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 AND DISCLOSEABLE TRANSACTION

DISPOSAL OF 28.5% EQUITY INTEREST IN CHENGDU XINHUI

THE DISPOSAL

Reference is made to the Company's announcement dated 18 January 2012 in relation to the Company's proposed disposal of 28.5% equity interest in Chengdu Xinhui.

The Board announces that on 23 March 2012, the Company and Hua Sheng Group entered into the Agreement, pursuant to which the Company has conditionally agreed to sell and Hua Sheng Group has conditionally agreed to purchase 28.5% equity interest in Chengdu Xinhui (i.e. the Target Interest) at a consideration of RMB117,635,300 (equivalent to approximately HK$144,691,419). The Disposal has been approved by Sichuan SASAC and/or other statutory 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 Group has won the option to buy the Target Interest at the bidding price of RMB117,635,300 through such procedures.

LISTING RULES IMPLICATIONS

As at the date hereof, Chengdu Xinhui is a non-wholly owned subsidiary of the Company and Hua Sheng Group is a substantial shareholder of Chengdu Xinhui. 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 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 5% but less than 25%, and the consideration under the Agreement is more than HK$10,000,000, the Disposal is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Disposal also constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements only but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

In view of the interest of Hua Sheng Group in the Agreement, Hua Sheng Group and its associates will abstain from voting at the AGM on the resolutions in relation to the Agreement and the transaction contemplated thereunder.

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 Agreement and the transaction contemplated thereunder.

GENERAL

The Company will put forward, among other things, the ordinary resolutions in relation to the Disposal at the forthcoming AGM for the Independent Shareholders' consideration and approval.

A circular containing, among other things, (i) details of the Agreement, (ii) a letter from the Independent Board Committee to the Independent Shareholders regarding the Agreement, (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the Agreement, (iv) the Hong Kong valuation report on the Land held by Chengdu Xinhui prepared by a Hong Kong independent qualified valuer and consultant, and (v) an extract of the PRC valuation report on Chengdu Xinhui prepared by a PRC independent qualified valuation institution, is expected to be dispatched to the Shareholders on or before 30 March 2012. A notice of AGM will be dispatched to the Shareholders as soon as possible.

THE DISPOSAL

Reference is made to the Company's announcement dated 18 January 2012 in relation to the Disposal. On 23 March 2012, the Company and Hua Sheng Group entered into the Agreement, summary of which is set out below:–

Date

23 March 2012

Parties

Vendor: The Company

Purchaser: Hua Sheng Group

Details of the Disposal

Subject to the approval from the Independent Shareholders at the AGM, the Company shall sell and Hua Sheng Group shall purchase the Target Interest (i.e. 28.5% equity interest in Chengdu Xinhui) at RMB117,635,300.

Consideration and payment terms

The consideration for the Target Interest, being RMB117,635,300 (equivalent to approximately HK$144,691,419), will be settled by Hua Sheng Group in cash in accordance with the following manner:

(i) 30% of the consideration payable within 5 working days after the effective date of the agreement;

(ii) balance payable prior to 22 March 2013.

As the winning bidder of the Target Interest under the public tender auction listing procedures, Hua Sheng Group shall pay interest to the Company with respect to the balance at the bank loan interest rate for the period between the effective date of the Agreement and the settlement date of the balance as well as provide legal and valid guarantee of an amount not less than the balance in accordance with the relevant PRC laws and regulations with respect to transfer of state-owned assets. The detailed terms and conditions of the said guarantee are to be further negotiated and agreed between the Company and Hua Sheng Group, and where necessary, the parties may enter into an agreement in this regard. The Company will comply with the relevant requirements under the Listing Rules and where necessary, make further disclosure in connection with the said guarantee as and when appropriate.

The above consideration of RMB117,635,300 was determined with reference to the appraised net assets value of Chengdu Xinhui attributable to the Target Interest as at 30 June 2011, the PRC valuation reference date (more details please refer to the paragraph headed "FINANCIAL INFORMATION ON CHENGDU XINHUI" below) and the bidding price offered by Hua Sheng Group. 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 valuation institution in the PRC, by using the cost approach and has been approved by and/or registered with Sichuan SASAC and/or other statutory authorities. An extract of the PRC valuation report which contains, among other things, the valuation methodology, key assumptions adopted as well as a summary of the valuation results will be included in the circular to be despatched to the Shareholders on or before 30 March 2012.

Arrangement in relation to the entrusted loans granted by the Company to Chengdu Xinhui

As at 30 June 2011, the Company has granted four entrusted loans to Chengdu Xinhui via banks in an aggregate loan amount of RMB89,000,000, details of which are set out below:

Date	**Loan amount**	**Duration**	**Interest rate payable to the Company**	**Bank**	**Service fee charged by the bank**	**Repayment status**
30 December 2008	RMB5,875,000	3 years	5.4% per annum	Hua Xia Bank Co., Ltd., Chengdu Branch	1.5‰ per annum	Fully repaid
18 December 2009	RMB1,875,000	3 years	4.86% per annum	Hua Xia Bank, Co., Ltd., Chengdu Jin Sha Branch	1.5‰ per annum	Fully repaid
19 July 2010	RMB18,750,000	1 year	5.31% per annum	Hua Xia Bank, Co., Ltd., Chengdu Jin Sha Branch	1.5‰ per annum	Fully repaid

Date	Loan amount	Duration	Interest rate payable to the Company	Bank	Service fee charged by the bank	Repayment status
29 April 2011	RMB62,500,000	3 years	the benchmark loan interest rate set by the People's Bank of China on the date of actual release of the loan	Bank of Chengdu Co., Ltd, Gao Xin Branch	RMB10,000	Partly repaid (RMB21,812,500 was repaid, including loan amount of RMB18,300,000 and its accrued interest)

All the above four entrusted loans were granted to Chengdu Xinhui as its general working capital.

It is agreed between the parties that Chengdu Xinhui shall repay the above entrusted loans and their interests in the following manners: (i) RMB50,533,300 shall be repaid prior to the completion of the Disposal; and (ii) RMB52,681,300 shall be repaid prior to 28 April 2014. As at the date hereof, Chengdu Xinhui has repaid RMB28,720,800 (i.e. the three entrusted loans granted from 2008 to 2010 and the interests accrued thereon) with RMB74,493,800 being outstanding, which is the principal amount for the entrusted loan granted in 2011 and the interest accrued thereon.

It is further agreed that if there is any new loan granted by the Company to Chengdu Xinhui between 30 June 2011 (i.e. the valuation date of the PRC valuation) and the completion of the Disposal, Chengdu Xinhui shall repay all such loans (and interests, if applicable) prior to the completion of the Disposal unless the parties agree otherwise.

Pursuant to the Agreement, Hua Sheng Group, as the purchaser of the Target Interest, has agreed to assume joint liability with Chengdu Xinhui for repayment of the above entrusted loan granted in 2011 and/or new loans (if any) granted by the Company; if Chengdu Xinhui fails to fulfill its repayment obligations on time with respect to these loans, the Company may request Hua Sheng Group to repay part or all of such loans for Chengdu Xinhui.

The Company and Hua Sheng Group also agreed that, after completion of the Disposal, the loans granted to Chengdu Xinhui by the Company and Hua Sheng Group shall be in proportion to their respective shareholdings therein.

GENERAL INFORMATION ON CHENGDU XINHUI

Chengdu Xinhui is a limited liability company incorporated in the PRC and mainly engaged in real estate development and operation as well as property management. As at the date hereof, Chengdu Xinhui is a non-wholly owned subsidiary of the Company, which is owned as to 62.5% and 37.5% by the Company and Hua Sheng Group respectively.

Chengdu Xinhui currently owns the Land of approximately 10,527 sq.m. located at Jinjiang District, Chengdu, the PRC. As at the date hereof, pursuant to a tenancy agreement, 1,600 sq.m. of the Land was leased to Mr. Sun Wei (孫偉), an independent third party, at a monthly rent of RMB53,000 for the period commencing from 20 November 2011 to 20 February 2012, while pursuant to another tenancy agreement, 2,400 sq.m. of the Land was leased to Mr. Huang Wei (黃巍), an independent third party, at an annual rent of RMB200,000 for the period commencing from 10 May 2011 to 10 May 2013; pursuant to a car park operation agreement, Chengdu Xinhui also operated a temporary car park on the remaining area of the Land with Chengdu Jinjiang District Chunxi Road Commercial Pedestrian Street Management Committee Office (成都市錦江區春熙路商業步行街管理委員會辦公室) and Mr. Liu Huamin (劉華明), both being independent third parties. It is agreed among all parties to the car park operation agreement that while all parties thereto shall be jointly responsible for the operation of the temporary car park, Chengdu Xinhui shall provide the land for the temporary car park. It is also agreed among the parties that they shall be jointly entitled to the revenue generated from the operation of the temporary car park. The Company has appointed a Hong Kong independent qualified valuer and consultant to issue a valuation report on the Land which will be incorporated in the circular to be despatched to the Shareholders on or before 30 March 2012.

FINANCIAL INFORMATION ON CHENGDU XINHUI

Set out below is the basis financial information of Chengdu Xinhui which was prepared in accordance with the PRC accounting standards and extracted from the PRC valuation report:

	Unit: RMB'000 (approximate)
PRC appraised current assets value as at 30 June 2011	790,169
PRC appraised value of the Land as at 30 June 2011	460,333
PRC appraised net assets value as at 30 June 2011	412,756
Book value of the net assets as at 30 June 2011	86,305
Book value of the net assets as at 31 December 2011 (audited)	83,197
Net profits/(net loss) before taxation and extraordinary items for the year ended 31 December 2010 (audited)	(3,914)
Net profits/(net loss) after taxation and extraordinary items for the year ended 31 December 2010 (audited)	(3,914)
Net profits/(net loss) before taxation and extraordinary items for the year ended 31 December 2011 (audited)	(6,425)
Net profits/(net loss) after taxation and extraordinary items for the year ended 31 December 2011 (audited)	(6,425)

The PRC appraised current assets value of Chengdu Xinhui as at 30 June 2011 was approximately RMB790,169,000, representing an appreciation and appreciation rate of approximately RMB326,417,300 and 70.39% respectively, which is due to the appreciation in the value of the Land recorded as inventory under current assets of Chengdu Xinhui.

Taking into account that (i) the Disposal involves transfer of state-owned assets and therefore is subject to the relevant PRC laws and regulations, which require a PRC valuation to be conducted on the Target Interest and the consideration for the Target Interest shall not be less than the attributable appraised net assets value of Chengdu Xinhui in such PRC valuation, which is also required to be and has been approved by and/or registered with Sichuan SASAC and/or other statutory authorities, (ii) the PRC valuation is valid for one year since its valuation reference date (i.e. 30 June 2011) whilst since the valuation reference date and as at the date hereof, after making due enquiry with Sichuan Huaheng Assets Appraisal Co., Ltd (四川華衡資產評估有限公司), the

Directors were not aware of any circumstances which would cause material change in the PRC valuation results, and (iii) the consideration for the Target Interest was 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 Directors (excluding the independent non-executive Directors who will express their opinions in the circular to be despatched to the Shareholders after considering the advice from the independent financial adviser) are of the view that the consideration for the Target Interest is fair and reasonable and in the interests of the Company and Shareholders taken as a whole.

EFFECT OF THE DISPOSAL

Upon completion of the Disposal, the Company's equity interest in Chengdu Xinhui will decrease from 62.5% to 34% and Chengdu Xinhui will cease to be a subsidiary of the Company. Accordingly, the account of Chengdu Xinhui 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 RMB205,974,189 from disposing of the Target Interest, being the sum of the following two items: (i) the gain (before taxation) on the Disposal of approximately RMB93,924,205, being the difference between the consideration of RMB117,635,300 and the audited net assets value of Chengdu Xinhui attributable to the Target Interest of approximately RMB23,711,095 as at 31 December 2011; and (ii) the gain on interest retained (before taxation) of approximately RMB112,049,984, which is the difference between the appraised net assets value as at 30 June 2011 and the audited net assets value as at 31 December 2011 attributable to the remaining 34% equity interest in Chengdu Xinhui of approximately RMB140,336,904 and RMB28,286,920 respectively, generated from the re-measurement of the value of the remaining 34% equity interest in Chengdu Xinhui due to the Group's loss of control over Chengdu Xinhui as the Company's subsidiary after completion of the Disposal of the 28.5% equity interest therein.

It is expected that the Group will gain working capital of approximately RMB117,635,300 from disposing of the Target Interest. The Company intends to apply the sales proceeds as its general working capital.

REASONS FOR THE DISPOSAL

In order to integrate the business resources of the Group and focus on its principal businesses, thereby facilitating realization of the Company's formulated development strategy on establishment of the first class culture and media group in the PRC, as well as taking into account the historical financial performance of Chengdu Xinhui, the Company decided to sell the Target Interest.

The Directors consider that on one hand, the Company can use the proceeds from the Disposal for its future business development and investments in its principal businesses with sound growth prospects whilst on the other hand, the Company will reduce future contribution to Chengdu Xinhui in view of its decreasing shareholding in Chengdu Xinhui and focus on its principal businesses, 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 statutory authorities, and between the parties after arm's length negotiations. The Directors (excluding the independent non-executive Directors who will express their opinions in the circular to be despatched to the Shareholders after considering the advice from the independent financial adviser) 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 interests 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, Chengdu Xinhui is a non-wholly owned subsidiary of the Company and Hua Sheng Group is a substantial shareholder of Chengdu Xinhui. 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 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 5% but less than 25%, and the consideration under the Agreement is more than HK$10,000,000, the Disposal is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Disposal also constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements only but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

In view of the interest of Hua Sheng Group in the Agreement, Hua Sheng Group and its associates will abstain from voting at the AGM on the resolutions in relation to the Agreement and the transaction contemplated thereunder.

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 Agreement and the transaction contemplated thereunder.

GENERAL

The Company will put forward, among other things, the ordinary resolutions in relation to the Disposal at the forthcoming AGM for the Independent Shareholders' consideration and approval. The votes at the AGM will be taken by poll.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Han Xiaoming, Mr. Chan Yuk Tong and Mr. Han Liyan, will be established to give advice to the Independent Shareholders in respect of the Disposal. The Company has appointed CIMB Securities (HK) Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of the Agreement, (ii) a letter from the Independent Board Committee to the Independent Shareholders regarding the Agreement, (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the Agreement, (iv) the Hong Kong valuation report on the Land held by Chengdu Xinhui prepared by a Hong Kong independent qualified valuer and consultant, and (v) an extract of the PRC valuation report on Chengdu Xinhui prepared by a PRC independent qualified valuer, is expected to be dispatched to the Shareholders on or before 30 March 2012. A notice of AGM will be dispatched to the Shareholders as soon as possible.

DEFINITIONS

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

"AGM"	the 2011 annual general meeting of the Company to be held at 9:30 a.m. on 17 May 2012 (Thursday) at Sichuan Xinhua International Hotel, No.8 Guzhongshi Street, Chengdu, Sichuan, the PRC, for, among other things, the Independent Shareholders to consider and, if thought fit, approve the Agreement and the transaction contemplated thereunder
"Agreement"	the agreement dated 23 March 2012 entered into between the Company and Hua Sheng Group, pursuant to which the Company has conditionally agreed to sell and Hua Sheng Group has conditionally agreed to purchase the Target Interest at the consideration of RMB117,635,300
"associate(s)"	has the same meaning as ascribed to this term under the Listing Rules
"Board"	the board of Directors
"Chengdu Xinhui"	Chengdu Xin Hui Industrial Co., Ltd.* (成都鑫匯實業有限公司), a limited liability company incorporated in the PRC and a non-wholly owned subsidiary of the Company, which is owned as to 62.5% and 37.5% by the Company and Hua Sheng Group respectively as at the date hereof
"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
"Independent Board Committee"	an independent committee of the Board comprising all independent non-executive Directors, namely Mr. Han Xiaoming, Mr. Chan Yuk Tong and Mr. Han Liyan
"Independent Shareholders"	Shareholders other than Hua Sheng Group and its associates
"Land"	the land use rights related to a parcel of land of approximately 10,527 sq.m. located at Jinjiang District, Chengdu, the PRC and currently held by Chengdu Xinhui, which is being leased to independent third parties of the Group as shops and operates as a temporary car park
"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"	28.5% equity interest in Chengdu Xinhui
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"sq.m."	square meter
"%"	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
23 March 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*