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: 811)

CONNECTED TRANSACTION
CO-CONSTRUCTION OF THE CO-CONSTRUCTION PROJECT

SUMMARY

On 31 October 2012, the Board conditionally approved the Co-construction Project as contemplated under the Co-construction Memorandum previously entered into between the Company and the Parent, pursuant to which the Company and the Parent conditionally agreed to co-construct the Co-construction Project on a unified-planning-separate-accounting basis. The building situated on the Company's land parcel has been temporarily named as Creativity Centre.

As at the date of this announcement, the Parent is a substantial shareholder of the Company, thus a connected person of the Company. Accordingly, the Indivisible Construction Items to be co-constructed with the Parent in the Co-construction Project constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) is more than 0.1% but less than 5%, the present connected transaction is, in accordance with Rule 14A.32(1) of the Listing Rules, only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

Attention: Shareholders and potential investors should note that the Co-construction Project is subject to the fulfillment of certain conditions precedent and may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

INTRODUCTION

The Board is pleased to announce that it has approved the Co-construction Project as contemplated under the Co-construction Memorandum previously entered into between the Company and the Parent, pursuant to which the Company and the Parent agreed to co-construct the Co-construction Project on a unified-planning-separate-accounting basis, subject to certain conditions precedent. The Co-construction Project as contemplated under the Co-construction Memorandum is described in more detail below.

THE CO-CONSTRUCTION PROJECT

Reference is made to the announcement of the Company dated 8 September 2009 in relation to the Transfer Agreement (as defined therein), pursuant to which the Company obtained the land use right from the Parent in respect of the land parcel situated at 四川省成都市錦江區柳江街道辦事處麻柳灣村四、五組(Regions 4 and 5, Maliuwan Village, Liujiang Street, Jinjiang District, Chengdu City, Sichuan Province, the PRC) with a total gross site area of 10,150.11 m^2 ("**Parcel A**"), following which the Parent held the land use right in respect of the remaining land parcel situated at 四川省成都市錦江區柳江街道辦事處麻柳灣村四、五組(Regions 4 and 5, Maliuwan Village, Liujiang Street, Jinjiang District, Chengdu City, Sichuan Province, the PRC) with a total gross site area of 7,032.85 m^2 ("**Parcel B**").

As Parcel A and Parcel B are adjacent to each other, pursuant to the relevant PRC regulations and requirements of the local government authorities, the Company and the Parent are required to develop Parcel A and Parcel B on a unified-planning basis. Nevertheless, the Company and the Parent shall bear its own costs for the construction works on its respective land parcel and be entitled to the proprietary interests over the completed construction works situated thereon. The Co-construction Project has been filed with and approved by the relevant government authorities, and the preliminary structure of the Co-construction Project has been designed as two separate 45-floor main buildings connected by a common podium. Accordingly, the Company and the Parent entered into a Co-construction Memorandum on 18 June 2012 agreeing on the following co-construction principles:

(1) the Company and the Parent shall set up a co-construction executive team (the "**Executive Team**") comprised of representatives from each of the Company and the Parent to oversee, supervise and coordinate the implementation of the Co-construction Project, including but not limited to, the construction work, cost management, project bidding and contract negotiation to ensure unified planning, centralised management and streamlined construction;

(2) the Company and the Parent shall provide necessary assistance to each other for compliance with its respective regulatory requirements and fulfillment of its respective obligations;

(3) the Company and the Parent shall be entitled to the proprietary rights over the buildings (including the main building and the podium) situated on Parcel A and Parcel B, respectively, in accordance with the physical demarcation of the parcel boundaries, and shall apply for its respective building ownership certificate accordingly;

(4) the Company and the Parent shall, under the supervision and coordination of the Executive Team, open its own construction account, prepare its respective budget, raise its own fund, independently contract with third-party construction and inspection teams and settle the costs and expenses incurred therefrom on its own (other than the indivisible costs associated with the Indivisible Construction Items in the Co-construction Project); and

(5) as to those indivisible costs and expenses, the Company and the Parent shall temporarily settle such costs and expenses with third-party contractors as to approximately 55% and 45%, respectively, in line with their respective gross site area of Parcel A and Parcel B held by the Company and the Parent, with the final settlement to be adjusted in accordance with the actual construction area allocated to the Company and the Parent after completion of the Co-construction Project as well as the auditing results of the final accounts of the completed project.

Based on the Co-construction Cost Estimate Table prepared by the Executive Team, the indivisible costs and expenses to be incurred from the Co-construction Project shall be no more than RMB135,949,900 (equivalent to approximately HK$167,218,400), which has been determined with reference to indivisible costs of the construction items and its quantitative valuation, taking into account a number of factors including, among other things, the benchmark cost and pre-quotation of the Indivisible Construction Items and the management cost.

The Co-construction Memorandum and the Co-construction Cost Estimate Table have been duly verified by the Co-construction Verification Report jointly issued by 四川天華會計師事務所有限公司 (Sichuan Tianhua Accounting Firm), a qualified auditor, and 四川博華工程造價諮詢有限公司 (Sichuan Bohua Construction Cost Consulting Co., Ltd), a licensed construction valuer, each independent of the Company and the Parent and their connected persons and selected from the panel of construction valuation and auditing firms at the provincial level of Sichuan Province. Pursuant to the Co-construction Verification Report, the way how the construction accounts are prepared and how the divisible and indivisible costs are segregated is fair and reasonable from construction auditing perspective, feasible in construction industry practice, complying with the relevant construction final auditing rules, and meeting the requirement for construction management and asset-ownership determination. It is also opined that the agreed approach to settle the RMB135,949,900 indivisible costs between the Company and the Parent in accordance with the actual construction area allocated to the Company and the Parent after completion of the Co-construction Project is feasible and reasonable.

Therefore, the Directors (including the independent non-executive Directors) believe that the RMB135,949,900 indivisible costs have been assessed on a fair and reasonable basis, and, other than the RMB135,949,900 indivisible costs, it is feasible and reasonable for the Company and the Parent to prepare its own budget and separately settle its respective costs in relation to the Co-construction Project. If, after the final auditing of the construction accounts upon completion of the Co-construction Project, the actual indivisible costs exceed RMB135,949,900, the Company will make further announcement and take further actions as required under the applicable Listing Rules, articles of association of the Company, and other applicable laws and regulations where necessary.

Implementation of the Co-construction Project is conditional upon all necessary consents and approvals being obtained or granted by the relevant parties (including governmental or regulatory authorities), including, but not limited to, the approval of the cost estimate for the Co-construction Project by the Shareholders by way of ordinary resolution at a general meeting of the Company, and no statute or regulation which would restrict or materially adversely affect the Co-construction Project having been proposed, enacted or taken by governmental or regulatory authorities.

INFORMATION ON THE PARENT AND THE COMPANY

The Parent is a wholly State-owned enterprise established in the PRC and the controlling shareholder of the Company, thus a connected person of the Company under the Listing Rules. The Parent is principally engaged in the business of product wholesaling and retailing, leasing of properties, real estate investment, computer software and hotel services, etc.

The Company 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, publications, etc.

REASONS FOR AND BENEFITS FROM THE CO-CONSTRUCTION PROJECT

The Directors believe that Creativity Centre of the Co-construction Project is a key step for the Company to achieve its strategic objectives and business expansion plan while strengthening its core business. The construction of Creativity Centre will favorably facilitate the consolidation of the Company's publication resources, the development of the Company's creative media business, and the accumulation of the Company's quality assets.

Upon completion, Creativity Centre will become the Company's headquarters office, facilitating the Company's internal communication and reducing the Company's management and operation costs. It is also believed that the synergy effect from the shared resources of space, technology, personnel and management of Creativity Centre and the Company's current research and creative media institute will lead to optimized development of the Company's business.

Pursuant to the relevant PRC regulations and requirements of the local government authorities, the Company and the Parent are required to implement the Co-construction Project on a unified-planning basis. Under this unified-planning approach, the Company will not only satisfy the urban design and governmental approval requirement, but also increase its construction area and land use intensity. Meanwhile, adopting the separate-accounting principle for the Co-construction Project will enable the Company to prepare its own budget in accordance with its practical needs and financial ability, which objectively reflects its actual construction costs. The Company will also be able to apply for the building ownership certificate of Creativity Centre situated on Parcel A after completion of the Co-construction Project to evidence its proprietary interests.

The Company has also engaged 四川天華會計師事務所有限公司 (Sichuan Tianhua Accounting Firm), an independent auditor, and 四川博華工程造價諮詢有限公司 (Sichuan Bohua Construction Cost Consulting Co., Ltd), an independent construction valuer, to verify the basis on which the cost estimate to be incurred from the Company's end is categorised as well as the way in which the indivisible costs is to be allocated between the Company and the Parent. They are of the joint view that the way how the divisible and indivisible costs are segregated is feasible and reasonable and have opined that it is feasible and reasonable from construction auditing perspective for the Company and the Parent to (i) prepare its own budget and separately settle its respective divisible construction costs (to be financed by the respective internal resources of the Company and the Parent); and (ii) allocate the RMB135,949,900 indivisible costs (also to be financed by the internal resources of the Company and the Parent) between themselves in accordance with the actual construction area allocated to them respectively after completion of the Co-construction Project.

Taking into account of the above-mentioned factors and all relevant facts and circumstances, the Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Co-construction Project and the cost estimate (including the RMB135,949,900 indivisible costs) therein are fair and reasonable and are on normal commercial terms, and the Co-construction Project is in the interests of the Company and its Shareholders as a whole.

To avoid any conflicts of interest, the Directors who are connected to the Parent and its associates, namely, Mr. Gong Cimin, Mr. Zhao Miao, Mr. Luo Jun and Mr. Zhang Chengxing, have abstained from voting on the Board resolution for approving the Co-construction Project in compliance of the requirements set out in the articles of association of the Company.

IMPLICATION UNDER THE LISTING RULES

The Parent is a substantial shareholder of the Company, thus a connected person of the Company. Accordingly, the Indivisible Construction Items to be co-constructed with the Parent in the Co-construction Project constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios (using the total indivisible costs as numerator) is more than 0.1% but less than 5%, the present connected transaction is, in accordance with Rule 14A.32(1) of the Listing Rules, only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

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DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

"Board"	the board of Directors
"Co-construction Project"	the co-construction works situated on Parcel A and Parcel B undertaken by the Company and the Parent on a unified-planning-separate-accounting basis, including the construction of Creativity Centre situated on Parcel A over which the Company has proprietary rights
"Co-construction Memorandum"	the memorandum entered into between the Company and the Parent on 18 June 2012 setting out, among other things, the principles of the implementation of the Co-construction Project
"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, whose H Shares are listed on the Main Board of the Stock Exchange
"connected person"	has the meaning ascribed thereto under the Listing Rules
"Creativity Centre"	新華文軒出版傳媒創意中心(Xinhua Winshare Publishing and Media Creativity Centre (temporary name)), part of the Co-construction Project situated on Parcel A over which the Company has proprietary rights
"Directors"	the directors of the Company
"Domestic Shares"	ordinary shares in the capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and credited as fully paid up in RMB by PRC nationals and/or PRC incorporated entities
"H Shares"	overseas listed foreign shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Indivisible Construction Items"	the construction items in the Co-construction Project which are indivisible between the Company the Parent, for instance the construction design and consultation services, pre-construction items and construction maintenance and management etc
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Parent"	四川新華發行集團有限公司(Sichuan Xinhua Publishing Group Co. Ltd.*), a wholly State-owned company established in the PRC, and a controlling shareholder of the Company as at the date of this announcement
"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)
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary shares of the Company with a nominal value of RMB1.00 each, comprising both Domestic Shares and H Shares
"Shareholder(s)"	the holders of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent.

For the purpose of this announcement, conversion of RMB into HK$ is calculated at the exchange rate of RMB1.00 to HK$1.23.

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

Chengdu, the PRC, 31 October 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. Luo Jun, Mr. Zhang Chengxing and Mr. Zhao Junhuai as non-executive Directors; and (c) Mr. Chan Yuk Tong, Mr. Han Xiaoming and Mr. Han Liyan as independent non-executive Directors.

* *For identification purposes only*