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)

DISCLOSEABLE TRANSACTION ACQUISITION OF 7.79% EQUITY INTEREST IN ANHUI XINHUA DISTRIBUTION GROUP CO. LTD.

The Board announces that on 29 December 2007, the Company entered into the Acquisition Agreement with the Vendor pursuant to which the Company agreed to acquire 7.79% equity interest in Anhui Xinhua Distribution Group for a total consideration of RMB185,894,328 (approximately HK$199,500,200).

The Acquisition 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 Acquisition will be despatched to the Shareholders in accordance with the relevant requirements of the Listing Rules.

THE ACQUISITION AGREEMENT

Date

29 December 2007

Parties

(1) The Company as purchaser

(2) The Vendor

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

Subject of the Acquisition

The Company agreed to acquire 7.79% equity interest in Anhui Xinhua Distribution Group, which shall be subject to a lock-up period of four years from the date that the Company first became a shareholder of Anhui Xinhua Distribution Group (being 29 December 2007), during which the Company shall not in any way transfer its equity interest in Anhui Xinhua Distribution Group. Any transfer of equity interest of Anhui Xinhua Distribution Group by the Company during the said lock-up period shall be subject to the consent of the controlling shareholder(s) of Anhui Xinhua Distribution Group.

Consideration

The total consideration for the Acquisition is RMB185,894,328 (approximately HK$199,500,200) and has been fully paid by the Company to the Vendor in cash as at the date of this announcement.

The Consideration was funded through the proceeds raised in the Company's initial public offering in May 2007.

Pursuant to the Acquisition, the Company acquired 62,320,000 State-owned shares in Anhui Xinhua Distribution Group (representing 7.79% of the equity interest in Anhui Xinhua Distribution Group). The Consideration was based on the unit price of RMB2.9829 (approximately HK$3.2012) per share in Anhui Xinhua Distribution Group, being the weighted average of the respective tender prices proposed by all of the five successful purchasers of an aggregate of 12.99% equity interest in Anhui Xinhua Distribution Group (including the Company).

Conditions precedent

There are no conditions precedents for the Acquisition.

Completion

Completion took place on 31 December 2007.

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 VENDOR AND ANHUI XINHUA DISTRIBUTION GROUP

The Vendor is a wholly State-owned cultural enterprise established under the laws of the PRC, which is authorised by the provincial government of Anhui Province of the PRC to manage the State-owned assets directly owned by Anhui Xinhua Distribution Group, and other State-owned assets as may be authorised by the provincial government of Anhui Province of the PRC.

The Vendor is engaged in the business of management of the State-owned assets directly owned by Anhui Xinhua Distribution Group, and other State-owned assets as may be authorised by the provincial government of Anhui Province of the PRC.

The net asset of Anhui Xinhua Distribution Group as at 30 June 2007 was valued at RMB1,722,966,100 (approximately HK$1,849,072,900).

The audited net profits before taxation and extraordinary items of Anhui Xinhua Distribution Group (including the assets disposed of pursuant to the Reorganisation) for each of the two years ended 31 December 2006 were approximately RMB124,766,300 (approximately HK$133,898,200) and approximately RMB160,937,600 (approximately HK$172,716,900) respectively. The audited net profits after taxation and extraordinary items of Anhui Xinhua Distribution Group (including the assets disposed of pursuant to the Reorganisation) for each of the two years ended 31 December 2006 were approximately RMB65,928,300 (approximately HK$70,753,700) and approximately RMB156,509,600 (approximately HK$167,964,800) 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 Acquisition is in compliance with the relevant PRC laws and regulations, and the terms of the Acquisition Agreement do not contravene the relevant PRC laws and regulations.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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 expects that as a result of the Acquisition, (i) synergy will be achieved which in turn may assist each of the Company and Anhui Xinhua Distribution Group in wining tenders in relation to primary and secondary schools (a) textbooks and (b) materials relating to textbooks which are intended to assist students in their study at schools not forming part of the set syllabus mandatory for students in the province in which each of the Company and Anhui Xinhua Distribution Group operates; (ii) the Company and Anhui Xinhua Distribution Group will be able to cooperate with each other in the areas of logistics, wholesale and retail; and (iii) the Company and Anhui Xinhua Distribution Group will be able to improve their respective corporate management and business models through their cooperation.

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

GENERAL

The Acquisition 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 Acquisition 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.

"Acquisition"	the acquisition of 62,320,000 State-owned shares in Anhui Xinhua Distribution Group (representing 7.79% of the equity interest in Anhui Xinhua Distribution Group) by the Company pursuant to the Acquisition Agreement
"Acquisition Agreement"	the agreement dated 29 December 2007 entered into between the Company and the Vendor in relation to the Acquisition
"Anhui Xinhua Distribution Group"	安徽新華發行集團有限公司 (Anhui Xinhua Distribution Group Co. Ltd*), a limited liability company established in the PRC
"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 Acquisition in accordance with the terms of the Acquisition Agreement
"Consideration"	the consideration payable by the Company to the Vendor for the Acquisition pursuant to the Acquisition 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 Part(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
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
"Reorganisation"	the reorganisation of Anhui Xinhua Distribution Group which involved the disposal of assets in relation to its ancillary business, which was completed in 2007 before the Acquisition

"Shareholder(s)"	shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendor"	安徽新華發行（集團）控股有限公司 (Anhui Xinhua Publishing (Group) Holdings Co., Ltd.*), a wholly State-owned cultural enterprise established under the laws of the PRC, which is authorised by the provincial government of Anhui Province of the PRC to manage the State-owned assets directly owned by Anhui Xinhua Distribution Group, and other State-owned assets as may be authorised by the provincial government of Anhui Province of the PRC
"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 RMB0.9318 for purposes of illustration only.

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

Hong Kong, 9 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*