THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountants or other professional adviser.

If you have sold or transferred all your shares in Xinhua Winshare Publishing and Media Co., Ltd.* (the "**Company**"), you should at once hand this circular with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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)

RENEWAL OF CONTINUING CONNECTED TRANSACTION

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders of
Xinhua Winshare Publishing and Media Co., Ltd.*

CIMB

CIMB Securities Limited

A letter from the Board is set out on pages 4 to 10 of this circular.

A letter from the Independent Board Committee is set out on page 11 of this circular.

A letter from CIMB Securities Limited, the Independent Financial Adviser, containing its recommendations to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 18 of this circular.

A notice for convening the extraordinary general meeting (the "**EGM**") of the Company to be held at 9:00 a.m. on 8 March 2013 (Friday) at Sichuan Xinhua International Hotel, No.8 Guzhongshi Street, Chengdu, Sichuan, the People's Republic of China (the "**PRC**") is set out on pages 23 to 24 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon. In case of H Shares, the proxy form shall be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in case of Domestic Shares, the proxy form shall be lodged at the head office of the Company in the PRC, not less than 24 hours before the time for holding the EGM (or any adjournment thereof) or before the time appointed for taking the poll. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

*　　*For identification purposes only*

9 January 2013

CONTENTS

Pages

Definitions	1
Letter from the Board	4
Introduction	4
The Publications Purchase Agreement	5
Information on the Company, Winshare Online and Xinhua Publishing Group	8
Relationship Between Parties and Listing Rules Implications	9
EGM	9
Recommendations	10
Additional Information	10
Letter from the Independent Board Committee	11
Letter from CIMB Securities Limited	12
Appendix – General Information	19
Notice of EGM	23

In this circular, the following expressions shall have the meanings stated below unless the context otherwise requires:

"Announcement"	the announcement of the Company dated 20 December 2012 in relation to, among other things, the Publications Purchase Agreement
"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(s)"	has the same meaning as ascribed to this term under the Listing Rules
"Directors"	the directors of the Company
"Domestic Share(s)"	ordinary shares 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
"EGM"	the extraordinary general meeting of the Company to be held at 9:00 a.m. on 8 March 2013 (Friday) 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 Publications Purchase Agreement and the transactions contemplated thereunder
"Group"	the Company and its subsidiaries
"H Share(s)"	overseas listed foreign share(s) with a nominal value of RMB1.00 each in the ordinary share capital of the Company, all of which are listed on the Main Board of the Stock Exchange
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent committee of the Board comprising all independent non-executive Directors, namely Mr. Chan Yuk Tong, Mr. Han Xiaoming and Mr. Han Liyan
"Independent Financial Adviser"	CIMB Securities Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Publications Purchase Agreement and the transactions contemplated thereunder, being a corporation licensed by Securities and Futures Commission to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
"Independent Shareholders"	Shareholders other than Xinhua Publishing Group and its associates
"Latest Practicable Date"	4 January 2013, being the latest practicable date prior to the printing of this circular for ascertaining information contained herein
"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 circular, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
"Previous Publications Purchase Agreement"	an agreement dated 3 December 2010 entered into between the Company and Winshare Online in connection with the purchase of publications by Winshare Online from the Company for the period from 1 October 2010 to 31 December 2012
"Publications Purchase Agreement"	the publications purchase agreement dated 20 December 2012 entered into between the Company and Winshare Online, pursuant to which the Company has agreed to sell and Winshare Online has agreed to purchase publications from the Company for the period from 1 January 2013 to 31 December 2015
"RMB"	Renminbi, the lawful currency of the PRC

"SFO"	securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
"Shareholder(s)"	shareholder(s) of the Company
"Share(s)"	Domestic Shares and H Shares
"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
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the same meaning as ascribed to this term under the Listing Rules
"Winshare Online"	Sichuan Winshare Online E-commerce Co., Ltd.* (四川文軒在線電子商務有限公司), a limited liability company established in the PRC and a subsidiary of the Company which is owned as to 75% and 25% by the Company and Xinhua Publishing Group as at the Latest Practicable Date
"Xinhua Publishing Group"	Sichuan Xinhua Publishing Group Co., Ltd.* (四川新華發行集團有限公司), a state-owned company established in the PRC which is the controlling shareholder of the Company and a wholly-owned subsidiary of Sichuan Development
"%"	per cent.

For the purpose of this circular, the exchange rate of RMB1.00 = HK$1.23 has been used, where applicable, for purposes of illustration only and does not constitute a representation that any amounts have been, could have been or may be exchanged, at this or any other rates.

* *For identification purposes only*

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)

Executive Directors:
Mr. Gong Cimin *(Chairman)*
Mr. Zhao Miao *(Vice chairman)*
Mr. Luo Yong

Non-executive Directors:
Mr. Zhang Chengxing
Mr. Luo Jun
Mr. Zhao Junhuai

Independent non-executive Directors:
Mr. Han Xiaoming
Mr. Chan Yuk Tong
Mr. Han Liyan

Registered office in the PRC:
12th Floor, No.86 Section One
People's South Road
Qingyang District
Chengdu, Sichuan
PRC

Head office in the PRC:
No.6 Wenxuan Road
Shang Mao Dadao
Cheng Bei
Chengdu, Sichuan 610081
PRC

Principal place of business in Hong Kong:
8th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

9 January 2013

To the Shareholders

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTION

INTRODUCTION

Reference is made to the Announcement in relation to the Publications Purchase Agreement.

On 3 December 2010, the Company entered into the Previous Publications Purchase Agreement with Winshare Online, pursuant to which the Company agreed to sell and Winshare Online agreed to purchase publications from the Company. According to the Previous Publications Purchase Agreement, it would be expired on 31 December 2012.

* *For identification purposes only*

As such, on 20 December 2012, the Company and Winshare Online entered into the Publications Purchase Agreement, pursuant to which the Company agreed to sell and Winshare Online agreed to purchase publications from the Company for the period from 1 January 2013 to 31 December 2015.

The purpose of this circular is to provide you with (i) details of the Publications Purchase Agreement; (ii) a letter setting out the opinions and recommendations from the Independent Board Committee to the Independent Shareholders regarding the Publications Purchase Agreement; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Publications Purchase Agreement; and (iv) a notice of the EGM to be convened for, among other things, the Independent Shareholders to consider and, if thought fit, approve the Publications Purchase Agreement.

Principal terms of the Publications Purchase Agreement are set out below.

THE PUBLICATIONS PURCHASE AGREEMENT

Date:	20 December 2012
Term:	1 January 2013 to 31 December 2015
Parties:	(1) the Company as supplier (2) Winshare Online as purchaser
Nature of transaction:	Winshare Online shall purchase publications from the Company for wholesale and retail at Winshare Online's e-commerce platform, WinXuan.com.
Price:	The selling price for the publications shall be determined between the parties after arm's length negotiations in a fair and reasonable manner and should be comparable to the price offered by the Company to independent third parties (as defined under the Listing Rules) for similar types of publications (since the Company supplies all types of publications to Winshare Online and other independent third parties as well, comparable publications of similar types are always available in the market).

Payment term:	The settlement of payment shall be agreed between the Company and Winshare Online having regard to the type and quantity of the publications under each purchase and the actual sales conditions. Unless otherwise agreed by the parties, the settlement of payment for each purchase shall be made by cash or bank drafts within 6 months upon the receipt of the publications by Winshare online.
Option to renew:	Subject to the Listing Rules and the approvals of the Stock Exchange, the Board and/or the Independent Shareholders (if required), the Company may renew the Publications Purchase Agreement upon serving a written notice to Winshare Online and prior to the expiry of the Publications Purchase Agreement.
Conditions Precedent:	The effectiveness of the Publications Purchase Agreement is conditional upon, among others, the Company having obtained its independent Shareholders' approval of the Publications Purchase Agreement and the transactions contemplated thereunder.

Pricing basis

Generally, the selling price of each publication is determined by its costs of production plus a certain percentage of profit margin; and it is a market practice for publication suppliers to sell publications to wholesalers and retailers at a discount to the selling price, which may vary depending on the then prevailing market conditions. The Company has followed the abovesaid approach to determine the final selling price of publications sold to Winshare Online and other independent third parties.

Throughout the years, the Company has implemented an informationized enterprise resource planning system (the ERP system) to achieve informationization of the management of the enterprise's supply chain, which includes the standardizations the pricing procedures of all its publications. As such informationized pricing procedures are also applied to the publications to be sold to Winshare Online, the Company can ensure that the transactions contemplated under the Publications Purchase Agreement adhere with the Company's pricing policy and thus assuring the prices and terms available to Winshare Online are no more favourable than those to be provided to independent third parties.

Historical caps and transaction amounts

The following table summarizes the historical cap amounts and their relevant historical transaction amounts for the Previous Publications Purchase Agreement for the 3 months ended 31 December 2010, the year ended 31 December 2011 and the 11 months ended 30 November 2012:

	For 3 months ended 31 December 2010 *RMB'000*	**For the year ended 31 December 2011** *RMB'000*	**For 11 months ended 30 November 2012** *RMB'000*
Cap amount	20,000	130,000	150,000
Historical transaction amount	14,964	66,472	118,958

Annual caps and basis for determining the annual caps

In considering the annual caps under the Publications Purchase Agreement, the Directors have considered a number of factors including: (i) the historical transaction amounts under the Previous Publications Purchase Agreement; (ii) the growth rate of the historical transaction amounts under the Previous Publications Purchase Agreement; (iii) the rapid growth of Winshare Online's business since its establishment; (iv) the expected additional demand for the publications in anticipation of Winshare Online's business development benefited from the rapid growth trend in the PRC e-commerce market and the favourable policies introduced by the PRC government on the cultural and publication industries; and (v) the possible growth of market price of publications from time to time as a result of the increase in the cost of paper, commodity price level and inflation.

Having considered the above factors, the Directors propose that the annual cap for the Publications Purchase Agreement for each of the three years ending 31 December 2015 shall be as follows:

	Unit: RMB'000
For the year ending 31 December 2013	450,000
For the year ending 31 December 2014	600,000
For the year ending 31 December 2015	900,000

The significant increase in the annual cap for 2013 and the continuous growth thereafter in 2014 and 2015 is mainly due to the rapid growth trend in sales of Winshare Online since establishment. At the same time, the potential development of the e-commerce market in China and Winshare Online's accumulated experience in sales, operation and logistics over the past 2 years are also favourable to its business growth.

As revealed in the table under the section headed "Historical caps and transaction amounts", Winshare Online's sales amount for the year 2012 has almost doubled its previous year's. Further, after two years of operation and promotion, Winshare Online currently has a broad membership base of over 4 million people and has entered into the rapid development phase. Therefore, it is expected that its budgeted growth rate will be particularly high in 2013.

On the other hand, the PRC e-commerce market is also experiencing a rapid growth trend. Accordingly, it is reported that the internet consumption market size in the PRC has increased by 67.8% from 2010 to 2011, and such growth trend is expected to continue from 2012 to 2015.

As such, having considered the abovestated factors and based on the assumptions that Winshare Online's demand for publications and the PRC e-commerce market will continue to grow at a rapid pace, the Company is of the view that the transaction amount in 2013 will be increased significantly and will continue to grow in 2014 and 2015.

Reasons for and benefits of the Publications Purchase Agreement

The integration of the Group's operation on its publishing and distribution chain has been realised with the business supporting platform. As one of the largest publications suppliers in the region, the Company is capable of and competitive in the supply of publications and related businesses of which should be considered as one of the best available suppliers of publications to Winshare Online.

Winshare Online is a joint venture company established for the purposes of carrying out the Group's development strategies, in particular for the expansion of the Group's publications e-commerce, and forms a part of the Group's business chain. The Publications Purchase Agreement can facilitate the development of the Group's publications e-commerce business model and improve the Company's sustainability for long term development.

The Directors (including the independent non-executive Directors) consider that the Publications Purchase Agreement is entered into in the ordinary and usual course of business of the Group and the terms as contained in the Publications Purchase Agreement are normal commercial terms, which are arrived at after arm's length negotiations between the parties, the annual caps stated above in this circular are fair and reasonable, and the terms of the Publications Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders taken as a whole.

INFORMATION OF THE COMPANY, WINSHARE ONLINE AND XINHUA PUBLISHING GROUP

The Company is principally engaged in the wholesale and retails 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.

Winshare Online is primarily engaged in the provision of online transactions related services in relation to the publications and cultural products.

Xinhua Publishing Group is principally engaged in the business of wholesaling and retailing, leasing of properties, real estate, project investment, computer software and hotel services.

RELATIONSHIP BETWEEN PARTIES AND LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Winshare Online is a non wholly-owned subsidiary of the Company whilst Xinhua Publishing Group, which controls over 10% of the voting power of Winshare Online, is the controlling Shareholder of the Company. Accordingly, Winshare Online is a connected person of the Company and therefore the Publications Purchase Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios (other than the profits ratio) for the Publications Purchase Agreement is, on an annual basis, over 5%, the Publications Purchase Agreement is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In view of the interest of Xinhua Publishing Group in the Publications Purchase Agreement, Xinhua Publishing Group and its associate, which are holding and entitled to exercise approximately 54.96% of the issued Shares of the Company as at the Latest Practicable Date, will abstain from voting at the EGM on the resolutions in relation to the Publications Purchase Agreement and the transaction contemplated thereunder.

Pursuant to Rule 14A.56 of the Listing Rules and the articles of association of the Company, Mr. Gong Cimin, Mr. Zhao Miao, Mr. Zhang Chengxing and Mr. Luo Jun may be regarded as having interests in the Publications Purchase Agreement. As such, they have abstained from voting on the Board resolution for approving the Publications Purchase Agreement and the its proposed annual cap amounts for each of the three years ending 31 December 2015. Save for the aforementioned Directors, none of the Directors has any material interests in the Publications Purchase Agreement.

EGM

The EGM will be held at 9:00 a.m. on 8 March 2013 (Friday) 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 Publications Purchase Agreement and the transaction contemplated thereunder. At the EGM, the votes will be taken by poll.

The notice of the EGM is set out on pages 23 to 24 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon. In case of H Shares, the proxy form shall be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor

Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in case of Domestic Shares, the proxy form shall be lodged at the head office of the Company in the PRC, not less than 24 hours before the time for holding the EGM (or any adjournment thereof) or before the time appointed for taking the poll. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

RECOMMENDATIONS

The Company has appointed CIMB Securities Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Publications Purchase Agreement. The text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 18 of this circular.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Chan Yuk Tong, Mr. Han Xiaoming and Mr. Han Liyan, has been established to give advice to the Independent Shareholders in respect of the Publications Purchase Agreement. The letter from the Independent Board Committee, which contains its recommendation to the Independent Shareholders in respect of the Publications Purchase Agreement, is set out on page 11 of this circular.

The Board considers that the Publications Purchase Agreement is in the interests of the Company and the Shareholders, and the terms and conditions of the Publications Purchase Agreement are fair and reasonable so far as the Company and the Shareholders taken as a whole are concerned. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the EGM for approving the Publications Purchase Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the general information set out in the Appendix to this circular.

Yours faithfully,
For and on behalf of
Xinhua Winshare Publishing and Media Co., Ltd.*
Gong Cimin
Chairman

* *For identification purposes only*

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)

9 January 2013

To the Independent Shareholders

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTION

We have been appointed as members of the Independent Board Committee to give our advice on the Publications Purchase Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board included in the circular to the Shareholders dated 9 January 2013 (the "**Circular**"), of which this letter forms a part. Terms used herein shall have the same meanings as those defined in the Circular unless the context otherwise requires.

CIMB Securities Limited has been appointed as the Independent Financial Adviser to advise us on the Publications Purchase Agreement and the transactions contemplated thereunder. The letter from the Independent Financial Adviser is set out on pages 12 to 18 of the Circular.

Having considered the terms and conditions of the Publications Purchase Agreement, the advice given by the Independent Financial Adviser and the principal factors and reasons taken into consideration by them in arriving at their advice, we are of the view that the terms of the Publications Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and the basis for determining the annual caps for the Publications Purchase Agreement is fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution at the EGM to approve the Publications Purchase Agreement, the continuing connected transactions contemplated thereunder and the annual caps of the Publications Purchase Agreement.

Yours faithfully,
Independent Board Committee

Mr. Chan Yuk Tong	**Mr. Han Xiaoming**	**Mr. Han Liyan**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

* *For identification purposes only*

The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders relating to the terms of the Publications Purchase Agreement and the transactions contemplated thereunder, prepared for the purpose of incorporation in this circular:

CIMB
CIMB Securities Limited

Units 7706-08, Level 77
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

9 January 2013

To the Independent Board Committee and the Independent Shareholders of
Xinhua Winshare Publishing and Media Co., Ltd.

Dear Sirs,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to (i) the terms of continuing connected transactions (the "**Continuing Connected Transactions**") as contemplated under the Publications Purchase Agreement; and (ii) the proposed annual caps (the "**Proposed Caps**") for the transactions in relation to the provision of publications by the Company to Winshare Online from 1 January 2013 to 31 December 2015, details of which are contained in a circular of the Company (the "**Circular**") to the Shareholders dated 9 January 2013, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

As stated in the announcement of the Company dated 20 December 2012, the Previous Publications Purchase Agreement which commenced on 1 October 2010 will expire on 31 December 2012. The Company proposes to renew the Continuing Connected Transactions following the expiration of the Previous Publications Purchase Agreement and therefore has entered into the Publications Purchase Agreement with Winshare Online on 20 December 2012. Pursuant to the Publications Purchase Agreement, Winshare Online will continue to purchase publications from the Company for the three years ending 31 December 2015.

As at the Latest Practicable Date, Winshare Online is a non wholly-owned subsidiary of the Company, whilst Xinhua Publishing Group, which controls over 10% of the voting power of Winshare Online, is the controlling Shareholder of the Company. Accordingly, Winshare Online is a connected person of the Company and therefore the Publications Purchase Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios (other than the profits ratio) for the Publications Purchase Agreement is, on an annual basis, over 5%, the entering into of the Publications Purchase Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. As such, the Publications Purchase Agreement is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An independent board committee comprising Mr. Chan Yuk Tong, Mr. Han Xiaoming and Mr. Han Liyan, being the independent non-executive Directors, has been formed to advise the Independent Shareholders in relation to the terms of the Publications Purchase Agreement, the transactions contemplated thereunder, and the Proposed Caps.

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular as well as the representations made or provided by the Directors and senior management of the Company. The Directors have declared in a responsibility statement contained in the Circular that they collectively and individually accept full responsibility and comply with the Listing Rules for the purpose of giving information in relation to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters, the omission of which would make any statement herein or the Circular misleading. We have also assumed that the information and the representations made as contained or referred to in the Circular were true and accurate at the time they were made and continue to be so at the date of the despatch of the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and senior management of the Company.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of investigation into the businesses and affairs or the prospects of the Company, Winshare Online, or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion for the terms of the Publications Purchase Agreement and the Proposed Caps, we have considered the following principal factors and reasons:

1. Background and reasons for entering into of the Publications Purchase Agreement

The Company is principally engaged in the wholesale and retails 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. Winshare Online was founded in July 2010 and commenced its business in October 2010. It is principally engaged in the provision of online transactions related services in relation to the publications and cultural products.

As stated in the Letter from the Board, Winshare Online is a joint venture company established for the purposes of carrying out the Group's development strategies, in particular for the expansion of the Group's publications e-commerce, and forms a part of the Group's business chain. As at the Latest Practicable Date, Winshare Online is owned as to 75% by the Company and as to 25% by Xinhua Publishing Group, being the controlling shareholder of the Company. The Publications Purchase Agreement can facilitate the development of the Group's publications e-commerce business model and improve the Company's sustainability for long term development.

Given the nature of the Continuing Connected Transactions and the principal businesses of the Company as stated above, we concur with the view of the management of the Company that the entering into of the Publications Purchase Agreement and the transactions contemplated thereunder falls within the ordinary and usual course of business of the Company and is in the interests of the Company and the Shareholders as a whole.

2. Major terms of the Publications Purchase Agreement

As stated in the Letter from the Board, Winshare Online shall purchase publications from the Company for wholesale and retail at Winshare Online's e-commerce platform, WinXuan.com, pursuant to the Publications Purchase Agreement. Pursuant to the Publications Purchase Agreement, the selling price for the publications to Winshare Online shall be determined between the parties after arm's length negotiations in a fair and reasonable manner and comparable to the prices offered by the Company to independent third parties for similar types of publications. According to the Publications Purchase Agreement, the Company shall have the priority to supply its publications to Winshare Online if the terms offered by Company to Winshare Online are no less favourable than those offered to Winshare Online by other suppliers.

Given the recurring nature of the transactions contemplated under the Publications Purchase Agreement, Winshare Online may place its orders of publications to the Company from time to time. The Publications Purchase Agreement only sets out the general terms and conditions governing the Continuing Connected Transactions contemplated thereunder and the parties will enter into specific purchase order or contracts for each of the continuing connected transactions, which will set out the detail terms and conditions including the quantity and type of publications ordered and their retail and discounted price etc.

Pursuant the Publications Purchase Agreement, the amount payable by Winshare Online to the Company under the Publications Purchase Agreement shall be settled by cash or bank drafts within six months upon the receipt of publications purchased, unless otherwise agreed by the parties.

We understand from the Company that it is a market practice for publication suppliers to sell publications to wholesalers and retailers at a discount to the retail price. In determining the selling prices offered to Winshare Online or other independent online bookstores or online retailers, the Company takes into account the retail price, type and quantity of publications and prevailing discount rate in the market. We have reviewed the purchase orders in relation to the supply of publications by the Group to Winshare Online and independent third parties and are satisfied that there is reasonable reference to determine the discounts granted by the Group to Winshare Online being comparable to those granted to independent third parties. As advised by the Company, while the Group has been supplying all types of publications to Winshare Online as well as other independent purchasers, Winshare Online has not purchased publications from any suppliers other than the Company since its establishment in July 2010.

Given the above, we concur with the view of the management of the Company that the terms of the Publications Purchase Agreement are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

3. Proposed Caps

Set out below are the details of (i) the historical transaction amounts in relation to the supply of publications by the Company to Winshare Online for the three months ended 31 December 2010, the year ended 31 December 2011 and the eleven months ended 30 November 2012, respectively; (ii) the existing annual cap for the Previous Publications Purchase Agreement; and (iii) the Proposed Caps:

Historical transaction amounts			**Annual caps for the Previous Publications Purchase Agreement**			**Proposed Caps**		
Three months ended 31 December 2010	**Year ended 31 December 2011**	**Eleven months ended 30 November 2012**	**Three months ended 31 December 2010**	**Year ended 31 December 2011**	**Year ending 31 December 2012**	**Year ending 31 December 2013**	**Year ending 31 December 2014**	**Year ending 31 December 2015**
RMB' 000	*RMB' 000*	*RMB' 000*	*RMB' 000*	*RMB' 000*	*RMB' 000*	*RMB' 000*	*RMB' 000*	*RMB' 000*
14,964	66,472	118,958	20,000	130,000	150,000	450,000	600,000	900,000

As illustrated above, the Proposed Caps for each of the three years ending 31 December 2015 represent a significant increase as compared with the historical transaction amount in respect of the provision of publication by the Group to Winshare Online for the eleven months ended 30 November 2012.

As stated in the Letter from the Board, the Proposed Caps have been determined by reference to a number of factors including: (i) the historical transaction amounts under the Previous Publications Purchase Agreement; (ii) the growth rate of the historical transaction amounts under the Previous Publications Purchase Agreement; (iii) the rapid growth of Winshare Online's business since its establishment; (iv) the expected additional demand for the publications in anticipation of Winshare Online's business development benefited from the rapid growth trend in the PRC e-commerce market and the favourable policies introduced by the PRC government on the cultural and publication industries; and (v) the possible growth of market price of publications from time to time as a result of the increase in the cost of paper, commodity price level and inflation.

In assessing the reasonableness of the Proposed Caps, we have reviewed, and discussed with the management of the Company about, the cap calculation and note that the Proposed Caps are calculated based on the budgeted growth in sales of Winshare Online, which directly reflect its demand for the Company's publications as the Company is currently its sole publications supplier. In particular, the sales of Winshare Online are estimated to increase by 200%, 40% and 40%, respectively, for each of the three years ending 31 December 2015. In determining Winshare Online's budgeted sales growth, the Company has taken into account the historical growth in sales of Winshare Online since establishment and the potential development of the e-commerce market in China. The Company also considers that Winshare Online's accumulated experience in sales, operation and logistics over the past 2 years is favourable to its future business growth. As advised by the Company, after two years of operation and promotion, Winshare Online has entered the rapid development phase and it will continue to expand its online business through cooperation with other e-commerce enterprises in the PRC. As advised by the Company, Winshare Online has been in discussion with several e-commerce enterprises in the PRC in relation to the supply of publications and expects that these possible cooperation, if concluded, will have a positive impact on Winshare Online's sales volume in 2013 and thus the Company projects a relatively high growth rate of Winshare Online in 2013. We note from the information on Winshare Online's historical sales provided by the Company that Winshare Online's estimated sales for 2012 almost doubled its sales in 2011 and Winshare Online has established a broad membership base of over 4 million people.

In respect of the growth trend in the PRC e-commerce market, we have reviewed the article "Iresearch Consultancy: PRC Internet Consumption Reached RMB773.6 billion in 2011" published on 12 January 2012 by Iresearch Inc, an independent research company. According to such article, the internet consumption market size in PRC grew to approximately RMB773.6 billion in 2011, representing an increase of 67.8% as compared to 2010, and is expected to continue to grow from RMB1,184.1 billion in 2012 to RMB2,551.0 billion in 2015, representing a CAGR of approximately 29.2%. We have reviewed the "Revitalization Plan for the Cultural Industry" and "Twelfth Five-Year Plan for National Economic and Social Development" (the "Government Policies") issued by the PRC government in September 2009 and March 2011, respectively, and note various favorable policies to support the development of the cultural industry. For example, it is stated in the Government Policies that the rapid development and expansion the cultural industry shall be promoted and the cultural industry shall be promoted to be one of the new growth drivers and key pillars of the PRC economy. The Government Policies also set out the PRC government's plan to stimulate the consumption of cultural products and enhance the production capacity of the cultural industry.

Given the above, we are of the view that the bases for and amounts of the Proposed Caps for each of the three years ending 31 December 2015 are fair and reasonable.

Our view

Having considered the above, we are of the view that the basis adopted by the management of the Company in determining the Proposed Caps for the Continuing Connected Transactions is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

However, Shareholders should note that the Proposed Caps relate to future events and do not represent a forecast of transaction amounts to be incurred as a result of the Continuing Connected Transactions. Consequently, we express no opinion as to how closely the actual transaction amounts of the Continuing Connected Transactions correspond with the Proposed Caps as discussed above.

4. Requirement of the Listing Rules regarding the Continuing Connected Transactions

As required by the Listing Rules, for each financial year of the Company ending 31 December 2015, the Continuing Connected Transactions shall be subject to the annual review by the independent non-executive Directors and the Company's auditors as required by Rules 14A.37 and 14A.38 of the Hong Kong Listing Rules, respectively. In particular, each year, the independent non-executive Directors must confirm that the Continuing Connected Transactions have been entered into:

- in the ordinary and usual course of business of the Company;
- either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and
- in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Furthermore, each year, the Company's auditors must provide a letter to the Board confirming that the Continuing Connected Transactions:

- have received the approval of the Board;
- are in accordance with the pricing policies of the Company if the transactions involve provision of goods or services by the Company;
- have been entered into in accordance with the relevant agreement governing the transactions; and
- have not exceeded the cap disclosed in the previous announcement(s).

Given the above, we consider that there exist appropriate procedures and arrangements to monitor whether the Continuing Connected Transactions will be conducted on terms pursuant to the relevant purchase orders or contract(s) to be entered into between the Company and Winshare Online during the three years ending 31 December 2015.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the terms of the Publications Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole; and the basis for determining the Proposed Cap is fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders, and advise the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolution at the EGM to approve the Publications Purchase Agreement, the Continuing Connected Transactions and the Proposed Caps.

Yours faithfully,
For and on behalf of
CIMB Securities Limited

Alex Lau	**Heidi Cheng**
Director	*Director*
Corporate Finance	*Corporate Finance*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

(a) Interests in the Company and its associated corporations

As at the Latest Practicable Date, none of the Directors, supervisors and chief executives of the Company had an interest or short position in any shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which is required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors, supervisors or chief executives of the Company was taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

As at the Latest Practicable Date, none of the Directors, supervisors or chief executives of the Company or their spouses or children under 18 years of age were granted or had exercised any right to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

(b) Other interests

As at the Latest Practicable Date, so far is known to the Directors,

(i) none of the Directors and supervisors of the Company had any interest, direct or indirect, in any assets which have been acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group since 31 December 2011, the date to which the latest published audited financial statement of the Group was made up;

(ii) none of the Directors and supervisors of the Company was materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which was subsisting and significant in relation to the business of the Group taken as a whole; and

(iii) save as disclosed in this circular, none of the Directors and their respective associates had any interest in a business, apart from the business of the Company, which competes or may compete with the business of the Company or has any other conflict of interest with the Company which would be required to be disclosed under Rule 8.10 of the Listing Rules.

3. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, save as disclosed below, so far as is known to the Directors or chief executives of the Company, no other person had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to section 324 of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

Name of Shareholder	Number of Shares	Capacity	Class of Shares	Approximate percentage of the relevant class of Shares	Approximate percentage of the total issued share capital of the Company
Sichuan Development	623,861,452 (L) *(Note 2)*	Interests in controlled corporation	State-owned Shares	97.50%	54.96%
Xinhua Publishing Group	592,809,525 (L) *(Note 2)*	Beneficial owner	State-owned Shares	92.65%	52.22%
Chengdu Hua Sheng (Group) Industry Co., Ltd.* ("Hua Sheng Group")	53,336,000 (L) *(Note 3)*	Beneficial owner	Social Legal Person Shares	100.00%	4.70%
National Council for the Social Security Fund	30,840,100 (L)	Beneficial owner	H Shares	6.98%	3.11%
Brandes Investment Partners, L.P.	27,650,500 (L)	Investment manager	H Shares	6.26%	1.95%

Notes:

1. The letter "L" represents the entities' long positions in the Shares of the Company.
2. Sichuan Development wholly-owns Xinhua Publishing Group and is therefore deemed to have the same interests in the Company as those owned by Xinhua Publishing Group by virtue of Part XV of the SFO, holding 592,809,525 Shares.
3. On 30 May 2008, Hua Sheng Group pledged all the Shares it held.

* *For identification purposes only*

As at the Latest Practicable Date, Mr. Gong Ciman, an executive Director, is the chairman of Xinhua Publishing Group; Mr. Zhang Chengxing, a non-executive Director, is a director and vice president of Xinhua Publishing Group; and Mr. Luo Jun, a non-executive Director, is a director and vice president of Xinhua Publishing Group.

4. COMPETING BUSINESS

Mr. Gong Cimin, an executive Director, is the president of Sichuan Publication Group, which is a wholly-owned subsidiary of Sichuan Development, the controlling shareholder of the Company. The principal business of Sichuan Publication Group includes but not limited to publication business investment and textbook publication, etc. Mr. Gong is therefore considered to be of an interest in a business which competes or may compete, directly or indirectly, with the business of the Group.

Save as disclosed above, so far is known to the Directors, as at the Latest Practicable Date, none of the Directors and their respective associates had an interest in a business which operates in or may operate in significant competition with the business of the Group.

5. SERVICE CONTRACTS OF THE DIRECTORS

As at the Latest Practicable Date, none of the Directors and supervisors of the Company entered or proposed to enter into any service contract with the Group which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and, to the Directors' best knowledge, there was no litigation or claim of material importance pending or threatened by or against any member of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2011, the date to which the latest published audited accounts of the Company were made up.

8. EXPERTS AND CONSENTS

The following is the qualifications of the experts who have been named in this circular or have given opinion or advice contained in this circular:

Name	Qualification
CIMB Securities Limited	a corporation licensed by Securities and Futures Commission to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO

CIMB Securities Limited is referred to as the "**Expert**" hereinafter.

As at the Latest Practicable Date, the Expert was not beneficially interested in the share capital of any member of the Group nor has any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

The Expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or report and references to its names in the form and context in which they appear.

The letter and recommendation given by the Expert is given as at the date of this circular for incorporation herein.

The Expert has not, or has not had, direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2011, the date to which the latest published audited financial statement of the Group was made up.

9. DOCUMENTS FOR INSPECTION

A copy of the Publications Purchase Agreement will be available for inspection at the office of Messrs. Li & Partners at 22nd Floor, World-Wide House, Central, Hong Kong during normal business hours on any weekday (except public holidays) for a period of 14 days from the date hereof.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Xinhua Winshare Publishing and Media Co., Ltd.* (the "**Company**") will be held at 9:00 a.m. on Friday, 8 March 2013 at Sichuan Xinhua International Hotel, No.8 Guzhongshi Street, Chengdu, Sichuan, the PRC for the purpose of considering and, if thought fit, passing the following resolution(s):

Unless otherwise indicated, capitalized terms used herein shall have the same meanings as those defined in the circular of the Company dated 9 January 2013 in relation to the Publications Purchase Agreement.

AS ORDINARY RESOLUTIONS

"**THAT**

the performance and implementation of the Publications Purchase Agreement (a copy of which has been produced to the EGM and marked "A" and initialled by the chairman of the EGM for identification purpose), together with the terms and conditions thereof, the transactions contemplated thereunder and the respective proposed annual cap transaction amounts for each of the three years ended 31 December 2015 as set out in the Company's circular dated 9 January 2013 (the "**Circular**") (a copy of the Circular has been produced to the EGM marked "B" and initialled by the chairman of the EGM for identification purpose) be and are hereby confirmed, approved and ratified; and any one of the Directors be and are hereby authorised to execute for and on behalf of the Company all such other documents, instruments and agreements and to take all steps necessary or expedient to implement and/or give effect to the Publications Purchase Agreement."

By order of the Board
Xinhua Winshare Publishing and Media Co., Ltd.*
Gong Cimin
Chairman

Sichuan, the PRC
9 January 2013

* *For identification purposes only*

Notes:

1. The register of members of the Company will be closed from 6 February 2013 to 8 March 2013 (both days inclusive), during which period no transfer of shares of the Company can be registered. In order to qualify to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares of the Company) or the head office in the PRC of the Company (for holders of domestic shares of the Company), no later than 4:30 p.m. on 5 February 2013.

2. Shareholders who are entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote on their behalves. A proxy need not be a member of the Company.

3. In order to be valid, the proxy form must be deposited by hand or post, for holders of H shares of the Company, to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong and, for holders of domestic shares of the Company, to the head office in the PRC of the Company not less than 24 hours before the time for holding the EGM or not less than 24 hours before the time appointed for taking the poll. If the proxy form is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or authority shall be deposited at the same time as mentioned in the proxy form. Completion and return of the proxy form will not preclude shareholders from attending and voting in person at the EGM or any adjourned meetings should you so wish.

4. Shareholders or their proxies shall produce their identity documents when attending the EGM.

5. Shareholders who intend to attend the EGM should complete the reply slip and return it by hand or by post to the H share registrar of the Company (for holders of H shares of the Company) or to the head office in the PRC of the Company (for holders of the domestic shares of the Company) on or before 15 February 2013.

6. The EGM is expected to take one hour. Shareholders attending the EGM shall be responsible for their own travel and accommodation expenses.

7. The head office in the PRC of the Company is as follows: No. 6 Wenxuan Road Shang Mao Avenue, Cheng Bei Chengdu, Sichuan 610081 The PRC.

As at the date of this notice, the board of directors of the Company 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. Chan Yuk Tong, Mr. Han Xiaoming and Mr. Han Liyan as independent non-executive Directors.