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)

ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS

PURCHASE OF PUBLICATIONS ARRANGEMENTS, PROPERTY MANAGEMENT SERVICES ARRANGEMENTS, LEASING ARRANGEMENTS, PRINTING SERVICES ARRANGEMENTS, SUPPLY OF PAPER ARRANGEMENTS I AND SUPPLY OF PAPER ARRANGEMENTS II

CONTINUING CONNECTED TRANSACTIONS

The Purchase of Publications Arrangements

On 27 November 2009, the Company and Sichuan Publication Group entered into the Supply of Publications Agreement, pursuant to which Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group shall supply certain publications to the Company for the period from 1 January 2010 to 31 December 2012.

Sichuan Publication Group is a promoter of the Company. Accordingly, Sichuan Publication Group is a connected person of the Company for the purposes of Chapter 14A of the Listing Rules and the Purchase of Publications Arrangements constitute a continuing connected transaction for the Company under the Listing Rules.

The Property Management Services Arrangements

On 27 November 2009, the Company and Huang Peng Property entered into the Property Management Agreement in connection with the provision of property management services (including maintenance and renovation services) to the Group by Huang Peng Property for the period from 1 January 2010 to 31 December 2012.

As at the date of this announcement, Huang Peng Property is a wholly-owned subsidiary of the Parent which is a promoter and the controlling shareholder of the Company. Accordingly, Huang Peng Property is a connected person of the Company for the purposes of Chapter 14A of the Listing Rules and the Property Management Services Arrangements constitute a continuing connected transaction for the Company under the Listing Rules.

The Leasing Arrangements

On 27 November 2009, the Company and the Parent entered into the Lease in connection with the leasing of the Premises by the Parent to the Group for the period from 1 January 2010 to 31 December 2012.

As at the date of this announcement, the Parent is a promoter and the 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 Leasing Arrangements constitute a continuing connected transaction for the Company under the Listing Rules.

The Printing Services Arrangements

On 27 November 2009, Xinhua Colour Printing, being a subsidiary of the Company, and Sichuan Publication Group entered into the Printing Services Agreement in connection with the provision of printing services by Xinhua Colour Printing to Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group for the period from 1 May 2009 to 31 December 2011.

Sichuan Publication Group is a promoter of the Company. Accordingly, Sichuan Publication Group is a connected person of the Company for the purposes of Chapter 14A of the Listing Rules and the Printing Services Arrangements constitute a continuing connected transaction for the Company under the Listing Rules.

The Supply of Paper Arrangements I

On 27 November 2009, Xinhua Shang Paper, being a subsidiary of the Company, and Sichuan Publication Group entered into the Paper Supply Agreement I in connection with the provision of printing paper by Xinhua Shang Paper to Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group for the period from 1 January 2009 to 31 December 2011.

Sichuan Publication Group is a promoter of the Company. Accordingly, Sichuan Publication Group is a connected person of the Company for the purposes of Chapter 14A of the Listing Rules and the Supply of Paper Arrangements I constitute a continuing connected transaction for the Company under the Listing Rules.

The Supply of Paper Arrangements II

On 27 November 2009, Xinhua Shang Paper, being a subsidiary of the Company, and Shantou Guang Shang entered into the Paper Supply Agreement II in connection with the provision of printing paper by Xinhua Shang Paper to Shantou Guang Shang and its subsidiaries for the period from 1 January 2009 to 31 December 2011.

As at the date of this announcement, Shantou Guang Shang is a substantial shareholder of Xinhua Shang Paper, a subsidiary of the Company. Accordingly, Shantou Guang Shang is a connected person of the Company for the purposes of Chapter 14A of the Listing Rules and the Supply of Paper Arrangements II constitute a continuing connected transaction for the Company under the Listing Rules.

LISTING RULES IMPLICATIONS

The Purchase of Publications Arrangements involve the purchase of goods which is carried out on a continuing or recurring basis in the ordinary and usual course of business of the Company and constitute a continuing connected transaction for the Company under the Listing Rules. As each of the applicable percentage ratios (other than the profits ratio) calculated in accordance with the Listing Rules in respect of the Purchase of Publications Arrangements is, on an annual basis, more than 2.5% and the maximum consideration payable under the Supply of Publications Agreement is, on an annual basis, more than HK$10,000,000, the Purchase of Publications Arrangements are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee has been formed to consider and advise the Independent Shareholders as to whether the terms of the Supply of Publications Agreement and the Purchase of Publications Arrangements, and the annual cap for the Purchase of Publications Arrangements for each of the three years ending 31 December 2012 are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM. An independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

A circular containing, among other things, details of the Supply of Publications Agreement and the Purchase of Publications Arrangements, the recommendation of the Independent Board Committee, the advice of its independent financial adviser and a notice convening the EGM will be despatched to the Shareholders as soon as practicable.

Each of the Property Management Services Arrangements, the Leasing Arrangements, the Printing Services Arrangements, the Supply of Paper Arrangements I and the Supply of Paper Arrangements II involve the provision or purchase of goods or services, or leasing of premises which is carried out on a continuing or recurring basis in the ordinary and usual course of business of the Company and constitute a continuing connected transaction for the Company under the Listing Rules. As each of the applicable percentage ratios (other than the profit ratio) for each of the Property Management Services Arrangements, the Leasing Arrangements, the Printing Services Arrangements, the Supply of Paper Arrangements I and the Supply of Paper Arrangements II calculated in accordance with Chapter 14A of the Listing Rules is, on an annual basis, over 0.1% but less than 2.5%, each of the Property Management Services Arrangements, the Leasing Arrangements, the Printing Services Arrangements, the Supply of Paper Arrangements I and the Supply of Paper Arrangements II are, according to Rule 14A.34(1) of the Listing Rules, only subject to the reporting, announcement and annual review requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules for the Company and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

1. The Purchase of Publications Arrangements

On 27 November 2009, the Company and Sichuan Publication Group entered into the Supply of Publications Agreement, pursuant to which Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group shall supply certain publications to the Company for the period from 1 January 2010 to 31 December 2012, details of which are as follows:

The Supply of Publications Agreement

Date:	27 November 2009
Effective Period:	1 January 2010 to 31 December 2012
Party A:	Sichuan Publication Group as supplier
Party B:	The Company as purchaser
Nature of transaction:	Sichuan Publication Group shall supply, or procure its subsidiaries and/or entities managed by Sichuan Publication Group to supply, textbooks, supplementary materials and other publications of general interest to the Company for distribution to primary schools, secondary schools, universities, libraries and other educational institutions in the PRC, and for retail.

Payment term:	The settlement of payment shall be agreed between the Company and Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group, having regard to the type and quantity of the publications under each purchase.
Option to renew:	Subject to the Listing Rules and the approvals of the Stock Exchange and/or the Independent Shareholders (if required), the Company may renew the Supply of Publications Agreement upon serving a written notice to Sichuan Publication Group on or before 31 December 2012.
Conditions precedent:	The Supply of Publications Agreement is conditional upon, among other things, the Independent Shareholders' having approved the Supply of Publications Agreement and the Purchase of Publications Arrangements in accordance with the Listing Rules.

The connected relationship between the parties

Sichuan Publication Group is a promoter of the Company. Accordingly, Sichuan Publication Group is a connected person of the Company for the purposes of Chapter 14A of the Listing Rules and the Purchase of Publications Arrangements constitute a continuing connected transaction for the Company under the Listing Rules.

Annual caps and basis of determining the annual caps

It was agreed between the Company and Sichuan Publication Group that the purchase price for the textbooks, supplementary materials and other publications to be provided by Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group under the Supply of Publications Agreement shall be determined in accordance with market standards reflecting the prevailing market rates of comparable products and shall not be less favourable than those charged by Independent Third Parties.

For each of the three years ended 31 December 2008, the total consideration paid by the Company to Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group for the provision of textbooks, supplementary materials and other publications amounted to approximately RMB437,815,000, RMB505,836,000 and RMB430,924,000 respectively.

In considering the annual caps for the Purchase of Publications Arrangements, the Directors have considered a number of factors including: (i) the total consideration paid by the Company to Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group for the provision of textbooks, supplementary materials and other publications for each of the three years ended 31 December 2008; (ii) the policy of the PRC Government regarding the standard sale price of textbooks; (iii) the impact on demand and price of textbooks and supplementary materials for upper secondary schools following the syllabus reform of upper secondary schools within Sichuan Province commencing from autumn 2010; and (iv) the anticipated natural and reasonable growth of market price of publications in light of the increase in commodity price level.

Having considered the above factors, the Directors propose that the annual cap for the Purchase of Publications Arrangements for each of the three years ending 31 December 2012 shall be as follows:

	Annual cap for the Purchase of Publications Arrangements
For the year ending 31 December 2010	RMB630,000,000
For the year ending 31 December 2011	RMB650,000,000
For the year ending 31 December 2012	RMB660,000,000

Reasons for and benefits of the Purchase of Publications Arrangements

Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group possess certain categories of the exclusive publication right for all textbooks for secondary and primary schools in Sichuan Province. To carry out the duties as the sole distributor of such textbooks, the Company must continuously purchase textbooks from Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group.

In addition, Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group supply a variety of products which are widely recognised by the market, which bring and will bring good sale results and continuous profits for the Company's business.

The transactions between the Company and Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group have been relatively continuously stable in the past. The parties have built up good cooperation foundation and reliance. The Purchase of Publications Arrangements will be beneficial for maintaining the stability of the Company's supplier system and continuous business growth.

The Directors (excluding the independent non-executive Directors whose views will be set out in the circular to be despatched to the Shareholders) consider that the Supply of Publications Agreement is entered into in the ordinary and usual course of business of the Company and the terms as contained in the Supply of Publications Agreement are normal commercial terms, which are arrived at after arm's length negotiations between the parties, the annual caps stated above in this announcement are fair and reasonable, and the terms of the Supply of Publications Agreement and the Purchase of Publications Arrangements are fair and reasonable and in the interests of the Company and the Shareholders taken as a whole.

2. The Property Management Services Arrangements

On 27 November 2009, the Company and Huang Peng Property entered into the Property Management Agreement in connection with the provision of property management services (including maintenance and renovation services) to the Group by Huang Peng Property for the period from 1 January 2010 to 31 December 2012, details of which are as follows:

The Property Management Agreement

Date:	27 November 2009
Effective Period:	1 January 2010 to 31 December 2012
Party A:	Huang Peng Property as service provider
Party B:	The Company as recipient of services
Nature of transaction:	Huang Peng Property shall provide property management services (including maintenance and renovation services) to the Group.
Payment term:	Unless otherwise agreed between the Group and Huang Peng Property, the fees for the property management services shall be settled by the Group every 3 months by way of bank transfer or bills.
Option to renew:	Subject to the Listing Rules and the approvals of the Stock Exchange and/or the independent shareholders (if required), the Company may renew the Property Management Agreement upon serving a written notice to Huang Peng Property on or before 31 December 2012.

The connected relationship between the parties

As at the date of this announcement, Huang Peng Property is a wholly-owned subsidiary of the Parent which is a promoter and the controlling shareholder of the Company. Accordingly, Huang Peng Property is a connected person of the Company for the purposes of Chapter 14A of the Listing Rules and the Property Management Services Arrangements constitute a continuing connected transaction for the Company under the Listing Rules.

Annual caps and basis of determining the annual caps

It was agreed between the Company and Huang Peng Property that the fees for the property management services to be provided by Huang Peng Property under the Property Management Agreement shall be determined in accordance with market practice and standards and shall not be higher than the fees paid by Independent Third Parties for the same type of property management services.

For each of the three years ended 31 December 2008, the total amount of fees paid by the Group to Huang Peng Property for the provision of property management services amounted to approximately RMB1,654,000, RMB2,442,000 and RMB2,991,000 respectively. Such sums were inclusive of any additional fees incurred, and any disbursements paid to third parties for and on behalf of the Group, by Huang Peng Property.

In considering the annual caps for the Property Management Services Arrangements, the Directors have considered a number of factors including: (i) the total amount of fees paid by the Group to Huang Peng Property for the provision of property management services for each of the three years ended 31 December 2008; (ii) the growth in demand for property management services following the anticipated increase in both the total area of property and the scope of property management services to be covered by the Property Management Services Arrangements; (iii) natural rise of general market price owing to factors such as cost and commodity price level; (iv) the estimated increase in the total area of properties to be covered by the Property Management Services Arrangements of approximately 5% to 10% from 2010 to 2011 and approximately 1% to 3% from 2011 to 2012; and (v) the estimated increase in the fees for the provision of property management services under the Property Management Services Arrangements of approximately 10% yearly from 2010 to 2012.

Having considered the above factors, the Directors propose that the annual cap for the Property Management Services Arrangements for each of the three years ending 31 December 2012 shall be as follows:

	Annual cap for the Property Management Services Arrangements
For the year ending 31 December 2010	RMB6,000,000
For the year ending 31 December 2011	RMB6,600,000
For the year ending 31 December 2012	RMB7,200,000

Reasons for and benefits of the Property Management Services Arrangements

Huang Peng Property has continuously provided the Group with thorough, efficient and convenient property management services in the past, and is very familiar with the property services projects and the needs of the Group. The Directors believe that Huang Peng Property could provide better services support to the Group to meet its office and operations needs.

At the same time, Huang Peng Property concentrates on providing property management services to various business units and management departments of the Group, which can improve the efficiency in the Group's administration and reduce the fees for property management.

The Directors (including the independent non-executive Directors) consider that the Property Management Agreement is entered into in the ordinary and usual course of business of the Company and the terms as contained in the Property Management Agreement are normal commercial terms, which are arrived at after arm's length negotiations between the parties, the annual caps stated above in this announcement are fair and reasonable, and the terms of the Property Management Agreement and the Property Management Services Arrangements are fair and reasonable and in the interests of the Company and the Shareholders taken as a whole.

3. The Leasing Arrangements

On 27 November 2009, the Company and the Parent entered into the Lease in connection with the leasing of the Premises by the Parent to the Group for the period from 1 January 2010 to 31 December 2012, details of which are as follows:

The Lease

Date:	27 November 2009
Effective Period:	1 January 2010 to 31 December 2012
Party A:	The Parent as lessor
Party B:	The Company as lessee
Nature of transaction:	The Parent shall lease the Premises to the Group.
Premises:	Certain buildings and units located in Sichuan Province with a total leased area of approximately 116,622 square metres.
Rental:	The rental for the lease of the Premises shall be RMB37,954,000 for the year ending 31 December 2010. The rental for the lease of the Premises for each of the two years ending 31 December 2012 shall be further agreed between the Group and the Parent according to the prevailing market rates of comparable properties.
Payment term:	Unless otherwise agreed between the Group and the Parent, the rentals in respect of the lease of each Premises shall be paid by the Group to the Parent yearly by way of bank transfer or bills.
Option to renew:	Subject to the Listing Rules and the approvals of the Stock Exchange and/or the independent shareholders (if required), the Company may renew the Lease upon serving a written notice to the Parent on or before 31 December 2012. Upon renewal, the rentals shall be subject to review according to the prevailing market rates of comparable properties.
Option to purchase:	During the term of the Lease, the Company shall have the first right to purchase the Premises on comparable terms and conditions as those offered by Independent Third Parties should the Parent dispose of the Premises.

The connected relationship between the parties

As at the date of this announcement, the Parent is a promoter and the 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 Leasing Arrangements constitute a continuing connected transaction for the Company under the Listing Rules.

Annual caps and basis of determining the annual caps

It was agreed between the Parent and the Company that the terms of the Lease including the rentals payable by the Group under the Lease shall not be less favourable than the terms offered by the Parent to Independent Third Parties.

For each of the three years ended 31 December 2008, the total amount of rentals paid by the Group to the Parent amounted to approximately RMB22,796,000, RMB22,824,000 and RMB22,824,000 respectively.

In considering the annual caps for the Leasing Arrangements, the Directors have considered a number of factors including (i) the rental valuation in respect of the Premises by the property valuer; (ii) the anticipated demand for leasing property for offices, warehouses and retail outlets of the Group for the three years ending 31 December 2012; and (iii) the anticipated natural and reasonable growth of the rental market. Having considered the above factors, the Directors propose that the annual cap for the Leasing Arrangements for each of the three years ending 31 December 2012 shall be as follows:

	Annual cap for the Leasing Arrangements
For the year ending 31 December 2010	RMB38,500,000
For the year ending 31 December 2011	RMB40,000,000
For the year ending 31 December 2012	RMB42,000,000

Reasons for and benefits of the Leasing Arrangements

Currently, most of the Premises are leased by the Parent to the Group and are mainly used as offices, warehouses and retail outlets of the Group. During the term of the Lease, the Premises will mainly be used as offices, warehouses and retail outlets of the Group to satisfy administration needs, the inventory storage and circulation needs as well as the retail business needs of the Group. The locations and area of the Premises are considered favourable and appropriate, respectively, by the Group for the functions discussed above. The Leasing Arrangements can continuously provide the Premises to the Company to meet its needs.

The Directors (including the independent non-executive Directors) consider that the Lease is entered into in the ordinary and usual course of business of the Company and the terms as contained in the Lease are normal commercial terms, which are arrived at after arm's length negotiations between the parties, the annual caps stated above in this announcement are fair and reasonable, and the terms of the Lease and the Leasing Arrangements are fair and reasonable and in the interests of the Company and the Shareholders taken as a whole.

4. The Printing Services Arrangements

On 27 November 2009, Xinhua Colour Printing, being a subsidiary of the Company, and Sichuan Publication Group entered into the Printing Services Agreement in connection with the provision of printing services by Xinhua Colour Printing to Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group for the period from 1 May 2009 to 31 December 2011, details of which are as follows:

The Printing Services Agreement

Date:	27 November 2009
Effective Period:	1 May 2009 to 31 December 2011
Party A:	Xinhua Colour Printing as service provider
Party B:	Sichuan Publication Group as recipient of services
Nature of transaction:	Xinhua Colour Printing shall provide printing services to Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group.
Payment term:	The fees for the printing services shall be settled by batches of printing services which will be further agreed between Xinhua Colour Printing and Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group and shall be paid by Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group to Xinhua Colour Printing by way of bank transfer.
Option to renew:	Subject to the Listing Rules and the approvals of the Stock Exchange and/or the independent shareholders (if required), Xinhua Colour Printing may renew the Printing Services Agreement upon serving a written notice to Sichuan Publication Group on or before 31 December 2011.

The connected relationship between the parties

Sichuan Publication Group is a promoter of the Company. Accordingly, Sichuan Publication Group is a connected person of the Company for the purposes of Chapter 14A of the Listing Rules and the Printing Services Arrangements constitute a continuing connected transaction for the Company under the Listing Rules.

Annual caps and basis of determining the annual caps

It was agreed between Xinhua Colour Printing and Sichuan Publication Group that the fees for the printing services to be provided by Xinhua Colour Printing under the Printing Services Agreement shall be determined by the parties in a fair and reasonable manner, in accordance with normal commercial terms and shall not be lower than the fees for the same type of printing services to be provided by Xinhua Colour Printing to Independent Third Parties.

For each of the three years ended 31 December 2008, the total amount of fees paid by Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group to Xinhua Colour Printing for the provision of printing services amounted to approximately RMB3,917,000, RMB8,386,000 and RMB7,211,000 respectively.

As (i) the development strategy, business process and operation mode of Xinhua Colour Printing have been adjusted since its becoming a subsidiary of the Company in May 2009, the development of Xinhua Colour Printing will be different from its development in previous years to a certain extent; and (ii) it is the strategy of Xinhua Colour Printing that it will expand and increase its business with Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group, which have been considered as one of the largest customers of the Group in the regional market, the Directors consider that the total consideration paid by Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group to Xinhua Colour Printing in respect of the provision of printing services during the three years ended 31 December 2008 cannot accurately indicate the estimated total consideration in the three years ending 31 December 2011 to be paid by Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group to Xinhua Shang Paper for the provision of printing services. The Directors consider that the estimated total consideration in the three years ending 31 December 2011 to be paid by Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group to Xinhua Colour Printing for the provision of printing services will increase.

In considering the annual caps for the Printing Services Arrangements, the Directors have considered a number of factors including (i) the total amount of fees paid by Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group to Xinhua Colour Printing for the provision of printing services for each of the three years ended 31 December 2008; (ii) the current scale of operation of Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group; (iii) the anticipated growth of Xinhua Colour Printing; (iv) the estimated increase in demand for the printing services to be supplied by Xinhua Colour Printing under the Printing Services Arrangements of approximately 10% yearly from 2009 to 2011; and (v) the estimated increase in fees for the provision of printing services under the Printing Services Arrangements of approximately 10% yearly from 2009 to 2011.

Having considered the above factors, the Directors propose that the annual cap for the Printing Services Arrangements for each of the three years ending 31 December 2011 shall be as follows:

	Annual cap for the Printing Services Arrangements
For the year ending 31 December 2009	RMB12,000,000
For the year ending 31 December 2010	RMB15,000,000
For the year ending 31 December 2011	RMB18,000,000

Reasons for and benefits of the Printing Services Arrangements

Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group are the largest publishers in the regional market, and are an important client for the regional printing services market of the Group. It is therefore an important business strategy for Xinhua Colour Printing to develop continuous collaborative business relationship with Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group.

The Printing Services Arrangements can improve the business scale and profit capability of Xinhua Colour Printing, which will in turn bring greater returns to the Group.

The Directors (including the independent non-executive Directors) consider that the Printing Services Agreement is entered into in the ordinary and usual course of business of the Group and the terms as contained in the Printing Services Agreement are normal commercial terms, which are arrived at after arm's length negotiations between the parties, the annual caps stated above in this announcement are fair and reasonable, and the terms of the Printing Services Agreement and the Printing Services Arrangements are fair and reasonable and in the interests of the Group and the Shareholders taken as a whole.

5. The Supply of Paper Arrangements I

On 27 November 2009, Xinhua Shang Paper, being a subsidiary of the Company, and Sichuan Publication Group entered into the Paper Supply Agreement I in connection with the provision of printing paper by Xinhua Shang Paper to Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group for the period from 1 January 2009 to 31 December 2011, details of which are as follows:

The Paper Supply Agreement I

Date:	27 November 2009
Effective Period:	1 January 2009 to 31 December 2011
Party A:	Sichuan Publication Group as purchaser
Party B:	Xinhua Shang Paper as supplier
Nature of transaction:	Xinhua Shang Paper shall provide printing paper to Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group.
Payment term:	The purchase price of the printing paper shall be agreed between Sichuan Publication Group and Xinhua Shang Paper having regard to the type and quantity of the printing paper under each purchase and the purchase price shall be settled by Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group within 3 months upon the receipt of the printing paper purchased by way of bank transfer or bills.
Option to renew:	Subject to the Listing Rules and the approvals of the Stock Exchange and/or the independent shareholders (if required), Xinhua Shang Paper may renew the Paper Supply Agreement I upon serving a written notice to Sichuan Publication Group on or before 31 December 2011.

The connected relationship between the parties

Sichuan Publication Group is a promoter of the Company. Accordingly, Sichuan Publication Group is a connected person of the Company for the purposes of Chapter 14A of the Listing Rules and the Supply of Paper Arrangements I constitute a continuing connected transaction for the Company under the Listing Rules.

Annual caps and basis of determining the annual caps

It was agreed between Xinhua Shang Paper and Sichuan Publication Group that the prices of the printing paper to be provided by Xinhua Shang Paper under the Paper Supply Agreement I shall be determined in accordance with the prevailing market price of comparable printing paper in the PRC at the time of placing the purchase orders and shall not be lower than the prices of the same type of printing paper to be provided by Xinhua Shang Paper to Independent Third Parties.

For each of the three years ended 31 December 2008, the total consideration paid by Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group to Xinhua Shang Paper for the provision of printing paper amounted to approximately RMB6,154,000, RMB9,322,000 and RMB4,416,000 respectively.

As (i) the development strategy, business process and operation mode of Xinhua Shang Paper have been adjusted since its becoming a subsidiary of the Company in November 2008, the development of Xinhua Shang Paper will be different from its development in previous years to a certain extent; and (ii) it is the strategy of Xinhua Shang Paper that it will expand and increase its business with Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group, which have been considered as one of the largest customers of the Group in the regional market, the Directors consider that the total consideration paid by Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group to Xinhua Shang Paper in respect of the provision of printing paper during the three years ended 31 December 2008 cannot accurately indicate the estimated total consideration in the three years ending 31 December 2011 to be paid by Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group to Xinhua Shang Paper for the provision of printing paper. The Directors consider that the estimated total consideration in the three years ending 31 December 2011 to be paid by Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group to Xinhua Shang Paper for the provision of printing paper will increase.

In considering the annual caps for the Supply of Paper Arrangements I, the Directors have considered a number of factors including: (i) the total consideration paid by Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group to Xinhua Shang Paper for the supply of paper for each of the three years ended 31 December 2008; (ii) the current scale of operation of Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group; (iii) the anticipated growth of Xinhua Shang Paper; (iv) the anticipated growth in the prices of printing paper in 2009, 2010 and 2011; and (v) the estimated increase in demand for the printing paper to be supplied by Xinhua Shang Paper under the Supply of Paper Arrangements I of approximately 60% from 2009 to 2010 and approximately 30% from 2010 to 2011.

Having considered the above factors, the Directors propose that the annual cap for the Supply of Paper Arrangements for each of the three years ending 31 December 2011 shall be as follows:

	Annual cap for the Supply of Paper Arrangements I
For the year ending 31 December 2009	RMB10,000,000
For the year ending 31 December 2010	RMB16,000,000
For the year ending 31 December 2011	RMB21,000,000

Reasons for and benefits of the Supply of Paper Arrangements I

Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group are the largest publishers in the regional market, and are an important client for the regional printing paper supply market of the Group. It is therefore an important business strategy for Xinhua Shang Paper to develop continuous collaborative business relationship with Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group.

The Supply of Paper Arrangements I can improve the business scale and profit capability of Xinhua Shang Paper, which will in turn bring greater returns to the Group.

The Directors (including the independent non-executive Directors) consider that the Paper Supply Agreement I is entered into in the ordinary and usual course of business of the Group and the terms as contained in the Paper Supply Agreement I are normal commercial terms, which are arrived at after arm's length negotiations between the parties, the annual caps stated above in this announcement are fair and reasonable, and the terms of the Paper Supply Agreement I and the Supply of Paper Arrangements I are fair and reasonable and in the interests of the Group and the Shareholders taken as a whole.

6. The Supply of Paper Arrangements II

On 27 November 2009, Xinhua Shang Paper, being a subsidiary of the Company, and Shantou Guang Shang entered into the Paper Supply Agreement II in connection with the provision of printing paper by Xinhua Shang Paper to Shantou Guang Shang and its subsidiaries for the period from 1 January 2009 to 31 December 2011, details of which are as follows:

The Paper Supply Agreement II

Date: 27 November 2009

Effective Period: 1 January 2009 to 31 December 2011

Party A: Shantou Guang Shang as purchaser

Party B: Xinhua Shang Paper as supplier

Nature of transaction:	Xinhua Shang Paper shall provide printing paper to the Shantou Guang Shang and its subsidiaries.
Payment term:	The purchase price of the printing paper shall be agreed between Xinhua Shang Paper and Shantou Guang Shang having regard to the type and quantity of the printing paper under each purchase and the purchase price of the printing paper shall be settled by the Shantou Guang Shang and its subsidiaries within 3 months upon the receipt of the printing paper purchased by way of bank transfer or bills.
Option to renew:	Subject to the Listing Rules and the approvals of the Stock Exchange and/or the independent shareholders (if required), Xinhua Shang Paper may renew the Paper Supply Agreement II upon serving a written notice to Shantou Guang Shang on or before 31 December 2011.

The connected relationship between the parties

As at the date of this announcement, Shantou Guang Shang is a substantial shareholder of Xinhua Shang Paper which is a subsidiary of the Company. Accordingly, Shantou Guang Shang is a are connected person of the Company for the purposes of Chapter 14A of the Listing Rules and the Supply of Paper Arrangements II constitute a continuing connected transaction for the Company under the Listing Rules.

Annual caps and basis of determining the annual caps

It was agreed between Xinhua Shang Paper and Shantou Guang Shang that the prices of the printing paper to be provided by Xinhua Shang Paper under the Paper Supply Agreement II shall be determined in accordance with the prevailing market price of comparable printing paper in the PRC at the time of placing the purchase orders and shall not be lower than the prices of the printing paper to be provided by Xinhua Shang Paper to Independent Third Parties. The quantities of the printing paper to be purchased by Shantou Guang Shang and its subsidiaries shall depend on the demand of the customers of Shantou Guang Shang and its subsidiaries.

For the three years ended 31 December 2008, there was no transaction between Shantou Guang Shang and its subsidiaries, and Xinhua Shang Paper in relation to the supply of paper.

In considering the annual caps for the Supply of Paper Arrangements II, the Directors have considered a number of factors including: (i) the estimated quantities of printing paper to be purchased during the period from 1 January 2009 to 31 December 2011; (ii) the existing scale of the business and the anticipated growth of Shantou Guang Shang; and (iii) the anticipated growth in the prices of printing paper in 2009, 2010 and 2011.

Having considered the above factors, the Directors propose that the annual cap for the Supply of Paper Arrangements II for each of the three years ending 31 December 2011 shall be as follows:

	Annual cap for the Supply of Paper Arrangements II
For the year ending 31 December 2009	RMB10,000,000
For the year ending 31 December 2010	RMB20,000,000
For the year ending 31 December 2011	RMB21,000,000

Reasons for and benefits of the Supply of Paper Arrangements II

The Directors consider that the Supply of Paper Arrangements II can improve the business scale and profit capability of Xinhua Shang Paper, which will in turn bring greater returns to the Shareholders and the Group. The Directors also consider that the Supply of Paper Arrangements II with Shantou Guang Shang can help Xinhua Shang Paper to develop business beyond Sichuan Province so as to acquire a greater room for market development.

The Directors (including the independent non-executive Directors) consider that the Paper Supply Agreement II is entered into in the ordinary and usual course of business of the Company and the terms as contained in the Paper Supply Agreement II are normal commercial terms, which are arrived at after arm's length negotiations between the parties, the annual caps stated above in this announcement are fair and reasonable, and the terms of the Paper Supply Agreement II and the Supply of Paper Arrangements II are fair and reasonable and in the interests of the Company and the Shareholders taken as a whole.

INFORMATION ON THE GROUP AND THE COUNTERPARTIES

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.

The Parent is principally engaged in the business of wholesaling and retailing, leasing of properties, real estate, project investment, computer software and hotel services.

Sichuan Publication Group is a public interest entity established in the PRC which is responsible for the management and supervision of its subsidiaries and entities managed by it. The businesses engaged by the subsidiaries of Sichuan Publication Group and entities managed by Sichuan Publication Group include but not limited to the publication, wholesale and retail of books and periodicals, and the related audio and visual products.

Huang Peng Property is principally engaged in the business of property management and services, maintenance and cleaning services and construction and renovation services etc.

Shantou Guang Shang is principally engaged in the business of sale of printing paper, printed products, utensils for cultural use and arts and crafts products etc.

LISTING RULES IMPLICATIONS

The Purchase of Publications Arrangements involve the purchase of goods which is carried out on a continuing or recurring basis in the ordinary and usual course of business of the Company and constitute a continuing connected transaction for the Company under the Listing Rules. As each of the applicable percentage ratios (other than the profits ratio) calculated in accordance with the Listing Rules in respect of the Purchase of Publications Arrangements is, on an annual basis, more than 2.5% and the maximum consideration payable under the Supply of Publications Agreement is, on an annual basis, more than HK$10,000,000, the Purchase of Publications Arrangements are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee has been formed to consider and advise the Independent Shareholders as to whether the terms of the Supply of Publications Agreement and the Purchase of Publications Arrangements, and the annual cap for the Purchase of Publications Arrangements for each of the three years ending 31 December 2012 are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM. An independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

A circular containing, among other things, details of the Supply of Publications Agreement and the Purchase of Publications Arrangements, the recommendation of the Independent Board Committee, the advice of its independent financial adviser and a notice convening the EGM will be despatched to the Shareholders as soon as practicable.

Each of the Property Management Services Arrangements, the Leasing Arrangements, the Printing Services Arrangements, the Supply of Paper Arrangements I and the Supply of Paper Arrangements II involve the provision or purchase of goods or services, or leasing of premises which is carried out on a continuing or recurring basis in the ordinary and usual course of business of the Company and constitute a continuing connected transaction for the Company under the Listing Rules. As each of the applicable percentage ratios (other than the profit ratio) for each of the Property Management Services Arrangements, the Leasing Arrangements, the Printing Services Arrangements, the Supply of Paper Arrangements I and the Supply of Paper Arrangements II calculated in accordance with Chapter 14A of the Listing Rules is, on an annual basis, over 0.1% but less than 2.5%, each of the Property Management Services Arrangements, the Leasing Arrangements, the Printing Services Arrangements, the Supply of Paper Arrangements I and the Supply of Paper Arrangements II are, according to Rule 14A.34(1) of the Listing Rules, only subject to the reporting, announcement and annual review requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules for the Company and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

"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
"Directors"	the directors of the Company
"EGM"	an extraordinary general meeting of the Company to be convened to approve the Supply of Publications Agreement and the Purchase of Publications Arrangements
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Huang Peng Property"	成都皇鵬物業有限責任公司 (Chengdu Huang Peng Property Limited Liability Company*), a limited liability company established in the PRC, which is wholly-owned by the Parent as at the date of this announcement
"Independent Board Committee"	an independent committee of the Board composed of all independent non-executive Directors, namely Mr. Han Xiaoming, Mr. Cheng Sanguo and Mr. Chan Yuk Tong
"Independent Shareholders"	has the meaning ascribed to it under Rule 14A.10(5) of the Listing Rules, and in relation to the Company means the shareholders of the Company other than Sichuan Publication Group and its associates

"Independent Third Party(ies)"	persons(s) or company(ies) which is(are) independent of the Directors, supervisors, promoters, controlling shareholder and the chief executive (as defined under the Listing Rules) of the Company and its subsidiaries
"Lease"	an agreement dated 27 November 2009 entered into between the Company and the Parent in connection with the leasing of the Premises by the Parent to the Group for the period from 1 January 2010 to 31 December 2012
"Leasing Arrangements"	the transactions contemplated under the Lease
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Paper Supply Agreement I"	an agreement dated 27 November 2009 entered into between Xinhua Shang Paper and Sichuan Publication Group in connection with the provision of printing paper by Xinhua Shang Paper to Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group for the period from 1 January 2009 to 31 December 2011
"Paper Supply Agreement II"	an agreement dated 27 November 2009 entered into between Xinhua Shang Paper and Shantou Guang Shang in connection with the provision of printing paper by Xinhua Shang Paper to Shantou Guang Shang and its subsidiaries for the period from 1 January 2009 to 31 December 2011
"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 the controlling shareholder of the Company as at the date of this announcement
"PRC"	the People's Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)

"Premises"	Certain buildings and units located in Sichuan Province with a total leased area of approximately 116,622 square metres
"Printing Services Agreement"	an agreement dated 27 November 2009 entered into between Xinhua Colour Printing and Sichuan Publication Group in connection with the provision of printing services by Xinhua Colour Printing to Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group for the period from 1 May 2009 to 31 December 2011
"Printing Services Arrangements"	the transactions contemplated under the Printing Services Agreement
"Property Management Agreement"	an agreement dated 27 November 2009 entered into between the Company and Huang Peng Property in connection with the provision of property management services (including maintenance and renovation services) to the Group by Huang Peng Property for the period from 1 January 2010 to 31 December 2012
"public interest entity(ies)"	entity(ies) operating in the PRC which perform(s) certain functions involving the public interest, such as schools and hospitals
"Property Management Services Arrangements"	the transactions contemplated under the Property Management Agreement
"Purchase of Publications Arrangements"	the transactions contemplated under the Supply of Publications Agreement
"Shantou Guang Shang"	汕頭市廣商包裝有限公司 (Shantou Guang Shang Packaging Co., Ltd*), a limited liability company established in the PRC and a substantial shareholder of Xinhua Shang Paper
"Shareholder(s)"	the shareholder(s) of the Company
"Sichuan Province"	the Sichuan Province of the PRC
"Sichuan Publication Group"	四川出版集團 (Sichuan Publication Group*), a public interest entity established in the PRC, and a promoter of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"supplementary materials"	materials relating to textbooks which are intended to assist students in their study at schools and, unlike textbooks, not forming part of the set syllabus mandatory for students

"Supply of Paper Arrangements I"	the transactions contemplated under the Paper Supply Agreement I
"Supply of Paper Arrangements II"	the transactions contemplated under the Paper Supply Agreement II
"Supply of Publications Agreement"	a conditional agreement dated 27 November 2009 entered into between the Company and Sichuan Publication Group, pursuant to which Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group shall supply certain publications to the Company for the period from 1 January 2010 to 31 December 2012
"Xinhua Colour Printing"	四川新華彩色印務有限公司 (Sichuan Xinhua Colour Printing Company Limited*), a limited liability company established in the PRC and a subsidiary of the Company, which is owned as to 65% by the Company and as to 35% by 成都君區印務有限公司 (Chengdu Junqu Printing Company Limited*) as at the date of this announcement
"Xinhua Shang Paper"	四川新華商紙業有限公司 (Sichuan Xinhua Shang Paper Co., Ltd.*), a limited liability company established in the PRC and a subsidiary of the Company, which is owned as to 51% by the Company and as to 49% by Shantou Guang Shang as at the date of this announcement
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent.

For the purpose of this announcement, conversion of RMB into HK$ is calculated at the exchange rate of HK$1.00 to RMB0.8810.

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

Sichuan, PRC, 30 November 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. Zhang Chengxing, Mr. Li Jiawei, Mr. Luo Jun, Mr. Yu Changjiu, Mr. Wu Qiang, Mr. Zhao Miao and Mr. Zhao Junhuai as non-executive Directors; and (c) Mr. Han Xiaoming, Mr. Cheng Sanguo and Mr. Chan Yuk Tong as independent non-executive Directors.

* *For identification purposes only*