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XINHUA NEWS MEDIA HOLDINGS LIMITED

新華通訊頻媒控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 309)

PROPOSED TERMINATION OF THE INVESTMENT AGREEMENT

The Company announces that Shuyang Municipal Government served the Termination Notice to the Group on 4 January 2012 that the Investment Agreement had been terminated.

Reference is made to the Company's announcements dated 3 November 2008 and 16 December 2008 respectively and circular dated 24 November 2008, regarding a Major and Connected transaction (the "Transaction") in respect of the acquisition from ITAD Biotechnology Limited ("ITAD Biotechnology"), a company controlled by Dr. Lo Kou Hong, the then controlling shareholder of the Company (who currently holds 8.61% equity interest in the Company together with its subsidiaries, the "Group") and his associates, of a waste treatment business in Shuyang County, Jiangsu Province, the People's Republic of China. The Transaction was completed on 16 December 2008.

On 4 January 2012, the Shuyang Municipal Government ("Shuyang Municipal Government") served a notice of termination (the "Termination Notice") to ITAD Biotechnology and Shuyang ITAD Environmental Technology Limited ("Shuyang ITAD"), an indirectly owned subsidiary of the Company in respect of termination of the investment agreement (the "Investment Agreement") relating to the waste treatment business namely, the operations of Shuyang ITAD's municipal waste treatment plant located in Shuyang County, Jiangsu Province, the People's Republic of China had been terminated.

Given limited information presently available, the Company is currently in the process of evaluating the situation including contacting Shuyang Municipal Government to obtain further information and at the same time, will seek an independent legal advice in respect of the legal effect of the Termination Notice.

The Company will monitor the situation and will make further announcement(s) relating to the above matter as and when appropriate and in accordance with Listing Rules.

On behalf of the Board
Xinhua News Media Holdings Limited
Meng Jin
Executive Director

Hong Kong, 5 January 2012

As at the date of this announcement, the Board comprises eight executive directors, namely, Mr Ju Mengjun, Dr Lo Kou Hong, Mr Xu Zugen, Mr Mao Hongcheng, Mr Chang Loong Cheong, Mr Meng Jin, Mr Shi Guoxiong and Mr Zhou Guanghe; one non-executive director, namely, Mr Xu Rong; and three independent non-executive directors, namely, Ms Xu Zhijuan, Mr Tang Binfeng and Mr Wang Qi.