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)

CONNECTED TRANSACTION
ACQUISITION OF LAND USE RIGHT

The Board announces that the Company, as a purchaser, has entered into the Transfer Agreement on 7 September 2009 with the Parent as a vendor, pursuant to which the Company agreed to purchase and the Parent agreed to sell the Land Use Right in respect of the Land Parcel situated at 成都市錦江工業開發區麻柳灣村四組，五組 (Regions 4 and 5, Ma Liu Wan Cun, Jin Jiang Gong Ye Kai Fa Qu, Chengdu, Sichuan Province, the PRC) with a total gross site area of 15.21 mu at a total consideration of RMB12.40 million (approximately HK$14,136,000 million).

As at the date of this announcement, the Parent is a promoter and a controlling shareholder of the Company. Accordingly, the Parent is a connected person of the Company for the purposes of Chapter 14A of the Listing Rules and the Transfer Arrangement constitutes a connected transaction for the Company under the Listing Rules. In addition, as the applicable percentage ratios for the total consideration payable by the Company under the Transfer Agreement are more than 0.1% but less than 2.5% in accordance with Rule 14A.32(1) of the Listing Rules, the Transfer contemplated under the Transfer Agreement is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement of the Listing Rules.

TRANSFER AGREEMENT

Principal terms

The principal terms of the Transfer Agreement are as follows:

Date: 7 September 2009

Parties:

1. The Parent as vendor of the Transfer. The Parent is a wholly State-owned enterprise established in the PRC, a promoter and controlling shareholder of the Company. The Parent is therefore a connected person of the Company under the Listing Rules. The Parent is principally engaged in the business of wholesaling and retailing, leasing of properties, real estate investment, project investment, computer software and hotel services.

2. The Company as purchaser of the Transfer. The Group is current 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.

Asset to be acquired

Pursuant to the Transfer Agreement, the Company, as the purchaser, has entered into the Transfer Agreement on 7 September 2009 with the Parent as a vendor, pursuant to which the Company conditionally agreed to purchase and the Parent conditionally agreed to sell the Land Use Right in respect of the Land Parcel situated at 成都市錦江工業開發區麻柳灣村四組，五組 (Regions 4 and 5, Ma Liu Wan Cun, Jin Jiang Gong Ye Kai Fa Qu, Chengdu, Sichuan Province, the PRC) a total gross site area of 15.21 mu. The Parent originally acquired a piece of land of approximately 25.77 mu (compromising the Land Parcel of approximately 15.21 mu) at a unit price of RMB398,700 per mu in May 2004. The Land has a remaining term of approximately 49 years and is specifically used for industrial purpose. Any subsequent transfer of the Land Parcel will be subject to the relevant laws, rules and regulations in the PRC.

Consideration

The consideration for the Transfer contemplated under the Transfer Agreement is RMB12.4 million (approximately HK$14.136 million) which has been determined after arm's length negotiation between the Parent and the Company. The consideration for the Transfer is RMB12.4 million (equivalent to approximately HK$14.136 million) which based upon the valuation of the Land Use Right at RMB12.4 million (equivalent to approximately HK$14.136 million) as at 14 August 2009 by a qualified property valuer, an Independent Third Party which was selected from the panel of valuation firms at the provincial level of the Sichuan Province and approved by the parties to the transaction.

Payment terms

The consideration for the Transfer shall be paid in cash by the Company to the Parent in a lump sum within 10 days after satisfaction of the condition precedent to the Transfer.

The consideration for the Transfer will be financed by the internal resources of the Group. The Directors consider that the Transfer will not have a significant impact on the Group's financial position.

Condition precedent

Completion of the Transfer is conditional upon all necessary waivers, consents and approvals being granted by related third parties (including governmental or regulatory authorities) to implement the Transfer, including but not limited to the issuance of a revised state-owned land use right certificate to the Purchaser by the relevant approval authority in the PRC, and no statute, regulation or decision which would prohibit, restrict or materially delay the Transfer having been proposed, enacted or taken by any governmental or regulatory authority.

If the condition set out above is not fulfilled on or before 7 September 2010 or such other date as the parties to the Transfer Agreement may agree, the Transfer agreement will cease to be of any further effect and none of the parties to the Transfer Agreement shall have any claims against the other (save for any antecedent breach).

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSFER AGREEMENT

The Group's principal activities are (i) the retailing of books and audio-visual products, (ii) distribution of textbooks and supplementary materials; and (iii) provision of ancillary support and services to publishers.

The adjusted business strategy as approved by the Shareholders at the extraordinary general meeting of the Company held on 21 August 2009 mainly related to: actively exploring the existing principal businesses of the Group by capturing opportunities arise from the press and publication reform in China, thereby realising the integration of the publishing and distribution industry chain; as well as actively developing (including but not limited to) related media and cultural education business, with an aim to turn the Company into a major media player in China. To further implement the adjusted business strategy and business expansion plan of the Group, the Group intends to construct Xinhua Centre.

Besides, in relation to the purchase of the Land Use Right for the construction of Xinhua Centre, the Group will benefit from the "Notice on Issuing the Two Provisions on Supporting the Development of the Cultural Enterprises and Transforming the For-profit Cultural Institutions into Enterprises during the Cultural System Reform (《關於印發文化體制改革試點中支持文化產業發展和經營性文化事業單位轉制為企業的兩個規定的通知》)" as promulgated by the General Office of the State Council and the General Administration Office of Press and Publication of the PRC recently as well as the "Revitalization Plan for the Cultural Industry (《文化產業振興規劃》)" as promulgated by the State Council. Since Xinhua Centre will be located in Sichuan Chengdu Jinjiang Industrial Park, it will benefit from "Chengdu Industrial Development Plan (2003-2020) (《成都市工業發展布局規劃(2003-2020)》)" as issued by Chengdu Municipal Government and enjoy favorable recruitment and tax allowance policies, which favor the long term development of the Group. The proposed Xinhua Centre is an important part in accommodating the adjustments to business strategies, consolidating our publication resource and developing (including but not limited to) related media and cultural education business, which will bring out the aggregated effect of business and beneficial to business development and accumulation of quality assets. Under the impact of current global financial crisis and depreciation of asset price, the Transfer serves as a good opportunity to purchase the Land Use Right at a lower cost.

The Directors consider the Transfer provides a good opportunity for the Group to acquire the Land Use Right at a reasonable price and to implement the Group's plan to construct the Xinhua Centre as an important part to implement the Group's adjusted business strategy, thus enabling the Group to broaden the earning base of its businesses in the long run. The Directors (including the independent non-executive Directors) consider that the Transfer Agreement is entered into after an arm's length negotiation between the Parent and the Company and the terms therein are on normal commercial terms and the Transfer is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board has already approved the project relating to the Xinhua Centre and the acquisition of the Land Use Rights for the purpose of the Xinhua Centre, but the Xinhua Centre is still at the planning stage. In respect of formalisation of the concrete plans for the Xinhua Centre, and budget for the construction costs, the Company will further determine at a later stage. The Board has already made appropriate disclosures in this announcement in relation to the acquisition of the Land Use Rights which constitutes a connected transaction. If required pursuant to the applicable Listing Rules, Articles of Association of the Company, and other laws and regulations, the Company will make further announcement in this respect where necessary.

IMPLICATIONS UNDER THE LISTING RULES

The Parent is principally engaged in the business of wholesaling and retailing, leasing of properties, real estate investment, project investment, computer software and hotel services. As the Parent owns 52.22% of the Shares, the Parent is a substantial Shareholder and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Transfer contemplated under the Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. In addition, as the applicable percentage ratios for the total consideration payable by the Company under the Transfer Agreement are more than 0.1% but less than 2.5% in accordance with Rule 14A.32(1) of the Listing Rules, the Transfer is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement of the Listing Rules.

DEFINITIONS

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

"Associates"	have the same meaning ascribed thereto under the Listing Rules
"Board"	the 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 of Hong Kong Limited
"connected person"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s) of the Company
"Domestic Shares"	ordinary shares in the capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and credited as fully paid up in RMB by PRC nationals and/or PRC incorporated entities
"Group"	the Company and its subsidiaries
"H Shares"	overseas listed foreign shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party"	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

"Land Parcel"	a piece of land situated at 成都市錦江工業開發區麻柳灣村四組,五組 (Regions 4 and 5, Ma Liu Wan Cun, Jin Jiang Gong Ye Kai Fa Qu, Chengdu, Sichuan Province, the PRC) with a total gross site area of approximately 15.21 mu
"Land Use Right"	a land use right in respect of the Land Parcel
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"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 date of this announcement
"PRC"	People's Republic of China which excludes Hong Kong, Macau Special Administrative Region and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Shares"	ordinary shares of the Company with a nominal value of RMB1.00 each, comprising both Domestic Shares and H Shares
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Transfer"	the transfer of the Land Use Right to the Company from the Parent pursuant to the terms of the Transfer Agreement
"Transfer Agreement"	a land use right transfer agreement dated 7 September 2009 entered into between the Parent as a vendor and the Company as a purchaser in relation to the Transfer
"Xinhua Centre"	新華文軒出版傳媒創意中心 (Xinhua Winshare Publishing Enterprise Centre)
"%"	Per cent.
"sq.m."	Square meter

For the purpose of this announcement, conversion of RMB into HK$ is calculated at the exchange rate of RMB1 to HK$1.140.

By Order of the Board
Sichuan Xinhua Winshare Chainstore Co., Ltd.
Gong Cimin
Chairman

Sichuan, the PRC, 8 September 2009

As at the date of this announcement, the Board comprises (a) Mr. Gong Cimin and Mr. Zhang Bangkai as executive directors; (b) Ms. Wang Jianping, Mr. Yu Changjiu, Mr. Li Jiawei, Mr. Luo Jun, Mr. Wu Qiang, Mr. Zhang Chengxing, Mr. Zhao Junhuai and Mr Zhao Miao as non-executive directors; and (c) Mr. Han Xiaoming, Mr. Cheng Sanguo and Mr. Chan Yuk Tong as independent non-executive directors.

* *For identification purpose only*