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)

DISCLOSEABLE TRANSACTION SUBSCRIPTION OF EQUITY INTEREST IN CHENGDU CITY COMMERCIAL BANK CO., LTD.

The Board announces that the Company entered into the Subscription Agreement and the Supplemental Subscription Agreement with the Issuer on 26 December 2007 and 2 January 2008 respectively, pursuant to which the Company has conditionally agreed to acquire the Subscription Shares for a total consideration of RMB240,000,000 (approximately HK$254,479,907).

The Subscription constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules. A circular containing, among other things, further information of the Subscription will be despatched to the Shareholders in accordance with the relevant requirements of the Listing Rules.

THE SUBSCRIPTION AGREEMENT AS AMENDED BY THE SUPPLEMENTAL SUBSCRIPTION AGREEMENT

Date of Subscription Agreement

26 December 2007

Date of Supplemental Subscription Agreement

2 January 2008

Parties

(1) The Company

(2) The Issuer

The Directors confirm that to the best of their knowledge, information and belief having made all reasonable enquiry, each of the Issuer and its ultimate beneficial owner is an Independent Third Party.

Subject of the Subscription

The Company has conditionally agreed to acquire the Subscription Shares. The Subscription Shares shall be subject to a lock-up period of three years and one day from Completion, during which the Company shall not in any way transfer the Subscription Shares. In case of an initial public offering of the Issuer within the said lock-up period, any transfer of the Subscription Shares by the Company shall be subject to the applicable laws.

Consideration

The total consideration for the Subscription is RMB240,000,000 (approximately HK$254,479,907) and shall be payable by the Company in cash on the date of payment as may be notified by the Issuer to the Company in writing pursuant to the Subscription Agreement. The consideration for each new share of the Issuer is RMB3 (approximately HK$3.18). As at the date of this announcement, RMB160,000,000 (approximately HK$169,653,271) of the Consideration has been paid by the Company to the Issuer.

The Consideration was and will be funded through internal resources of the Company. The Company confirmed that it has sufficient internal resources to fund the Subscription without applying any proceeds raised in its initial public offering in May 2007. As disclosed in the prospectus of the Company dated 16 May 2007, as at 31 December 2005 and 31 December 2006, the audited cash and cash equivalents of the Company were approximately RMB592,162,000 (approximately HK$627,888,877) and RMB873,026,000 (approximately HK$925,698,229) respectively. Based on the Company's management accounts prepared up to 30 November 2007, the cash and cash equivalents of the Company amounted to approximately RMB700,000,000 (approximately HK$742,233,061) (excluding the proceeds raised in its initial public offering in May 2007) as at 30 November 2007.

The consideration of RMB3 (approximately HK$3.18) per new share of the Issuer was determined at an investors' tender meeting held in October 2007, during which an overseas investor's proposed consideration of RMB3 (approximately HK$3.18) per new share of the Issuer was accepted by the Issuer. While the consideration of RMB3 per share in the Issuer was agreed between the Issuer and the overseas investor in October 2007, so far as is known to the Directors, the overseas investor and the other investors (including the Company) had only signed their respective subscription agreements with the Issuer recently. Upon completion of (i) the Subscription; and (ii) the subscriptions by other investors of an aggregate of 1,920,000,000 new shares in the Issuer at RMB3 per share, the total assets of the Issuer will increase from RMB37,445,259,306 to RMB43,445,259,306, and the total registered capital of the Issuer will increase from RMB1,251,026,200 to RMB3,251,026,200. Pursuant to the relevant PRC company laws, the terms and price in relation to the issue of every share in the same issue should be the same, and each party to the subscription in the same issue should pay the same price per share.

The Directors confirmed that the Consideration was arrived at after arm's length negotiations between the Company and the Issuer on normal commercial terms. In considering the terms of the Subscription, the Directors had considered various factors including:

(1) the prospects of the Issuer;

(2) the determination of consideration and the Subscription are in compliance with the relevant PRC laws; and

(3) the relatively low investment risk associated with the Subscription as the PRC banking industry is heavily regulated by the relevant PRC government authority, the rapid development of Chengdu where the Issuer is located in the past few years, the geographical advantage of Chengdu, and the strategic partnership with the Issuer as a result of the Subscription.

In view of the above, the Directors consider that the Consideration is fair and reasonable.

Conditions precedent

The Subscription Agreement as amended by the Supplemental Subscription Agreement is conditional upon, among other things:

(a) all necessary approvals and consent in connection with the Subscription having been obtained by the Issuer and the Company;

(b) there being no breach or possible breach of warranties contained in the Subscription Agreement;

(c) the Issuer having obtained a PRC legal opinion in form and substance to its satisfaction on the transactions contemplated under the Subscription Agreement; and

(d) the Subscription is allowed under the applicable laws.

All of the conditions are waivable by the Issuer and/or the Company (as the case may be). If any of the conditions has not been fulfilled or waived by the Issuer and/or the Company (as the case may be) on or before the Long-stop Date, either party may serve a written notice seven days in advance to the other party to terminate the Subscription and the Subscription Agreement.

The Company and the Issuer further agreed pursuant to the Supplemental Subscription Agreement that should the Issuer fail to procure subscriptions for an aggregate of 2,000,000,000 new shares in the Issuer in the present issue (including the Subscription Shares and an aggregate of 1,920,000,000 new shares subscribed or to be subscribed by the other investors), the Issuer shall immediately notify the Company the same by notice in writing, the Company shall then terminate the Subscription by notice in writing to the Issuer within three days upon receiving the notice in writing from the Issuer, and the Issuer shall repay the Company any Consideration paid within seven days upon receiving the notice in writing from the Company.

Completion

Completion shall take place on or before the Long-stop Date after the fulfilment (or, as the case may be, waiver) of the conditions precedent.

Immediately upon completion of (i) the Subscription; and (ii) the subscriptions by other investors of an aggregate of 1,920,000,000 new shares in the Issuer at RMB3 per share, the Company will hold approximately 2.461% of the enlarged registered capital of the Issuer.

INFORMATION ON THE GROUP

The Group is principally engaged in (i) the operation of retail outlets for books and audio-visual products; (ii) distribution of textbooks and supplementary materials; and (iii) provision of ancillary support and services to publishers of books in the PRC.

INFORMATION ON THE ISSUER

The Issuer is a commercial bank established in Chengdu, Sichuan Province, the PRC under the laws of the PRC.

Based on the accounts of the Issuer as at 31 December 2006, the net asset value of the Issuer was approximately RMB1,357,253,666 (approximately HK$1,439,140,777). The audited net profits before taxation and extraordinary items of the Issuer for each of the two years ended 31 December 2006 were approximately RMB83,204,913 (approximately HK$88,224,910) and approximately RMB46,281,130 (approximately HK$49,073,407) respectively. The audited net profits after taxation and extraordinary items of the Issuer for each of the two years ended 31 December 2006 were approximately RMB44,264,404 (approximately HK$46,935,006) and approximately RMB12,391,087 (approximately HK$13,138,677) respectively. The above accounts were prepared under generally accepted accounting principles in the PRC.

The Company has obtained legal opinion from its PRC legal advisers that the Subscription is in compliance with the relevant PRC laws and regulations, and the terms of the Subscription Agreement as amended by the Supplemental Subscription Agreement do not contravene the relevant PRC laws and regulations.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Group is currently engaged in (i) the operation of retail outlets for books and audio-visual products; (ii) distribution of textbooks and supplementary materials; and (iii) provision of ancillary support and services to publishers of books in the PRC. The Company confirmed that the Subscription will not result in a change in the use of proceeds raised in its initial public offering in May 2007 and the initiatives set out in the future plan of the Company's prospectus dated 16 May 2007 will not be affected by the Subscription. The Directors consider that the Subscription does not represent any deviation from the principal business of the Group, and the Group will continue to develop its principal business. The Directors further consider that, by becoming a shareholder of the Issuer through the Subscription, the Company and the Issuer will become strategic partners, and the Group may be benefited from good financial services.

The Company considers that the banking industry in the PRC has developed rapidly in the past few years and the risk of investing in the banking industry in the PRC is relatively low. As Chengdu is the capital and political, economic and cultural centre of the Sichuan Province in the PRC, the Company considers that the Issuer as a city level bank in Chengdu will be benefited from the geographical advantage of Chengdu.

The Directors (including independent non-executive Directors) are of the view that the terms of the Subscription Agreement as amended by the Supplemental Subscription Agreement are fair and reasonable and the entering into of the Subscription Agreement and the Supplemental Subscription Agreement is in the interests of the Company and the Shareholders as a whole.

GENERAL

The Subscription constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules. A circular containing, among other things, further information of the Subscription will be despatched to the Shareholders in accordance with the relevant requirements of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

"Board"	board of Directors
"Company"	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 PRC with limited liability, the H shares of which are listed on the Main Board of the Stock Exchange
"Completion"	the completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement as amended by the Supplemental Subscription Agreement
"Consideration"	the consideration payable by the Company to the Issuer for the Subscription pursuant to the Subscription Agreement
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Independent Third Party(ies)"	third party(ies) independent of the Company and connected person(s) (as defined under the Listing Rules) of the Company and are not connected person(s) (as defined under the Listing Rules) of the Company
"Issuer"	成都市商業銀行股份有限公司 (Chengdu City Commercial Bank Co., Ltd*), a commercial bank established in Chengdu, Sichuan Province, the PRC under the laws of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long-stop Date"	the expiry of six months following the signing of the Subscription Agreement, or such later date as the parties may otherwise agree in writing
"PRC"	the People's Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
"Shareholder(s)"	shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription"	the proposed subscription of the Subscription Shares pursuant to the Subscription Agreement as amended by the Supplemental Subscription Agreement
"Subscription Agreement"	the conditional subscription agreement dated 26 December 2007 entered into between the Issuer and the Company
"Subscription Shares"	80,000,000 new shares of the Issuer to be acquired by the Company pursuant to the Subscription Agreement as amended by the Supplemental Subscription Agreement, representing approximately 2.461% of the enlarged registered capital of the Issuer immediately following completion of (i) the Subscription; and (ii) the subscriptions by other investors of an aggregate of 1,920,000,000 new shares in the Issuer at RMB3 per share
"Supplemental Subscription Agreement"	the supplemental subscription agreement to the Subscription Agreement dated 2 January 2008 entered into between the Issuer and the Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent.

In this announcement, amounts denominated in RMB have been translated into HK$ at a rate of approximately HK$1 to RMB0.9431 for purposes of illustration only.

By order of the Board
SICHUAN XINHUA WINSHARE CHAINSTORE CO., LTD.
Gong Cimin
Chairman

Hong Kong, 3 January 2008

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 Zhao Junhuai; and (c) the independent non-executive Directors are Han Xiaoming, Cheng Sanguo and Chan Yuk Tong.

* *For identification purposes only*