THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in 四川新華文軒連鎖股份有限公司 (Sichuan Xinhua Winshare Chainstore Co., Ltd.*), you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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 TRANSACTIONS

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

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

* *For identification purposes only*

21 January 2008

CONTENTS

In this circular, the following expressions shall 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
"associates"	has the meaning ascribed thereto in the Listing Rules
"Board"	board of Directors
"China Xinhua Bookstore Association"	中國新華書店協會, a not-for-profit industry association formed by the Xinhua Bookstores throughout the PRC promoting the interests of member Xinhua Bookstores, which is also the legal owner of the trademark/service logo of "Xinhua Bookstore"
"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 of the Acquisition"	the completion of the Acquisition in accordance with the terms of the Acquisition Agreement
"Completion of the Subscription"	the completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement as amended by the Supplemental Subscription Agreement
"Consideration for the Acquisition"	the consideration payable by the Company to the Vendor for the Acquisition pursuant to the Acquisition Agreement
"Consideration for the Subscription"	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
"Latest Practicable Date"	17 January 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in the circular
"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
"Parent"	四川新華發行集團有限公司 (Sichuan Xinhua Publishing Group Co. Ltd.*), a wholly State-owned company established in the PRC, and a promoter and controlling shareholder of the Company as at the Latest Practicable Date
"Parent Group"	the Parent and its subsidiaries (excluding the Company)
"PRC"	the People's Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
"Prospectus"	the prospectus of the Company dated 16 May 2007
"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
"Sanzhou Xinhua Bookstores"	a total of 45 Xinhua Bookstores located within the three autonomous prefectures of A Ba (阿壩), Gan Zi (甘孜) and Liang Shan (涼山) in the Sichuan Province, the PRC, the business of which were retained by the Parent after the reorganisation of the Company as described in the Prospectus
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

"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
"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
"Xinhua Bookstores"	新華書店, any or all of the members of China Xinhua Bookstore Association established at the administrative level in the PRC which are operated or managed under the nationwide Xinhua Bookstore system
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent.

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

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)

Executive Directors:
Gong Cimin *(Chairman)*
Dai Chuanping *(Vice Chairman)*
Yang Miao
Zhang Yexin

Non-Executive Directors:
Wang Jianping
She Jingping
Li Jiawei
Wu Qiang
Mo Shixing
Zhao Junhuai

Independent Non-executive Directors:
Han Xiaoming
Cheng Sanguo
Chan Yuk Tong

Registered office in the PRC:
12th Floor, No. 86 Section One
People's South Road
Qingyang District
Chengdu, Sichuan
PRC

Head office in the PRC:
No. 6 Wenxuan Road
Shang Mao Dadao
Cheng Bei
Chengdu, Sichuan
PRC

Principal place of business in Hong Kong:
8th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

21 January 2008

To the Shareholders

Dear Sir/Madam,

DISCLOSEABLE TRANSACTIONS

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

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

INTRODUCTION

On 3 January 2008, the Board announced 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

* *For identification purposes only*

acquire the Subscription Shares for a total consideration of RMB240,000,000 (approximately HK$254,479,900). The Subscription Agreement as amended by the Supplemental Subscription Agreement sets out the terms of the Subscription.

On 9 January 2008, the Board also announced 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$197,109,900). The Acquisition Agreement sets out the terms of the Acquisition.

Each of the Subscription and the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules. The purpose of this circular is to give you further information on the Subscription, the Acquisition and other information as required under the Listing Rules.

THE SUBSCRIPTION

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

So far as is known to the Directors, the Parent also entered into a separate conditional subscription agreement with the Issuer in respect of the subscription of 70,000,000 shares in the Issuer (representing approximately 2.153% of the enlarged registered capital of the Issuer 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) at RMB3 per share. As at the Latest Practicable Date, the Parent had not been registered as a shareholder of the Issuer. Save as disclosed above, 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 of the Subscription, 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$254,479,900) 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 circular, RMB160,000,000 (approximately HK$169,653,300) of the Consideration for the Subscription has been paid by the Company to the Issuer.

The Consideration for the Subscription 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, 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$627,888,900) and RMB873,026,000 (approximately HK$925,698,200) 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$742,233,000) (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 for the Subscription 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 for the Subscription 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 for the Subscription 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 for the Subscription paid within seven days upon receiving the notice in writing from the Company.

Completion

Consideration for the Subscription 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.

Effect of the Subscription on the Group

Upon Completion of the Subscription, the Group's current assets will decrease by approximately 6.421% by reference to the current assets of the Company as disclosed in the Company's latest published accounts for the six months ended 30 June 2007. The Subscription will have no significant effect on the earnings and liabilities of the Group.

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 RMB1,357,253,700 (approximately HK$1,439,140,800). The audited net profits before taxation and extraordinary items of the Issuer for each of the two years ended 31 December 2006 were approximately RMB83,204,900 (approximately HK$88,224,900) and approximately RMB46,281,100 (approximately HK$49,073,400) 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 RMB44,264,400 (approximately HK$46,935,000) and approximately RMB12,391,100 (approximately HK$13,138,700) respectively. The above accounts were prepared under generally accepted accounting principles in the PRC.

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 Prospectus 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.

THE ACQUISITION

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$197,109,900) and has been fully paid by the Company to the Vendor in cash as at the date of this circular.

The Consideration for the Acquisition 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 for the Acquisition was based on the unit price of RMB2.9829 (approximately HK$3.1629) 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 of the Acquisition took place on 31 December 2007.

Effect of the Acquisition on the Group

Upon Completion of the Acquisition, the Group's current assets decreased by approximately 4.973% by reference to the current assets of the Company as disclosed in the Company's latest published accounts for the six months ended 30 June 2007. The Acquisition will have no significant effect on the earnings and liabilities of the Group.

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$1,826,917,700).

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$132,293,800) and approximately RMB160,937,600 (approximately HK$170,647,400) 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$69,905,900) and approximately RMB156,509,600 (approximately HK$165,952,300) respectively. The above accounts were prepared under generally accepted accounting principles in the PRC.

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.

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.

DISCLOSEABLE TRANSACTIONS

Each of the Subscription and Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

ADDITIONAL INFORMATION

Your attention is also drawn to the appendix headed "General Information" to this circular.

Yours faithfully,
By order of Board
Sichuan Xinhua Winshare Chainstore Co., Ltd.
Gong Cimin
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, none of the Directors, supervisors or chief executive of the Company, and each of their respective associates, had any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange.

Save that (i) Gong Cimin, an executive Director and the Chairman of the Company, is the Chairman of the Parent, (ii) Dai Chuanping, an executive Director and the Vice Chairman of the Company, is a director and the President of the Parent; and (iii) Wu Qiang, a non-executive Director, is the Chairman of Chengdu Hua Sheng (Group) Industry Co., Ltd.; and (iv) Zhao Junhuai, a non-executive Director, is the Vice-Chairman of Chengdu Hua Sheng (Group) Industry Co., Ltd., as at the Latest Practicable Date, no Director was a director or employee of a company which has an interest or short position in the Shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors, supervisors and chief executive of the Company, the following persons (not being a Director, supervisor or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

Name of shareholder	Number of Shares directly or indirectly held	Capacity	Class of Share	Approximate % in the relevant class of Shares	Approximate % in total issued share capital
The Parent	592,809,525	Beneficial owner	State-owned Shares	92.65%	52.22%
Chengdu Hua Sheng (Group) Industry Co. Ltd.	53,336,000	Beneficial owner	Social Legal Person Shares	100%	4.70%
Atlantis Investment Management Ltd	22,200,000	Investment manager	H Shares	5.02%	1.96%
HSBC Investments (Hong Kong) Limited	25,984,000	Investment manager	H Shares	5.88%	2.29%
Och Daniel Saul *(Note 1)*	55,032,000	Interest in controlled corporation	H Shares	12.45%	4.85%
Och-Ziff Capital Management Group LLC *(Note 1)*	55,032,000	Interest in controlled corporation	H Shares	12.45%	4.85%
OZ Management L.P. *(Note 1)*	55,032,000	Investment manager	H Shares	12.45%	4.85%
OZ Asia Master Fund, Ltd. *(Note 1)*	24,611,400	Beneficial owner	H Shares	5.57%	2.17%
OZ Master Fund, Ltd. *(Note 1)*	28,679,253	Beneficial owner	H Shares	6.49%	2.53%
Arisaig Greater China Fund Limited *(Note 2)*	22,300,000	Beneficial owner	H Shares	5.05%	1.96%
Arisaig Partners (Mauritius) Limited *(Note 2)*	22,300,000	Investment manager	H Shares	5.05%	1.96%
Cooper Lindsay William Ernest *(Note 2)*	22,300,000	Interest in controlled corporation	H Shares	5.05%	1.96%
National Council for the Social Security Fund	40,176,100	Beneficial owner	H Shares	9.09%	3.54%

Notes:

1. These Shares were held as to 24,611,400 Shares by OZ Asia Master Fund, Ltd., as to 28,679,253 Shares by OZ Master Fund, Ltd., as to 506,447 Shares by Fleet Maritime, Inc., as to 545,282 Shares by GPV LVII LLC, as to 370,573 Shares by Goldman Sachs & Co. Profit Sharing Master Trust, and as to 319,045 Shares by OZ Global Special Investments Master Fund, L.P.. OZ Asia Master Fund, Ltd., OZ Master Fund, Ltd., Fleet Maritime Inc., GPV LVII LLC, Goldman Sachs & Co. Profit Sharing Master Trust and OZ Global Special Investments Master Fund, L.P. were wholly owned subsidiaries of OZ Management L.P., which was in turn a wholly owned subsidiary of Och-Ziff Holding Corporation, which was in turn a wholly owned subsidiary of Och-Ziff Capital Management Group LLC, which was in turn owned as to 79.1% by Och Daniel Saul. As such, OZ Management L.P., Och-Ziff Holding Corporation, Och-Ziff Capital Management Group LLC and Och Daniel Saul were deemed to be beneficially interested in the said Shares held by OZ Asia Master Fund, Ltd., OZ Master Fund, Ltd., Fleet Maritime Inc., GPV LVII LLC, Goldman Sachs & Co. Profit Sharing Master Trust and OZ Global Special Investments Master Fund, L.P..

2. The above references to 22,300,000 Shares refer to the same block of Shares.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors, supervisors and chief executive of the Company, no other person (not being a Director, supervisor or chief executive of the Company) had an interest or short position in the Shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital.

4. COMPETING BUSINESS

So far as is known to the Directors, as at the Latest Practicable Date, the Parent Group did not carry on any business activities that compete or are likely to compete, either directly or indirectly, with the activities of the Group other than Sanzhou Xinhua Bookstores which were retained by the Parent Group due to the policy considerations as disclosed in the Prospectus. Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective associates (as defined in the Listing Rules) had any interest in a business which competed or may compete with the business of the Group.

5. SERVICE CONTRACTS OF THE DIRECTORS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any member of the Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation other than statutory compensation).

6. LITIGATION

As disclosed in the Prospectus, the Group is engaged in a legal proceeding relating to its South-western Book City located in Chengdu, PRC. As at the Latest Practicable Date, the said legal proceeding was still pending.

Save as disclosed above, as at the Latest Practicable Date, no member of the Group was engaged in any pending or threatened litigation or claims of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

7. GENERAL

(a) The registered office of the Company in the PRC is at 12th Floor, No. 86 Section One, People's South Road, Qingyang District, Chengdu, Sichuan, PRC and the head office of the Company in the PRC is at No. 6 Wenxuan Road, Shang Mao Dadao, Cheng Bei, Chengdu, Sichuan, PRC.

(b) The principal place of business of the Company in Hong Kong is at 8th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong.

(c) The Hong Kong H share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, whose office is at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(d) The joint company secretaries of the Company are Mr. You Zugang and Mr. Ngai Wai Fung. Mr. You is a member of the Institute of Internal Auditors. Mr. Ngai is a fellow of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom.

(e) The qualified accountant of the Company is Mr. Mak Ming Fai. Mr. Mak is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

(f) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.