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**winshare 文軒**

**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)**

## **CONTINUING CONNECTED TRANSACTIONS**

### **(1) PUBLICATIONS PROCUREMENT FRAMEWORK AGREEMENT; AND (2) PAPER SUPPLY FRAMEWORK AGREEMENT**

#### **PUBLICATIONS PROCUREMENT FRAMEWORK AGREEMENT AND PAPER SUPPLY FRAMEWORK AGREEMENT**

On 29 December 2021, the Company entered into the Publications Procurement Framework Agreement and the Paper Supply Framework Agreement with Sichuan Minzu Publishing House, pursuant to which the Company will procure publications from and supply printing papers to Sichuan Minzu Publishing House.

#### **LISTING RULES IMPLICATIONS**

As disclosed in the inside information announcement of the Company dated 16 December 2021, Sichuan Xinhua Publishing and Distribution Group, the controlling shareholder of the Company, became the competent authority of Sichuan Minzu Publishing House on 14 December 2021. Therefore, Sichuan Minzu Publishing House is an associate of Sichuan Xinhua Publishing and Distribution Group, a connected person of the Company. The transactions contemplated under the Publications Procurement Framework Agreement and the Paper Supply Framework Agreement shall constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As various applicable percentage ratios (other than the profits ratio) for the Publications Procurement Framework Agreement and the Paper Supply Framework Agreement are, on an annual basis, more than 0.1% but less than 5%, the Framework Agreements are subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement.

## CONTINUING CONNECTED TRANSACTIONS

### INTRODUCTION

On 29 December 2021, the Company entered into the Publications Procurement Framework Agreement and the Paper Supply Framework Agreement with Sichuan Minzu Publishing House, pursuant to which the Company will procure publications from and supply printing papers to Sichuan Minzu Publishing House.

#### (1) Publications Procurement Framework Agreement

##### *Principal terms:*

Date:	29 December 2021
Term:	From 1 January 2022 to 31 December 2024 (both days inclusive)
Parties:	(1) the Company (as purchaser) (2) Sichuan Minzu Publishing House (as seller)
Nature and means of transaction:	The Group shall purchase publications from Sichuan Minzu Publishing House for sale, and the means of which are by wholesale and retail. Unless otherwise agreed, Sichuan Minzu Publishing House shall be responsible for delivering the publications ordered by the Group to the location as designated by the Group.
Specific purchase contracts:	The parties shall negotiate and enter into specific purchase contracts or orders from time to time to agree on the type, quantity, pricing, payment terms, delivery time and method, location, transportation method, fees, return conditions and method, settlement methods, etc. of the specific purchased publications.

##### *Pricing policy*

The transaction prices of the procurement of the publications from Sichuan Minzu Publishing House by the Group shall be determined by the parties through arm's length negotiation and on normal commercial terms with reference to the market prices for the same type of products purchased by the Group from no less than two Independent Third Parties, which shall be basically the same as the transaction prices entered into between the Group and the Independent Third Parties, in order to ensure that the final pricing for the procurement of the Publications is fair and reasonable.

## **(2) Paper Supply Framework Agreement**

### ***Principal terms:***

Date:	29 December 2021
Term:	From 1 January 2022 to 31 December 2024 (both days inclusive)
Parties:	(1) the Company (as supplier) (2) Sichuan Minzu Publishing House (as purchaser)
Nature and means of transaction:	The Group shall supply papers to Sichuan Minzu Publishing House. Unless otherwise agreed by the parties, the Group shall deliver the papers ordered by Sichuan Minzu Publishing House to the location as designated by Sichuan Minzu Publishing House.
Specific purchase contracts:	The parties shall negotiate and enter into specific purchase contracts or orders from time to time to agree on the type, quantity, pricing, payment terms, delivery time and method, location, transportation method, fees, return conditions and method, settlement method, etc. of the specific purchased papers.

### ***Pricing policy***

The transaction prices of the papers supplied by the Group to Sichuan Minzu Publishing House shall be determined by the parties through arm's length negotiation and on normal commercial terms with reference to the market prices for the same type of products supplied by the Group to no less than two Independent Third Parties, which shall be basically the same as the transaction prices entered into between the Group and the Independent Third Parties, in order to ensure the final pricing of the papers is fair and reasonable.

### ***Proposed annual caps and basis for determination***

The following table sets out the proposed annual caps under the Framework Agreements respectively:

	<b>Proposed annual caps</b>		
	<b>For the year</b>	<b>For the year</b>	<b>For the year</b>
	<b>ending</b>	<b>ending</b>	<b>ending</b>
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Publications Procurement Framework Agreement	85,000	115,000	130,000
Paper Supply Framework Agreement	32,000	39,000	46,000

In considering the proposed annual caps for the Framework Agreements, the Directors have considered a number of factors, including:

- i. the transaction amounts of the publications purchased by the Group from Sichuan Minzu Publishing House during the last three years;
- ii. the possible change of the scope of products of the publications to be purchased by the Group from Sichuan Minzu Publishing House in the future;
- iii. the estimated demand for the publications to be purchased by the Group in 2022, 2023 and 2024 based on the above items i and ii;
- iv. the possible increase of market price of the publications from time to time as a result of inflation;
- v. the transaction amounts of the papers supplied by the Group to Sichuan Minzu Publishing House during the last three years;
- vi. the estimated demand for the printing papers to be purchased by Sichuan Minzu Publishing House from the Group in 2022, 2023 and 2024; and
- vii. the possible increase of market price of papers with reference to the historical fluctuation in price of papers.

*Note: most of the products in the publications procurement and paper supply business are divided into two seasons each year, namely spring and autumn, with the spring business usually spans two calendar years. The timing of spring business varies from year to year depending on the date of the Spring Festival, which may result in a transaction amount greater than the annual business forecast for the same financial year. Therefore, the annual transaction amount cap for 2022 is set based on the highest actual transaction amount in the past three years.*

### ***Connected relationship between the parties***

Sichuan Minzu Publishing House is an enterprise owned by the whole people, the competent authority of which is Sichuan Xinhua Publishing and Distribution Group, the controlling shareholder of the Company. Therefore, Sichuan Minzu Publishing House is an associate of Sichuan Xinhua Publishing and Distribution Group, a connected person of the Company. The transactions contemplated under the Framework Agreements shall constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

### ***Historical transaction amounts***

As disclosed in the inside information announcement of the Company dated 16 December 2021, Sichuan Xinhua Publishing and Distribution Group, the controlling shareholder of the Company, became the competent authority of Sichuan Minzu Publishing House on 14 December 2021, and Sichuan Minzu Publishing House became a connected person of the Company. Prior to 14 December 2021, the transactions between the Group and Sichuan Minzu Publishing House did not constitute connected transactions of the Company.

The following table sets out the historical transaction amounts of transactions contemplated under the Framework Agreements respectively:

	<b>Historical transaction amounts</b>		
	<b>For the year ended 31 December 2019 (RMB'000)</b>	<b>For the year ended 31 December 2020 (RMB'000)</b>	<b>For the eleven months ended 30 November 2021 (RMB'000)</b>
Publications Procurement Framework Agreement	62,333	49,463	56,897
Paper Supply Framework Agreement	22,800	12,525	14,928

### ***Reasons for and benefits of entering into the Framework Agreements***

Sichuan Minzu Publishing House is the largest publisher of Tibetan language in Southwest China and the only publisher of Yi language in the PRC, which possesses certain categories of the exclusive publication right for the minorities' textbooks for secondary and primary schools in Sichuan Province. As the only enterprise in Sichuan Province that has the qualification to conduct the distribution business of textbooks for secondary and primary school students, the Company is required to purchase such textbooks from Sichuan Minzu Publishing House on an on-going basis when performing its responsibilities in relation to the distribution of such textbooks. In addition, the publications supplied by Sichuan Minzu Publishing House have been widely recognised by the minorities' market. Over the years, the Group has been purchasing publications from Sichuan Minzu Publishing House steadily, and the parties have built up a foundation for good cooperation and reliance.

Sichuan Printing Materials Co., Ltd. (四川省印刷物資有限責任公司), a subsidiary of the Company, is a relatively large seller of printing papers in Southwest China. Over the years, Sichuan Printing Materials Co., Ltd. has been supplying printing papers to a number of publishers and printing service providers including Sichuan Minzu Publishing House in the regional market. The entering into of the paper supply arrangement would be a reasonable option to expand the Group's business.

The publications procurement arrangement and paper supply arrangement will be beneficial for maintaining the stability of the Group's business. The Directors (including the independent non-executive Directors) consider that the Framework Agreements are entered into in the ordinary and usual course of business of the Group and the terms as contained in the Framework Agreements are on normal commercial terms, which are arrived at after arm's length negotiations between the parties, the terms and its respective annual caps of the Framework Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### ***Internal control measures***

In order to ensure that the Group is in compliance with the pricing policies in respect of the transactions contemplated under the Framework Agreements and to safeguard the interests of the Company and the Shareholders as a whole, the Company has adopted the following measures:

- (i) The pricing for the procurement of Publications by the Group from Sichuan Minzu Publishing House shall be proposed by the relevant business department and subsidiaries of the Company and Sichuan Minzu Publishing House upon negotiations, which will be further reviewed and evaluated by the relevant administrative departments the Company. The pricing proposals will be confirmed with reference to the prevailing market price upon the proposed entering into of the transaction and will be further submitted to the management of the Company for approval and confirmation. During the review of the price offered by other Independent Third Parties, the relevant administrative departments of the Company shall generally request quotation from no less than two publication suppliers which are Independent Third Parties to determine the market price.
- (ii) The pricing for the supply of the Papers by the Group to Sichuan Minzu Publishing House shall be proposed by the relevant subsidiary of the Company and Sichuan Minzu Publishing House upon negotiations, which will be further reviewed and evaluated by the relevant administrative departments of the Company. The pricing proposals will be confirmed with reference to the prevailing market price upon the proposed entering into of the transaction and will be further submitted to the management of the Company for approval and confirmation. During the review of the price offered by other Independent Third Parties, the relevant administrative departments of the Company shall generally verify quotation of the same type of products supplied by the Group to no less than two Independent Third Parties to determine the market price.
- (iii) The relevant business departments, subsidiaries and administrative departments of the Company shall verify the payment amount according to the specific agreements or orders under the Framework Agreements.
- (iv) The Company has in place a relevant management system for connected transactions which clearly stipulates that the relevant administrative departments shall trace, monitor and evaluate the payment arrangements and the actual transaction amounts under the relevant connected transactions on an on-going basis to ensure that the annual caps for the continuing connected transactions will not be exceeded.

- (v) The Company shall engage the Company's auditor to conduct annual review on the continuing connected transactions (including but not limited to the pricing policy and annual cap) every year pursuant to Rule 14A.56 of the Listing Rules.
- (vi) The transactions under the Framework Agreements for each financial period, as well as the conclusion made by the independent non-executive Directors on whether the relevant transactions proceed according to the normal commercial terms, are fair and reasonable, and are in the interests of the Shareholders of the Company as a whole will be disclosed in annual reports and accounts of the Company.

The Directors (including the independent non-executive Directors) consider that the above internal control measures adopted by the Company in respect of the Framework Agreements are appropriate. The measures can ensure that the transactions will be executed in accordance with the pricing principles set by each connected transaction agreement with appropriate supervision.

## **INFORMATION OF THE GROUP AND THE COUNTERPARTIES**

The Group is principally engaged in the wholesale and retails of publications and electronic publications, wholesale of audio and visual products, production and distribution of electronic publications and audio and visual products and publication business, etc.

Sichuan Minzu Publishing House is principally engaged in, including the publication and distribution of minority languages books and the publication of minority languages textbooks.

## **LISTING RULES IMPLICATIONS**

As disclosed in the inside information announcement of the Company dated 16 December 2021, Sichuan Xinhua Publishing and Distribution Group, the controlling shareholder of the Company, became the competent authority of Sichuan Minzu Publishing House on 14 December 2021. Therefore, Sichuan Minzu Publishing House is an associate of Sichuan Xinhua Publishing and Distribution Group, a connected person of the Company. The transactions contemplated under the Framework Agreements shall constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As various applicable percentage ratios (other than the profits ratio) for the Publications Procurement Framework Agreement and the Paper Supply Framework Agreement are, on an annual basis, more than 0.1% but less than 5%, the Framework Agreements are subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement.

Pursuant to Rule 14A.68 of the Listing Rules and the articles of association of the Company, Mr. Luo Yong, Mr. Liu Longzhang, Mr. Dai Weidong, Mr. Luo Jun and Mr. Zhang Peng as Directors may be regarded as having interests in the Framework Agreements. As such, they have abstained from voting on the Board resolution approving the Framework Agreements and the annual cap amounts for each of the three years ending 31 December 2024. Save for the aforementioned Directors, none of the Directors has any material interests in the Framework Agreements.



## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	Xinhua Winshare Publishing and Media Co., Ltd.* (新華文軒出版傳媒股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the A shares and H shares of which are listed on the Shanghai Stock Exchange and the Stock Exchange respectively
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Framework Agreements”	the Publications Procurement Framework Agreement and the Paper Supply Framework Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	has the same meaning ascribed to it under the Listing Rules
“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
“Papers”	the printing papers supplied by the Group to Sichuan Minzu Publishing House under the Paper Supply Framework Agreement
“Paper Supply Framework Agreement”	the paper supply framework agreement dated 29 December 2021 entered into between the Company and Sichuan Minzu Publishing House in connection with the provision of the Papers by the Company to Sichuan Minzu Publishing House for the period from 1 January 2022 to 31 December 2024
“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)



“Publications”	the publications purchased by the Company and its subsidiaries from Sichuan Minzu Publishing House under the Publications Procurement Framework Agreement
“Publications Procurement Framework Agreement”	the publications procurement framework agreement dated 29 December 2021 entered into between the Company and Sichuan Minzu Publishing House in connection with the procurement of the Publications by the Company from Sichuan Minzu Publishing House for the period from 1 January 2022 to 31 December 2024
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Sichuan Minzu Publishing House”	Sichuan Minzu Publishing House, an enterprise owned by the whole people established in the PRC, with Sichuan Xinhua Publishing and Distribution Group, the controlling shareholder of the Company, as its competent authority as at the date of this announcement
“Sichuan Xinhua Publishing and Distribution Group”	Sichuan Xinhua Publishing and Distribution Group Co., Ltd.* (四川新華出版發行集團有限公司), a state-owned entity established in the PRC, the controlling shareholder of the Company which held approximately 54.96% shares of the Company as at 21 December 2021 (reference is made to the “Disclosure of Interests” form filed on the website of the Stock Exchange)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percent

By order of the Board  
**Xinhua Winshare Publishing and Media Co., Ltd.\***  
**Luo Yong**  
*Chairman*

Sichuan, the PRC, 29 December 2021

*As at the date of this announcement, the Board comprises (a) Mr. Luo Yong and Mr. Liu Longzhang as executive Directors; (b) Mr. Dai Weidong, Mr. Luo Jun, Mr. Zhang Peng and Mr. Han Xiaoming as non-executive Directors; and (c) Mr. Chan Yuk Tong, Ms. Xiao Liping and Mr. Fang Bingxi as independent non-executive Directors.*

\* *For identification purposes only*