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 TRANSACTIONS

PAPER SUPPLY ARRANGEMENT AND PRINTING EQUIPMENT AND MATERIALS SUPPLY ARRANGEMENT

The Board is pleased to announce that on 24 February 2012, the Company (on behalf of the Group) and Sichuan Publication Group (on behalf of its subsidiaries) entered into the Paper Supply Agreement and the Printing Equipment and Materials Supply Agreement in connection with the provision of printing papers as well as the provision of certain printing equipment and materials respectively by the Group to Sichuan Publication Group and its subsidiaries for the period from 1 January 2012 to 31 December 2014.

As at the date hereof, Sichuan Publication Group is a wholly-owned subsidiary of Sichuan Development, the ultimate controlling shareholder of the Company. Sichuan Publication Group is therefore regarded as a connected person of the Company. Accordingly, the Paper Supply Arrangement and the Printing Equipment and Materials Supply Arrangement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than the profit ratio) for the Paper Supply Arrangement and the Printing Equipment and Materials Supply Arrangement are, on an annual basis, over 0.1% but less than 5%, each of the Paper Supply Arrangement and the Printing Equipment and Materials 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 TRANSACTIONS – THE PAPER SUPPLY ARRANGEMENT AND THE PRINTING EQUIPMENT AND MATERIALS SUPPLY ARRANGEMENT

I. Paper Supply Agreement

Date:	24 February 2012
Effective Period:	1 January 2012 to 31 December 2014
Parties:	(1) The Company (on behalf of the Group), as supplier
	(2) Sichuan Publication Group (on behalf of its subsidiaries), as purchaser
Nature of transaction:	The Group shall provide printing papers to Sichuan Publication Group and its subsidiaries.
Price:	The purchase price for the printing papers shall be determined between the parties in a fair and reasonable manner having regard to the type and standard of the printing papers under each purchase, 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 the Group to Independent Third Parties.
Payment term:	The settlement cycle and payment term shall be negotiated and determined between the parties with reference to the circumstances on paper supply during the printing period for the textbooks (and supplementary materials) per semester as well as the industry norms.
Option to renew:	The Company may renew the Paper Supply Agreement upon serving a written notice to Sichuan Publication Group prior to the expiry of the agreement. In that case, the Company and Sichuan Publication Group shall enter into another written agreement.

II. Printing Equipment and Materials Supply Agreement

Date:	24 February 2012
Effective Period:	1 January 2012 to 31 December 2014
Parties:	(1) The Company (on behalf of the Group), as supplier
	(2) Sichuan Publication Group (on behalf of its subsidiaries), as purchaser
Nature of transaction:	The Group shall provide certain printing equipment and materials (including but not limited to plate making equipment, printing machineries and equipment, binding equipment, printing ink, PS board, lamination and hot melt adhesive, etc.) to Sichuan Publication Group and its subsidiaries.

Price:	The purchase price for the printing equipment and materials shall be determined between the parties in a fair and reasonable manner having regard to the type and model of the printing equipment and materials, with reference to the market price for the same type of the printing equipment or materials in the PRC, and shall not be lower than the price for the same type of printing equipment or material provided by the Group to Independent Third Parties.
Payment term:	The settlement cycle and payment term for the purchase price shall be agreed between the parties with reference to the type and model of the printing equipment or materials as well as the industry norms.
Option to renew:	The Company may renew the Printing Equipment and Materials Supply Agreement upon serving a written notice to Sichuan Publication Group prior to the expiry of the agreement. In that case, the Company and Sichuan Publication Group shall enter into another written agreement.

HISTORICAL TRANSACTION AMOUNTS

The following table summarizes the historical transaction amounts for the provision of printing papers as well as the printing equipment and materials by the Group to Sichuan Publication Group and its subsidiaries for each of the three years ended 31 December 2011:

Unit: RMB'000 (approximate)

	For the year ended 31 December			From 1 January 2012 to the date hereof
	2009	**2010**	**2011**	
Provision of printing papers	3,341	2,751	9,017	–
Provision of printing equipment and materials	–	3,325	15,695	1,073
– Printing equipment	–	2,140	11,565	–
– Materials	–	1,185	4,130	1,073

The significant increase in the transaction amounts for both the provision of printing papers as well as printing equipment and materials by the Group to Sichuan Publication Group and its subsidiaries for the year ended 31 December 2011 was due to the transaction amounts for both the provision of printing papers as well as printing equipment and materials by Sichuan Printing Materials, one of the 15 publishing units, to Sichuan Publication Group and its subsidiaries being consolidated into the Group's accounts after the 2010 Acquisition of the 15 publishing units under Sichuan Publication Group by the Company.

Despite the significant increase in the transaction amounts for both the provisions of printing papers as well as printing equipment and materials for the year ended 31 December 2011, since Sichuan Publication Group only became a connected person of the Company in late July 2011, the respective transaction amounts for the provisions of printing papers as well as printing equipment and materials by the Group to Sichuan Publication Group and its subsidiaries for the period since Sichuan Publication Group has become a connected person of the Company and until the date hereof did not trigger any disclosure requirements under Chapters 14 and 14A of the Listing Rules.

From 1 January 2012 to the date hereof, other than the materials in an aggregate amount of approximately RMB1,073,000 (the "**2012 Total Materials Supply**") provided by Sichuan Printing Materials to the subsidiaries of Sichuan Publication Group, the Group had neither provided Sichuan Publication Group and/or its subsidiaries with printing papers as well as printing equipment and materials under the Paper Supply Arrangement and the Printing Equipment and Materials Supply Arrangement nor received any payment in relation to the Paper Supply Arrangement and the Printing Equipment and Materials Supply Arrangement from Sichuan Publication Group and/or its subsidiaries. As the applicable percentage ratios (other than the profit ratio) for the abovementioned 2012 Total Materials Supply are less than 0.1%, pursuant to Rule 14A.33 of the Listing Rules, the Company is not subject to any disclosure requirements in respect of the 2012 Total Materials Supply.

ANNUAL CAPS AND BASIS FOR DETERMINATION

In considering the annual caps for the Paper Supply Arrangement and the Printing Equipment and Materials Supply Arrangement, the Directors have considered a number of factors including: (i) the historical transaction amounts paid by Sichuan Publication Group and its subsidiaries to the Group in connection with the provision of printing papers as well as printing equipment and materials after the 2010 Acquisition of the 15 publishing units, of which Sichuan Printing Materials has been providing printing papers as well as printing equipment and materials to Sichuan Publication Group and its subsidiaries; (ii) the scale of business operation of Sichuan Publication Group and its subsidiaries as well as the estimated increase in the demand for the printing papers as well as the printing equipment and materials to be supplied by the Group; (iii) the anticipated growth of the Group in terms of the capacities for supplying printing papers and printing equipment and materials as well as their market shares; and (iv) the anticipated growth in the prices for printing papers as well as printing equipment and materials in the coming three years.

Having considered the above factors, the Directors propose the annual caps for the Paper Supply Arrangement and the Printing Equipment and Materials Supply Arrangement for each of the three years ending 31 December 2014 as follows:

Unit: RMB'000 (approximate)

	For the year ending 31 December		
	2012	**2013**	**2014**
Paper Supply Arrangement	25,000	30,000	35,000
Printing Equipment and Materials Supply Arrangement	21,000	25,500	31,000
– Printing equipment	16,000	20,000	25,000
– Materials	5,000	5,500	6,000

REASONS FOR AND BENEFITS OF ENTERING INTO THE PAPER SUPPLY ARRANGEMENT AND THE PRINTING EQUIPMENT AND MATERIALS SUPPLY ARRANGEMENT

Sichuan Printing Materials, which is a subsidiary of the Company and was one of the 15 publishing units under the 2010 Acquisition by the Company, and Sichuan Xinhua Shang Paper Co., Ltd.* (四川新華商紙業有限公司), another subsidiary of the Company, are both relatively large sellers of printing papers in Southwest China. Sichuan Printing Materials is also a relatively large seller of printing equipment and materials in Southwest China and a regional agent for certain printing equipment and materials. Over the years, Sichuan Printing Materials and Sichuan Xinhua Shang Paper Co., Ltd.* (四川新華商紙業有限公司) have been supplying printing papers and/or printing equipment and materials to many publishers and printing service providers including Sichuan Publication Group and its subsidiaries in the regional market. Considering that Sichuan Nationalities Publishing House* (四川民族出版社), a subsidiary of Sichuan Publication Group, is a well-known publisher in the regional market, and that 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), the other two subsidiaries of Sichuan Publication Group, are relatively large printing service providers in the regional market, the Directors are of the view that the entering into of the Paper Supply Arrangement and the Printing Equipment and Materials Supply Arrangement would be a reasonable choice for the Group to expand its business, and that maintaining the business partnership and cooperation relationships between the Group and Sichuan Publication Group will be conducive to the continuous expansion of the Group's market shares in the provisions of printing papers as well as printing equipment and materials, thereby increasing the revenue and profit level of the Group.

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

INFORMATION ON THE GROUP AND SICHUAN PUBLICATION GROUP

The Group is principally engaged in the sales 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.

Sichuan Publication Group is a limited liability company established in the PRC and is principally engaged in the investments in publication business and assets management, textbook publication, storage services, property management and leasing business, etc.

RELATIONSHIP BETWEEN PARTIES AND LISTING RULES IMPLICATIONS

As at the date hereof, Sichuan Publication Group is a wholly-owned subsidiary of Sichuan Development, the ultimate controlling shareholder of the Company. Sichuan Publication Group is therefore regarded as a connected person of the Company. Accordingly, the Paper Supply Arrangement and the Printing Equipment and Materials Supply Arrangement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than the profit ratio) for the Paper Supply Arrangement and the Printing Equipment and Materials Supply Arrangement are, on an annual basis, over 0.1% but less than 5%, each of the Paper Supply Arrangement and the Printing Equipment and Materials 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.

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 Paper Supply Agreement and the Printing Equipment and Materials Supply Agreement as well as their respective proposed annual cap amounts 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:

"2010 Acquisition"	the acquisition of 15 publishing units under Sichuan Publication Group by the Company in 2010, which has been approved by the Shareholders at the extraordinary general meeting of the Company held on 20 August 2010 (please refer to the Company's announcements and circular dated 22 June 2010, 28 June 2010 and 20 August 2010 for details)
"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
"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 24 February 2012 entered into between the Company (on behalf the Group) and Sichuan Publication Group (on behalf of its subsidiaries) in connection with the provision of printing papers by the Group to Sichuan Publication Group and its subsidiaries for the period from 1 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)
"Printing Equipment and Materials Supply Agreement"	an agreement dated 24 February 2012 entered into between the Company (on behalf of the Group) and Sichuan Publication Group (on behalf of its subsidiaries) in connection with the provision of certain printing equipment and materials by the Group to Sichuan Publication Group and its subsidiaries for the period from 1 January 2012 to 31 December 2014
"Printing Equipment and Materials Supply Arrangement"	the transaction contemplated under the Printing Equipment and Materials Supply Agreement
"Shareholder(s)"	shareholder(s) of the Company
"Sichuan Development"	Sichuan Development Holding Co., Ltd.* (四川發展（控股）有限責任公司), a state-owned entity established in the PRC and the ultimate controlling shareholder of the Company
"Sichuan Printing Materials"	Sichuan Printing Materials Co., Ltd.* (四川省印刷物資有限責任公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company as at the date hereof, which was one of the 15 publishing units under Sichuan Publication Group prior to the 2010 Acquisition and has been providing Sichuan Publication Group and its subsidiaries with printing papers as well as printing equipment and materials
"Sichuan Publication Group"	Sichuan Publication Group Co., Ltd.* (四川出版集團有限責任公司), a limited liability company established in the PRC and wholly-owned subsidiary of Sichuan Development
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the same meaning as ascribed to this term under the Listing Rules
"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, 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*