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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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)

(1) DISCLOSABLE AND CONNECTED TRANSACTION DISPOSAL OF 3% EQUITY INTEREST IN SICHUAN WENZHUO; (2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION (A SHARES) AND THE GENERAL MEETING RULES (A SHARES); AND (3) PROPOSED FORMULATION OF THE REMEDIAL MEASURES AND COMMITMENTS

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

Halcyon Capital Limited

A letter from the Board is set out on pages 6 to 17 of this circular.

A letter from the Independent Board Committee is set out on page 18 of this circular.

A letter from Halycon Capital Limited, the Independent Financial Adviser, containing its recommendations to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 38 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 26 August 2014 (Tuesday) at Sichuan Xinhua International Hotel, No. 8 Guzhongshi Street, Chengdu, Sichuan, the People's Republic of China (the "**PRC**") is set out on pages 66 to 68 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*

31 July 2014

CONTENTS

Pages

Definitions 1

Letter from the Board 6

Introduction 6

Disposal of 3% Equity Interest in Sichuan Wenzhuo 7

Proposed Amendments to the Articles of Association (A Shares) and the General Meeting Rules (A Shares) 14

Proposed Formulation of the Remedial Measures and Commitments 15

EGM 15

Voting by Poll 16

Recommendations 16

Additional Information 17

Letter from the Independent Board Committee 18

Letter from Halcyon Capital Limited 19

Appendix I – Hong Kong Valuation Report 39

Appendix II – PRC Appraisal Report 45

Appendix III – Proposed Amendments to the Articles of Association (A Shares) 52

Appendix IV – Proposed Amendments to the General Meeting Rules (A Shares) 54

Appendix V – Proposed Formulation of the Remedial Measures and Commitments 57

Appendix VI – General Information 62

Notice of EGM 66

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

"A Share Issue"	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
"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
"Articles of Association (A Shares)"	the articles of association of the Company which were approved by the Shareholders at the extraordinary general meetings held on 8 March 2013, 7 March 2014 and 10 July 2014 respectively and will be effective upon the completion of the A Share Issue of the Company, details of which are set out in the announcements of the Company dated 16 January 2013 and 14 May 2014 and the circulars of the Company dated 5 February 2013, 21 January 2014 and 23 May 2014
"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
"CSRC"	China Securities Regulatory Commission
"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
"Directors"	the directors of the Company
"EGM"	the extraordinary general meeting of the Company to be held at 9:00 a.m. on 26 August 2014 (Tuesday) at Sichuan Xinhua International Hotel, No. 8 Guzhongshi Street, Chengdu, Sichuan, the PRC
"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 agreed to sell the Target Interest to Sichuan Publication Group
"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
"IFRS"	International Financial Reporting Standards
"Independent Board Committee"	an independent committee of the Board comprising all independent non-executive Directors

"Independent Financial Adviser"	Halycon Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder, being a corporation licensed by Securities and Futures Commission to carry out type 6 (advising on corporate finance) regulated activity under the SFO
"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
"Latest Practicable Date"	28 July 2014, 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
"Remedial Measures and Commitments"	Remedial Measures and Commitments for Dilution of Current Returns proposed to be formulated by the Company
"Opinions on the Protection"	the Opinions of the General Office of the State Council on Further Strengthening the Protection of Legitimate Rights and Interests of Small and Medium Investors in Capital Market (Guo Ban Fa [2013] No. 110)
"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)
"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 (with an area of approximately 386,620 square meters) and the buildings erected thereon which are owned by Sichuan Wenzhuo through its wholly owned subsidiary, Sichuan Winshare Vocational College, as at the Latest Practicable Date

"RMB"	Renminbi, the lawful currency of the PRC
"General Meeting Rules (A Shares)"	the general meeting rules of the Company which were approved by the Shareholders at the extraordinary general meeting held on 8 March 2013 and will be effective upon the completion of the A Share Issue of the Company, details of which are set out in the circular of the Company dated 16 January 2013
"SFO"	Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
"Share(s)"	Domestic Shares and H Shares
"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 respectively as at the Latest Practicable Date
"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 other connected relationship with the Company save for holding 49% equity interest in Sichuan Wenzhuo
"%"	per cent.

For the purpose of this circular, the exchange rate of RMB1.00 = HK$1.26 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. Luo Yong

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

Independent non-executive Directors:
Mr. Han Liyan
Mr. Mo Shixing
Mr. Mak Wai Ho

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

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

Principal place of business in Hong Kong:
18th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

31 July 2014

To the Shareholders

Dear Sir or Madam,

(1) DISCLOSABLE AND CONNECTED TRANSACTION DISPOSAL OF 3% EQUITY INTEREST IN SICHUAN WENZHUO; (2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION (A SHARES) AND THE GENERAL MEETING RULES (A SHARES); AND (3) PROPOSED FORMULATION OF THE REMEDIAL MEASURES AND COMMITMENTS

INTRODUCTION

Reference is made to the announcements of the Company both dated 10 July 2014 in relation to, among other things, (1) the disposal of 3% equity interest in Sichuan Wenzhuo; (2) proposed amendments to the Articles of Association (A Shares) and the General Meeting Rules (A Shares); and (3) proposed formulation of the Remedial Measures and Commitments.

* *For identification purposes only*

The purpose of this circular is to provide you with (i) details of the Equity Transfer Agreement in relation to the disposal of 3% equity interest in Sichuan Wenzhuo and the transactions contemplated thereunder, (ii) a letter setting out the opinions and recommendations from the Independent Board Committee to the Independent Shareholders regarding the Equity Transfer Agreement, (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Equity Transfer Agreement, (iv) a Hong Kong valuation report on the Properties held by Sichuan Wenzhuo prepared by Asset Appraisal Limited, a Hong Kong independent qualified valuer, (v) the PRC Appraisal Report on Sichuan Wenzhuo prepared by Sichuan Tian Jian Huaheng Assets Appraisal Co., Ltd, a PRC independent qualified valuer, (vi) the details of the proposed amendments to the Articles of Association (A Shares) and the General Meeting Rules (A Shares), (vii) the details of the proposed formulation of the Remedial Measures and Commitments, and (viii) a notice of the EGM.

(1) DISPOSAL OF 3% EQUITY INTEREST IN SICHUAN WENZHUO

Background

Reference is made to the announcement of the Company dated 30 December 2013 in relation to, inter alia, the amendments (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 ceased 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 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.

Principal Terms of the Equity Transfer Agreement

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.

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 value of the shareholders' equity interest 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 generated 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 appraisal institution in the PRC, with asset-based approach, and has been filed with Sichuan SASAC. The PRC Appraisal Report is set out in Appendix II to this circular.

Accordingly, the Directors (including the independent non-executive Directors) 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, the "**Valuation Reference Date**") 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.

During the period from the valuation reference date to the Latest Practicable Date, the business Sichuan Wenzhuo has operated steadily and its subsidiary, Sichuan Zhuotai Tianji Garment Co., Ltd. (四川卓泰天極服裝有限公司) ("**Tianji Garment**") was still in the process of liquidation and deregistration. Tianji Garment is a company principally engaged in the manufacturing, processing, and sales of textiles and clothing. In the view that the operating performance and profitability of Tianji Garment was not satisfactory, its sole shareholder Sichuan Wenzhuo made a resolution at the shareholders' meeting in August 2013 to voluntarily liquidate and deregister Tianji Garment. As at the Latest Practicable Date, the completion of the liquidation and deregistration process is pending on rescission of the taxation registration and industrial and commercial registration during the year. As the liquidation and deregistration of Tianji Garment was brought by Sichuan Wenzhuo on a voluntary basis, gains from the assets and liabilities currently held or borne by Tianji Garment (subject to further treatment during the liquidation process, if any) after completion of the liquidation and deregistration will be owned by its sole shareholder Sichuan Wenzhuo. Sichuan Wenzhuo will not incur any significant indebtedness for the liquidation and deregistration of Tianji Garment.

Having considered the above and the PRC valuer's advice (ie. the unaudited assets and liabilities of Sichuan Wenzhuo as at 30 June 2014 have no material change subsequent to 31 December 2013), the Board is of the view that after the valuation reference date, there has been no significant change to the value of the Target Interest.

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 be accounted for as an associate of the Company which owned as to 49%, 48% and 3% by Zhuotai Industrial, the Company and Sichuan Publication Group, respectively. The Company currently does not have any plan to further dispose its remaining 48% equity interest in Sichuan Wenzhuo.

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 completion of the sale of the Target Interest, the Company will cease to be the single largest shareholder of Sichuan Wenzhuo, and Zhuotai Industrial, the Company and Sichuan Publication Group will be responsible for the shareholders' duties of Sichuan Wenzhuo in proportion to their respective shareholdings therein. Therefore, the Company's future

involvement in Sichuan Wenzhuo is relatively reduced. Subject to further agreement by the parties, the composition of the board of Sichuan Wenzhuo, following the completion of the sale of the Target Interest, will be changed from 2 directors recommended by Zhuotai Industrial and 3 directors recommended by the Company to 2 directors recommended by each of Zhuotai Industrial and the Company and 1 director recommended by Sichuan Publication Group. Therefore, the Company will also lose its independent control in the board of the Sichuan Wenzhuo. Correspondingly, the Company will also adjust its methods of managing Sichuan Wenzhuo to the methods applicable to an associate of the Company, which indicates Sichuan Wenzhuo will be accounted for as an associate of the Company, and the Company will relatively reduce its investment of management resources in Sichuan Wenzhuo.

After the completion of the sale of the Target Interest, the Company will maintain the stability of vocational education, and at the same time make effort to integrate the resources of its existing principal business of publishing with the resources of other education business, in order to 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 corresponding 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 of the equity interest as its general working capital.

The Directors (including the independent non-executive Directors) 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 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. As at the Latest Practicable Date, Sichuan Wenzhuo is owned as to 51% and 49% by the Company and Zhuotai Industrial respectively. Sichuan Wenzhuo's principal business is investment in projects in education era through its subsidiaries. Its revenue model is to earn reasonable income return through investment in vocational education and commencing training business. The major operating subsidiaries of Sichuan Wenzhuo in 2013 are as follows:

(i) Sichuan Winshare Vocational College ("Vocational College")

Vocational College is a school established in the PRC which is wholly owned by Sichuan Wenzhuo. It principally engages in providing full-time vocational education of ordinary college level in the areas of publication and distribution, clothing, numerical control, architecture, information technology and business management, etc.

(ii) Sichuan Winshare Vocational School (四川文軒職業學校) ("Vocational School")

Vocational School is a school established in the PRC which is wholly owned by Sichuan Wenzhuo. It principally engages in providing full-time vocational education of secondary level in the areas of numerical control application, computer application, construction works of architectural project, clothing design, etc.

(iii) Sichuan Joint Economic College (四川聯合經濟專修學院) ("Economic College")

Economic College is a school established in the PRC which is wholly owned by Sichuan Wenzhuo. It principally engages in non-academic higher cultural education business by providing training to application-oriented talent, such as engineers, designers, architects, accountants, etc.

(iv) Tianji Garment

Tianji Garment is a company established in the PRC which is wholly owned by Sichuan Wenzhuo. It principally engages in the businesses of manufacturing, processing, and sales of textiles and clothing.

As at the date of this circular, Sichuan Wenzhuo, through its wholly owned subsidiary, 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 Vocational College. Save for the construction of various buildings on the Properties (details of which are set in Appendix I to this circular), Sichuan Wenzhuo currently does not have any other significant development plan. The said buildings constructed are intended to be used for Sichuan Wenzhuo's education business as the campus primarily for carrying out daily teaching activities and the dormitory for its students. As at the Latest Practicable Date, only one of the teaching buildings and one of the student dormitories are still under construction, and the construction of the other buildings are mostly completed except for certain decoration work. The capital expenditure of all the construction work will be paid from Sichuan Wenzhuo's own funds or through financing. The properties are now being used and managed by Sichuan Winshare Vocational College. Details of the Properties are set out in the Hong Kong valuation report prepared by Asset Appraisal Limited, a Hong Kong independent qualified valuer and is included in Appendix I to this circular. In case of any differences between the information set out in the Hong Kong valuation report and the PRC Appraisal Report in respect of the Properties, such differences are attributable to (i) the difference of the valuation reference dates, and (ii) adoption of different valuation standards (i.e. the applicable PRC and Hong Kong valuation standards) under the said reports, which were prepared in compliance with the PRC laws and regulations and the Listing Rules as well as the applicable valuation standards, respectively.

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 (shareholder's equity)	623,295	638,437

Set out below is the financial information on the revenue and 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 *RMB ('000) (audited)*	Year ended 31 December 2012 *RMB ('000) (audited)*
Revenue	**153,320**	**8,275**
– Tuition fees	60,168	–
– Training fees	63,796	–
– Logistic income	11,577	–
– Accommodation income	7,243	–
– Operating contract income	4,634	–
– Garment processing and sales	2,517	4,021
– Leases	–	2,750
– Others	3,385	1,504
Net profit (before tax)	6,265	24,766
Net profit (after tax)	6,201	18,603

Notes:

Sichuan Wenzhuo's revenue for the year ended 31 December 2012 mainly came from revenue from leases and other non-operating income which include garment processing and sales and others, and it earned no revenue or profits from the education business. As Sichuan Wenzhuo launched its education business in 2013 and generated its revenue mainly from tuition fees and training fees, etc, 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.

As at 31 December 2012, the long-term payables comprised the amount of RMB120,000,000 payable by Sichuan Wenzhuo to Sichuan Joint Economic School (四川聯合經濟學校), the subsidiary of Zhuotai Industrial. Such amount is interest free and payable on schedule by three instalments of RMB40,000,000 each, and the repayment expiry date is 31 December 2016. Pursuant to the requirements of PRC GAAP, long-term payables shall be initially recognized according to its fair value (i.e. the amount discounted by the then market rate), the difference between the principal and the fair value of the long-term payables should be accounted for the profit or loss of the relevant period. As at 31 December 2012, RMB23,747,000 was recognized as the gain for the difference between the principal and the fair value of the long-term payables payable by Sichuan Wenzhuo to Sichuan Joint Economic School; for the year ended 31 December 2013, after the aforesaid long-term payables were amortised using the effective interest method, RMB10,136,000 was recognized as the interest expenses. Excluding the aforesaid 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 Latest Practicable Date, 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 and the transactions contemplated thereunder constitute 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 exceeds 5% and the consideration is over HK$10 million, 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 is higher than 5% but less than 25%, the Equity Transfer Agreement also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Since Sichuan Publication Group is interested in the transactions contemplated under the Equity Transfer Agreement, Sichuan Publication Group and its associate (Sichuan Xinhua Publishing Group) which in aggregate are holding and entitled to exercise 623,861,452 Shares, representing 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 Equity Transfer Agreement and the transactions contemplated thereunder.

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.

(2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION (A SHARES) AND THE GENERAL MEETING RULES (A SHARES)

In June 2014, the China Securities Regulatory Commission revised the Guidelines for the Articles of Association of Listed Companies (as amended in 2006) (《上市公司章程指引(2006年修訂)》) and the Rules for the General Meetings of Shareholders of Listed Companies (《上市公司股東大會規則》) in accordance with the Opinions on the Protection and Guiding Opinions of the State Council on Carrying out the Pilot Program of Preferred Shares (《國務院關於開展優先股試點的指導意見》) (Guo Fa [2013] No. 46). To be in line with the revised Guidelines for the Articles of Association of Listed Companies and the Rules for the General Meetings of Shareholders of Listed Companies, the Board proposes corresponding amendments to the Articles of Association (A Shares) and the General Meeting Rules (A Shares).

Details of the proposed amendments to the Articles of Association (A Shares) and the General Meeting Rules (A Shares) are set out in Appendix III and Appendix IV to this circular respectively.

The proposed amendments to the Articles of Association (A Shares) and the General Meeting Rules (A Shares) are also subject to the approval of the Shareholders by way of special resolutions at the EGM and all necessary approvals, authorizations or registration (if applicable) having been obtained from or filed with the relevant government or regulatory authorities, and will be effective upon the completion of the A Share Issue of the Company and from the date of listing on the Shanghai Stock Exchange.

(3) PROPOSED FORMULATION OF THE REMEDIAL MEASURES AND COMMITMENTS

According to the Opinions on the Protection, any IPO by any company, refinancing activity by any listed company or merger, acquisition and reorganization by any company that could cause dilution to current returns shall make commitments and take actions in formulating measures in relation to making up for dilution to current returns. In order to comply with the above mentioned requirement, the Board proposes to formulate the Remedial Measures and Commitments.

Details of proposed formulation of the Remedial Measures and Commitments are set out in Appendix V to this circular.

The proposed formulation of the Remedial Measures and Commitments is also subject to the approval of the Shareholders by way of special resolution at the EGM and all necessary approvals, authorizations or registration (if applicable) having been obtained from or filed with the relevant government or regulatory authorities, and will be effective upon the completion of the A Share Issue of the Company and from the date of listing on the Shanghai Stock Exchange.

EGM

The EGM will be held at 9:00 a.m. on 26 August 2014 (Tuesday) 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 ordinary resolution in relation to (1) the Equity Transfer Agreement and the transactions contemplated thereunder; and the Shareholders to consider and, if thought fit, approve the special resolutions in relation to (2) the proposed amendments to the Articles of Association (A Shares) and the General Meeting Rules (A Shares) and (3) proposed formulation of the Remedial Measures and Commitments.

The notice of the EGM is set out on page 66 to 68 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.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Therefore, voting on all resolutions set out in the EGM Notice at the EGM shall be taken by way of poll pursuant to Article 78 of the Articles of Association.

On a poll, every Shareholder present in person or by proxy or (being a corporation) by its duly authorised representative shall have one vote for each Share registered in his/her name in the register of members. A Shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she uses in the same manner.

RECOMMENDATIONS

The Company has appointed Halcyon Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer 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 19 to 38 of this circular.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Han Liyan, Mr. Mo Shixing and Mr. Mak Wai Ho, has been established to give advice to the Independent Shareholders in respect of the Equity Transfer Agreement. The letter from the Independent Board Committee, which contains its recommendation to the Independent Shareholders in respect of the Equity Transfer Agreement, is set out on page 18 of this circular.

The Board considers that the Equity Transfer Agreement is in the interests of the Company and the Shareholders, and the terms and conditions thereunder are fair and reasonable so far as the Company and the Shareholders taken as a whole are concerned; and the proposed amendments to the Articles of Association (A Shares) and the General Meeting Rules (A Shares) and the proposed formulation of the Remedial Measures and Commitments are also in the interests of the Company and the Shareholders. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the relevant ordinary resolution to be proposed at the EGM for approving (1) the Equity Transfer Agreement and the

transactions contemplated thereunder; and the Shareholders to vote in favour of the relevant special resolutions to be proposed at the EGM for approving (2) the proposed amendments to the Articles of Association (A Shares) and the General Meeting Rules (A Shares) and (3) the proposed formulation of the Remedial Measures and Commitments.

ADDITIONAL INFORMATION

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

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

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)

31 July 2014

To the Independent Shareholders

Dear Sir or Madam,

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

We have been appointed as members of the Independent Board Committee to give our advice on the Equity Transfer Agreement in relation to the disposal of 3% equity interest in Sichuan Wenzhuo 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 31 July 2014 (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.

Halcyon Capital Limited has been appointed as the Independent Financial Adviser to advise us on the Equity Transfer Agreement and the transactions contemplated thereunder. The letter from the Independent Financial Adviser is set out on pages 19 to 38 of the Circular.

Having considered the terms and conditions of the Equity Transfer 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 opinion that the Equity Transfer Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders taken as a whole, and the terms and conditions of the Equity Transfer Agreement are fair and reasonable so far as the Company and the Shareholders taken as a whole are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM for approving the Equity Transfer Agreement and the transactions contemplated thereunder.

Yours faithfully,
Independent Board Committee

Mr. Han Liyan	**Mr. Mo Shixing**	**Mr. Mak Wai Ho**
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 Equity Transfer Agreement and the transactions contemplated thereunder, prepared for the purpose of incorporation in this circular:

HALCYON CAPITAL LIMITED
11TH FLOOR
8 WYNDHAM STREET
CENTRAL

31 July 2014

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

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

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee in respect of the terms of the Equity Transfer Agreement regarding the disposal of 3% equity interest in Sichuan Wenzhuo and the transactions contemplated thereunder, details of which are contained in a circular issued by the Company (the "**Circular**") to the Shareholders dated 31 July 2014, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular and letter from the Board contained in the Circular (the "**Letter from the Board**") unless the context otherwise requires.

Pursuant to the Equity Transfer Agreement, the Company agreed to sell and Sichuan Publication Group agreed to purchase the 3% equity interest in Sichuan Wenzhuo. Sichuan Wenzhuo is a limited liability company incorporated in the PRC in July 2012. As at the Latest Practicable Date, Sichuan Wenzhuo was owned as to 51% and 49% by the Company and Zhuotai Industrial, respectively. As stated in the announcement of the Company dated 30 December 2013 (the "**December Announcement**"), as a result of an amendment of the articles of association of Sichuan Wenzhuo (the "**Amendment**"), Sichuan Wenzhuo ceased to be a subsidiary of the Company. As stated in the annual report of the Company for the year ended 31 December 2013 (the "**2013 Annual Report**"), Sichuan Wenzhuo became a joint venture of the Company at 31 December 2013, following the revision of articles of association thereof.

As the Company has lost its unilateral right to determine Sichuan Wenzhuo's financial and operational policies after the implementation of Amendment, 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 financial statement of the Group as a subsidiary.

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

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. As at the date of the Equity Transfer Agreement and the Latest Practicable Date, Sichuan Publication Group is a wholly-owned subsidiary of Sichuan Development, which is the sole shareholder of Sichuan Xinhua Publishing Group, the controlling shareholder of the Company (Sichuan Development is wholly owned by Sichuan SASAC, and the Company is beneficial controlled by Sichuan SASAC).

Since Sichuan Xinhua Publishing Group is the controlling shareholder of the Company, Sichuan Publication Group is a connected person under Rule 14A.07(4) of the Listing Rules. By virtue of the aforesaid relationship, the disposal of the Target Interest by the Company to Sichuan Publication Group constitutes a connected transaction of the Company pursuant to Rule 14A.25 of the Listing Rules.

The Independent Board Committee, comprising Mr. Han Liyan, Mr. Mo Shixing and Mr. Mak Wai Ho, being all the independent non-executive Directors, has been formed to 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.

Our role, as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Equity Transfer Agreement and the transactions contemplated thereunder, is to (i) provide the Independent Board Committee and the Independent Shareholders an independent opinion and recommendation as to whether the Equity Transfer Agreement is entered into on normal and commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole, and whether the terms thereof are fair and reasonable as far as the Company and the Shareholders are concerned; and (ii) advise the Independent Shareholders on how to vote at the EGM.

BASIS OF OUR OPINION

Other than this appointment as the Independent Financial Adviser, we have no relationships or interests with the Company and any other parties that could reasonably be regarded as relevant to our independence. We are hence independent from the Company pursuant to Rule 13.84 of the Listing Rules.

In formulating our advice and recommendation to the Independent Board Committee, we have relied on the information, financial information and the facts supplied to us and representations expressed by the Directors and/or management of the Group and have assumed

that all such information, financial information and facts and any representations made to us, or referred to in the Circular, in all material aspects, are true, accurate and complete as at the time they were made and continue to be so as at the date of the Circular, has been properly extracted from the relevant underlying accounting records (in the case of financial information) and made after due and careful inquiry by the Directors and/or the management of the Group. The Directors and/or the management of the Group have confirmed that, after having made all reasonable enquiries and to the best of their knowledge and belief, all relevant information has been supplied to us and that no material facts have been omitted from the information supplied and representations expressed to us. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable. We have no reason to doubt the completeness, truth or accuracy of the information and facts provided and we are not aware of any facts or circumstances which would render such information provided and representations made to us untrue, inaccurate or misleading.

Our review and analysis were based upon, among others, the information provided by the Group including the Equity Transfer Agreement, the 2013 Annual Report, the audited consolidated financial statements of Sichuan Wenzhuo for the year ended 31 December 2013 (the "**2013 Wenzhuo Report**") prepared under generally acceptable accounting principles in the PRC ("**PRC GAAP**"), the December Announcement in relation to, among other things, Sichuan Wenzhuo ceased to be the subsidiary of the Company, the PRC Appraisal Report, the Circular and certain published information from the public domain.

We have also discussed with the Directors and/or the management of the Group with respect to the terms of and reasons for the entering into of the Share Transfer Agreement and considered that we have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted an independent verification or appraisal of the information nor have we conducted any form of in-depth investigation into the businesses, affairs, financial position, profitability or the prospects of the Group, Sichuan Wenzhuo, subsidiaries of Sichuan Wenzhuo, Sichuan Xinhua Publishing Group, Sichuan Publication Group or any of their respective subsidiaries or associates. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy and shares or any other securities of the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion for the Equity Transfer Agreement and the transactions contemplated thereunder, we have considered the following principal factors and reasons:

1. Information of the Group

1.1 Principal business

The Group is principally engaged in the publishing and trading of publications and related products in the PRC. The business of the Group can be further divided into three segments, namely the publication segment, distribution segment and others segment. The publication segment refers to the publishing of publications including books, periodicals,

audio-visual products and digital products; provision of printing services and supply of printing materials; the distribution segment refers to the distribution of textbooks and supplementary materials to schools and students; retailing, distribution and online sales of publications; and the others segment refers to other business such as education, investments for film & television and sales of artwork which do not separately meet the definition of a reportable segment.

1.2 Financial highlights

Set out below is the summary of the consolidated financial information of the Company for the two years ended 31 December 2013 and the consolidated statement of financial position of the Company as at 31 December 2012 and 2013 as extracted from the 2013 Annual Report.

	For the year ended 31 December	
	2013	**2012**
	RMB'000	*RMB'000*
	(audited)	(audited)
Revenue	5,135,074	4,592,137
Cost of sales	(3,106,174)	(2,783,696)
Gross profit	2,028,900	1,808,441
Profit before tax	594,981	577,857
Income tax expense	(446)	(1,377)
Profit for the year	**594,535**	**576,480**
Profit attributable to owners of the Company	**623,414**	**629,371**

	As at 31 December 2013	**As at 31 December 2012**
	RMB'000	*RMB'000*
	(audited)	(audited)
Equity attributable to owners of the Company	**5,271,065**	**4,857,904**

The Group recorded sound financial results for the two years ended 31 December 2013 and recorded net profit attributable to Shareholders of approximately RMB629.4 million and RMB623.4 million for the two years ended 31 December 2013, respectively. The net assets attributable to Shareholders increased to approximately RMB5,271.1 million as at 31 December 2013. The Group also declared dividend of RMB30 cents per Share for each of the two years ended 31 December 2013.

For the year ended 31 December 2013, the Group recorded revenue of approximately RMB5,135.1 million and profit attributable to Shareholders of approximately RMB623.4 million. The overall gross profit margin of the Group was approximately 39.4% and 39.5%, respectively, for the two years ended 31 December 2013 and the overall net profit margin of the Group was approximately 12.6% and 11.6%, respectively, for the two years ended 31 December 2013. Set out below is the summary of segmental financial information of the Group for the two years ended 31 December 2013 as extracted from the 2013 Annual Report.

For the year ended 31 December 2013, the revenue and the gross profit of the Group increased by approximately 11.8% and 12.2%, respectively, as compared to the year ended 31 December 2012, principally attributable to the growth in principal business of the Group, while the Group recorded an increase in net profit of approximately 3.1% as compared to 2012.

	Publication	**Distribution**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2013				
Revenue and other income				
External sales and services	607,116	4,365,441	162,517	5,135,074
Inter-segment sales	1,271,389	–	22	1,271,411
Other income	77,333	96,734	8,174	182,241
Segment revenue	1,955,838	4,462,175	170,713	6,588,726
Eliminations				(1,271,411)
Group revenue and other income				**5,317,315**
Segment profit/(loss)	**394,337**	**252,036**	**(22,630)**	**623,743**

	Publication	Distribution	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2012				
Revenue and other income				
External sales and services	590,713	3,979,858	21,566	4,592,137
Inter-segment sales	983,907	109	2,319	986,335
Other income	87,141	90,934	17,801	195,876
Segment revenue	1,661,761	4,070,901	41,686	5,774,348
Eliminations				(986,335)
Group revenue and other income				**4,788,013**
Segment profit/(loss)	**243,428**	**145,583**	**(22,271)**	**366,740**

Nevertheless, as further stated in the 2013 Annual Report, in 2013, the cultural industry in the PRC experienced a deep and continuing system reform for speeding up the development of whole industry with supports from the central government of the PRC. The central government has made it clear that it will facilitate the upgrade and transformation of the news and publication industry, support the merger, acquisition and restructuring of the modern publication and media enterprises, encourage the publication and media enterprises to access the financing channels of the capital market, build a more comprehensive market system for modern publications, and construct a large, unified, competitive and orderly market for publications. The strong support of the policy has created a favourable environment for the removal of industry barriers, and the consolidation of cross region and cross media businesses.

2. Information on Sichuan Wenzhuo

2.1 Background and principal business

Sichuan Wenzhuo is a limited liability company incorporated in the PRC in July 2012 with a registered capital of RMB158,000,000 at as the Latest Practicable Date. It principally engages in vocational education business.

The Company acquired 51% equity interest in Sichuan Wenzhuo in November 2012. With a view to integrate the operations of the Group's vocational education business and optimise the allocation of business resources, and the Company announced in April 2013 that two subsidiaries of the Company namely, Sichuan Wenzhuo and Chengdu Zhongzhuo Investment Co., Ltd. ("**Chengdu Zhongzhuo**") entered into an absorption merger agreement, pursuant to which the parties agreed that Sichuan Wenzhuo shall merge with Chengdu Zhongzhuo by way of absorption (the "**Merger**"). The Merger was completed on June 2013.

As at the Latest Practicable Date, Sichuan Wenzhuo had four wholly-owned subsidiaries namely Sichuan Joint Economic College (四川聯合經濟專修學院), Sichuan Winshare Vocational School (四川文軒職業學校), Sichuan Winshare Vocational College (四川文軒職業學院) and Sichuan Zhuotai Tianji Garment Co., Ltd. (四川卓泰天極服裝有限公司) ("**Tianji Garment**"). The principal business of Sichuan Wenzhuo and its subsidiaries are project investment, tertiary vocational education, secondary vocational education, non-curricula higher education, manufacture, process and sales of garment, sales of groceries, package materials, goods and import and export.

According to a resolution passed by the shareholder of Sichuan Wenzhuo on 13 August 2013, Sichuan Wenzhuo proposed to liquidate its investment in Tianji Garment primarily due to the view that the operating performance and profitability of Tianji Garment was not satisfactory. The liquidation of Tianji Garment was yet to complete as at the Latest Practicable Date.

Sichuan Joint Economic College (四川聯合經濟專修學院), Sichuan Winshare Vocational School (四川文軒職業學校) and Sichuan Winshare Vocational College (四川文軒職業學院) (collectively, the "**Colleges**") are located on a parcel of land with an area of approximately 386,620 square meters in No.9 Jinping Avenue, Jinyuan Town, Dayi County, Chengdu City, Sichuan Province, the PRC. Such parcel of land and the 59 blocks of single to six-storey buildings are owned by Sichuan Winshare Vocational College (四川文軒職業學院).

The buildings include eleven various storey office and teaching buildings, two 3-storey libraries, four 4-storey practice buildings, two 3-storey canteens, a 2-storey bathhouse, a 2-storey playground podium, twenty eight 6-storey dormitory buildings a single-storey dormitory building and nine single to 2-storey ancillary buildings with a total gross floor area of approximately 313,656.78 square metres.

The Colleges are civilian-run non-enterprise units (民辦非企業單位) established in the PRC and offer bachelor degrees and diploma programs covering various curricula including job costing (工程造價), preschool education (kindergarten) (學前教育(幼師)), fashion design and engineering (服裝設計與工程), financial management (財務管理), software engineering (軟件工程), building engineering (建築工程), motor vehicle testing and maintenance technology (汽車檢測與維修技術), numerical control (數控技術), publication and distribution (出版與發行), information technology (信息技術), economics and management (經濟管理) and computer and application (計算機應用), and with primary focus on vocational education programs.

Tianji Garment is established in the PRC with limited liabilities with registered capital of RMB5 million. This company is principally engaged in the manufacturing, processing and sales of garments. According to a resolution passed by the shareholder of Sichuan Wenzhuo on 13 August 2013, Sichuan Wenzhuo proposed to liquidate its investment in Tianji Garment primarily due to the view that the operating performance and profitability of Tianji Garment was not satisfactory. The liquidation of Tianji Garment was yet to complete as at the Latest Practicable Date.

2.2 Financial information

Set out below is the summary of key audited financial information of Sichuan Wenzhuo for the two years ended 31 December 2013 based on the audited consolidated financial statements of Sichuan Wenzhuo prepared under PRC GAAP.

	For the year ended 31 December 2013 *RMB'000* (audited)	**For the year ended 31 December 2012** *RMB'000* (audited)
Revenue	153,320	8,275
Operating profit	6,372	24,556
Profit before taxation	6,265	24,766
Profit after taxation	6,201	18,603

	Book value *RMB'000* (audited)	**As at 31 December 2013 PRC appraised value** *RMB'000*
Net assets value (shareholder's equity)	623,295	638,437

As Sichuan Wenzhuo and Chengdu Zhongzhuo merged in June 2013, the current form of Sichuan Wenzhuo only existed subsequent to the completion of the Merger and the consolidated income statement of Sichuan Wenzhuo for the year ended 31 December 2012 mainly represented revenue from leases and other non-operating income which include garment processing, and sales and others, but not income or profit derived from the vocational education business. Sichuan Wenzhuo commenced its vocational education business in 2013. Accordingly, the consolidated income statement of Sichuan Wenzhuo for the year ended 31 December 2012 did not represent its existing business operation.

Sichuan Wenzhuo recorded consolidated revenue and profit attributable to its shareholders of approximately RMB153.3 million and RMB6.2 million, respectively, for the year ended 31 December 2013. During the year ended 31 December 2013, most of the revenue and profit of the Wenzhuo and its subsidiaries (the "**Wenzhuo Group**") were contributed by its education business through the provision of teaching service. Sichuan Wenzhuo recorded consolidated revenue and profit attributable to its shareholders of approximately RMB8.3 million and RMB18.6 million, respectively, for the year ended 31 December 2012. During the year ended 31 December 2012, the profit was mainly derived from the non-operating income of Sichuan Wenzhuo. Tianji Garment contributed approximately RMB4,020,000 and RMB2,520,000 to the consolidated revenue of Wenzhuo Group for the two years ended 31 December 2013, respectively, and recorded net profit after taxation of approximately RMB149,000 and net loss after taxation of approximately RMB259,000 for the two years ended 31 December 2013, respectively.

For the year ended 31 December 2013, Wenzhuo Group recorded operating cost of approximately RMB82.8 million which principally represented the staff cost of the teaching staff of Wenzhuo Group, management expenses of approximately RMB39.4 million and finance cost of approximately RMB13.1 million. The operating profit margin and net profit margin of Sichuan Wenzhuo was approximately 4.2% and 4.0%, respectively, for the year ended 31 December 2013.

Based on the 2013 Wenzhuo Report, Sichuan Wenzhuo recorded consolidated net current liabilities of approximately RMB92.4 million, consolidated non-current assets of approximately RMB907.8 million and consolidated non-current liabilities of approximately RMB192.1 million as at 31 December 2013. The consolidated non-current assets of Sichuan Wenzhuo principally comprised fixed assets mainly comprising land and buildings while the consolidated non-current liabilities of Sichuan Wenzhuo principally comprised long term borrowings from and long term payables due to its shareholders.

As set out in the Letter from the Board, save for the construction of various buildings on the Properties (details of which are set in Appendix I to this circular), Sichuan Wenzhuo currently does not have any other significant development plan. The said buildings constructed are intended to be used for Sichuan Wenzhuo's education business as the campus for carrying out daily teaching activities and the dormitory for its students. As at the Latest Practicable Date, only one of the teaching buildings and one of the student dormitories are still under construction, and the construction of the other buildings are mostly completed except for certain decoration work. The capital expenditure of all the construction work will be paid from Sichuan Wenzhuo's own funds or through financing.

Set out below is a comparison of key financial information of the Group and Wenzhuo Group for the year ended 31 December 2013.

	For the year ended 31 December 2013
Revenue of the Group *(RMB'000)*	5,135,074
Revenue of Wenzhuo Group *(RMB'000)*	153,320
Revenue of Wenzhuo Group/Revenue of the Group	3.0%
Net profit of the Group *(RMB'000)*	594,535
Net profit of Wenzhuo Group *(RMB'000)*	6,201
Net profit of Wenzhuo Group/Net profit of the Group	1.0%
Net profit margin of the Group	12.6%
Net profit margin of the Wenzhuo Group	4.0%

As illustrated from the above table, the existing scale of operation of Wenzhuo Group only accounted for an insignificant part of the Group's operation, while it recorded a lower net profit margin as compared to the overall net profit margin of the Group for the year ended 31 December 2013. Furthermore, as Tianji Garment only accounted for less than 2% of the Wenzhuo Group and recorded an insignificant loss after taxation of approximately RMB259,000 for the year ended 31 December 2013, the liquidation of Tianji Garment shall have no material impact to the aforesaid analysis.

Given the Wenzhuo Group currently do not make material contribution to the Group's results and the financial performance of Wenzhuo Group, as represented by its net profit margin, underperformance as compared to the overall financial performance of the Group, taking into account of the above analysis, we concur with the Company that the disposal of the Target Interest by the Company to Sichuan Publication Group is in the interest of the Company and the Shareholders as a whole.

3. Background and reasons of the disposal of Target Interest

As stated in the Letter from the Board, 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 has decided to sell the Target Interest.

Following the completion of the sale of the Target Interest, the Company will cease to be the single largest shareholder of Sichuan Wenzhuo, thus resulting in reduced future investments 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.

On 30 December 2013, the Company announced that in order to enhance the operation and development of Sichuan Wenzhuo and due to the requirements for the periodical development of the Company's educational business, the Company contemplates to sell part of the 51% equity interest held by it in Sichuan Wenzhuo. Meanwhile, in order to maintain the stability of Sichuan Wenzhuo's operation during the period of the Company's preparation for the equity interest disposal, the Company and Zhuotai Industrial agreed to make the Amendment on 27 December 2013, and subsequent to which 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, in replacing of being passed by shareholders representing more than one half of the voting rights. Accordingly, members of the Wenzhuo Group ceased to be the subsidiaries of the Company under the IFRS and no longer consolidate into the consolidated financial statements of the Group as subsidiaries.

As stated in the 2013 Annual Report, the Group will continue to improve the competitiveness in publication markets, optimise the service capacity and operational capacity of channels to form a cultural industry development pattern with a combination of traditional publishing and distribution business and emerging digitalised business. Meanwhile, the Group will endeavour to explore new profit growth points through integration of capital and resources as well as strategic cooperation.

The Group also listed out the latest six major strategies on which the Group will focus on the implementation thereof in the future:

1. further drive the profound integration of the publishing and distribution businesses, develop new structure and model for the content generation business, publish quality products, and enhance the operating ability of the content resources market in terms of multi-media and multi-channels to comprehensively facilitate the value creation of the content resources market;

2. propel the upgrade and expansion project of retail stores, and improve operation capacity and profitability of publication retailing channels; meanwhile, continue to steadily push ahead the expansion of commercial supermarket business, and tackle changes in the publication consumption market;

3. strengthen the service platform of education cloud project and establish the online to offline education services system to comprehensively increase the education services capability; achieve expansion of the education market outside Sichuan through enhancing the provision of education services solutions;

4. continue to accelerate the operating ability of the Group's e-commerce business and the development of digital publishing platform to steadily realise innovation and transformation of the Group's business model;

5. facilitate construction of the Group's logistics network and ERP information system, further improve the Group's logistics and distribution capacities and information processing capacity; and

6. establish the platform of capital operation and enhance the capital operation capability; propel cross-regions development in related cultural industries, and further enhance the Group's market competitiveness and sustainability in development.

Based on the above and as advised by the Company, (i) the vocational education business as carried by Sichuan Wenzhuo will no longer be included in the major strategic development plan of the Group; (ii) as a result of the completion of the Equity Transfer Agreement, the Company will cease to be the single largest shareholder of Sichuan Wenzhuo such that the level of devotion of resources in Sichuan Wenzhuo by the Group can be reduced accordingly (for instance, the Company no longer needed to take the lead in the following matters (a) formulating and implementing the future development and expansion; (b) liaising with financial institutions in financing the development of the Wenzhuo Group; and (c) liaising with local government and authorities in the future development plan of Wenzhuo Group); (iii) upon completion of the transfer of the Target Interest, the Company's commitment will be reduced in proportional to the equity interest in Sichuan Wenzhuo (i.e. from 51% to 48%); and (iv) the Company will fine tune the management methodology on Sichuan Wenzhuo and reduce the number of directors in Sichuan Wenzhuo nominated by the Company (subject to further agreement by the parties, the composition of the board of Sichuan Wenzhuo will be changed from 2 directors recommended by Zhuotai Industrial and 3 directors recommended by the Company to 2 directors recommended by each of Zhuotai Industrial and the Company and 1 director recommended by Sichuan Publication Group); while having considered that (a) the vocational education business is still part of the Group's education related business; (b) Sichuan Publication Group is also a subsidiary of the Sichuan Xinhua Publishing Group, the controlling shareholder of the Company and is also engaged in, among other things, the publication business; (c) the Company will cease to be the single largest shareholder of Sichuan Wenzhuo and therefore would be able to reduce its future responsibility and devotion in strategic planning and development of such line of business; and (d) Sichuan Publication Group may share similar management philosophy and culture in managing its interest in Sichuan Wenzhuo, the Group decided to enter into the Equity Transfer Agreement to dispose the Target Interest to Sichuan Publication Group so as to reduce the level of devotion of resources in Sichuan Wenzhuo, whilst retain part of the investment in Sichuan Wenzhuo.

Accordingly, we concur with the view of the Company that the Group may be able to allocate resources more efficiently for the development in its publication and distribution business, and implementation of its development strategies while retain part of its investment in Sichuan Wenzhuo, which is profit making and may potentially complement the Group's education related business in the future, by disposing the Target Interest, and thus, the disposal of the Target Interest is in the interests of the Company and the Shareholders as a whole.

4. Principal terms of the Equity Transfer Agreement

On 10 July 2014, the Company and Sichuan Publication Group entered into the Equity Transfer Agreement. The principal terms of the Equity Transfer Agreement are set out below:

4.1 Assets to be disposed of

The Target Interest, being 3% equity interest in Sichuan Wenzhuo as at the Latest Practicable Date.

4.2 Consideration

As stated in the Letter from the Board, the total consideration under the Equity Transfer Agreement is RMB19,153,100 in cash, which shall be settled by cash within five (5) working days upon the effective date of the Equity Transfer Agreement. The consideration is determined by the Target Interest attributable to the appraised value of the shareholders' equity interest of Sichuan Wenzhuo as at 31 December 2013, the valuation reference date. 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, arriving at based on asset-based approach, and has been filed with Sichuan SASAC.

4.3 Conditions precedent

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

4.4 Arrangement during the Transition Period

As stated in the Letter from the Board, 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 reference date of the PRC Appraisal Report) to the date of completion of relevant changes for industrial and commercial registration shall be vested to or borne by Sichuan Publication Group.

We have obtained and reviewed the unaudited assets and liabilities of the Wenzhuo Group as at 30 June 2014 and compared with the financial position of the Wenzhuo Group as at 31 December 2013, and concur with the Company that, subsequent to 31 December 2013, the business operation of the Wenzhuo Group remained stable.

We have discussed with the PRC Valuer and being advised that the PRC Valuer has also been provided with and reviewed the unaudited assets and liabilities of the Wenzhuo Group as at 30 June 2014, and we concur with the PRC Valuer that after reviewing and discussing with the Company on the changes in different class of assets and liabilities, there is no material change in valuation of the Target Interest subsequent to 31 December 2013.

Taking into account that (i) the valuation of the Target Interest was prepared under asset-based approach; (ii) as further advised by the Company, there is no material change in assets and liabilities of the Wenzhuo Group subsequent to 31 December 2013; (iii) we have obtained and reviewed the unaudited assets and liabilities of the Wenzhuo Group as at 30 June 2014; and (iv) there is no material change in the valuation of the Target Interest subsequent to 31 December 2013 as discussed with the PRC Valuer, we concur with the Company that there will not be material change in the valuation of the Target Interest after taking into account of the financial performance of Wenzhuo Group subsequent to 31 December 2013.

Given the consideration under the Equity Transfer Agreement was determined by the Target Interest attributable to the appraised net assets value of Sichuan Wenzhuo as at 31 December 2013, such arrangement may reduce the chance of the change in valuation of the Target Interest as a result of profit or loss of Wenzhuo Group subsequent to 31 December 2013, accordingly, we are of the view that such arrangement is fair and reasonable.

4.5 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.

As at the Latest Practicable Date, as the Company controls more than half of the voting rights in Sichuan Wenzhuo, Sichuan Wenzhuo was classified as a subsidiary of the Company under Rule 1.01 of the Listing Rules. After the completion of the transfer of the Target Interest, Sichuan Wenzhuo will be accounted for as an associate of the Company and owned as to 49%, 48% and 3% by Zhuotai Industrial, the Company and Sichuan Publication Group, respectively.

5. Evaluation of the consideration

5.1 Independent business valuation of Sichuan Wenzhuo

We noted that the Company has engaged Sichuan Tian Jian Huaheng Assets Appraisal Co., Ltd (四川天健華衡資產評估有限公司) (the "**PRC Valuer**"), a qualified independent professional valuation institution in the PRC, to conduct valuation on the shareholders' equity interest of Wenzhuo Group as at 31 December 2013 (the "**PRC Appraisal Report**"), the extract of which are set out in Appendix II to the Circular.

As stated in the PRC Appraisal Report, the market value of the identifiable net assets (shareholder's equity) of the Wenzhuo Group was approximately RMB638.4 million as at 31 December 2013, as compared to the net asset value of Wenzhuo Group of approximately RMB623.3 million as at 31 December 2013 based on the 2013 Wenzhuo Report. Accordingly, the market value of 3% of the equity interest in Wenzhuo Group (being the Target Interest to be disposed by the Company) would be approximately RMB19,153,100 on an attributable basis. The consideration of the disposal of Target Interest of RMB19,153,100 equals to the attributable market value of 3% of Sichuan Wenzhuo as at 31 December 2013.

As set out in the PRC Appraisal Report and as discussed with the PRC Valuer, the valuation is an asset-based valuation. We have obtained and reviewed the PRC Appraisal Report and discussed with the PRC Valuer on the assumptions of the PRC Appraisal Report and being advised that apart from the general assumptions, the following principal assumptions have been applied in the asset-based approach: (i) Sichuan Wenzhuo and the

three affiliated institutions will remain operating as a going concern; while Tianji Garment is in the status of preparing to be liquidated and will be liquidated by means of orderly transfer; (ii) Sichuan Wenzhuo fully complies with all relevant laws and regulation; and (iii) the management of Sichuan Wenzhuo has been responsibly performing their obligations as asset owners and effectively managing the relevant assets. We are being advised by the PRC Valuer, and have confirmed with the Company that although Tianji Garment is in the status of preparing to be liquidated by means of orderly transfer, as the liquidation of Tianji Garment was brought by Sichuan Wenzhuo on a voluntary basis, gains from the assets and liabilities currently held or borne by Tianji Garment (subject to further treatment during the liquidation process, if any) after completion of the liquidation and deregistration will be owned by its sole shareholder Sichuan Wenzhuo, and Sichuan Wenzhuo will not incur any significant indebtedness for the liquidation and deregistration of Tianji Garment. Accordingly, we concur with the PRC Valuer that the assets and liabilities of Tianji Garment shall be included in the PRC Appraisal Report while assuming that Tianji Garment is in the status of preparing to be liquidated by means of orderly transfer.

We also noted from the PRC Appraisal Report that the final valuation conclusion of PRC Appraisal Report adopted the conclusion arrived under the asset-based approach instead of the income approach. After discussion with the PRC Valuer and reviewed the PRC Appraisal Report, we concur with the PRC Valuer that as (i) the income approach involved various assumptions; (ii) there is no stable and reliable historical data relating to Sichuan Wenzhuo for reference due to its short establishment time; (iii) Sichuan Wenzhuo is experiencing business transformation (i.e. courses to be offered for enrollment are shifting from secondary vocational and adult education to higher vocational education); and (iv) the assets structure and assets attributes of the Wenzhuo Group as at 31 December 2013, being the valuation reference date, are more suitable for asset-based valuation approach, the asset-based approach shall be adopted in valuing the Target Interest instead of the income approach.

We further noted from the property valuation report set out in Appendix I to this circular, the market value of land and buildings located in No.9 Jinping Avenue, Jinyuan Town, Dayi County, Chengdu City, Sichuan Province, the PRC as at 5 June 2014 (the "**Hong Kong Valuation Report**") was approximately RMB682.0 million for land and buildings which the Building Ownership Certificate was issued, and if Building Ownership Certificates had been issued for the remaining buildings, the market value of such buildings as at 5 June 2014 would be approximately RMB134.5 million. The market value of the land and buildings as set out in the PRC Appraisal Report was approximately RMB801.9 million, representing a slight discount of approximately 1.79% to the aggregate valuation of land and buildings set out in the Hong Kong Valuation Report, assuming all Building Ownership Certificates in relation to the land and buildings of Wenzhuo Group had been issued. The Company considered that there is no material difference between the PRC Appraisal Report and the Hong Kong Valuation Report in respect of the Properties in view of (i) the difference in valuation reference dates; (ii) the assumption that the Building Ownership Certificate had been obtained for certain

buildings in the Hong Kong Valuation Report; and (iii) the adoption of different valuation standards (i.e. the applicable PRC and Hong Kong valuation standards) under the PRC and Hong Kong valuation reports, which were prepared in compliance with the PRC laws and regulations and the Listing Rules as well as the applicable valuation standards, respectively.

We noted from the audited financial statement of Sichuan Wenzhuo for the year ended 31 December 2013 prepared under PRC GAAP that the principal asset of Sichuan Wenzhuo was its investment in its four wholly-owned subsidiaries namely Sichuan Joint Economic College (四川聯合經濟專修學院), Sichuan Winshare Vocational School (四川文軒職業學校), Sichuan Winshare Vocational College (四川文軒職業學院) and Tianji Garment. Based on the PRC Appraisal Report, as appraised by using asset-based approach, the book value of the assets of Sichuan Wenzhuo, being the holding company of the Wenzhuo Group, was RMB913,405,300 and the appraised value was RMB954,159,600, representing an appreciation of 4.46%; the book value of the liabilities of Sichuan Wenzhuo, being the holding company of the Wenzhuo Group, was RMB315,754,300 and the appraised value was RMB315,722,700, representing an impairment of 0.01%; and the book value of the total shareholders' equity of Sichuan Wenzhuo, being the holding company of the Wenzhuo Group, was RMB597,651,000 and the appraised value was RMB638,436,900, representing an appreciation of 6.82%. The appreciation in assets of Sichuan Wenzhuo, being the holding company of the Wenzhuo Group, was principally arouse from its long term equity investment in its four wholly-owned subsidiaries. As noted from the PRC Appraisal Report, the PRC Valuer has taken into account of, reviewed and appraised each class of assets and liabilities of the Wenzhuo Group.

Based on our discussions with the PRC Valuer and our understanding of the work conducted by the PRC Valuer, we consider that, the assumptions, the basis, the methodology adopted and the adjustments made by the PRC Valuer for the assets valuation of Sichuan Wenzhuo are fair and reasonable.

5.2 Comparable companies

We also noted that the consideration of the disposal of the Target Interest is RMB19,153,100, representing a valuation of approximately RMB638.4 million. Based on (i) the consolidated profit after taxation of Sichuan Wenzhuo for the year ended 31 December 2013 of approximately RMB6.2 million as extracted from the 2013 Wenzhuo Report; (ii) the consolidated net assets value of Sichuan Wenzhuo of approximately RMB623.3 million as at 31 December 2013 as extracted from the 2013 Wenzhuo Report; and (iii) the Target Interest represented 3% equity interest of Sichuan Wenzhuo, the price-to-earnings ratio ("**P/E Ratio**") and the price-to-book ratio ("**P/B Ratio**") represented by the consideration of the disposal of the Target Interest is approximately 103.00 times and 1.02 times, respectively.

In evaluating the consideration for the disposal of the Target Interest, we have also referenced to, but did not rely on, certain comparable companies listed on major stock exchanges over the world, searched on our best effort basis through Bloomberg, which (i)

are principally engaged in, and derived over 70% revenue from, education business offering diploma and/or bachelor degrees; (ii) have campus base; and (iii) have market capitalization of less than HK$2,000 million so as to ensure that the comparable companies are operating in a scale which is similar to the Wenzhuo Group. Based on such criteria, we have identified the four comparable companies (the "**Comparable Companies**") on a best efforts basis. However, Shareholders should note that the Comparable Companies are companies listed in overseas stock exchanges which may have different valuation on different industries and the principal geographical coverage of the Comparable Companies did not include the PRC, and the operation scale, revenue model and target customers of the Comparable Companies may be different from the Wenzhuo Group, and, therefore, we did not rely on the result of such analysis in formulating our opinion. On the other hand, as stated in the Letter from the Board, the consideration for the Target Interest 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, and that 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 only subsisted in its current form thereafter, we did not make reference to the P/E Ratio represented by the consideration of the disposal of the Target Interest and the Comparable Companies. The exhaustive list of Comparable Companies based on our best effort searches are listed below:

Company Name	**Principal activities**	**Closing price as at the Latest Practicable Date (or the last trading date before the Latest Practicable Date for the United States of America market)** *(Local currency)*	**Market capitalisation** *(HK$ million)*	**P/B ratios** *(Note 1)*
Academies Australasia Group Ltd.	Owns and operates educational institutes in Australia and Singapore	AUD1.4	618.0	3.40
Lincoln Educational Services Corporation	Provides career-oriented post-secondary education	US$4.00	751.6	0.89
National American University Holdings, Inc.	Provides postsecondary education focused on the needs of working adults and other non-traditional students, offering associate, bachelor's, and master's degrees in business-related disciplines.	US$3.07	597.5	1.52
			Minimum	**0.89**
			Maximum	**3.40**
			Average	**1.94**
The Target Interest				1.02

Source: Bloomberg

Notes:

1. The P/B Ratio of each Comparable Company are extracted from Bloomberg as at the Latest Practicable Date.

2. Corinthian College Inc., a company operates colleges in various states of the United Stated of America, is one of the Comparable Companies while as announced by Corinthian College Inc., on 3 July 2014, it has signed an operating agreement with the U.S. Department of Education that establishes an orderly transition plan for its 107 campuses and online programs, and under the terms of the agreement, it will put 85 of its schools in the United States of America up for sale, and "teach out" (gradually wind down) operations at 12 other schools. Accordingly, we consider that the P/E Ratio and P/B Ratio of Corinthian College Inc. shall not be included as part of our analysis.

3. The foreign currencies disclosed above have been translated into HK$ with the following rates: US$1:HK$7.750 and AUD1:HK$7.2889 based on the closing rate of the relevant currency as quoted in Bloomberg on the Latest Practicable Date (or the last trading date before the Latest Practicable Date for the United States of America market).

As illustrated in the table above, the P/B Ratio of the Comparable Companies as at the Latest Practicable Date ranged from approximately 0.89 times to 3.40 times and its average was approximately 1.94 times. The P/B Ratio in relation to the disposal of Target Interest of approximately 1.02 times falls within the range of the P/B Ratio of the Comparable Companies but represents a discount to the average P/B Ratio of the Comparable Companies.

On the basis that (i) no significant gain or loss are expected by the executive Directors to be recorded by the Group as a result of the disposal of the Target Interest as stated in the Letter from the Board; and (ii) the consideration of the disposal of Target Interest of RMB19,153,100 is approximately equal to the attributable market value of 3% of Wenzhuo Group as at 31 December 2013 based on the PRC Appraisal Report, we are of the view that the consideration of the disposal of the Target Interest is fair and reasonable.

6. Financial effect of the disposal of Target Interest

6.1 Earnings

As stated in the Letter from the Board and the 2013 Annual Report, after the implementation of the Amendments, Sichuan Wenzhuo ceased to be a subsidiary of the Company from the accounting perspective and no longer consolidate into the consolidated financial 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 Target Interest during the Transition Period shall be vested to or borne by Sichuan Publication Group, therefore it is expected that the Group will not make any gain or loss from the equity transfer transactions which would be material to the income statement of the Group for the year ending 31 December 2014. However, Shareholders should note that the actual gain or loss on the disposal of the Target Interest to be recorded by the Company will depend on the actual fair value of the net assets of the Wenzhuo Group on completion of the disposal of the Target Interest, and will be subject to audit by the auditors of the Company for the purpose of the audit on the Company's consolidated financial statements for the year ending 31 December 2014.

As advised by the Company, Sichuan Wenzhuo has been accounted for as a subsidiary of the Company and the results of Wenzhuo Group had been consolidated into the financial statements of the Group prior to 30 December 2013, while since 31 December 2013, Sichuan Wenzhuo had been accounted for as a joint venture of the Group using equity method. Upon completion of the disposal of Target Interest, Sichuan Wenzhuo will be accounted for as an associate of the Group and the results of the Wenzhuo Group will continue to be accounted for using equity method based on the 48% equity interest of the Group in the Wenzhuo Group.

6.2 Net assets value

Based on the 2013 Annual Report, the audited consolidated net assets value of the Group was approximately RMB5,304.7 million as at 31 December 2013. It is expected that there will be no material impact on the net assets value of the Group as a result of the completion of the disposal of the Target Interest based on the expectation that the Group will not make any significant gain or loss from the transactions contemplated under the Equity Transfer Agreement.

However, Shareholders should note that the actual financial effects of the disposal of Target Interest on the Group's net assets value shall only be determined upon completion of such disposal based on, among other things, the then fair value of the net assets of Wenzhuo Group as at the date of completion of such disposal. Therefore, the abovementioned effect of the disposal of Target Interest to the net assets value of the Group may be different from the actual effect of the disposal of Target Interest to the net assets value of the Group on completion of such disposal.

As stated above, after completion of the disposal of the Target Interest, Sichuan Wenzhuo will be accounted for as an associate of the Group using the equity method of accounting in the consolidated financial statements of the Group. Accordingly, the share of net assets of the Wenzhuo Group by the Group will be accounted for as interests in associates in the consolidated statement of financial position of the Group.

6.3 Gearing

Based on the 2013 Annual Report, the interest-bearing bank borrowing of the Group amounted to approximately RMB65.0 million as at 31 December 2013, which had not consolidated the interest-bearing bank borrowing of Wenzhuo Group of approximately RMB120.0 million. It is expected that there will be no material adverse impact on the gearing ratio (being the total bank borrowings divided by total equity of the Group) of the Group as a result of the disposal of the Target Interest.

6.4 Working capital

Based on the 2013 Annual Report, the Group had cash and short-term deposits of approximately RMB1,485.0 million as at 31 December 2013, which had not consolidated the cash and bank balance of Wenzhuo Group of approximately RMB20.1 million. Based on the consideration of the disposal of the Target Interest of approximately RMB19.2 million, the working capital of the Group will be enhanced as a result of the disposal of Target Interest.

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, which, in particular, include:

(i) the contribution of Wenzhuo Group is currently not material to the Group and the financial performance of Wenzhuo Group underperformed as compared to the overall financial performance of the Group;

(ii) the consideration of the disposal of Target Interest equals to the attributable market value of 3% of Sichuan Wenzhuo as at 31 December 2013;

(iii) the Group may be able to allocate resources more efficiently for the development in its major business while retain part of its investment in Sichuan Wenzhuo, which may potentially complement the Group's education related business in the future, by disposing the Target Interest; and

(iv) the Company is expected to record improvement in liquidity as a result of the disposal of the Target Interest, while no material adverse impact on the gearing ratio and net assets positions, and no significant gain or loss on disposal are expected;

we consider that (i) the terms of the Equity Transfer Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the transfer of the Target Interest, being 3% equity interest in Sichuan Wenzhuo which carries the vocational education business as ordinary and usual course of business, by the Company is in the interest of the Company and the Shareholders as a whole.

Accordingly, we advise (i) the Independent Board Committee to recommend the Independent Shareholders and (ii) the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Equity Transfer Agreement and transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Halcyon Capital Limited
Terry Chu
Managing Director

Mr. Terry Chu is a person licensed under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and regarded as a responsible officer of Halcyon Capital Limited and has over 14 years of experience in corporate finance industry.

The following is the text of a letter, summary of valuation and valuation certificate, prepared for the purpose of incorporation in this circular received from Asset Appraisal Limited, an independent valuer, in connection with its valuation as at 5 June 2014 of the property interests held by the Group.

Asset Appraisal Limited
中誠達資產評值顧問有限公司
Rm 901 9/F On Hong Commercial Building
No.145 Hennessy Road Wanchai HK
香港灣仔軒尼詩道145號安康商業大廈9樓901室
Tel: (852) 2529 9448 Fax: (852) 3521 9591

31 July 2014

The Board of Directors
Xinhua Winshare Publishing and Media Co., Ltd.
12th Floor, No. 86 Section One People's South Road
Qingyang District
Chengdu
The People's Republic of China

Dear Sirs,

Re: Valuation of Land and buildings located in No.9 Jinping Avenue, Jinyuan Town, Dayi County, Chengdu City, Sichuan Province, the People's Republic of China.

In accordance with the instructions from **Xinhua Winshare Publishing and Media Co., Ltd.** (referred to as the "Company") to value the property interests (referred to as the "properties") situated in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections of the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the properties as at 5 June 2014 (the "date of valuation").

Basis of Valuation

Our valuation of the properties represents the market value which we would define as intended to mean "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".

Valuation Methodology

Due to the nature of the buildings and structures erected thereon, the properties have been valued on the basis of depreciated replacement cost ("DRC"). The assessment of the DRC requires an estimate of the market value of the land in existing use and an estimate of the new replacement (reproduction) cost of the buildings and structures and other site works as at the date of valuation, from which deductions are then made to allow for age, condition, functional obsolescence, etc. In valuing the market value of the land portions of the properties, the comparison method has been adopted.

Assumptions

Save for those properties rented by the Group, our valuation has been made on the assumption that owners sell the properties on the market in their existing states without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the values of the properties.

For those properties held by the owners by means of long term land use rights granted by the Government, we have assumed that the owner has free and uninterrupted rights to use the properties for the whole of the unexpired term of the respective land use rights. We have also assumed that they can be freely transferred on the market free from any land premium or expenses of substantial amount payable to the Government.

Other special assumptions for our valuation (if any) would be stated out in the footnotes of the valuation certificate attached herewith.

Titleship

We have been provided with copies of legal documents regarding the properties. However, we have not verified ownership of the properties and the existence of any encumbrances that would affect ownership of them.

We have also relied upon the legal opinion provided by the PRC legal adviser, namely Guantao Law Firm (觀韜律師事務所) to the Company on the relevant laws and regulations in the PRC, on the nature of land use rights and the Group's interests in the properties.

Limiting Conditions

No allowance has been made in our report for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value. Our valuation have been made on the assumption that the seller sells the property on the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the properties.

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the floor areas in respect of the properties but have assumed that the floor areas shown on the documents handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

The properties were inspected on 10 March 2014 by Mr. Yao Yu, who is a registered PRC Property Appraiser. However, no structural survey has been made. In the course of our inspection, we did not note any serious defects. We are unable to report whether the buildings and structures of the properties are free of rot, infestation or any other structural defects. No test was carried out on any of the services of the buildings and structures of the properties.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

In valuing the properties, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

Unless otherwise stated, all monetary sums stated in this report are in Renminbi (RMB).

Our valuation certificate is attached herewith.

Yours faithfully,
for and on behalf of
Asset Appraisal Limited
Tse Wai Leung
MFin BSc MRICS MHKIS RPS (GP)
Director

Tse Wai Leung is a member of the Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, a Registered Professional Surveyor in General Practice and a qualified real estate appraiser in the PRC. He is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Valuation Forum and has over 10 years' experience in valuation of properties in Hong Kong, in Macau and in the PRC.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 5 June 2014 *RMB*
Land and buildings located in No.9 Jinping Avenue, Jinyuan Town, Dayi County, Chengdu City, Sichuan Province, the PRC. (中國四川省成都市大邑縣晉原鎮錦屏大道9號之土地及建築物)	The property comprises a parcel of land with an area of approximately 386,620 square metres on which 59 blocks of single to six-storey buildings, ancillary structures are erected. The buildings include eleven various storey office and teaching buildings, two 3-storey libraries, four 4-storey practice buildings, two 3-storey canteens, a 2-storey bathhouse, a 2-storey playground podium, twenty eight 6-storey dormitory buildings, a single-storey dormitory building and nine single to 2-storey ancillary buildings with a total gross floor area of approximately 313,656.78 square metres. The ancillary structures mainly include drainage and sewage treatment facilities, boundary fences, playgrounds and gates. The above buildings and ancillary structures were completed in between 2009 and 2013. The land use rights of the property have been granted for a term expiring on 27 September 2059 for education, research and design use.	The property is currently being used and operated as a vocational college under the name of Sichuan Winshare Vocational College (四川文軒職業學院).	682,000,000 (see note 3 below)

Notes:

1. As revealed from a State-owned Land Use Rights Certificate (Ref: Da Yi Guo Yong (2013) Di No. 423 (大邑國用(2013)第423號)) dated 1 March 2013, the land use rights in the subject land with an area of 386,620 square metres are held by Sichuan Winshare Vocational College ("Winshare College") for a land use right term expiring on 27 September 2059 for education, research and design (教育科研設計用地) use.

2. As revealed from a set of Building Ownership Certificate (Ref: Da Fang Quan Zheng Jian Zheng Zi Di No. 0196235 (大房權證監證字第0196235號)) was issued and registered on 1 March 2013 in the name of Winshare College in connection with 38 sets of the subject buildings with a total gross floor area of 249,238.82 square metres.

3. As per our inspection, besides the aforesaid 38 buildings, another 21 buildings including three 2-storey buildings, six 6-storey dormitory buildings, five blocks of teaching and office buildings with various storey, a hospital, a clock tower and a single-storey dormitory building with 5 single-storey ancillary buildings are erected on the subject land parcel with a total gross floor area of approximately 64,417.96 square metres are

erected on the subject land. The market value of these buildings has been excluded from our opinion of value of the property as mentioned above. On the basis that valid Building Ownership Certificate is issued to these building, their depreciated replacement costs is measured at RMB134,500,000.

4. As revealed by a Planning Permit of Construction Land (建設用地規劃許可證) (Ref: Gong Di Zi Di No. 510129200920003) issued by Dayi County Planning Administration Bureau (大邑縣規劃管理局) on 12 May 2009, the development of Sichuan United Economics School (四川聯合經濟學校) is approved.

5. As revealed by a Planning Permit of Construction Work (建設工程規劃許可證) (Ref No. 510129201330025) issued by Dayi County Planning Administration Bureau (大邑縣規劃管理局) on 12 July 2013, the construction of some of the buildings as mentioned in note 3 above with a total gross floor area of 45,474.4 square metres has been approved. Pursuant to a Construction Work Commencement Permit (建築工程施工許可證) (Ref No. 510129201308300101) issued by Dayi County Urban and Rural Construction Bureau (大邑縣城鄉建設局) on 30 August 2013, the commencement of construction work for the same buildings has been approved.

6. In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

State-owned Land Use Rights Certificate:	Yes
Building Ownership Certificate:	Yes (for some of the subject buildings with a total GFA of 249,238.82 square metres)
Planning Permit of Construction Land :	Yes
Planning Permit of Construction Work :	Yes (for some of the subject buildings with a total GFA of 45,474.4 square metres)
Construction Work Commencement Permit:	Yes

7. The opinion from the PRC legal adviser of the Company on the property is as follows:

   i. On 28 September 2009, Sichuan Zhuotai Industrial Co., Ltd. (四川卓泰實業有限公司) and Dayi County Land Administration Bureau entered into a State-owned Land Use Right Grant Contract (國有建設用地使用權出讓合同) (Ref No.51011120090035), by virtue of which the former party obtained the land use right of a land parcel with a total area of 386,620 square metres for a term of 50 years for education, research and design use at a land premium of RMB46,394,400. The subject land was transferred to Winshare College (文軒學院) in March 2013.

   ii. As revealed from a State Owned Land Use Right Certificate (國有土地使用證) (Ref: Da Yi Guo Yong (2013) Di No.423) issued by Ministry of Land and Resources of the People's Republic of China (中華人民共和國國土資源部) on 1 March 2013, the land use right of the property with an area of 386,620 square metres was held by Winshare College for a term expiring on 27 September 2059 for education, research and design use.

   iii. As confirmed by Winshare College and Dayi County Land and Resources Administration Bureau, the subject land parcel is not subject to any mortgage or charge.

   iv. The land use right of the property is legally held by Winshare College and Winshare College has the rights to lease, mortgage or dispose the subject land parcel.

   v. As revealed from a Building Ownership Certificate (房屋所有權證) (Ref: Da Fang Quan Zheng Jian Zheng Zi Di No.0196235) issued by Dayi County Building Ownership Supervisory (大邑縣房屋產權監理), portion of the buildings of the property with a total gross floor area of 249,238.82 square metres was held by Winshare College for education use.

   vi. As confirmed by Winshare College and Dayi County Real Estate Administration Bureau (大邑縣房產局), the aforesaid buildings are not subject to any mortgage or charge.

   vii. The aforesaid buildings are legally held by Winshare College and Winshare College has the rights to lease, mortgage or dispose the buildings.

   viii. As revealed by a Planning Permit of Construction Land (建設用地規劃許可證) (Ref: Gong Di Zi Di No. 51012920092003) issued by Dayi County Planning Administration Bureau (大邑縣規劃管理局) on 12 May 2009, the development of Sichuan United Economics School (四川聯合經濟學校) is approved for a development scale of 309,526.39 square metres.

ix. As revealed by a Planning Permit of Construction Work (建設工程規劃許可證) (Ref No. 510129201330025) issued by Dayi County Planning Administration Bureau (大邑縣規劃管理局) on 12 July 2013, the construction of dormitory, teaching and research buildings with a total gross floor area of 45,474.4 square metres has been approved. Pursuant to a Construction Work Commencement Permit (建築工程施工許可證) (Ref No. 510129201308300101) issued by Dayi County Urban and Rural Construction Bureau (大邑縣城鄉建設局) on 30 August 2013, the commencement of construction work for the same buildings has been approved.

x. As confirmed by Dayi County Planning Administration Bureau, the registered name of Sichuan United Economics School on the aforesaid Planning Permit of Construction Land can be changed without affecting validity of the Permit. Winshare College can carry out construction and apply for Building Ownership Certificate in accordance with the Permit.

xi. As advised by Winshare College, the construction works including Dormitory No.1, 2, 3, 21, 22 and 25 and Teaching Building No.5 was completed with an measured gross floor area of 40,026.59 square metres and Building Ownership Certificates of the buildings are under application. The remaining portion of construction works with a total planned gross floor area of 5,708.8 square metres was in construction.

xii. As confirmed by Winshare College, the aforesaid buildings are not subject to any mortgage or charge.

xiii. The aforesaid construction works are legally held by Winshare College. The registered name of Sichuan United Economics School has no material impact on Winshare College. Winshare College has no legal impediment to obtain the Building Ownership Certificate for the completed construction works after examination acceptance and other procedures and payment of relevant fees and tax. The remaining portion of the construction works are not completed and Winshare College have no legal impediment to obtain the Building Ownership Certificate after the aforesaid procedures and payments.

xiv. As advised by Winshare College, another office building, Teaching building No.6 and Student Dormitory No.8 with a total gross floor area of 10,634.75 square metres was planned to be constructed on the subject land parcel and the construction has been commenced. Planning Permit of Construction Work and Construction Work Commencement Permit of the building was under application.

xv. For the above office building, the PRC legal adviser opines that Winshare College should obtain the permits for the above-mentioned construction works for completing the procedures.

xvi. The structure and ancillary buildings has been completed, including roads and pathways with a length of 105,646 metres, drainages with a length of 25,684.9 metres, a square with an area of 48,500 square metres, a football playground with an area of 15,599.46 square metres, a basketball playground with an area of 15,136 square metres, a main gate with an area of 216 square metres, walls with an area of 4,413 square metres and various single to 2-storey ancillary buildings. The structures and ancillary buildings are complied with the permitted land use and should be approved by local planning and construction authorities for obtaining the Building Ownership Certificates.

Sichuan Wenxuan Zhuotai Industrial Co., Ltd.*
(四川文軒卓泰投資有限公司)
PRC Appraisal Report
((Chuan Hua Heng) Ping Bao [2014] No. 44)

The followings are the key and material contents of the PRC appraisal report ((Chuan Hua Heng) Ping Bao [2014] No. 44) prepared by Sichuan Tian Jian Huaheng Assets Appraisal Co., Ltd (四川天健華衡資產評估有限公司) dated 12 May 2014 in respect of 3% equity interest in Sichuan Wenzhuo held by the Company which is proposed to be transferred by way of agreement.

Purpose of valuation

Pursuant to the "Resolutions of the Second Meeting of the Third Session of the Board of Directors of Xinhua Winshare Publishing and Media Co., Ltd. in 2014" (10/14), the "Notice on Forwarding the 'Approval of the State-owned Assets Supervision and Administration Commission of Sichuan Province to the Agreed Transfer of 3% Equity Interests in Sichuan Wenxuan Zhuotai Industrial Co., Ltd.'" (Chuan Fa Zhan [214] No. 88) and the "Approval to the Agreed Transfer of 3% Equity Interests in Sichuan Wenxuan Zhuotai Industrial Co., Ltd."(Chuan Guo Zi Chan Quan [214] No. 22), Xinhua Winshare intended to negotiate to agree the transfer of its 3% Equity Interests in Sichuan Wenzhuo to Sichuan Publication Group.

The purpose of the valuation is to reflect the market value of the 3% shareholders' equity interests in Sichuan Wenzhuo held by Xinhua Winshare as at the valuation reference date, and to provide a reference of value for the above-mentioned economic behaviours.

Valuation reference date

The valuation reference date is 31 December 2013, which was determined by the Entrusting Party.

Assumptions

Pursuant to the valuation criteria, the certified valuer confirmed the following assumptions true and valid as at the valuation reference date, and takes no responsibility for any different conclusions of valuation due to the changes in assumptions when major changes occur in the economic environment in the future.

(I) Assumptions precedent

1. We assumed that Sichuan Wenzhuo and the three affiliated institutions will remain operating as a going concern; its subsidiary Sichuan Zhuotai Tianji Garment Co., Ltd. (四川卓泰天極服裝有限公司) ("**Tianji Garment**") is in the status of preparing to be liquidated, and it will be liquidated by means of orderly transfer.

(II) Special assumptions

2. During the income approach valuation, we have taken into account the contribution of our new school buildings, dormitory buildings and related facilities and equipment to the enterprise value of the company.

During the income approach valuation, it is assumed that the projects under construction, i.e. Student Dormitory Building No.1, 2, 3, 21, 22 and 25, Teaching Building No. 5, Education and Training Centre No.1 to 5 and Research Building No. 1 to 8, the total investment of which is estimated to be RMB146,658,200. The above projects commenced construction in July 2012, with the main bodies of the Research Buildings and the Education and Training Centres having been completed, the external walls renovated and interior to be renovated, which are expected to be completed in April 2014. The remaining portions have been completed between August and October 2013, and the subsequent investment is expected to be RMB94,010,700. The project under construction is expected to be converted into fixed assets in April 2014, and starts to be provided for depreciation in May 2014.

It is also assumed that the investment of the construction of Teaching Building No. 6 after the valuation reference date with a gross floor area of approximately 5,000 square metres, which is estimated to be RMB12,000,000, is expected to be completed by the end of 2014, and starts to be provided for depreciation in the end of January 2015.

3. We assumed that the enrolment fees and operating costs of Sichuan Wenzhuo will not experience substantial changes or fluctuations from the existing level during the operating period in the future.

4. We assumed, unless otherwise stated, that Sichuan Wenzhuo has been fully complying with all relevant laws and regulations, and the management (or future management) of Sichuan Wenzhuo has been responsibly performing their obligations as asset owners and effectively managing the relevant assets.

(III) General assumptions

5. We assumed that there will be no significant changes in the state government's industrial policies for the industry concerned, and no new laws and regulations (whether favourable or unfavourable) will be promulgated.

6. We assumed that there will be no significant changes in the current national laws, regulations, policies and macroeconomic situations of the country and there will be no major changes in the political, economic and social environment in the region where the parties to the transaction are located, and no other material adverse effects caused by unpredictable factors and force majeure.

7. For information provided by the Entrusting Party and other parties on which the conclusion of valuation is based, we assumed it to be reliable and have made necessary verification in accordance with the valuation procedures. Nevertheless, we take no responsibility for the authenticity, legitimacy and integrity of such information.

8. We assumed that all the licenses, permits, letters of consent or other legal or administrative authorization papers issued by the relevant local and national government agencies, private organizations or groups necessary for the current uses of the assets which form the basis of our valuation have already renewed or readily renewable.

Valuation Conclusion

(I) Preliminary Valuation Conclusion under Asset-based Approach

Asset-based approach refers to the valuation method which determines the value of a subject company by reasonably assessing the value of each of the assets and liabilities appearing on or outside the financial statements of the subject company basing on the subject company's balance sheet of as at the valuation reference date. In respect of Sichuan Wenzhuo, the assets and liabilities which have not been included in its the financial statements for the year ended 31 December 2013 include (i) office furniture of approximately RMB326,000 acquired and received by Sichuan Wenzhuo in 2013; and (ii) plant and seedling of approximately RMB11,000 acquired and received by Sichuan Winshare Vocational College (四川文軒職業學院) in 2013. For the purpose of this appraisal, we have included and reflected the value of the aforesaid two items in the appraised value of the relevant assets or liabilities.

As appraised by using asset-based approach, the book value of the assets of Sichuan Wenzhuo was RMB913,405,300 and the appraised value was RMB954,159,600, representing an appreciation of 4.46%; the book value of the liabilities was RMB315,754,300 and the appraised value was RMB315,722,700, representing an impairment of 0.01%; and the book value of the total shareholders' equity was RMB597,651,000 and the appraised value was RMB638,436,900, representing an appreciation of 6.82%.

Summary of Results of Assets Valuation

Valuation Reference Date: 31 December 2013

Appraised Entity: Sichuan Wenxuan Zhuotai Industrial Co., Ltd. Unit: RMB0,000

Items	No.	Book Value*(Note 1)* A	Appraised Value B	Variation C=B–A	Appreciation Rate% D=C/Ax100
Current assets	1	1,200.89	1,173.00	-27.89	-2.32
Non-current assets *(Note 2)*	2	90,139.64	94,242.96	4,103.32	4.55
Long-term equity investment *(Note 3)*	3	84,384.12	88,801.57	4,417.45	5.23
Fixed Assets	4	3,346.86	3,032.78	-314.08	-9.38
Intangible assets	5	7.55	7.50	-0.05	-0.66
Other non-current assets	6	2,401.11	2,401.11	–	–
Total assets	**7**	**91,340.53**	**95,415.96**	**4,075.43**	**4.46**
Current liabilities	8	12,367.62	12,361.33	-6.29	-0.05
Payables	9	–	32.60	32.60	–
Remuneration payables	10	6.94	6.94	–	–
Tax payables	11	43.46	43.46	–	–
Interest payables	12	59.40	20.50	-38.90	-65.49
Other payables	13	8,489.57	8,489.57	–	–
Non-current liabilities expiring within 1 year	14	3,768.25	3,768.25	–	–
Non-current liabilities	15	19,207.81	19,210.94	3.13	0.02
Long-term payables	16	6,870.67	6,870.67	–	–
Deferred income tax liabilities	17	337.14	340.27	3.13	0.93
Other non-current liabilities	18	12,000.00	12,000.00	–	–
Total liabilities	**19**	**31,575.43**	**31,572.27**	**-3.16**	**-0.01**
Shareholders' equity	**20**	**59,765.10**	**63,843.69**	**4,078.59**	**6.82**

Notes:

1. Book value is the audited data of the parent company of Sichuan Wenzhuo as of 31 December 2013.

2. The difference between the book value and the appraised value of the non-current assets is mainly due to the reasons as set out in Note 3 below and the appreciation of the fixed assets of machinery and equipment.

3. Breakdown of the long-term equity investment is as follows (unit: RMB0,000):

Name of Entities Invested	No.	Book value A	Appraised value B	Appreciation Rate%
Sichuan Winshare Vocational College (四川文軒職業學院)	(i)	82,520.64	84,400.60	2.28
Sichuan Winshare Vocational School (四川文軒職業學校)	(ii)	863.49	3,660.11	323.88
Sichuan Joint Economic College (四川聯合經濟專修學院)	(iii)	500.00	275.00	-45.00
Tianji Garment	(iv)	500.00	465.86	-6.83
Total:		84,384.12	88,801.57	5.23

The difference between the book value and the appraised value of entity (i) is mainly because of the appreciation in the appraised value of its fixed assets (mainly comprise buildings and land use rights). The difference between the book value and the appraised value of entities (ii), (iii) and (iv) is mainly because the book value of such long-term equity investment is calculated by the cost method and its amount is calculated using the initial investment cost; whilst the relevant appraised value is determined using the appraised value of the equity interest owned by Sichuan Wenzhuo to multiply with the portion of shareholdings held by Sichuan Wenzhuo. The appraised value has reflected the operating results (i.e. the profit and loss) of the entities invested as the same have been included in their respective appraised value of the shareholder's equity interest.

The summary of assets valuation of Sichuan Winshare Vocational College (四川文軒職業學院), the subsidiary which contributed the largest share in the value of Sichuan Wenzhuo, are set out as follows:

Summary of Results of Assets Valuation

Unit: RMB0,000

Items	No.	Book Value A	Appraised Value B	Variation C=B-A	Appreciation Rate% D=C/Ax100
Current assets	1	3,278.92	3,278.92	–	–
Non-current assets	2	84,654.19	86,528.09	1,873.90	2.21
– Fixed assets	3	67,671.36	68,834.71	1,163.35	1.72
Including: buildings	4	67,276.26	68,437.93	1,161.67	1.73
Project under construction	5	5,264.75	5,338.46	73.71	1.40
Intangible assets	6	11,119.71	11,756.55	636.84	5.73
Including: land use rights	7	11,117.02	11,753.25	636.23	5.72
Deferred income tax assets	8	0.37	0.37	–	–
Other non-current assets	9	598.00	598.00	–	–
Total assets	**10**	**87,933.10**	**89,807.00**	**1,873.90**	**2.13**
Current liabilities	11	5,405.31	5,406,41	1.10	0.02
Non-current liabilities	12	–	–	–	–
Total liabilities	**13**	**5,405.31**	**5,406.41**	**1.10**	**0.02**
Equity attributable to the shareholders	**14**	**82,527.80**	**84,400.60**	**1,872.80**	**2.27**

(II) Preliminary Valuation Conclusion under Income Approach

Income approach refers to the valuation method which determines the value of a subject company by capitalizing or discounting its expected income.

The subject appraisal is suitable for the discounted cash flow method, which means the value of all the equity owned by the shareholders of a subject company is determined by the overall value of the company's operating activities estimated through discounted cash flow method after adding the unconsolidated value of long-term equity investment together with surplus and value of non-operating assets and liabilities, and deducting the value of interest-bearing debts.

As appraised by using income approach, the book value of the total shareholders' equity of Sichuan Wenzhuo was RMB597,651,000 and the appraised value was RMB639,730,100, representing an appreciation of 7.04%.

(III) Appropriateness of the Valuation Approaches

1. Appropriateness of Asset-based Approach

The certified valuer is of the view that, based on the structure and nature asset of Sichuan Wenzhuo, it is appropriate to adopt the asset-based approach.

2. Appropriateness of Income Approach

The adoption of income approach for valuation requires fulfillment of the following three conditions:

(i) The investment amount paid by the investor in a particular company (or a comparable company with same level of risk) shall not exceed the current value calculated from the future expected income;

(ii) the future income of such company can be reasonably estimated; and

(iii) the income rate which corresponds to the risk level of the future income of such company can be reasonably estimated.

Having considered and analyzed the macroeconomic factors and micro-economic factors of Sichuan Wenzhuo (specifically including national economy, industry, industrial policies, enterprise products, customers and the length of establishment of the company, history operations and income, the predictability of future earnings, etc.), and having analyzed the growth, profitability and capital cost of Sichuan Wenzhuo, the certified valuer is of the view that Sichuan Wenzhuo can fulfill the three conditions above and therefore the income approach is appropriate for the appraisal.

(IV) Preliminary Conclusion Analysis and Final Valuation Conclusion

1. Preliminary Conclusion Analysis

The appraisal result under the asset-based approach which was lower and that under the income approach which was higher showed a discrepancy of RMB1,293,200. The discrepancy was mainly attributable to the fact that the valuation using income approach was conducted based on various assumptions and there is no stable and reliable historical data relating to Sichuan Wenzhuo for reference due to its short establishment time. Meanwhile, Sichuan Wenzhuo is experiencing business transformation, i.e. courses to be offered for enrollment are shifting from secondary vocational and adult education to higher vocational education, so the low predictability of enrollment affects the estimation on future revenue and the uncertainties have great effects on appraisal results.

Based on the analysis above, the final valuation conclusion of this valuation adopts the conclusion arrived under the asset-based approach.

2. Final Valuation Conclusion

On the condition that all the valuation assumptions are fulfilled, the market value of the total shareholders' equity of Sichuan Wenzhuo as at the valuation reference date was RMB638,436,900.

Without taking into account the discount which may be available for a transaction involving non-controlling interest of the appraised entity, the 3% shareholders' equity interest in Sichuan Wenzhuo proposed to be transferred by agreement by Xinhua Winshare is valued at RMB19,153,100.

As the liquidation and deregistration of Tianji Garment is brought by Sichuan Wenzhuo on a voluntary basis, gains from the assets and liabilities of Tianji Garment after completion of the liquidation and deregistration will be owned by its sole shareholder Sichuan Wenzhuo. Therefore, the valuer has already taken Tianji Garment into consideration of the appraised value of Sichuan Wenzhuo. In respect of the asset-based approach, the appraised value has included the appraised value of Tianji Garment through long-term equity investments. In respect of the income approach, the appraised value has included the appraised value of Tianji Garment through the method of adding back the non-core asset beyond the range of expected income.

The amount of Tianji Garment's assets is small, and the variation between the appraised value and book value is also especially small, details of which are as follows:

Summary of Results of Assets Valuation

Valuation Reference Date: 31 December 2013

Appraised Entity: Sichuan Zhuotai Tianji Garment Co., Ltd. Unit: RMB0,000

Items	No.	Book Value A	Appraised Value B	Variation C=B−A	Appreciation Rate% D=C/Ax100
Current assets	1	490.88	492.87	1.99	0.41
Non-current assets	2	16.17	17.25	1.08	6.68
– Fixed assets	3	16.48	16.90	0.42	2.55
– Intangible assets	4	0.23	0.35	0.12	52.17
– Deferred income tax assets	5	-0.54	–	0.54	-100.00
Total assets	**6**	**507.06**	**510.12**	**3.06**	**0.60**
Current liabilities	7	44.26	44.26	–	–
Non-current liabilities	8	–	–	–	–
Total liabilities	**9**	**44.26**	**44.26**	**–**	**–**
Equity attributable to the shareholders	**10**	**462.80**	**465.86**	**3.06**	**0.66**

Explanation on the effectiveness of the Valuation Report

The effectiveness of this valuation report shall last for one year commencing from 31 December 2013, the valuation reference date, to 30 December 2014.

The English version of this Appendix is an unofficial translation of its Chinese version. In case of any discrepancy between the two versions, the Chinese version shall prevail.

Proposed amendments to the Articles of Association (A Shares) are set out below:

1. ARTICLE 93 OF THE ARTICLES OF ASSOCIATION (A SHARES) ORIGINALLY READING AS:

"A Shareholder (including his/her proxy) may exercise voting rights in accordance with the number of shares carrying the right to vote upon voting at the general meeting and each share shall have one vote. However, the shares held by the Company have no voting rights, and that part of the shareholding is not counted as the total number of shares with voting rights held by Shareholders attending the meeting.

The Board, the independent non-executive Directors and eligible shareholders may solicit votes of the shareholders of the Company to be cast at the general meeting. The person soliciting votes from the shareholders of listed company publicly shall carry out such activities in accordance with provisions of relevant regulatory institutions and the stock exchange of the place where the company's shares are listed."

shall be amended as:

"A Shareholder (including his/her proxy) may exercise voting rights in accordance with the number of shares carrying the right to vote upon voting at the general meeting and each share shall have one vote. However, the shares held by the Company have no voting rights, and that part of the shareholding is not counted as the total number of shares with voting rights held by Shareholders attending the meeting. When the general meeting considers a business which has a significant bearing on the interest of small and medium-sized investors, votes for small and medium-sized investors shall be separately counted and the separate voting results shall be publicly disclosed in a timely way.

The Board, the independent non-executive Directors and eligible shareholders may solicit votes of the shareholders of the Company to be cast at the general meeting. Full disclosure of information, such as voting intention, should be made to the person, whose voting rights are being solicited. Voting rights of shareholders should not be solicited on a paid basis or on a covertly paid basis. The Company may not set restriction on minimum shareholding percentage for soliciting voting rights. The person soliciting votes from the shareholders of listed company publicly shall carry out such activities in accordance with provisions of relevant regulatory institutions and the stock exchange of the place where the company's shares are listed."

According to the opinions of the PRC legal adviser of the Company, as at the date hereof, there is no clear definition on the meanings of "small and medium-sized investors" and "significant bearing" under the relevant PRC laws and regulations (namely, the Opinions on Protection, Guidelines for the Articles of Association of Listed Companies (as amended in 2004) (《上市公司章程指引》(2014年修訂)) and the Announcement of the CSRC [2014] No.19 (中國證券監督管理委員會公告[2014]19號)).

Pursuant to the Opinions on Protection, the State Council has stated that it will base on the actual conditions of the PRC capital market, formulate and publicize the categorization standards and basis of small and medium-sized investors, conduct active assessment and adjustment, further regulate the appropriate system arrangement for investors of markets of different levels and investors of different trading products, and confirm the range and method for investors' participation. As such, the PRC legal adviser of the Company is of the view that the meanings of "small and medium-sized investors" and "significant bearing" are expected to be defined by the competent authorities.

Besides, according to the opinions of the PRC legal adviser of the Company, the relevant documentations issued by the relevant PRC authorities have not specified whether the passing of a resolution will be affected by different voting conclusions of the "small and medium-sized investors" and "other investors". Therefore, the passing of the relevant resolution continued to be governed by the existing laws and regulations, regulatory rules, Articles of Association and other corporate governance rules.

The Company undertakes that it will comply with the then PRC laws and regulations after the Articles of Association (A Shares) becomes effective upon the completion of the A Share Issue.

The English version of this Appendix is an unofficial translation of its Chinese version. In case of any discrepancy between the two versions, the Chinese version shall prevail.

Proposed amendments to the General Meeting Rules (A Shares) are set out below:

1. ARTICLE 31 OF THE GENERAL MEETING RULES (A SHARES) ORIGINALLY READING AS:

"The Board of the Company, independent non-executive Directors and qualified Shareholders who have met certain requirements are entitled to request and collect from Shareholders of the Company their voting rights at the Shareholders' General Meeting. The request and collection of the voting rights shall be conducted on a nil consideration basis with full disclosure of information to the person being summoned."

shall be amended as:

"The Board of the Company, independent non-executive Directors and qualified Shareholders who have met certain requirements are entitled to request and collect from Shareholders of the Company their voting rights at the Shareholders' General Meeting. The request and collection of the voting rights shall be conducted on a nil consideration basis with full disclosure of information to the person being summoned, request and collection of voting rights for consideration of any form, either expressed or implicit, should be strictly prohibited. The Company must not impose a minimum-shareholding limitation on the request and collection of voting rights."

2. ARTICLE 58 OF THE GENERAL MEETING RULES (A SHARES) READING AS:

"A Shareholder (including his/her proxy) may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one (1) vote.

The shares held by the Company have no voting rights, and that part of the shareholding is not counted as the total number of shares with voting rights held by Shareholders attending the meeting."

shall be amended as:

"A Shareholder (including his/her proxy) may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one (1) vote.

When significant matters affecting the interests of the small and medium investors are considered at the General Meeting, the votes of the small and medium investors should be counted separately. Results of the separate vote count shall be disclosed to the public in a timely manner.

The shares held by the Company have no voting rights, and that part of the shareholding is not counted as the total number of shares with voting rights held by Shareholders attending the meeting."

3. ARTICLE 66 OF THE GENERAL MEETING RULES (A SHARES) READING AS:

"Other than the cumulative voting system, all proposals listed in the agenda shall be voted one by one at the Shareholders' General Meeting. Unless the Shareholders' General Meeting is suspended or that a resolution cannot be made due to special reasons including force majeure, the Shareholders' General Meeting shall not put off the proposals or refuse to vote on the proposals. If there are different proposals in relation to the same matter, the proposals shall be voted in sequence of the time of submission of the proposals."

shall be amended as:

"Other than the cumulative voting system, all proposals listed in the agenda shall be voted one by one at the Shareholders' General Meeting. Unless the Shareholders' General Meeting is suspended or that a resolution cannot be made due to special reasons including force majeure, the Shareholders' General Meeting shall not put off the proposals or refuse to vote on the proposals. If there are different proposals in relation to the same matter, the proposals shall be voted in sequence of the time of submission of the proposals.

When issuance of preference shares is considered at the General Meeting, the following issues should be voted on in order:

(1) The class and number of the preference shares in the Issue;

(2) The way of issue, the target applicants and the arrangement for placement on the existing shareholders;

(3) The nominal value, the offer price or pricing range as well as how it is determined;

(4) How the preference shareholders participate in the profit distribution, including the dividend rate and how it is determined, conditions for dividend pay-out, how the dividend is paid, whether the dividend is cumulative and whether it can be included in distribution of remaining profit, etc.;

(5) Terms for repurchase, including the conditions, period and price of repurchase, how they are determined and who to exercise the repurchase option (if any);

(6) Use of proceeds;

(7) Conditional share subscription agreement signed between the Company and the corresponding applicants;

(8) Term of the resolution;

(9) Proposed amendments to the articles in relation to the policy on profit distribution between the preference shareholders and ordinary shareholders in the Articles of Association;

(10) Authorization to the Board of Directors to deal with the specific matters in the Issue;

(11) Other matters."

4. ARTICLE 75 OF THE GENERAL MEETING RULES (A SHARES) READING AS:

"Where the resolutions of a Shareholders' General Meeting are in violation of laws, regulations, the Listing Rules and/or the Articles of Association, or infringing upon the lawful interests of a Shareholder, the Shareholder is entitled to commence civil proceedings in the People's Court according to law."

shall be amended as:

"Controlling shareholders and de facto controllers of the Company shall not restrict or obstruct the legal exercise of the voting rights of small and medium investors, nor should they impair the legitimate interests of the Company and the small and medium investors.

Where the resolutions of a Shareholders' General Meeting are in violation of laws, regulations, the Listing Rules and/or the Articles of Association, or infringing upon the lawful interests of a Shareholder, the Shareholder is entitled to commence civil proceedings in the People's Court according to law."

The English version of this Appendix is an unofficial translation of its Chinese version. In case of any discrepancy between the two versions, the Chinese version shall prevail.

Proposed formulation of the Remedial Measures and Commitments are set out below:

REMEDIAL MEASURES AND COMMITMENTS FOR THE DILUTED CURRENT RETURNS

As set forth in the Opinions of the General Office of the State Council on Better Protecting the Legitimate Interests of Small and Medium Investors in the Capital Market (Guo Ban Fa [2013] No. 110) promulgated by the General Office of the State Council on 25 December 2013, "In the event of a company's initial public offering, refinancing of a listed company or a merger and reorganisation which result in diluted current returns, the company shall undertake and implement specific remedial measures for the diluted current returns". In this regard, Xinhua Winshare Publishing and Media Co., Ltd. (the "Company") has conducted an in-depth analysis on the impact of its initial public offering of A Shares (the "Issue") on the current returns, and formulated remedial measures and commitments for the diluted current return, as follows:

I. THE IMPACT OF THE ISSUE ON THE COMPANY'S CURRENT RETURNS

Prior to the Issue, the Company had a total share capital of 1,135,131,000 shares, while it intends to issue up to 98.71 million A shares, which are all new shares and does not involve the transfer of the existing shares. Therefore, following the Issue, the total share capital of the Company is expected to grow by 8.70% as compared with that prior to the Issue. Should the growth rate of net profits attributable to owners of the parent for the year in which the new shares are issued be lower than the growth rate of the total share capital of the Company before and after the Issue, the Issue may have a dilution effect on the Company's earnings per share.

In addition, according to the plan of the investment-with-raised-capital project (the "investment-with-raised-capital project"), the Company intends to raise an amount of RMB1,180,000,000, representing 21.79% of its total audited net assets in 2013. As the CAGR of net profits attributable to owners of the parent during the reporting period was 9.37%, and the CAGR of net profits attributable to shareholders of the parent after exceptional gains and losses was 5.97%, the Company's weighted return on average equity may meet with a significant decrease after the Issue.

II. MEASURES TAKEN BY THE COMPANY TO DEAL WITH THE DILUTED CURRENT RETURNS AS A RESULT OF THE ISSUE

In view of the possible decline in the current returns of investors as a result of the Issue, the Company intends to compensate the diluted current returns by increasing the capital utilization rate, accelerating the process of the investment-with-raised-capital project, improving the profit distribution system and enhancing the Company's sustainable profitability:

(I) Ensure the proper and efficient use of the capital raised for the expected benefits of the project

After receiving the capital raised from the Issue, the Company's Board will open a specific account for it and enter into a tri-party agreement on supervision of the raised capital with the bank(s) where such account is opened and the sponsor institution(s) to ensure it is used as earmarked. Meanwhile, the Company will go through the examination and approval procedures for the capital expenditures strictly in compliance with the capital management system and the *Management System Concerning the Special Storage and Use of the Raised Capital* when using the raised capital for investment purposes. The Company will also clearly define the responsibilities of various control points in the process. Application and approval procedures will be followed before the raised capital can be used as planned. Internal examination and appraisal of the state of use of capital will be conducted. Together, these measures are to ensure the proper and efficient use of the raised capital.

(II) Ensure the Effectiveness of the Implementation of Investment-with-Raised-Capital Project and to Accelerate its Investment Progress

This investment-with-raised-capital project will focus on the Company's main business, and the raised funds will be used for logistics network construction project in Western China (西部物流網絡建設項目), retail shops upgrading and expansion project (零售門店升級拓展項目), service platform of education cloud project (教學雲服務平台項目), Chinese cultural revival publication project (中華文化復興出版工程項目) and enterprise resource planning system construction and upgrading project (ERP建設升級項目). This investment-with-raised-capital project, complying with relevant industrial policies of China and benefiting the expansion of the Company's scale, product optimization and a larger market share, may further improve the Company's competitive power and sustainable development capability and help realize and preserve the long-term interest of the Shareholders.

At present, the Company has invested part of such funds to start the construction of investment-with-raised-capital project. After receipt of the raised funds from the Issue, the Company will ensure the construction progress of investment-with-raised-capital project according to our schedule and accelerate its implementation so as to put into production as early as possible and achieve the expected benefits.

(III) Further improve the profit distribution system, in particular the cash dividend distribution policy, and enhance the return mechanism for small and medium-sized investors

Pursuant to the Listed Companies Regulatory Guidance No. 3 – Cash Dividends of Listed Companies issued by the CSRC, the Company held its 2014 first Extraordinary General Meeting on 7 March 2014, at which it reviewed and approved the Proposal Relating to Amendments to the Articles of Association (draft) and the Proposal Relating to Amendments to Shareholders' Future Dividend Distribution Plan of Xinhua Winshare Publishing and Media Co., Ltd., revised the dividend distribution policies, and revised and improved the future dividend distribution plan for the Shareholders of the Company.

The Company has stipulated in detail the profit distribution principles, decision-making mechanisms and procedures, forms of profit distribution, the time interval between profit distributions, specific conditions and proportion of cash dividend distribution, formulation of the cash dividend proposal, specific conditions for distributing dividends in shares of the Company and changes in the profit distribution policies. The Company will give priority to dividend distribution in cash, and the profit to be distributed in cash per annum will not be less than 30% of the distributable profit realized for that year; when the Company distributes profit in the absence of specific circumstances, cash dividends shall account for at least 80% of the profit distribution; when the Company distributes profit under specific circumstances, cash dividends shall account for at least 40% of the profit distribution.

(IV) Other ways

The Company undertakes, subject to the specific rules and requirements that will be issued by regulatory bodies, such as CSRC and SSE, and with reference to relatively common practices of listed companies, to actively implement the Guo Ban Fa [2013] No. 110, and further supplement, revise and improve, as well as implement various systems of the Company relating to the protection of investors' interest and rights.

III. COMMITMENTS RELATING TO COMPENSATION FOR DILUTED CURRENT RETURNS

(I) Commitments of the Company

The Company undertakes to: formulate a sustained and stable dividend distribution proposal in accordance with the Articles of Association (draft) and requirements of the dividend distribution plan for shareholders which will be in place after the listing of the Company. The proposal will stipulate that a profit distribution will be made in cash every year in the three years following the listing of the Company (including the year when the Company gets listed), where no less than 30% of the distributable profit for the year concerned will be distributed, provided that sufficient statutory surplus reserve and general surplus reserve have

been set aside, and conditions for cash dividend distribution are satisfied. The Company may also distribute profits in the form of shares or capitalisation from capital reserves, provided that sufficient cash dividend distribution is ensured and cash dividend should make up 40% of the profit distribution. Subject to the specific rules and requirements that will be issued by regulatory bodies, such as CSRC and SSE, and with reference to relatively common practices of listed companies, actively implement the Guo Ban Fa [2013] No. 110, and further supplement, revise and improve, as well as implement various systems of the Company relating to the protection of investors' interest and rights.

(II) Commitments of all directors

I will procure the Company's Board to review and approve a sustained and stable dividend distribution proposal in accordance with the Articles of Association (draft) and requirements of the dividend distribution plan for shareholders which will be in place after the listing of the Company. The proposal will stipulate that a dividend distribution will be made in cash every year in the three years following the listing of the Company (including the year when the Company gets listed), where no less than 30% of the distributable profit for the year concerned will be distributed, provided that sufficient statutory surplus reserve and general surplus reserve have been set aside, and conditions for cash dividend distribution are satisfied. The Company may also distribute profits in the form of shares or capitalisation from capital reserves, provided that sufficient cash dividend distribution is ensured and cash dividend should make up 40% of the profit distribution.

I will procure the Company's Board:

1. to review and approve the dividend distribution plan that meets the above-mentioned requirements and vote in favour of the relevant dividend distribution proposal at the Board meeting;

2. subject to the specific rules and requirements that will be issued by regulatory bodies, such as CSRC and SSE, and with reference to relatively common practices of listed companies, actively implement the Guo Ban Fa [2013] No. 110, and further supplement, revise and improve, as well as implement various systems of the Company relating to the protection of investors' interest and rights.

In case of any failure to honour the above-mentioned commitments, I will publicly state specific reasons at the designated website of the CSRC, and apologize to the shareholders and public investors.

(III) Commitments of Controlling Shareholders

The Controlling Shareholders will procure the Company's general meeting to review and approve a sustained and stable dividend distribution proposal in accordance with the Articles of Association (draft) and requirements of the dividend distribution plan for shareholders which will be in place after the listing of the Company. The proposal will stipulate that a

dividend distribution will be made in cash every year in the three years following the listing of the Company (including the year when the Company gets listed), where no less than 30% of the distributable profit for the year concerned will be distributed, provided that sufficient statutory surplus reserve and general surplus reserve have been set aside, and conditions for cash dividend distribution are satisfied. The Company may also distribute profits in the form of shares or capitalisation from capital reserves, provided that sufficient cash dividend distribution is ensured and cash dividend should make up 40% of the profit distribution.

The Controlling Shareholders shall:

1. procure the Company's general meeting to review and approve the dividend distribution plan that meets the above-mentioned requirements and vote in favour of the relevant dividend distribution proposal at the general meeting;

2. procure the Company to actively implement the Guo Ban Fa [2013] No. 110, and further supplement, revise and improve, as well as implement various systems of the Company relating to the protection of investors' interest and rights, subject to the specific rules and requirements that will be issued by regulatory bodies such as CSRC and SSE, and with reference to relatively common practices of listed companies.

In case of any failure to honour the above-mentioned commitments, the Controlling Shareholders will publicly state specific reasons at the designated website of the CSRC, and apologize to the shareholders and public investors.

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 2013, 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) 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%
Sichuan 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.*	53,336,000 (L) *(Note 3)*	Beneficial owner	Social Legal Person Shares	100.00%	4.70%

Notes:

1. The letter "L" represents the entities' long positions in the Shares of the Company.

2. Sichuan Development is the controlling shareholder of Sichuan Xinhua Publishing Group and SPG. According to the SFO, Sichuan Development is deemed to indirectly hold 592,809,525 shares of the Company through Sichuan Xinhua Publishing Group and 31,051,927 shares of the Company through SPG, which are 623,861,452 shares in total.

3. Hua Sheng Group pledged all the Shares it held.

4. Director Mr. Gong Cimin is the chairman and party secretary of Sichuan Xinhua Publishing Group. Director Mr. Zhang Chengxing is the director and vice president of Sichuan Xinhua Publishing Group. Director Mr. Luo Jun is the director and vice president of Sichuan Xinhua Publishing Group, respectively.

4. COMPETING BUSINESS

As at the latest practicable date of this circular, so far as the Directors are aware, executive Directors Mr. Gong Cimin and Mr. Luo Yong are the chairman and president of Sichuan Publication Group respectively, and the business activities of Sichuan Publication Group may be in competition with that of the Group.

Save as disclosed above, none of other Directors, supervisors or their respective associates had any interest in any business which is or may be in direct or indirect competition with that 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 2013, 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
Halycon Capital Limited	a corporation licensed by Securities and Futures Commission to carry out type 6 (advising on corporate finance) regulated activity under the SFO
Asset Appraisal Limited	a Hong Kong independent qualified property valuer
Sichuan Tian Jian Huaheng Assets Appraisal Co., Ltd.	a qualified PRC valuation institution licensed to engage in appraisal business in relation to securities and futures by the Ministry of Finance of the PRC and China Securities Regulatory Commission

Halycon Capital Limited, Asset Appraisal Limited and Sichuan Tian Jian Huaheng Assets Appraisal Co., Ltd. are referred to as the "**Experts**" hereinafter.

As at the Latest Practicable Date, none of the Experts was 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.

Each of the Experts 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 Halycon Capital Limited is given as at the date of this circular for incorporation herein. The Hong Kong valuation report dated 31 July 2014 on the Properties held by Sichuan Wenzhuo and the PRC Appraisal Report dated 12 May 2014 on Sichuan Wenzhuo have been prepared by Asset Appraisal Limited and Sichuan Tian Jian Huaheng Assets Appraisal Co., Ltd respectively for incorporation herein.

None of the Experts has, or has 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 2013, the date to which the latest published audited financial statement of the Group was made up.

9. DOCUMENTS FOR INSPECTION

A copy of the Equity Transfer 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 Tuesday, 26 August 2014 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 (the "**Circular**") of the Company dated 31 July 2014.*

AS ORDINARY RESOLUTION

"**THAT**

1. the performance and implementation of the equity transfer agreement ("**Equity Transfer Agreement**") in relation to the disposal of 3% equity interest in Sichuan Wenzhuo, together with the terms and conditions thereof, the transactions contemplated thereunder as set out in the Circular be and are hereby confirmed and approved; 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 Equity Transfer Agreement, and to make and agree such variations of a non-material nature to any of the terms of the Equity Transfer Agreement they may in their discretion consider to be desirable and in the interests of the Company and Shareholders as a whole and all the Directors' acts as aforesaid."

AS SPECIAL RESOLUTIONS

"**THAT**

2. Subject to the completion of the A Share Issue, the proposed amendments to the Articles of Association (A Shares) be approved and confirmed (details of which to be set out in the Circular), and the Board be authorized to modify the wordings of such amendments as appropriate (such amendments will not be required to be approved by the Shareholders) and to execute all such documents and/or do all such

* *For identification purposes only*

acts as it may deem necessary or expedient and in the interest of the Company in order to effect the proposed amendments, comply with the PRC laws and regulations, satisfy the requirements (if any) of the relevant PRC regulatory authorities and to deal with other related issues arising from the amendments to the Articles of Association (A Shares);

3. Subject to the completion of the A Share Issue, the proposed amendments to the General Meeting Rules (A Shares) be approved and confirmed (details of which to be set out in the Circular), and the Board be authorized to modify the wordings of such amendments as appropriate (such amendments will not be required to be approved by the Shareholders) and to execute all such documents and/or do all such acts as it may deem necessary or expedient and in the interest of the Company in order to effect the proposed amendments, comply with the PRC laws and regulations, satisfy the requirements (if any) of the relevant PRC regulatory authorities and to deal with other related issues arising from the amendments to the General Meeting Rules (A Shares);

4. Subject to the completion of the A Share Issue, the formulation of the Remedial Measures and Commitments for Dilution of Current Returns (the "**Remedial Measures and Commitments**") be approved and confirmed (details of which to be set out in the Circular), and the Board be authorized to modify the wordings of Remedial Measures and Commitments as appropriate (such amendments will not be required to be approved by the Shareholders) and to execute all such documents and/or do all such acts as it may deem necessary or expedient and in the interest of the Company in order to effect the proposed amendments, comply with the PRC laws and regulations, satisfy the requirements (if any) of the relevant PRC regulatory authorities and to deal with other related issues arising from the formulation of Remedial Measures and Commitments; and

5. Subject to the completion of the A Share Issue, under the specific rules and requirements that will be issued by regulatory bodies, such as the China Securities Regulatory Commission and the Shanghai Stock Exchange, the Board be approved and authorized to supplement, revise and improve the Remedial Measures and Commitments and to execute all such documents and/or do all such acts as it may deem necessary or expedient and in the interest of the Company in order to effect the supplementation, revision and improvement, comply with the PRC laws and regulations, satisfy the requirements (if any) of the relevant PRC regulatory authorities and to deal with other related issues arising from the revision of the Remedial Measures and Commitments."

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

Sichuan, the PRC, 31 July 2014

* *For identification purposes only*

Notes:

1. The register of members of the Company has been closed from 25 July 2014 to 26 August 2014 (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 24 July 2014.

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 17M 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. Should a proxy be appointed, the proxy shall also present the proxy form.

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 6 August 2014.

6. The EGM is expected to take less than half day. 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.