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 ACQUISITION OF 100% EQUITY INTEREST IN XINHUA PRINTING

ACQUISITION

The Board announced that, on 10 April 2014, the Company entered into the Equity Transfer Agreement with Sichuan Publication Group, pursuant to which the Company conditionally agreed to purchase and Sichuan Publication Group conditionally agreed to sell 100% equity interest in Xinhua Printing at a consideration of RMB144,840,848. As an inseparable term in connection with the Acquisition, the Company will pay the Apportioned Relocation Compensation (as defined below) to Sichuan Publication Group.

As at the date of this announcement, Sichuan Publication Group is a wholly-owned subsidiary of Sichuan Development, which is an indirect controlling shareholder of the Company (Sichuan Development is wholly owned by Sichuan SASAC, and the Company is beneficially controlled by Sichuan SASAC). Therefore, Sichuan Publication Group is a connected person of the Company and the Acquisition constitutes a connected transaction for the Company under Rule 14A.11(4) of the Listing Rules.

LISTING RULES IMPLICATIONS

Upon the aggregation of the Equity Transfer Consideration and the Apportioned Relocation Compensation, as the applicable percentage ratios (other than the profits ratio) for the Acquisition are over 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements only, but is exempt from independent shareholders' approval requirement under Rule 14A.32 of the Listing Rules.

EQUITY TRANSFER AGREEMENT

Date: 10 April 2014

Parties:
(1) Sichuan Publication Group, as vendor; and
(2) The Company, as purchaser

Target Interest

Pursuant to the Equity Transfer Agreement, the Company conditionally agreed to purchase and Sichuan Publication Group conditionally agreed to sell 100% equity interest in Xinhua Printing.

Consideration

The Equity Transfer Consideration for the Target Interest of RMB144,840,848 will be paid to Sichuan Publication Group by the Company within 5 working days upon the effective date of the Equity Transfer Agreement. The Equity Transfer Consideration will be funded by internal resources of the Group.

As an inseparable term in connection with the Acquisition, the Company will pay the Apportioned Relocation Compensation to Sichuan Publication Group.

The Equity Transfer Consideration was determined after arm's length negotiations between the parties of the Equity Transfer Agreement with reference to the Assets Valuation Report. As at 31 July 2013 (reference date of the Assets Valuation Report), the valuation of net assets of Xinhua Printing was RMB144,840,848 (exclusive of the Transferred Assets and Liabilities (as defined below)).

For the basis for determining the amount of the Apportioned Relocation Compensation, please refer to the section headed "Relocation Compensation" below.

Conditions precedent

The Equity Transfer Agreement will become effective upon the completion of all the conditions precedent, which include, among others:

(1) the parties have obtained the approval on the transfer of Target Interest and the related matters from their respective competent authorities;

(2) Xinhua Printing has completed the internal approval and decision-making procedures for the transfer of the Target Interest;

(3) the valuation results of the Target Interest have been filed at the regulatory authorities of state-owned assets;

(4) the transfer plan of the Target Interest has been approved by the regulatory authorities of state-owned assets;

(5) certain assets and liabilities of Xinhua Printing (the "**Transferred Assets and Liabilities**") have been transferred to Sichuan Publication Group according to the provisions of applicable laws with the approval by the regulatory authorities of state-owned assets, and necessary internal procedures of Sichuan Publication Group and registration procedures of changes in the titles of relevant assets have been completed;

(6) Xinhua Printing has obtained the State-owned land use rights certificates, the planning permit for construction works and the construction works permit, building ownership certificates, and the passing of the acceptance examination for the construction works in relation to Longtan Sub-district Lands and Properties;

(7) the resettlement plan for employees of Xinhua Printing has been passed on the general meeting of the employees or the general meeting of the representatives of the employees of Xinhua Printing, and has been approved by relevant approval authorities (if necessary); and

(8) the representations and undertakings in respect of this transaction given by Sichuan Publication Group, in all material aspects, are true, accurate and complete and contain no misleading statements.

Relocation Compensation

The land of Xinhua Printing located in Jinniu District, Chengdu and the properties thereon ("**Proposed Relocated Assets**") currently have been included in the relocation plan of the reconstruction of the northern part of Chengdu. Pursuant to the relocation compensation policies of the Municipal Government of Chengdu, the relocation compensation which may be incurred by the Proposed Relocated Assets includes government compensation, government subsidy, government allowance, award for early relocation and other compensation, as well as compensation for properties relocated. However, as of the date of this announcement, Xinhua Printing has not entered into any relocation agreement. As such, the parties hereby have agreed to the following arrangements:

(1) Xinhua Printing is entitled to the following parts of the relocation compensation, including government compensation, government subsidy, government allowance, award for early relocation and other compensation; and

(2) In connection with the compensation for properties relocated of the relocation compensation, according to the Assets Valuation Report, the appraised value of the Proposed Relocated Assets amounts to RMB112,946,561 as at 31 July 2013 (the "**Appraised Value**"). Upon initial negotiation between Xinhua Printing and the competent administrative authorities (with reference to the compensation of comparable properties relocated in the same district), it is confirmed that the compensation for properties relocated amounts to RMB156,630,214. The parties agreed that, the difference between the compensation for properties relocated and the Appraised Value, i.e. RMB43,683,653, shall be vested to Sichuan Publication Group after deduction of relevant tax payable ("**Apportioned Relocation Compensation**").

Arrangement of Xinhua Printing during the Transition Period

Unless otherwise agreed by the parties, the profit and loss of Xinhua Printing during the period from 31 July 2013 (being the reference date of the Assets Valuation Report) to the completion date of the Equity Transfer Agreement (the "**Transition Period**") shall be borne by or vested to the Company.

During the Transition Period, the economic compensation of RMB8,920,611 (the "**Economic Compensation**") incurred by Xinhua Printing for terminating the employment contracts with its staffs should be borne by Sichuan Publication Group. Sichuan Publication Group shall repay the Economic Compensation upon receipt of the Equity Transfer Consideration.

Completion

Sichuan Publication Group shall ensure that, all registration procedures of changes in relation with the transfer of the Target Interest will be completed within 45 working days commencing from the date of payment of the Equity Transfer Consideration by the Company. The Equity Transfer Agreement shall be completed on the date of the completion of all registration procedures of changes. After the completion of the Equity Transfer Agreement, Xinhua Printing will become a wholly-owned subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

After the Company acquired the 15 publishers in 2010 (please refer to the announcement and circular of the Company dated 22 June 2010 and 28 June 2010 respectively for details), the Group has consolidated its business and developed into an operating entity in the cultural industry which engages in the production, processing and sales of publication and other multi-cultural industries. To meet our growing demand for printing and processing publication and to enhance the chain effect of resources integration on the Group's publication, the Company has determined to increase the capacity of its printing business through equity acquisition.

Over years of development, the printing and processing capacities, quality control standard, and overall service of Xinhua Printing are among the best in Sichuan Province. Its operation conditions and business resources are relatively mature and stable.

Upon the completion of the Acquisition, the Company may reorganize its existing printing business resources with Xinhua Printing. By virtue of this, the Company may expand its production capacities of printing businesses, thus to ensure the completion of its publication, including textbooks and supplementary materials, with high quality in a timely manner, thereby enhancing the overall efficiency and core competitiveness of the publication and distribution businesses of the Company.

The terms of the Equity Transfer Agreement have been determined after arm's length negotiations between the parties. The Directors (including the independent non-executive Directors) consider that the Equity Transfer Agreement were entered into on normal commercial terms and the terms thereof are fair and reasonable and in the interests of the Company and Shareholders as a whole.

INFORMATION ON THE COMPANY, SICHUAN PUBLICATION GROUP AND XINHUA PRINTING

The Company principally engages in the editorial and publishing of publications; retailing and distribution of books and audiovisual products; and publication of textbooks and supplementary materials, etc.

Sichuan Publication Group is a limited liability company incorporated in the PRC, and is principally engaged in investments in publications, assets management and investments in other projects.

Xinhua Printing is a limited liability company incorporated in the PRC, and is principally engaged in operations of printing publications, printed matters of package and decoration, and other printed matters.

The table below sets out the financial information of Xinhua Printing for the two years prior to the execution of the Equity Transfer Agreement, which was prepared in accordance with the PRC accounting standards:

	As at 31 December 2013 *RMB ('000)* (unaudited)	**As at 31 December 2012** *RMB ('000)* (audited)
Total assets (book value)*	262,432	289,462
Net assets (book value)*	25,893	8,927

* Financial information for 2013 is exclusive of the Transferred Assets and Liabilities

	Year ended 31 December 2013 *RMB ('000)* (unaudited)	**Year ended 31 December 2012** *RMB ('000)* (audited)
Net profit (before tax)	(9,052)	18,194
Net profit (after tax)	(9,052)	15,299

The principal factors affecting Xinhua Printing's net profit for 2013 include, among other things: (1) the annual income for 2013 excluded the rental income received from the Transferred Assets and Liabilities; and (2) the costs for 2013 included the Economic Compensation.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Sichuan Publication Group is a wholly-owned subsidiary of Sichuan Development, which is an indirect controlling shareholder of the Company (Sichuan Development is wholly owned by Sichuan SASAC, and the Company is beneficially controlled by Sichuan SASAC). Therefore, Sichuan Publication Group is a connected person of the Company and the Acquisition constitutes a connected transaction for the Company under Rule 14A.11(4) of the Listing Rules.

Upon the aggregation of the Equity Transfer Consideration and the Apportioned Relocation Compensation, as the applicable percentage ratios (other than the profits ratio) for the Acquisition are over 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirement only, but is exempt from independent shareholders' approval requirement under Rule 14A.32 of the Listing Rules.

None of the Directors has any material interest in the Acquisition. However, to avoid any potential conflicts of interest, Mr. Gong Cimin, Mr. Luo Yong, Mr. Zhang Chengxing, Mr. Luo Jun and Mr. Zhang Peng, our Directors who are holding positions in Sichuan Xinhua Publishing Group and/or Sichuan Publication Group, have abstained from voting on the Board resolution for approving the Equity Transfer Agreement and Acquisition.

DEFINITIONS

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

"Acquisition"	the acquisition of the Target Interest by the Company from Sichuan Publication Group pursuant to the Equity Transfer Agreement
"Assets Valuation Report"	the assets valuation report in relation to evaluating the assets of Xinhua Printing as at 31 July 2013 issued by a qualified independent third party assets valuation institution for the purpose of the Acquisition
"associate(s)"	has the meaning as ascribed to this term under the Listing Rules
"Board"	the board of Directors of the Company
"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 meaning as ascribed to this term under the Listing Rules
"controlling shareholder"	has the meaning as ascribed to this term under the Listing Rules
"Directors"	the directors of the Company
"Equity Transfer Agreement"	the equity transfer agreement dated 10 April 2014 entered into between the Company and Sichuan Publication Group, pursuant to which the Company conditionally agreed to purchase and Sichuan Publication Group conditionally agreed to sell the Target Interest
"Equity Transfer Consideration"	the consideration for the transfer of the Target Interest under the Equity Transfer Agreement, which is RMB144,840,848
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Longtan Sub-district Lands and Properties"	the lands located at 8 and 10, Cheng Hong Road, Longtan Industrial Park, Cheng Hua District, Chengdu City, Sichuan, the PRC and the properties erected thereon
"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)

"Proposed Relocated Assets"	the lands of Xinhua Printing which are located at 16, Section 1, Renmin North Road, Jinniu District, Chengdu City, Sichuan, the PRC and the properties erected thereon
"RMB"	Renminbi, the lawful currency of the PRC
"Sichuan SASAC"	the State-owned Assets Supervision and Administration Commission of the Sichuan Provincial Government
"Shareholder(s)"	shareholder(s) of the Company
"Sichuan Development"	Sichuan Development Holding Co., Ltd.* (四川發展(控股)有限責任公司), a state-owned entity established in the PRC and the indirect controlling shareholder of the Company
"Sichuan Publication Group"	Sichuan Publication Group Co., Ltd.* (四川出版集團有限責任公司), a limited liability company established in the PRC and a wholly-owned subsidiary of Sichuan Development
"Sichuan Xinhua Publishing Group"	Sichuan Xinhua Publishing Group Co. Ltd.* (四川新華發行集團有限責任公司), the controlling shareholder of the Company and a wholly-owned subsidiary of Sichuan Development
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Interest"	100% equity interest in Xinhua Printing
"Xinhua Printing"	Sichuan Xinhua Printing Co., Ltd. a limited liability company incorporated in the PRC, which is wholly-owned by Sichuan Publication as at the date of this announcement
"%"	per cent.

For the purpose of this announcement only, the exchange rate of RMB1.00 = HK$1.26 was used.

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

Sichuan, the PRC, 10 April 2014

As at the date of this announcement, the Board of the Company comprises (a) Mr. Gong Cimin and Mr. Luo Yong as executive Directors; (b) Mr. Zhang Chengxing, Mr. Luo Jun, Mr. Zhang Peng and Mr. Zhao Junhuai as non-executive Directors; and (c) Mr. Han Liyan, Mr. Mo Shixing and Mr. Mak Wai Ho as independent non-executive Directors.

* *For identification purposes only*