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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)

FRAMEWORK COOPERATION AGREEMENT
RESUMPTION OF TRADING

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

On 26 September 2007, the Company entered into the Framework Cooperation Agreement with Xinhua Bookstore Headquarters pursuant to which it is proposed that the Group will acquire 45% equity interest in Xinhua Liutong from Xinhua Bookstore Headquarters.

The Board wishes to emphasise that no formal agreement in relation to the Proposed Acquisition has been entered into by the Parties as at the date of this announcement. As the relevant governmental authorities in the PRC may or may not grant their approvals to the Proposed Acquisition and the Parties may or may not enter into any formal agreement in relation to the Proposed Acquisition, investors and shareholders of the Company are advised to exercise caution when dealing in the Shares.

The Proposed Acquisition may or may not constitute notifiable transaction under the Listing Rules. The Company will comply with the applicable provisions of the Listing Rules in relation to the possible notifiable transaction.

At the request of the Company, trading in the Shares on the Main Board of the Stock Exchange was suspended with effect from 10:00 a.m. on 12 October 2007 pending the release of this announcement. Application for the resumption of trading in the Shares on the Main Board of the Stock Exchange with effect from 9:30 a.m. on 15 October 2007 has been made by the Company.

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

Major Terms of the Framework Cooperation Agreement

On 26 September 2007, the Company entered into the Framework Cooperation Agreement with Xinhua Bookstore Headquarters pursuant to which it is proposed that the Group will acquire 45% equity interest in Xinhua Liutong from Xinhua Bookstore Headquarters.

Pursuant to the terms of the Framework Cooperation Agreement, it is proposed that after the completion of the Proposed Acquisition, the shareholding structure of Xinhua Liutong will be as follows:

(i) The Group will hold 45% of the equity interest of Xinhua Liutong;

(ii) The equity interest to be held by the Company should be the same as that to be held by Xinhua Bookstore Headquarters. The remaining equity interest should be held by subsidiary(ies) of the Company. This means that among the 45% equity interest proposed to be acquired pursuant to the Framework Cooperation Agreement, part of such equity interest may be held directly by the Company and the remaining equity interest may be held by wholly-owned subsidiary(ies) of the Company. The equity interest to be held directly by the Company will depend on the final equity interest to be held by Xinhua Bookstore Headquarters after the pro rata reduction of equity interest among the existing shareholders of Xinhua Liutong for the purpose of enabling the management of Xinhua Liutong to hold 10% equity interest of Xinhua Liutong. The balance of the 45% equity interest will then be held by wholly-owned subsidiary(ies) of the Company. In any event, the aggregate equity interest to be held by the Company and its wholly-owned subsidiary(ies) will be 45%;

(iii) Xinhua Bookstore Headquarters and other shareholders will hold 55% of the equity interest of Xinhua Liutong. Xinhua Bookstore Headquarters and other shareholders will reduce their respective equity interest proportionately such that 10% of the equity interest of Xinhua Liutong will be held by the management of Xinhua Liutong. The equity interest of the Group will remain at 45% and will not be responsible for reducing its equity interest to contribute to the 10% equity interest to be held by the management of Xinhua Liutong; and

(iv) The proposal to enable the management of Xinhua Liutong to obtain the 10% equity interest in Xinhua Liutong will be determined separately.

The consideration for the Proposed Acquisition will be determined after a valuation of the subject matter of the Proposed Acquisition is obtained.

The Framework Cooperation Agreement also provides that there will be a reorganisation of the businesses of the Company, Xinhua Bookstore Headquarters and Xinhua Liutong with an aim that the Company and Xinhua Bookstore Headquarters will not be conducting conflicting businesses. It is currently expected that the reorganisation will be completed by the end of December 2007.

Information of Xinhua Liutong

Xinhua Liutong is a sino-foreign joint venture incorporated in the PRC with its scope of business being the wholesale and retail of PRC editions (excluding Hong Kong, Macau and Taiwan editions) of books, newspapers, periodicals, electronic publications; storage of goods business.

Reasons for the Proposed Acquisition

As the resources for publications in the PRC mainly concentrates in Beijing while the Company's resources mainly concentrates in Sichuan, and as a nationwide publications distribution chainstore enterprise, the development of publications Dazhongpan business is restricted geographically and the Company considers that its business must expand to Beijing if the Company wishes to develop publications Zhongpan business. A cooperation with Xinhua Bookstore Headquarters through the Proposed Acquisition and the proposed reorganisation of businesses provides the Company with a lower risk opportunity to expand its Zhongpan business to Beijing and nationwide.

General

The Parties will commence negotiation of the detailed terms of the implementation of the Framework Cooperation Agreement, including the terms of the Proposed Acquisition. The transactions contemplated under the Framework Cooperation Agreement will be subject to approval of the relevant governmental authorities in the PRC. The Board wishes to emphasise that no formal agreement in relation to the Proposed Acquisition has been entered into by the Parties as at the date of this announcement. Further announcement(s) will be made by the Company once formal agreement in relation to the Proposed Acquisition is entered into. As the relevant governmental authorities in the PRC may or may not grant their approvals to the Proposed Acquisition and the Parties may or may not enter into any formal agreement in relation to the Proposed Acquisition, investors and shareholders of the Company are advised to exercise caution when dealing in the Shares.

The Proposed Acquisition may or may not constitute notifiable transaction under the Listing Rules. The Company will comply with the applicable provisions of the Listing Rules in relation to the possible notifiable transaction.

Resumption of trading

At the request of the Company, trading in the Shares on the Main Board of the Stock Exchange was suspended with effect from 10:00 a.m. on 12 October 2007 pending the release of this announcement. Application for the resumption of trading in the Shares on the Main Board of the Stock Exchange with effect from 9:30 a.m. on 15 October 2007 has been made by the Company.

Definitions

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

"Board"	board of Directors
"Company"	Sichuan Xinhua Winshare Chainstore Co., Ltd., a joint stock limited company incorporated in the PRC with limited liability and listed on the Main Board of the Stock Exchange

"Connected Person(s)"	the meaning ascribed to it under the Listing Rules
"Dazhongpan"	大中盤, the provision of publications Zhongpan services nationwide
"Director(s)"	director(s) of the Company
"Group"	the Company and its subsidiaries
"Framework Cooperation Agreement"	the framework cooperation agreement dated 26 September 2007 entered into between the Company and Xinhua Bookstore Headquarters
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Macau"	Macau Special Administrative Region of the PRC
"Parties"	parties to the Cooperation Agreement, being the Company and Xinhua Bookstore Headquarters
"PRC"	the People's Republic of China
"Proposed Acquisition"	the proposed acquisition by the Group of 45% equity interest in Xinhua Liutong from Xinhua Bookstore Headquarters
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary shares of the Company with a nominal value of RMB1.00 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Xinhua Bookstore "Headquarters"	新華書店總店, being a peoples-owned entity in the PRC which is principally engaged in the distribution of books, newspapers, periodicals, electronic publications. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Xinhua Bookstore Headquarters and its ultimate beneficial owners are third party(ies) independent of the Company and Connected Persons of the Company
"Xinhua Liutong"	新華出版物流通有限公司, being a sino-foreign joint venture incorporated in the PRC with its scope of business being the wholesale and retail of PRC editions (excluding Hong Kong, Macau and Taiwan editions) of books, newspapers, periodicals, electronic publications; storage of goods business.

"Zhongpan"	中盤, an intermediary service platform between small-to-medium sized publishers and independent bookstores/chain stores, providing sales and distribution channels and support to the upstream publishers and providing supplies and products to the downstream bookstores/chain stores
"%"	per cent

By order of the Board
Gong Cimin
Chairman

Hong Kong, 12 October 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 and Mo Shixing; and (c) the independent non-executive Directors are Han Xiaoming, Cheng Sanguo and Chan Yuk Tong.

* *For identification purposes only*