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: 00811)

PROPOSED ISSUE OF A SHARES AND SIGNIFICANT INFORMATION OF THE PROSPECTUS (APPLICATION VERSION) RELATING TO ISSUE OF A SHARES

This announcement is made pursuant to Rule 13.09 of the Listing Rules and requirements of Part XIVA of the Securities and Futures Ordinance.

References are made to the announcements of the Company dated 16 January 2013 and 7 March 2014, and the circulars of the Company dated 5 February 2013 and 21 January 2014 relating to the proposed Issue of A Shares.

The Company has submitted a Prospectus (application version) to the CSRC in connection with its application for the Issue of A Shares. The Prospectus (application version) contains the consolidated financial information of the Group for the Relevant Periods prepared in accordance with the PRC GAAP and other significant information and was published on the CSRC's website (www.csrc.gov.cn) and the website of the Stock Exchange (www.hkexnews.hk) on 5 May 2014.

The Issue of A Shares is subject to approval by the CSRC and may or may not proceed to completion. Shareholders and investors are advised to exercise caution in dealings in the H Shares. Further details about the Issue of A Shares will be disclosed by the Company in the PRC in due course and the relevant information will be disclosed in Hong Kong concurrently in accordance with the Listing Rules.

PROPOSED ISSUE OF A SHARES

The Board is pleased to announce that the Company has submitted a Prospectus (application version) to the CSRC in connection with its application for the Issue of A Shares. The Prospectus (application version) was published on the CSRC's website (www.csrc.gov.cn) and the website of the Stock Exchange (www.hkexnews.hk) on 5 May 2014. The Prospectus (application version) is not, and is not intended to be, an offer of securities of the Company for sale in Hong Kong. The Prospectus has not been and will not be registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong).

Subject to approval by the CSRC, the A Shares will be issued by the Company pursuant to the authority granted by the Shareholders to the Board at the EGM held on 7 March 2014. The proposed Issue of A Shares will comprise the issue of not more than 98,710,000 A Shares to qualified public participants (except for those prohibited by the PRC laws and regulations and other regulatory requirements to which the Company is subject). The A shares will be issued by conducting offline placing inquiry to the participants in the price consultation process and share issue by way of online subscription pricing method, or conducting via other methods as approved by the CSRC. The issue price of the proposed Issue of A Shares will be determined with reference to the results of the price consultations with the qualified participants and the market condition prevailing in the PRC securities market at the time of the Issue of A Shares; or other pricing methods approved by the CSRC.

I. FINANCIAL INFORMATION OF THE GROUP PREPARED UNDER THE PRC GAAP

Subject to the CSRC's approval, the Prospectus will be published in the PRC in Chinese only and will contain business and financial information of the Group, including but not limited to consolidated balance sheets and consolidated income statements of the Group for the Relevant Periods prepared in accordance with the PRC GAAP.

Part (A) as set out below is the summary of the consolidated financial statements of the Group for the Relevant Periods prepared in accordance with the Group's accounting policies under the PRC GAAP audited by Deloitte Touche Tohmatsu CPA LLP.

Part (B) as set out below shows the differences between consolidated financial statements of the Group prepared in accordance with IFRS and the PRC GAAP. Deloitte Touche Tohmatsu has audited the Group's consolidated financial statements prepared under IFRS for the years ended 31 December 2011, 31 December 2012 and 31 December 2013 respectively.

(A) The Group's consolidated balance sheets and consolidated income statements for the years ended 31 December 2011, 31 December 2012 and 31 December 2013 prepared in accordance with the PRC GAAP:

Consolidated Balance Sheet

Units: RMB'0,000

Items	**31 December 2013**	31 December 2012	31 December 2011
Current assets			
Cash at bank and on hand	**156,749.93**	224,857.92	189,754.77
Bills receivables	**3,324.90**	4,089.21	610.28
Trade receivables	**64,356.14**	62,936.13	58,881.52
Prepayments	**12,393.88**	7,790.60	41,424.61
Interest receivables	**24.62**	141.93	122.04
Other receivables	**7,635.48**	32,023.67	22,639.00
Inventories	**139,915.08**	98,283.80	122,840.60
Non-current assets due within one year	**3,400.00**	–	–
Other current assets	**12,954.97**	1,020.00	12,800.00
Total current assets	**400,755.01**	**431,143.24**	**449,072.83**
Non-current assets			
Available-for-sale financial assets	**77,722.58**	64,697.70	67,938.34
Long-term equity investments	**110,745.74**	84,058.42	70,404.36
Investment properties	**4,034.21**	4,370.62	4,589.07
Fixed assets	**116,294.16**	166,229.28	92,038.07
Construction in progress	**15,864.32**	18,866.99	7,326.77
Intangible assets	**25,588.48**	35,698.25	21,129.94
Goodwill	**50,444.16**	50,650.84	50,457.90
Long-term deferred expenses	**3,289.69**	3,821.43	3,519.85
Deferred tax assets	**840.48**	720.62	671.05
Other non-current assets	**28,433.58**	12,679.29	10,749.76
Total non-current assets	**433,257.42**	**441,793.46**	**328,825.12**
Total assets	**834,012.43**	**872,936.71**	**777,897.95**

Items	**31 December 2013**	31 December 2012	31 December 2011
Current liabilities			
Short-term borrowings	**6,500.00**	6,800.00	11,600.00
Bills payables	**18,439.43**	16,529.00	10,760.00
Trade payables	**193,475.32**	150,327.93	146,194.47
Receipts in advance	**27,295.14**	69,590.67	36,155.03
Payroll payables	**19,578.94**	18,046.95	19,010.63
Tax payables	**2,531.94**	4,981.86	8,310.23
Interest payables	**–**	7.47	8.75
Other payables	**16,094.27**	51,237.37	20,771.42
Special payables	**4,792.32**	5,409.25	3,955.11
Estimated liabilities	**837.72**	786.01	756.63
Non-current liabilities due within one year	**–**	–	24,970.00
Other current liabilities	**574.83**	421.95	1,387.86
Total current liabilities	**290,119.91**	**324,138.46**	**283,880.13**
Non-current liabilities			
Deferred tax liabilities	**1,080.19**	1,757.92	1,259.40
Other non-current liabilities	**1,281.10**	10,057.51	3,806.36
Total non-current liabilities	**2,361.28**	**11,815.43**	**5,065.76**
Total liabilities	**292,481.19**	**335,953.89**	**288,945.89**
Shareholders' equity			
Share capital	**113,513.10**	113,513.10	113,513.10
Capital reserve	**269,515.38**	256,486.75	258,244.30
Less: Treasury shares	**–**	–	-690.04
Surplus reserve	**34,700.18**	28,974.04	24,333.14
Undistributed profits	**120,419.42**	98,376.22	74,712.66
Equity attributable to shareholders of the parent company	**538,148.07**	497,350.11	470,113.16
Minority interests	**3,383.17**	39,632.71	18,838.90
Total equity	**541,531.25**	**536,982.82**	**488,952.06**
Total liabilities and equity	**834,012.43**	**872,936.71**	**777,897.95**

Consolidated Income Statement

Units: RMB'0,000

Items	**For the year ended 31 December 2013**	For the year ended 31 December 2012	For the year ended 31 December 2011
Operating revenue	**528,723.14**	**472,954.15**	**463,081.96**
Less: Operating cost	**480,977.70**	444,823.62	422,697.92
Of which: Operating cost	**313,136.96**	280,520.94	276,473.45
Taxes and surcharges	**2,502.96**	2,386.37	3,323.74
Selling and distribution expenses	**64,812.34**	66,448.65	59,810.53
Administrative expenses	**92,862.74**	89,319.41	80,817.11
Financial expenses	**383.51**	-887.52	-988.80
Impairment loss on asset	**7,279.18**	7,035.77	3,261.89
Add: Gains from investments	**7,646.36**	23,483.60	4,458.35
Of which: Gains/(Losses) on investments in associates and a joint venture	**572.72**	-467.20	35.15
Operating profit	**55,391.80**	**51,614.13**	**44,842.38**
Add: Non-operating income	**4,991.93**	7,131.29	7,222.18
Less: Non-operating expenses	**1,403.77**	1,538.50	1,171.24
of which: Loss on disposal of non-current assets	**92.26**	143.39	95.82
Total profit	**58,979.96**	**57,206.92**	**50,893.33**
Less: Income tax expenses	**44.59**	137.68	131.49
Net profit	**58,935.38**	**57,069.24**	**50,761.84**
Of which: Net profit attributable to shareholders of the parent company	**61,823.27**	62,358.39	51,679.98
Profit or loss of minority shareholders	**-2,887.89**	-5,289.14	-918.14

Items	**For the year ended 31 December 2013**	For the year ended 31 December 2012	For the year ended 31 December 2011
Earnings per share (Based on the consolidated net profit attributable to ordinary shareholders of the Company)			
Basic earnings per share (RMB)	**0.54**	0.55	0.46
Diluted earnings per share (RMB)	**N/A**	N/A	N/A
Other comprehensive income items to be re-categorized into profit and loss when satisfied the stipulated conditions in the subsequent accounting period	**13,024.88**	**-3,240.64**	**-26,351.82**
Gains (losses) on available-for-sale financial assets	**13,024.88**	-3,240.64	-26,351.82
Total comprehensive income	**71,960.26**	**53,828.60**	**24,410.03**
Total comprehensive income attributable to shareholders of the parent company	**74,848.15**	59,117.75	25,328.16
Total comprehensive income attributable to minority shareholders	**-2,887.89**	-5,289.14	-918.14

(B) Differences between consolidated financial statements of the Group prepared in accordance with IFRS and the PRC GAAP.

The Company's financial reports for the years ended 31 December 2011, 31 December 2012 and 31 December 2013, which were prepared in accordance with IFRS, have been audited by Deloitte Touche Tohmatsu. Due to the differences between the domestic and overseas accounting standards and regulatory requirements, certain differences may exist in the contents and formats of the financial statements in the Prospectus (application version) and the financial statements prepared in accordance with IFRS.

The main adjustments made on net profit attributable to shareholders of the parent company for the years of 2013, 2012 and 2011 under IFRSs are as follows:

Units: RMB'0,000

	For the year ended 31 December 2013	**For the year ended 31 December 2012**	**For the year ended 31 December 2011**
Net profit attributable to shareholders of the parent company (under PRC accounting standards)	61,823.27	62,358.39	51,679.98
Adjustment made under IFRS:			
Difference caused by different cost basis of fixed assets	518.12	518.12	518.12
Others	–	60.65	41.26
Net profit attributable to shareholders of the parent company (under IFRS)	62,341.38	62,937.16	52,239.35

The main adjustments made on equity attributable to owners of the parent company as of 31 December of 2013, 31 December of 2012 and 31 December of 2011 under IFRSs are as follows:

Units: RMB'0,000

	31 December 2013	**31 December 2012**	**31 December 2011**
Equity attributable to owners of the parent company (under PRC accounting standards)	538,148.07	497,350.11	470,113.16
Adjustment made under IFRS:			
Difference caused by different cost basis of fixed assets	-11,087.89	-11,606.01	-12,124.13
Others	46.34	46.34	-14.21
Equity attributable to owners of the parent company(under IFRS)	527,106.53	485,790.44	457,974.82

II. ANALYSIS OF THE FUTURE TRENDS OF THE COMPANY'S FINANCIAL POSITION AND PROFITABILITY

(I) Analysis of the Company's major financial advantages and difficulties

Based on its industry and regional competitive edges built up over the past years, the Company has established a capital structure that matches its business model and boasts a sound financial structure and financial position, which is characterized by strong asset liquidity, good asset and earnings quality, and sufficient cash flow.

In order to consolidate the competitive edges and further expand the operating scale by seizing opportunities of the great development of the cultural industry, the Company moves on to carry out a series of development plans to improve and upgrade the traditional sales channels, actively develop the education informatization business, enhance internal management and increase the management efficiency. Although the cash flow generating from the operating activities of the Company is enough for daily operating activities and short-term expansion, there is still a relatively large capital deficit for the funding of the above-mentioned long-term development plans.

(II) Major factors affecting the Company's financial position and profitability in the future

1. Development of the national economy and upgrading of the consumption structure of the residents

Currently, China's national economy is moving into a period of stable operations and development, which is characterized by a continuous and stable growth, after a period of fast development. The rising national income will drive the upgrading of consumption and continuous increase in education and culture-related expenditures of the national residents, thus laying a sound foundation for the further expansion of the books market. Any possible slowdown or decline in the macroeconomic growth would have a negative impact on the business results of the Company.

2. Reform in the distribution mechanism of textbooks for primary and secondary education

Currently, the Company is the sole distributor of textbooks which are not funded by the government for primary and senior secondary education, and the general supplier of textbooks which are funded by the government for primary and junior secondary education in Sichuan Province. Moreover, the Company possesses the exclusive publishing right for certain types of textbooks for primary and secondary education in Sichuan Province. As the country is going deeper with its reform in the publishing and distribution mechanism of textbooks, increasingly enhanced marketization can be expected in the publishing and distribution sector. Meanwhile, as the policy of free textbooks is gradually rolling out for obligatory education years, possible changes in the relevant policies concerning free textbooks or intensified market competition might lead to bigger price discounts for free textbook purchases. Furthermore, any further promotion or extension in the future of the current policy concerning reuse of textbooks might possibly lead to decline in the purchase quantity of textbooks capable for reuse. All the above-mentioned factors might have a negative impact on the business results and benefits of the Company.

3. Changes in the tax preference policies

The publishing and distribution industry is entitled to a number of preferential policies and the tax benefits thus arising account for a large percentage of the total profits. Therefore, any possible change in the future tax preference policies would have a negative impact on the Company's financial position and business results.

4. Intensity and orderliness of the market competition

Over the recent years, the central government has gradually loosen restrictions on the publishing and distribution industry, thus leading to intensified market competition with the arrival of more and more investors. Meanwhile, irregular behaviors have long been in existence in the market, highlighting piracy and disorderly competition. It is expected that the Company would have to face such operating risks as insufficient intellectual property protection and disorderly competition for a certain period of time to come, disturbing the normal operations of the Company.

5. *Cross-region development and progress in innovations of business patterns*

In order to deal with market competition and explore new business growth points, the Company has been actively advancing its new strategies of cross-region development and innovations in business patterns, including the establishment of a publishing and distribution network covering major provincial regions across the country, setting up distribution units through cooperation outside the province, and exploring the supermarket pattern. However, given the strong regional barriers currently in place in the publishing and distribution market in China, the Company may be adversely affected by various uncertainties at the initial period of cross-region development or exploring new business patterns and thus unstable results may be generated from the concerned business operations or the performance may fall short of pre-set targets, and the overall business results of the Company may be affected accordingly.

6. *Challenges from the digital publishing technologies*

The digital publishing technologies are posing a huge challenge to the traditional paper-based publishing business and the Company has to seize opportunities arising in the booming development of digital publishing in order to continue to maintain its industry position, strengthen the comprehensive competitiveness, and eventually maintain and enhance business results.

III. Business Development Targets

Our business development targets are: firstly, actively consolidating and developing the principal business of the Company, i.e. publishing and media, and steadily exploring other cultural sectors and capital management business by taking full advantage of its existing strengths, e.g. the status of being a listed H-Share company, its industrial foundation and brand superiority, so as to achieve a balanced development of industrial operation and capital management; secondly, maintaining the continuous growth of the Company's revenue and market share, establishing itself as a first-class cultural media group in China with significant global reach by changing our business philosophy, innovations in our business approach and reform of our development models as well as by setting up a structure which can reflect reasonable investments for the short, medium and long term with appropriate return profiles, so as to generate promising returns to our investors.

To accomplish these targets, the Company plans to take the following initiatives:

1. Strengthening each link of the publishing chain as well as the control of the publishing process so as to enhance the competitiveness of our core business. The Company will innovate its operating models by changing the current situation where there is only one publishing offer, i.e. paper media, and presenting the contents in a multi-carrier and multi-channel manner in line with market demand. We will also strengthen planning on significant topics, e.g. the kick-off of the project featuring Chinese Cultural Renaissance, under which we systematically compiled and published books featuring the Chinese culture, and launched a series of content-oriented products and activities, forming a product mix with distinguished features.

2. Building a cultural service network with online and offline coverage. Firstly, the Company will actively test-drive the sales model of commercial bookstore chain through its subsidiary, Xinhua Winshare Commercial Chain; secondly, the Company plans to build seven large cultural malls and 80 small and medium- size stores (18 of which have already opened for business), so as to accelerate the upgrade of distribution, operation and business models of its retail stores. Meanwhile, the Company will also actively search for business opportunities in the Agricultural, Rural and Farmer markets as well as the area of basic public cultural services, and strengthen business coordination among its distribution channels. The Company will also expand and consolidate the online sales channels, further develop its online bookstore (www.winxuan.com), explore and gradually develop the ability to organise, process, promote and market digital products, so as to develop a capability of offering reader services applicable to various networks and devices. The Company will attract and vigorously explore the industry resources with its publishing resources, so as to build a professional online service platform open to the whole supply chain and compliant with the industrial standards.

3. Consolidating and expanding the educational service market and continuously developing our educational service business which combined online and offline channels through deeply exploring the resources in the traditional distribution channels, such as subscription for textbooks and supplementary materials as well as supply to the libraries in the primary and secondary schools; The Company aims to accelerate the digitalisation of the traditional publishing and distribution business, through channel upgrading, market promotion, product R&D and cloud platform, and leveraging on resource integration of the cloud platform and sales expansion, and so on, complete construction of 70% of the digital classrooms in Sichuan Province, and provide educational information services to the digital classrooms all over the country based on the cloud platform.

4. Optimizing the integrated publishing and distribution platform to provide comprehensive services to industry participants based on the existing procurement, logistics, printing and information management platform and through integration of purchase and sales, the streamlining of the logistics and distribution chain and coverage of the terminal channels; building a new logistic and distribution centre in the southwest area known as the Western Culture Logistics and Distribution Centre, which was intended to leverage on the existing network in the southwest area, and establishing regional distribution centres outside Sichuan Province and provide quality logistics services for the business development of the Company; accelerating construction of the business-based corporate information processing platform with ERP as the core to enhance the marketing, production management, logistics and information processing capabilities of the Company and achieve integrated and comprehensive management.

5. Carefully expanding into the education and training sector, film and television program production and other art businesses in the cultural industry in order to establish a diversified industry chain; moving into the capital management business and diversify our operations to include equity investment, asset management, financial and investment services. In this regard, we will set up a structure which can reflect reasonable investments for the short, medium and long term with appropriate return profiles, and a sustainable investment and finance system will be gradually established.

The development strategy of the Company has been formulated after taking into account the existing status and development trends of the domestic and international publishing industries and also the digital and new media industries, as well as the national policy and directions for the development of the cultural industry and publishing industry, and is expected to capitalize on our own characteristics and strengths. This development strategy represents an extension to the current business operations, with a view to achieve business innovation and transformation that are built upon the strong base of our current businesses. The successful implementation of the development strategy can enrich the content resources of the Company, deepened our digitalisation drive, expand business channels and strengthen our brand name. That will in turn lift the Company's operating and management efficiency, expand the business scale, enhance comprehensive competitiveness and help us develop into a first-class cultural media group in China with global reach.

For more details of the proposed Issue of A Shares, please refer to the Prospectus (application version) which was published on the CSRC's website (www.csrc.gov.cn) and the website of the Stock Exchange (www.hkexnews.hk) on 5 May 2014. Shareholders and investors will be notified in due course of any progress in connection with the Issue of A Shares.

The Issue of A Shares is subject to approval by the CSRC and may or may not proceed to completion. Shareholders and investors are advised to exercise caution in dealings in the H Shares. Further details about the Issue of A Shares will be disclosed by the Company in the PRC in due course and the relevant information will be disclosed in Hong Kong concurrently in accordance with the Listing Rules.

DEFINITIONS

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

"A Share(s)"	The domestic ordinary shares of the Company proposed to be issued with a nominal value of RMB1.00 each in the share capital of the Company, which are to be listed on the Shanghai Stock Exchange
"Issue of A Shares"	The proposed issue of a maximum of 98,710,000 A Shares to qualified participants in the price consultation process and the natural persons, legal entities and other investors within the PRC holding A Share accounts with the China Securities Depository and Clearing Corporation Limited Shanghai Branch (other than those prohibited under PRC laws and regulations and other regulatory requirements with which the Company must comply), as well as the other persons approved by the CSRC.
"Board"	the board of Directors of the Company
"Company"	Xinhua Winshare Publishing and Media Co., Ltd., 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
"CSRC"	China Securities Regulatory Commission
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"H Share(s)"	Overseas listed foreign shares with a nominal value of RMB1.00 each in the ordinary share capital of the Company, which are listed on the Main Board of the Stock Exchange
"IFRS"	International Financial Reporting Standards issued by the International Accounting Standards Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"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)
"PRC GAAP"	Accounting rules and regulations governing the Chinese companies
"Prospectus"	the prospectus to be issued by the Company in relation to the proposed Issue of A Shares, the application version of which was published on the CSRC's website (www.csrc.gov.cn) and the website of the Stock Exchange (www.hkexnews.hk) on 5 May 2014.
"Relevant Periods"	the years ended 31 December 2011, 31 December 2012 and 31 December 2013
"RMB"	Renminbi, the lawful currency of the PRC
"Securities and Futures Ordinance"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Shareholder(s)"	shareholder(s) of the Company
"Share(s)"	share(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent

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

Sichuan, the PRC, 5 May 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*