WIN SHARE

新華文軒出版傳媒股份有限公司
XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00811)

REVISION OF 2014 AND 2015 ANNUAL CAPS FOR THE PROPERTY MANAGEMENT AGREEMENT

THE PROPERTY MANAGEMENT AGREEMENT

Reference is made to the Announcement.

On 20 December 2012, the Company and Huang Peng Property entered into the Property Management Agreement, pursuant to which Huang Peng Property agrees to provide certain property management services to the Group for the period commencing from 1 January 2013 to 31 December 2015.

REVISION OF THE EXISTING ANNUAL CAPS

In light of the recent completion of part of the construction of "Western China Cultural Products Logistics Centre" of the Company as scheduled, which is ready for its intended use, it is expected that there will be an increase in the area and scope with respect to the property management services to be provided by Huang Peng Property to the Group under the Property Management Agreement. The Directors are of the view that the Existing Annual Caps for the Property Management Agreement for the two years ending 31 December 2014 and 31 December 2015 will be insufficient for satisfying the Group's current need. As such, on 17 November 2014, the Board resolved to revise the Existing Annual Caps for the Property Management Agreement for the two years ending 31 December 2014 and 31 December 2015 from RMB7 million and RMB7.5 million to RMB9 million and RMB9.5 million respectively.

LISTING RULES IMPLICATIONS

As at the dates of the Property Management Agreement and hereof, Huang Peng Property was and is a wholly-owned subsidiary of Xinhua Publishing, the controlling shareholder of the Company. Accordingly, Huang Peng Property is a connected person of the Company pursuant to the Listing Rules. The transaction contemplated under the Property Management Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, the Company is required to re-comply with the announcement and shareholders' approval requirements in respect of the Revised Annual Caps. Since the applicable percentage ratios (other than the profit ratio) in respect of the Revised Annual Caps are, on an annual basis, more than 0.1% but less than 5%, the Property Management Agreement is subject to the reporting, announcement and annual review requirements only but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the Announcement.

On 20 December 2012, the Company and Huang Peng Property entered into the Property Management Agreement, pursuant to which Huang Peng Property agrees to provide certain property management services to the Group for the period commencing from 1 January 2013 to 31 December 2015.

PROPERTY MANAGEMENT AGREEMENT

Principal terms of the Property Management Agreement

Set out below is a summary of the principal terms of the Property Management Agreement (as disclosed in the Announcement).

Date:	20 December 2012
Term:	1 January 2013 to 31 December 2015
Parties:	(1) the Company (and on behalf of the Group), as recipient of services (2) Huang Peng Property, as service provider
Nature of transaction:	Huang Peng Property shall provide property management services to the Group.
Service fees and pricing policy:	The service fees for the property management services shall be agreed between the parties having regard to the type of property owned or rented by the Group and the type of services provided by Huang Peng Property under each service agreement. The service fees shall be determined by the parties in a fair and reasonable manner through arm's length negotiation, agreed between the parties having regard to the common commercial terms and conditions and referring to the market price for the same type of property management services and shall not be higher than the fees for the same type of property management services offered by Independent Third Parties to the Company.

Payment term:	Unless otherwise agreed between the Company and Huang Peng Property, the fees for the property management services shall be settled by the Company every 3 months by way of bank transfer.
Option to renew:	Subject to the Listing Rules and the approvals of the Stock Exchange, the Board and/or the independent Shareholders (if required), the Company may renew the Property Management Agreement upon serving a written notice to Huang Peng Property and entering into another written agreement prior to the expiry of the Property Management Agreement.

Measures of internal control

To ensure conformity with the above pricing policy for the Property Management Agreement from time to time, the Company has been adopting a series of internal control measures for its daily operation, including but not limited to:–

1. the Company has formulated a management system governing the connected transactions of the Company and the management method governing the contracts of the Company, which have been strictly implemented. Pursuant to such system and method as well as the relevant procedures, the Company's relevant functional departments continuously review and monitor the terms of the agreements in relation to the connected transactions of the Company (including the framework agreements and individual specific agreements) and their implementation (including the pricing policy under the agreements), and they will report to the management of the Company if necessary for the purposes of reviewing the implementation of the connected transactions of the Company from time to time and avoiding any deviation from the pricing policy under such agreements;

2. prior to entering into any specific service agreement with Huang Peng Property, the Group will consider the service fees under other comparable contracts (if any) and/or the then comparable market price for the same type of property management services in Chengdu, so as to ensure the service fee agreed under the Property Management Agreement will not be less favourable than the fee standard for the same type of property management services offered by Independent Third Parties to the Company;

3. review by the independent non-executive Directors on the transactions under the Property Management Agreement to ensure that such transactions are entered into on normal commercial terms or better, fair and reasonable, and carried out pursuant to the terms of the Property Management Agreement;

4. annual review by the auditors of the Company on the pricing and annual caps for the transactions under the Property Management Agreement.

By implementing the above measures, the Directors (including independent non-executive Directors) consider that the Company has sufficient internal control to ensure that the pricing basis of the services provided by Huang Peng Property to the Group under the Property Management Agreement will be in accordance with the terms of the Property Management Agreement, on normal commercial terms, fair and reasonable to the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE PROPERTY MANAGEMENT AGREEMENT

As disclosed in the Announcement, Huang Peng Property concentrates on providing property management services to various business units and management departments of the Group, which can improve the efficiency in the Group's administration and management and reduce the costs for property management.

At the same time, Huang Peng Property has continuously provided the Group with thorough, efficient and convenient property management services in the past, and is very familiar with the property service projects and the needs of the Group. The Directors believe that Huang Peng Property can provide better service support to the Group to meet its office and operational needs.

REVISION OF THE EXISTING ANNUAL CAPS AND THE REVISED ANNUAL CAPS

The Existing Annual Caps

The following table summarizes the Existing Annual Caps for the Property Management Agreement for each of the three years ending 31 December 2015:

	Unit: RMB'000
For the year ended 31 December 2013	6,600
For the year ending 31 December 2014	7,000
For the year ending 31 December 2015	7,500

The historical transaction amounts

The following table summarizes the historical transaction amounts for the Property Management Agreement for each of the three years ended 31 December 2013 and for the 10 months ended 31 October 2014:

	Unit: RMB'000
For the year ended 31 December 2011	4,452
For the year ended 31 December 2012	4,779
For the year ended 31 December 2013	6,095
For 10 months ended 31 October 2014	5,485

Reasons for revision of the Existing Annual Caps and the Revised Annual Caps

In light of the recent completion of part of the construction of "Western China Cultural Products Logistics Centre" of the Company as scheduled, which is ready for its intended use, it is expected that there will be an increase in the area and scope with respect to the property management services to be provided by Huang Peng Property to the Group under the Property Management Agreement. The Directors are of the view that the Existing Annual Caps for the Property Management Agreement for the two years ending 31 December 2014 and 31 December 2015 will be insufficient for satisfying the Group's current need. As such, on 17 November 2014, the Board resolved to revise the Existing Annual Caps for the Property Management Agreement for the two years ending 31 December 2014 and 31 December 2015 from RMB7 million and RMB7.5 million to RMB9 million and RMB9.5 million respectively.

In considering the Revised Annual Caps, the Directors have considered a number of factors including: (i) the historical transaction amounts for the Property Management Agreement for each of the three years ended 31 December 2013 and the 10 months ended 31 October 2014; (ii) the expected growth in the demand for property management services following completion of part of the construction of "Western China Cultural Products Logistics Centre" of the Company, the anticipated increase in both the total area of property and the scope of property management services to be covered by the Property Management Agreement; and (iii) the estimated increase in the fees for the provision of property management services under the Property Management Agreement.

DIRECTORS' VIEW

The Directors (including the independent non-executive Directors) consider that the Property Management Agreement is entered into in the ordinary and usual course of business of the Group and the terms as contained in the Property Management Agreement are on normal commercial terms, which are arrived at after arm's length negotiations between the parties, the Revised Annual Caps and the terms of the Property Management Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP AND HUANG PENG PROPERTY

The Group is principally engaged in the editorial and publishing of publications; retailing and distribution of books and audiovisual products; and publication of textbooks and supplementary materials, investments in film and television and sales of artworks, etc.

Huang Peng Property is principally engaged in the business of property management and services, construction and renovation services, etc.

LISTING RULES IMPLICATIONS

As at the dates of the Property Management Agreement and hereof, Huang Peng Property was and is a wholly-owned subsidiary of Xinhua Publishing, the controlling shareholder of the Company. Accordingly, Huang Peng Property is a connected person of the Company pursuant to the Listing Rules. The transaction contemplated under the Property Management Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, the Company is required to re-comply with the announcement and shareholders' approval requirements in respect of the Revised Annual Caps. Since the applicable percentage ratios (other than the profit ratio) in respect of the Revised Annual Caps are, on an annual basis, more than 0.1% but less than 5%, the Property Management Agreement is subject to the reporting, announcement and annual review requirements only but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the Property Management 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, the Directors who hold positions in Xinhua Publishing and/or Sichuan Publication Group as at the date hereof, have abstained from voting on the Board resolution for approving the Revised Annual Caps.

DEFINITIONS

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

"Announcement"	the announcement of the Company dated 20 December 2012 in relation to the Property Management Agreement and other various continuing connected transactions of the Company
"Board"	the board of Directors
"Company"	Xinhua Winshare Publishing and Media Co., Ltd.* (新華文軒出版傳媒股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the same meaning as ascribed to this term under the Listing Rules
"controlling shareholder"	has the same meaning as ascribed to this term under the Listing Rules
"Director(s)"	the director(s) of the Company
"Existing Annual Cap(s)"	the existing annual cap amount(s) for the continuing connected transaction under the Property Management Agreement for each of the three years ending 31 December 2015, being RMB6.6 million, RMB7 million and RMB7.5 million respectively, as approved by the Board meeting held on 20 December 2012
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Huang Peng Property"	Chengdu Huang Peng Property Co., Ltd. * (成都皇鵬物業有限責任公司), a limited liability company established in the PRC and a wholly-owned subsidiary of Xinhua Publishing, the controlling shareholder of the Company, as at the dates of the Property Management Agreement and hereof
"Independent Third Party(ies)"	person(s) or company(ies) which is/are independent of the Directors, supervisors, substantial shareholders and chief executive (as defined under the Listing Rules) of the Group
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"percentage ratios"	has the same meaning as ascribed to this term under Chapter 14 of the Listing Rules

"PRC"	the People's Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
"Property Management Agreement"	the property management agreement dated 20 December 2012 entered into between the Company and Huang Peng Property in connection with provision of certain property management services by Huang Peng Property to the Group for the period from 1 January 2013 to 31 December 2015
"Revised Annual Cap(s)"	the revised annual cap amount(s) for the continuing connected transaction under the Property Management Agreement for the two years ending 31 December 2014 and 31 December 2015, as adjusted by the Board on 17 November 2014, being RMB9 million and RMB9.5 million respectively
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholders"	shareholders of the Company
"Sichuan Development"	Sichuan Development (Holding) Co., Ltd.* (四川發展(控股)有限責任公司), a limited liability company established in the PRC, the sole shareholder of Xinhua Publishing and Sichuan Publication Group and the ultimate controlling shareholder of the Company
"Sichuan Publication Group"	Sichuan Publication Group Co., Ltd.* (四川出版集團有限責任公司), a limited liability company established in the PRC and a wholly-owned subsidiary of Sichuan Development
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder(s)"	has the same meaning as ascribed to this term under the Listing Rules
"Xinhua Publishing"	Sichuan Xinhua Publishing Group Co., Ltd.* (四川新華發行集團有限公司), a limited liability company established in the PRC, the controlling shareholder of the Company and a wholly-owned subsidiary of Sichuan Development as at the dates of the Property Management Agreement and hereof
"%"	per cent

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

Sichuan, the PRC, 17 November 2014

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

* *For identification purposes only*