*The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this announcement, 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 announcement.*

*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities. This announcement is not, and is not intended to be, an offer of securities of* 四川新華文軒連鎖股份有限公司 *(Sichuan Xinhua Winshare Chainstore Co., Ltd.*) (the "Company") for sale in the United States. The H Shares of the Company have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. This announcement and the information contained herein is not for release, publication or distribution in or into the United States.*

*Unless otherwise defined in this announcement, terms used in this announcement shall have the same meanings as those defined in the prospectus issued by the Company dated 16 May 2007 (the "Prospectus").*

WIN SHARE

# 四川新華文軒連鎖股份有限公司
# SICHUAN XINHUA WINSHARE CHAINSTORE CO.,LTD.*

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

**(Stock Code: 811)**

## PARTIAL EXERCISE OF OVER-ALLOTMENT OPTION

The Company announces that the Over-allotment Option described in the Prospectus has been exercised partially by the Global Co-ordinator on behalf of the International Underwriters on 1 June 2007 in respect of an aggregate of 32,361,000 H Shares, representing approximately 8.76% of the H Shares initially available under the Global Offering.

The Over-allotment Shares will be allotted and issued by the Company at HK$5.80 per H Share (excluding the brokerage fee of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%), being the Offer Price per H Share under the Global Offering.

In accordance with the relevant PRC laws and regulations regarding the disposal of State-owned shares, the State-owned Shareholders are required to transfer to the NSSF 3,236,100 Domestic Shares, representing 10% of the number of H Shares issued by the Company pursuant to the partial exercise of the Over-allotment Option. The Domestic Shares transferred to the NSSF from the State-owned Shareholders will be converted into H Shares on a one-for-one basis. Neither the State-owned Shareholders nor the Company will receive any proceeds from the transfer of such Domestic Shares by the State-owned Shareholders to the NSSF or any subsequent disposal of such H Shares by the NSSF.

The Company announces that the Over-allotment Option described in the Prospectus has been exercised partially by the Global Co-ordinator on behalf of the International Underwriters on 1 June 2007 in respect of an aggregate of 32,361,000 H Shares, representing approximately 8.76% of the H Shares initially available under the Global Offering.

The Over-allotment Shares will be allotted and issued by the Company at HK$5.80 per H Share (excluding the brokerage fee of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%), being the Offer Price per H Share under the Global Offering. The Over-allotment Shares will be used solely to cover over-allocations in the International Placing.

In accordance with the relevant PRC laws and regulations regarding the disposal of State-owned shares, the State-owned Shareholders are required to transfer to the NSSF 3,236,100 Domestic Shares, representing 10% of the number of H Shares issued by the Company pursuant to the partial exercise of the Over-allotment Option. The Domestic Shares transferred to the NSSF from the State-owned Shareholders will be converted into H Shares on a one-for-one basis (the "**Conversion**"). Neither the State-owned Shareholders nor the Company will receive any proceeds from the transfer of such Domestic Shares by the State-owned Shareholders to the NSSF or any subsequent disposal of such H Shares by the NSSF.

Immediately after the allotment and issue of the Over-allotment Shares pursuant to the partial exercise of the Over-allotment Option and the completion of the Conversion, approximately 38.93% (including 3.54% of the H Shares held by the NSSF) of the issued share capital of the Company will be held in public hands.

Listing of, and permission to deal in, the Over-allotment Shares and the H Shares to be held by the NSSF upon the completion of the Conversion (the "**Converted H Shares**") has already been granted by the Listing Committee of the Stock Exchange. Dealings in the Over-allotment Shares and the Converted H Shares are expected to commence on the Main Board of the Stock Exchange at 9:30 a.m. on 7 June 2007.

The shareholding structure of the Company immediately before and after the issue of the Over-allotment Shares pursuant to the partial exercise of the Over-allotment Option is as follows:

| **Description of Shares** | **Immediately after the Global Offering (assuming that the Over-allotment Option is not exercised)** | | **Immediately after the partial exercise of the Over-allotment Option** | |
|---|---|---|---|---|
| | *(number of Shares)* | *(in percentage)* | *(number of Shares)* | *(in percentage)* |
| **Domestic Shares** | | | | |
| State-owned Shares (國有股) | 643,094,000 | 58.32% | 639,857,900 | 56.37% |
| Including | | | | |
| (i) State-owned Shares held by the Parent | 595,807,676 | 54.03% | 592,809,525 | 52.22% |
| (ii) State-owned Shares held by other Promoters *(Note 1)* | 47,286,324 | 4.29% | 47,048,375 | 4.15% |
| Social Legal Person Shares (社會法人股) *(Note 2)* | 53,336,000 | 4.84% | 53,336,000 | 4.70% |
| **H Shares** | | | | |
| New Shares | 369,400,000 | 33.50% | 401,761,000 | 35.39% |
| Conversion from State-owned Shares | 36,940,000 | 3.35% | 40,176,100 | 3.54% |
| **Total Share Capital** | 1,102,770,000 | 100% | 1,135,131,000 | 100% |

*Notes:*

(1) Other Promoters include Sichuan Publication Group, Sichuan Daily Newspaper Group, Sichuan Youth and Children, and Liaoning Publication Group but exclude Chengdu Hua Sheng Group.

(2) These Shares are held by Chengdu Hua Sheng Group, a Promoter.

The additional net proceeds to the Company of approximately HK$181.6 million from the issue of the Over-allotment Shares pursuant to the partial exercise of the Over-allotment Option by the Company will be used by the Company in the same manner and in the same proportion as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

By order of the Board
**Gong Cimin**
*Chairman*

Hong Kong, 1 June 2007

*As at the date of this announcement, (a) the executive Directors are Gong Cimin, Dai Chuanping, Yang Miao and Zhang Yexin; (b) the non-executive Directors are Wang Jianping, She Jingping, Li Jiawei, Wu Qiang, Mo Shixing and Cui Zhenyu; and (c) the independent non-executive Directors are Han Xiaoming, Cheng Sanguo and Chan Yuk Tong.*

* *For identification purposes only*

"*Please also refer to the published version of this announcement in **South China Morning Post**.*"