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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)

DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF 3% EQUITY INTEREST IN SICHUAN WENZHUO

EQUITY TRANSFER AGREEMENT

Background of Sichuan Wenzhuo

Reference is made to the announcement of the Company dated 30 December 2013 in relation to, inter alia, the amendments to the articles of association of Sichuan Wenzhuo (the "**Amendments**") to the effect that any resolution made on the shareholders' general meeting of Sichuan Wenzhuo shall be passed by shareholders representing two-thirds or more of the voting rights, instead of more than one half of the voting rights.

As the Company has lost its unilateral right to determine Sichuan Wenzhuo's financial and operational policies after the implementation of the Amendments, Sichuan Wenzhuo is no longer a subsidiary of the Company from the accounting perspective pursuant to IFRS 10 and ceases to be combined into the consolidated statement of the Group as a subsidiary.

Nonetheless, as the Company continues to hold more than half of the equity interest in Sichuan Wenzhuo and the voting rights attached thereto after the implementation of the Amendments, Sichuan Wenzhuo remains a subsidiary of the Company from the Listing Rules perspective pursuant to Rule 1.01 of the Listing Rules.

Equity Transfer Agreement

The Board announced that, on 10 July 2014, the Company entered into the Equity Transfer Agreement with Sichuan Publication Group, pursuant to which the Company agreed to sell the Target Interest to Sichuan Publication Group at a consideration of RMB19,153,100. The disposal has been approved by Sichuan SASAC and / or other legally authorized authorities.

Following the completion of the Equity Transfer Agreement, the equity interest held by the Company in Sichuan Wenzhuo will be reduced from 51% to 48%, and Sichuan Wenzhuo will then cease to be a subsidiary of the Company (from the Listing Rules perspective).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Sichuan Publication Group is a wholly owned subsidiary of Sichuan Development, which is the sole shareholder of the controlling shareholder of the Company, Sichuan Xinhua Publishing Group (Sichuan Development is wholly owned by Sichuan SASAC, and the Company is beneficial controlled by Sichuan SASAC). Therefore, Sichuan Publication Group is a connected person of the Company and the Equity Transfer Agreement constitutes a connected transaction for the Company under Rule 14A.07(4) of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) for the transactions contemplated under the Equity Transfer Agreement exceed 5% and the consideration is over HK$10,000,000, the Equity Transfer Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the transactions contemplated under the Equity Transfer Agreement are higher than 5% but less than 25%, the Equity Transfer Agreement also constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Since Sichuan Publication Group is interested in the Equity Transfer Agreement, Sichuan Publication Group and its associate (i.e. Sichuan Xinhua Publishing Group) will abstain from voting on the resolution for approving the Equity Transfer Agreement and the transactions contemplated thereunder at the EGM.

None of the Directors has any material interest in the Equity Transfer Agreement. However, to avoid any potential conflicts of interest, Mr. Gong Cimin, Mr. Luo Yong, Mr. Zhang Chengxing, Mr. Luo Jun and Mr. Zhang Peng, 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 the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Equity Transfer Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Financial Adviser containing its advice; (iii) the recommendations of the Independent Board Committee; (iv) a Hong Kong valuation report on the Properties held by Sichuan Wenzhuo prepared by a Hong Kong independent qualified property valuer; and (v) the extract of the PRC Appraisal Report on Sichuan Wenzhuo prepared by a PRC independent qualified property valuer will be despatched to the Shareholders on or before 31 July 2014.

EQUITY TRANSFER AGREEMENT

Background of Sichuan Wenzhuo

Reference is made to the announcement of the Company dated 30 December 2013 in relation to, inter alia, the Amendments to the articles of association of Sichuan Wenzhuo to the effect that any resolution made on the shareholders' general meeting of Sichuan Wenzhuo shall be passed by shareholders representing two-thirds or more of the voting rights, instead of more than one half of the voting rights.

As the Company has lost its unilateral right to determine Sichuan Wenzhuo's financial and operational policies after the implementation of the Amendments, Sichuan Wenzhuo is no longer a subsidiary of the Company from the accounting perspective pursuant to IFRS 10 and ceases to be combined into the consolidated statement of the Group as a subsidiary.

Nonetheless, as the Company continues to hold more than half of the equity interest in Sichuan Wenzhuo and the voting rights attached thereto after the implementation of the Amendments, Sichuan Wenzhuo remains a subsidiary of the Company from the Listing Rules perspective pursuant to Rule 1.01 of the Listing Rules.

On 10 July 2014, the Company entered into the Equity Transfer Agreement with Sichuan Publication Group, pursuant to which the Company agreed to sell the Target Interest to Sichuan Publication Group at a consideration of RMB19,153,100. The disposal has been approved by Sichuan SASAC and/or other legally authorized authorities.

Prior to the date of the Equity Transfer Agreement, Zhuotai Industrial, the 49% shareholder of Sichuan Wenzhuo, has waived its pre-emptive right to purchase the Target Interest.

Equity Transfer Agreement

The principal terms of the Equity Transfer Agreement are as follows:

Date:	10 July 2014
Parties:	The Company, as vendor; and Sichuan Publication Group, as purchaser
Nature of transaction:	The Company conditionally agreed to sell the Target Interest (i.e. 3% equity interest in Sichuan Wenzhuo) to Sichuan Publication Group
Consideration:	RMB19,153,100
Payment term:	The consideration will be settled by cash within 5 working days upon the effective date of the Equity Transfer Agreement

Basis of the Consideration

The above consideration of RMB19,153,100 was determined by the Target Interest attributable to the appraised net assets value of Sichuan Wenzhuo as at 31 December 2013, the valuation reference date. The said appraisal as set out in the appraisal report (the "**PRC Appraisal Report**") was conducted by Sichuan Tian Jian Huaheng Assets Appraisal Co., Ltd (四川天健華衡資產評估有限公司), a qualified independent professional valuation institution in the PRC, by using asset-based approach, and has been filed with Sichuan SASAC.

Accordingly, the Directors (the independent non-executive Directors' views will be set out in the circular to be despatched to the Shareholders) are of the view that the consideration for the Target Interest is fair and reasonable and in the interests of the Company and the Shareholders taken as a whole.

Conditions Precedent

The effectiveness of the Equity Transfer Agreement is conditional upon, among others, the relevant internal competent authorities of the parties having approved it according to the relevant requirements under the applicable laws or regulations (including the Listing Rules).

Arrangement during the Transition Period

It was agreed between the parties that the profit and loss and risks attributable to the Target Interest during the period from 31 December 2013 (being the valuation reference date of the PRC Appraisal Report) to the date of completion of relevant changes for industrial and commercial registration (the "**Transition Period**") shall be vested to or borne by Sichuan Publication Group.

Completion

Subject to the payment of the consideration by Sichuan Publication Group, the Company shall provide all necessary assistance to complete all the procedures for the transfer of the Target Interest.

After the completion of the transfer of the Target Interest, Sichuan Wenzhuo will, from the Listing Rules perspective, cease to be a subsidiary of the Company and owned as to 49%, 48% and 3% by Zhuotai Industrial, the Company and Sichuan Publication Group, respectively.

Reasons for and benefits of the Equity Transfer Agreement

Sichuan Wenzhuo is a company jointly owned by our Company and Zhuotai Industrial which mainly engages in vocational education.

In order to integrate the Group's business resources, optimize the Company's resource allocation in the field of vocational education business and promote the implementation of the Company's development strategy, the Company decided to sell the Target Interest.

Following the sale of the Target Interest, the Company, on the one hand, will cease to be the single largest shareholder of Sichuan Wenzhuo, thus resulting in reduced future involvement in Sichuan Wenzhuo, realize the strategic arrangements of the Company for the long-term development of the education business and promote the sustainable development of the Group. On the other hand, the Company will retain part of its investments in Sichuan Wenzhuo to share the profits of vocational education business and supplement education-related business of the Group in the future.

As disclosed hereinabove, after the implementation of the Amendments, Sichuan Wenzhuo is no longer a subsidiary of the Company from the accounting perspective and ceases to be combined into the consolidated statement of the Group as a subsidiary. The Group has accounted Sichuan Wenzhuo as a joint venture and realized the gain of RMB5,583,000 for the year ended 31 December 2013 in relation to the revaluation of the Group's 51% equity interest in Sichuan Wenzhuo, based on the fair value of Sichuan Wenzhuo as at 31 December 2013. Since the consideration of the Target Interest is also determined by referring to the fair value of Sichuan Wenzhuo as at 31 December 2013, and the profit and loss attributable to the Target Interest during the Transition Period shall be vested to Sichuan Publication Group, it is expected that the gain or loss from the transactions contemplated under the Equity Transfer Agreement will not have any significant impact on the gain or loss of the Group for the year ending 31 December 2014. The Company intends to apply the sales proceeds as its general working capital.

The Directors (the independent non-executive Directors' views will be set out in the circular to be despatched to the Shareholders) consider that the Equity Transfer Agreement is on normal commercial terms, and the terms of the Equity Transfer Agreement are fair and reasonable and in the interests of the Company and the Shareholders taken as a whole.

INFORMATION ON THE COMPANY, SICHUAN PUBLICATION GROUP AND SICHUAN WENZHUO

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.

Sichuan Wenzhuo is a limited liability company incorporated in the PRC in July 2012. It principally engages in investment relating to vocational education. As at the date of this announcement, Sichuan Wenzhuo is owned as to 51% and 49% by the Company and Zhuotai Industrial respectively.

As at the date of this announcement, Sichuan Wenzhuo, through its wholly owned subsidiary, Sichuan Winshare Vocational College, owns the Properties of approximately 386,620 square metres located at No.9 Jinping Avenue, Jinyuan Town, Dayi County, Chengdu City, Sichuan Province, the PRC. The Properties are currently used and operated by Sichuan Winshare Vocational College. Details of the Properties will be set out in the Hong Kong valuation report prepared by a Hong Kong independent qualified property valuer and will be included in the circular to be despatched to the Shareholders.

Set out below are the audited book value of the total assets and net assets of Sichuan Wenzhuo and their corresponding PRC appraised value as at 31 December 2013:

	As at 31 December 2013	
	Audited Book Value	**PRC Appraised Value**
	RMB('000)	*RMB('000)*
Total assets	971,090	954,160
Net assets	623,295	638,437

Set out below is the financial information on the net profit of Sichuan Wenzhuo for the two years ended 31 December 2013 which was prepared in accordance with the PRC GAAP:

	Year ended 31 December 2013	**Year ended 31 December 2012**
	RMB ('000)	***RMB ('000)***
	(audited)	**(audited)**
Revenue	153,320	8,275
Net profit (before tax)	6,265	24,766
Net profit (after tax)	6,201	18,603

Note:

Sichuan Wenzhuo was established in 2012 by Zhuotai Industrial, and the Company acquired 51% equity interest of Sichuan Wenzhuo from Zhuotai Industrial in November 2012. Thereafter, Sichuan Wenzhuo merged with Chengdu Zhongzhuo Investment Co., Ltd.(成都中卓投資有限公司) by way of absorption in June 2013 and Sichuan Wenzhuo subsisted in its current form immediately after the completion of the merger. For details about the absorption merger, please refer to the Company's announcement dated 16 April 2013.

Sichuan Wenzhuo's revenue for the year ended 31 December 2012 mainly came from revenue from leases and it earned no revenue or profits from the education business. As Sichuan Wenzhuo launched its education business in 2013, it is not practically feasible to provide pro forma analysis for the profit and loss for the year ended 31 December 2013 and the year ended 31 December 2012.

Excluding the discounting effect of the long-term payables, Sichuan Wenzhuo's net profit (before tax) and net profit (after tax) is approximately RMB1,020,000 and RMB791,000 for the year ended 31 December 2012 respectively, while the net profit (before tax) and net profit (after tax) is approximately RMB16,401,000 and RMB13,856,000 for the year ended 31 December 2013 respectively.

RELATIONSHIP BETWEEN THE PARTIES AND LISTING RULES IMPLICATIONS

As at the date of this announcement, Sichuan Publication Group is also a wholly owned subsidiary of Sichuan Development, which is the sole shareholder of the controlling shareholder of the Company, Sichuan Xinhua Publishing Group (Sichuan Development is wholly owned by Sichuan SASAC, and the Company is beneficial controlled by Sichuan SASAC). Therefore, Sichuan Publication Group is a connected person of the Company and the Equity Transfer Agreement constitutes a connected transaction for the Company under Rule 14A.07(4) of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) for the transactions contemplated under the Equity Transfer Agreement exceed 5% and the consideration is over HK$10,000,000, the Equity Transfer Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) for the transactions contemplated under the Equity Transfer Agreement are higher than 5% but less than 25%, the Equity Transfer Agreement also constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Since Sichuan Publication Group is interested in the Equity Transfer Agreement, Sichuan Publication Group and its associate (i.e. Sichuan Xinhua Publishing Group) will abstain from voting on the resolution for approving the Equity Transfer Agreement and the transactions contemplated thereunder at the EGM.

None of the Directors has any material interest in the Equity Transfer Agreement. However, to avoid any potential conflicts of interest, Mr. Gong Cimin, Mr. Luo Yong, Mr. Zhang Chengxing, Mr. Luo Jun and Mr. Zhang Peng, 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 the transactions contemplated thereunder.

An EGM will be convened to obtain, among other things, the Independent Shareholders' approval regarding the Equity Transfer Agreement.

An Independent Board Committee comprising all the independent non-executive Directors of the Company has been formed to consider and advise the Independent Shareholders as to whether the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM. An independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

A circular containing, among other things, further details of (i) the Equity Transfer Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Financial Adviser containing its advice; (iii) the recommendations of the Independent Board Committee; (iv) a Hong Kong valuation report on the Properties held by Sichuan Wenzhuo prepared by a Hong Kong independent qualified property valuer; and (v) the extract of the PRC Appraisal Report on Sichuan Wenzhuo prepared by a PRC independent qualified property valuer will be despatched to the Shareholders on or before 31 July 2014.

DEFINITIONS

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

"associates"	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"	has the same meaning as ascribed to this term under the Listing Rules
"Directors"	the directors of the Company
"EGM"	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to approve, among other things, the Equity Transfer Agreement
"Equity Transfer Agreement"	the equity transfer agreement dated 10 July 2014 entered into between the Company and Sichuan Publication Group, pursuant to which the Company sold the Target Interest to Sichuan Publication Group
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"Independent Board Committee"	an independent committee of the Board composed of all independent non-executive Directors

"Independent Shareholders"	any Shareholder that is not required to abstain from voting on the resolution in respect of the Equity Transfer Agreement at the EGM
"independent third party(ies)"	persons(s) or company(ies) which is(are) independent of the Directors, supervisors, substantial shareholders and chief executive (as defined under the Listing Rules) of the Company and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"percentage ratios"	has the same meaning as ascribed to this term under the Listing Rules
"PRC"	the People's Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
"PRC GAAP"	PRC Generally Accepted Accounting Principles
"Properties"	the land located at No.9 Jinping Avenue, Jinyuan Town, Dayi County, Chengdu City, Sichuan Province, the PRC and the buildings erected thereon which are owned by Sichuan Wenzhuo through its wholly owned subsidiary, Sichuan Winshare Vocational College, as at the date of this announcement
"RMB"	Renminbi, the lawful currency of the PRC
"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 state-owned company established in the PRC and a wholly owned subsidiary of Sichuan Development
"Sichuan SASAC"	the State-owned Assets Supervision and Administration Commission of the Sichuan Provincial Government
"Sichuan Wenzhuo"	Sichuan Wenxuan Zhuotai Industrial Co., Ltd.* (四川文軒卓泰投資有限公司), a limited liability company incorporated in the PRC, which is owned as to 51% and 49% by the Company and Zhuotai Industrial as at the date of this announcement

"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"	3% equity interest in Sichuan Wenzhuo
"Zhuotai Industrial"	Sichuan Zhuotai Industrial Co., Ltd.* (四川卓泰實業有限公司), a limited liability company incorporated in the PRC which does not have any connected relationship with the Company save for holding 49% equity interest in Sichuan Wenzhuo
"%"	per cent.

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

Sichuan, PRC, 10 July 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*