Properties, is a substantial shareholder of those two subsidiaries. Meanwhile, the ex-director of the Company, Mr. Wu Qiang, is the controlling shareholder of Hua Sheng Group. Therefore, Hua Sheng Group is regarded as a connected person of the Company and the Disposals constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

The relevant percentage ratios (other than the profit ratio) for the Disposal under the Winshare Properties Agreement are over 0.1% but less than 5% whilst the relevant percentage ratios (other than the profit ratio) for the Disposal under the Winshare Preschool Education Agreement are less than 0.1%. Accordingly, the Disposal under the Winshare Properties Agreement 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 whilst the Disposal under the Winshare Preschool Education Agreement (on a standalone basis) is exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.31 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 Disposals as well as the Winshare Preschool Education Agreement and the Winshare Properties Agreement.

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
"controlling shareholder"	has the same meaning as ascribed to this term under the Listing Rules

"Directors"	the directors of the Company
"Disposal Proposals"	two proposals to dispose of the Target Interests by way of public listing procedures conducted in accordance with the relevant PRC laws and regulations with respect to transfer of state-owned assets
"Disposals"	the disposals of the Target Interests by the Company under the Winshare Preschool Education Agreement and Winshare Properties Agreement, and as the case may be, "Disposal" refers to either of the Disposals
"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 Interests"	17% equity interest in Winshare Preschool Education and 51% equity interest in Winshare Properties
"Winshare Preschool Education"	Sichuan Winshare Preschool Educational Management Co., Ltd.* (四川文軒幼兒教育管理有限公司), a limited liability company incorporated in the PRC and a non-wholly owned subsidiary of the Company as at the date hereof

"Winshare Preschool Education Agreement"	the agreement dated 24 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 17% equity interest in Winshare Preschool Education at the consideration of RMB1,109,100
"Winshare Properties"	Sichuan Winshare Properties Co., Ltd.* (四川文軒置業有限公司), a limited liability company incorporated in the PRC and a non-wholly owned subsidiary of the Company as at the date hereof
"Winshare Properties Agreement"	the agreement dated 24 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 51% equity interest in Winshare Properties at the consideration of RMB24,220,400
"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, 24 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*