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 together with the accompanying reply slip and form of proxy 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)

CONTINUING CONNECTED TRANSACTION
PURCHASE OF PUBLICATIONS ARRANGEMENTS

Independent financial adviser to
the independent board committee and the independent shareholders of
Sichuan Xinhua Winshare Chainstore Co., Ltd.*

CIMB

CIMB Securities (HK) Limited

A notice convening an extraordinary general meeting ("**EGM**") of 四川新華文軒連鎖股份有限公司 (Sichuan Xinhua Winshare Chainstore Co., Ltd.*) (the "**Company**") to be held at the head office of the Company in the People's Republic of China (the "PRC"), No. 6 Wenxuan Road, Shang Mao Avenue, Cheng Bei, Chengdu, Sichuan, the PRC at 9:30 a.m. On Tuesday, 19 January 2010 or any adjournment thereof is set out on pages 24 to 25 of this circular.

Whether or not you are able to attend the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon. If you intend to attend the EGM, please also complete and return the accompanying reply slip in accordance with the instructions printed thereon. In case of holders of H Shares, the proxy forms and reply slips shall be lodged with the H share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1806–1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong; and in case of holders of Domestic Shares, the proxy forms and reply slips shall be lodged at the head office in the PRC of the Company, as soon as possible and in any event not later than 24 hours before the time scheduled for holding the EGM (or any adjourned meeting thereof) for the proxy forms and not later than 30 December 2009 for the reply slips. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment if you so wish.

* *For identification purposes only*

4 December 2009

CONTENTS

Page

Definitions 1

Letter from the Board 4

Letter from the Independent Board Committee 10

Letter from CIMB 12

Appendix — General Information 20

Notice of EGM 24

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

"Annual Cap(s)"	the annual cap(s) for the Purchase of Publications Arrangements for the three years ending 31 December 2012
"associates"	has the meaning ascribed thereto in the Listing Rules
"Board"	board of Directors
"CIMB"	CIMB Securities (HK) Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, which is appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Purchase of Publications Arrangements and the Annual Caps
"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 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
"EGM"	an extraordinary general meeting of the Company to be convened on 19 January 2010 to approve, among other things, the Supply of Publications Agreement, the Purchase of Publications Arrangements and the Annual Caps
"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
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"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
"Latest Practicable Date"	27 November 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
"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 Latest Practicable Date
"PRC"	the People's Republic of China (for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region and Taiwan)
"public interest entity(ies)"	entity(ies) operating in the PRC which perform(s) certain functions involving the public interest, such as schools and hospitals
"Purchase of Publications Arrangements"	the transactions contemplated under the Supply of Publications Agreement
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shares"	ordinary shares of the Company with a nominal value of RMB1.00 each, comprising both Domestic Shares and H Shares
"Shareholder(s)"	shareholder(s) of the Company
"Sichuan Province" or "Sichuan"	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 holding approximately 2.13% of the Shares as at the Latest Practicable Date. Sichuan Publication Group is a connected person of the Company under the Listing Rules

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"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 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
"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 RMB0.8812 for purposes of illustration only.

* *For identification purposes 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:
Mr. Gong Cimin *(Chairman)*
Mr. Zhang Bangkai *(Vice Chairman)*

Non-Executive Directors:
Ms. Wang Jianping
Mr. Zhang Chengxing
Mr. Li Jiawei
Mr. Luo Jun
Mr. Yu Changjiu
Mr. Wu Qiang
Mr. Zhao Junhuai
Mr. Zhao Miao

Independent Non-executive Directors:
Mr. Han Xiaoming
Mr. Cheng Sanguo
Mr. 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 Avenue
Cheng Bei
Chengdu, Sichuan 610081
PRC

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

4 December 2009

To the Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTION
PURCHASE OF PUBLICATIONS ARRANGEMENTS

INTRODUCTION

As disclosed in the announcement of the Company dated 30 November 2009, the Board announced, among other things, that the Company and Sichuan Publication Group entered into the Supply of Publications Agreement on 27 November 2009, 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.

* *For identification purposes only*

The Independent Board Committee has been formed to consider and advise the Independent Shareholders as to whether the terms of the Purchase of Publications Arrangements and the Annual Caps 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.

The purpose of this circular is to provide the Shareholders with, among other things, (i) further details of the Purchase of Publications Arrangements; (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Purchase of Publications Arrangements; (iii) the letter of advice from CIMB to the Independent Board Committee and the Independent Shareholders in respect of the Purchase of Publications Arrangements; and (iv) a notice of the EGM.

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:

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 appovals 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 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, 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 Caps shall be as follows:

	Annual Cap
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 Board Committee comprising all independent non-executive Directors and whose opinion is set out on pages 10 to 11 of this circular after taking into account the advice from CIMB which is set out on pages 12 to 19 of this circular) 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 are fair and reasonable, and the terms of the Purchase of Publications Arrangements are fair and reasonable and in the interests of the Company and the Shareholders taken as a whole.

GENERAL

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.

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.

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.

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.

The Purchase of Publications Arrangements is subject to the requirements of reporting, announcement and approval by the Independent Shareholders (by way of poll) at the EGM under Chapter 14A of the Listing Rules. Any Shareholder who has a material interest in the Purchase of Publications Arrangements will be required to abstain from voting at the EGM. Sichuan Publication Group and its associates will be required to abstain from voting at the EGM as Sichuan Publication Group is materially interested in the Purchase of Publications Arrangements.

EXTRAORDINARY GENERAL MEETING

The notice convening the EGM is set out on pages 24 to 25 of this circular.

A form of proxy for use at the EGM and a reply slip are enclosed. Whether or not you are able to attend the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon. If you intend to attend the EGM, please also complete and return the accompanying reply slip in accordance with the instructions printed thereon. In case of holders of H Shares, the proxy forms and reply slips shall be lodged with the H share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1806–1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong; and in case of holders of Domestic Shares, the proxy forms and reply slips shall be lodged at the head office in the PRC of the Company, as soon as possible and in any event not later than 24 hours before the time scheduled for holding the EGM (or any adjourned meeting thereof) for the proxy forms and not later than 30 December 2009 for the reply slips. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment if you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules and Article 78 of the Articles of Association of the Company, any vote of Shareholders at a general meeting must be taken by poll.

On a poll, every Shareholder present in person or by proxy or (being a corporation) by its duly authorised representatives shall have one vote for each Share registered in his/her/its name in the register of members. A Shareholder entitled to more than one vote needs not use all his/her/its votes or cast all the votes he/she/it uses in the same manner.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 10 to 11 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM.

Your attention is also drawn to the letter from CIMB, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, for incorporation into this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Purchase of Publications Arrangements. The text of the letter from CIMB to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 19 of this circular.

The Independent Board Committee, having taken into account the advice and recommendation of CIMB, are of the view that the Purchase of Publications Arrangements are in the interests of the Company and the Shareholders as a whole and the terms of the Purchase of Publications Arrangements are fair and reasonable so far as the interests of the Company and the Independent Shareholders are concerned. Accordingly, it recommends that the Independent Shareholders should vote in favour of the resolution to be proposed to approve the Purchase of Publications Arrangements and the Annual Caps.

ADDITIONAL INFORMATION

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

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

** For identification purposes 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)

4 December 2009

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION
PURCHASE OF PUBLICATIONS ARRANGEMENTS

We refer to the circular of the Company dated 4 December 2009 to the Shareholders (the "**Circular**"), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter, unless the context requires otherwise.

Under the Listing Rules, the Supply of Publications Agreement is conditional and shall only be effective upon the passing of the ordinary resolution by the Independent Shareholders at the EGM approving the terms of the Purchase of Publications Arrangements and the Annual Caps. We, being the independent non-executive Directors, have been appointed by the Board as members of the Independent Board Committee to advise you as to the fairness and reasonableness of the terms of the Supply of Publications Agreement and the Annual Caps and whether the Purchase of Publications Arrangements are in the interests of the Company and the Shareholders as a whole. CIMB has been appointed as the independent financial adviser to advise you and us in this regard. Details of the recommendations from CIMB are set out in its letter of advice on pages 12 to 19 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 4 to 9 of the Circular and the additional information set out in the appendix to the Circular.

* *For identification purposes only*

Having taken into account the advice and recommendation of CIMB and in particular the principal factors and reasons considered by CIMB as set out in its letter of advice, we are of the view that the Purchase of Publications Arrangements are in the interests of the Company and the Shareholders as a whole and the terms of the Supply of Publications Agreement and the Annual Caps are fair and reasonable. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Supply of Publications Agreement, the Purchase of Publications Arrangements and the Annual Caps.

Yours faithfully,
Mr. Han Xiaoming
Mr. Cheng Sanguo
Mr. Chan Yuk Tong
Independent Board Committee

The following is the text of the letter of advice to the Independent Board Committee and the Independent Shareholders from CIMB dated 4 December 2009 for inclusion in this circular:

CIMB

25/F Central Tower
28 Queen's Road Central
Hong Kong

4 December 2009

To the Independent Board Committee and the Independent Shareholders of
Sichuan Xinhua Winshare Chainstore Co., Ltd.

Dear Sirs,

CONTINUING CONNECTED TRANSACTION

PURCHASE OF PUBLICATIONS ARRANGEMENTS

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Supply of Publications Agreement and the Annual Caps, details of which are contained in a circular of the Company (the "Circular") to the Shareholders dated 4 December 2009, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

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.

As Sichuan Publication Group is a promoter of the Company, Sichuan Publication Group is a connected person of the Company under the Listing Rules and thus the Purchase of Publications Arrangements constitute a continuing connected transaction for the Company under the Listing Rules and shall be subject to the announcement, reporting and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An independent board committee comprising of all independent non-executive Directors, namely Mr. Han Xiaoming, Mr. Cheng Sanguo and Mr. Chan Yuk Tong, has been formed to advise the Independent Shareholders in relation to the terms of the Supply of Publications Agreement and the Annual Caps.

BASIS OF OUR OPINION

In formulating our recommendation, we consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.80, including the notes thereto, of the Listing Rules to reach an informed view and to provide a reasonable basis for our recommendation. We have relied on the information and facts contained or referred to in the Circular, the information provided by the Company and our review of the relevant public information. We have also assumed that the information, facts and representations contained or referred to in the Circular were true and accurate at the time they were made and up to the date of the EGM. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company or Sichuan Publication Group, or any of their respective subsidiaries or associates. We have no reason to doubt the truth, accuracy and completeness of the information, facts and representations provided and represented to us by the Company. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion in respect of the terms of the Supply of Publications Agreement and the Annual Caps, we have considered the following principal factors:

(I) Reasons for and benefits of the Supply of Publications Agreement

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.

As stated in the letter (the "Letter from the Board") from the Board of the Circular, 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, and Sichuan Publication Group, a public interest entity established in the PRC, is responsible for management and supervision of its subsidiaries and entities managed by it, which are principally engaged in, among others, publication, wholesale and retail of books and periodicals, and related audio and visual products.

As stated in the Letter from the Board, Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group possess the exclusive publication right for certain categories of textbooks (the "Designated Publications") for distribution to secondary and primary schools in Sichuan Province, the PRC. As stated in the prospectus of the Company dated 16 May 2007 (the "Prospectus"), Sichuan Province Xinhua Bookstore (四川省新華書店), being the predecessor of the parent of the Company, or the parent of the Company had been the sole distributor of textbooks in Sichuan Province for several decades. As a result of the reorganisation, details of which are set out in the Prospectus, the Company has been the sole distributor of textbooks to primary and secondary schools in Sichuan Province since 11 June 2005, being the date of incorporation of the Company. We are also advised by the Company and note from the procurement contracts entered into between the Company and 四川省教育廳 (Sichuan Provincial Bureau of Education) in 2008 and 2009, respectively, that the Company has been designated as the sole distributor for textbooks, including, among others, the Designated Publications, in Sichuan Province for the spring term 2008 through spring term 2010, and therefore the Company has to purchase such textbooks from Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group. In this connection, we concur with the view of management of the Company that the purchase of the Designated Publications by the Company from Sichuan

Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group, which constitutes part of the Purchase of Publications Arrangements under the Supply of Publications Agreement, is in line with the relevant PRC governmental policy.

Pursuant to the Supply of Publications Agreement, in addition to the Designated Publications, the Company will purchase other publications (for the avoidance of doubt, excluding the Designated Publications) from Sichuan Publication Group for distribution and retail purposes. We are advised by management of the Company that the Company has sourced publications from Sichuan Publication Group for a long history and has established a good business relationship with it. Publications provided by Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group are widely recognised by the market. We also note from public information that Sichuan Publication Group, established in December 2003, is a large-scale state-owned publishing group and annually publishes about 4,000 titles of books, about 200 kinds of electronic audio-visual publications and operates 13 kinds of newspapers and periodicals. As advised by the Company, Sichuan Publication Group is the largest publisher in the regional market.

In this connection, we concur with the view of management of the Company that the purchase of other publications (excluding the Designated Publications) by the Company pursuant to the Supply of Publications Agreement will benefit the Company by maintaining a stable and quality source of publications, reducing relevant logistics costs and facilitating continuous business growth of the Group.

Reference is also made to the Prospectus in which the Company disclosed, among others, information in relation to the continuing connected transaction which is governed by the then supply agreement dated 8 May 2007 (the "Previous Supply Agreement") entered into between the Company and Sichuan Publication Group with a term commencing from 1 January 2007 and ending on 31 December 2009. As disclosed in the Prospectus, a waiver from strict compliance with the applicable announcement, reporting and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules in relation to the continuing connected transaction contemplated under the Previous Supply Agreement was applied by the Company and granted by the Stock Exchange prior to the listing of the Shares on the condition that the annual consideration payable by the Company to Sichuan Publication Group under the Previous Supply Agreement shall not exceed the annual caps for each of the three years ending 31 December 2009, details of which are set out in the section headed "Connected Transactions" of the Prospectus. Given that such waiver will expire on 31 December 2009, we consider it appropriate for the Company to enter into the Supply of Publications Agreement and renew the annual caps in relation thereto for the purpose of compliance with the Listing Rules.

In addition, we note from the Prospectus and the information provided by the Company regarding the Group's purchase of publications in the past three years that Sichuan Publication Group has been the main supplier of the Group with the total amount paid by the Company to Sichuan Publication Group for purchase of publications accounting for approximately 30% of the total purchase of the Company for each of the three years ended 31 December 2008.

Having considered the aforesaid, we consider that entering into of the Supply of Publications Agreement by the Company falls within the ordinary and usual course of business of the Company and is in the interests of the Group and the Shareholders as a whole.

(II) Principal terms of the Supply of Publications Agreement

Set out below are the principal terms of 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. Pursuant to the Supply of Publications Agreement, the Company and Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group shall enter into separate supply contract(s) which shall specify, among others, category and quantity of the publication products to be purchased by the Company from Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group, purchase price, delivery and settlement method.
Pricing principle:	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.
Payment terms:	The settlement of the 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 approval(s) 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.

We have discussed with management of the Company in relation to the pricing principle and understand that the retail prices of the Designated Publications charged to primary and secondary schools in Sichuan Province must be approved by 四川省物價局 (Sichuan Provincial Bureau of Price) as certain educational charges, fees and/or prices in Sichuan Province, including, among others, the Designated Publications, are strictly regulated by Sichuan Provincial Bureau of Price while the retail prices of publications other than the Designated Publications are market oriented as they are not regulated by Sichuan Provincial Bureau of Price. The Company further advised that suppliers of publications, including Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group, and the Independent Third Parties, usually determine purchase prices of publications on an arm's length negotiations with their distributor customers and with reference to relevant retail prices and that the purchase prices charged by Sichuan Publication Group to the Company are no less favourable than those charged by the Independent Third Parties to the Company.

We have discussed with management of the Company in relation to the terms of payment and understand that the specific terms of payment for each purchase of publications by the Group from Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group shall be determined when the Group enters into separate supply contract(s) with Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group and vary based on the type and quantity of the publications under each purchase. As advised by the Company, it is the usual practice for the Group to pay to Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group approximately 6 months to 1 year after receipt of goods later. We note from the Prospectus and are advised by the Company that such payment arrangement is in line with that of the Group's purchase of publications from the Independent Third Parties.

In addition, as required by the Listing Rules, for each financial year of the Company over the term of the Supply of Publications Agreement, the Purchase of Publications Arrangements contemplated under the Supply of Publications Agreement shall be subject to the annual review by the independent non-executive Directors and the Company's auditors as required by Rules 14A.37 and 14A.38 of the Listing Rules, respectively. In particular, each year, the independent non-executive Directors must confirm that the Purchase of Publications Arrangements contemplated under the Supply of Publications Agreement has been entered into:

- in the ordinary and usual course of business of the Company;
- either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and

- in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Furthermore, each year, the Company's auditors must provide a letter to the Board confirming that the Purchase of Publications Arrangements contemplated under the Supply of Publications Agreement:

- has received the approval of the Board;
- is in accordance with the pricing policies of the Company if the transactions involve provision of goods or services by the Company;
- has been entered into in accordance with the relevant agreement governing the transactions; and
- has not exceeded the cap disclosed in the previous announcement(s).

Given the above, we consider that there exist sufficient procedures and arrangements in place to ensure that the Purchase of Publications Arrangements will be conducted on terms pursuant to the Supply of Publications Agreement.

Having considered the above, we concur with the view of the Directors that the terms of the Supply of Publications Agreement are on normal commercial terms, fair and reasonable so far as the Company and the Shareholders are concerned and are in the interests of the Group and the Shareholders as a whole.

(III) Annual Caps under the Supply of Publications Agreement

Set out below are the details of (i) the historical transaction figures of the purchase of publications under the Previous Supply Agreement for each of the two years ended 31 December 2008; (ii) the approved annual caps for each of the three years ending 31 December 2009; and (iii) the Annual Caps for each of the three years ending 31 December 2012:

Historical transaction figures		**Approved annual caps**			**Annual Caps**		
For the year ended 31 December		**For the year ended 31 December**		**For the year ending 31 December**	**For the year ending 31 December**		
2007	**2008**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
505,836	430,924	575,000	575,000	575,000	630,000	650,000	660,000

As stated in the Letter from the Board, in considering the Annual Caps for the Purchase of Publications Arrangements under the Supply of Publications Agreement, 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 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 increase in market price of publications in light of the increase in commodity price level.

We note that the Annual Caps for each of the three years ending 31 December 2012 represent (i) a significant increase as compared with the historical transaction figures for each of the two years ended 31 December 2008; and (ii) an approximately 10%–15% increase as compared with the approved annual caps for each of the three years ending 31 December 2009.

To assess the fairness and reasonableness of the Annual Caps, we have discussed and reviewed with management of the Company in respect of the calculation of the Annual Caps and understand that the Annual Caps are calculated based on the factors including: (i) the historical transaction amounts paid by the Company to Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group for the purchase of relevant publications for each of the three years ended 31 December 2008 and the ten months ended 31 October 2009; (ii) the anticipated transaction amounts to be paid by the Company to Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group for the year ending 31 December 2009; (iii) the management's belief that the Group would continue to be designated as the sole distributor for textbooks, including, among others, the Designated Publications, in Sichuan Province in the coming three years after taking into account the fact that the predecessor of the Company's parent or the parent of the Company were designated as the sole distributor for several decades and the Company has been designated as the sole distributor since its incorporation; (iv) the Group's anticipated increase in purchase of publications, including but not limited to textbooks and supplementary materials, from Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group given the policy jointly issued by 四川省教育廳 (Sichuan Provincial Bureau of Education), 四川省財政廳 (Sichuan Provincial Bureau of Finance), 四川省人事廳 (Sichuan Provincial Bureau of Labor) and 四川省機構編制委員會辦公室 (Sichuan Provincial Institutional Organization Committee) in September 2009 in respect of the curriculum reform of high schools in Sichuan Province commencing from the autumn of 2010; (v) the Group's anticipated increase in purchase of publications from Sichuan Publication Group, its subsidiaries and/or entities managed by Sichuan Publication Group given the possibility of new policy(ies) and/or regulation(s) in relation to, among others, other curriculum reform(s) of, for instance, primary and/or secondary schools in Sichuan Province to be issued by relevant governmental authorities in the PRC in the coming three years; and (vi) the anticipated increase in purchase prices of publications given the expected increase in consumer price indices in the locality.

Given the above, we are of the view that the basis adopted by management of the Company in determining the Annual Caps is fair and reasonable, and thus the Annual Caps for each of the three years ending 31 December 2012 are fair and reasonable so far as the Shareholders are concerned.

However, Shareholders should note that the Annual Caps relate to future events and do not represent a forecast of transaction amounts to be incurred as a result of the continuing connected transaction as contemplated under the Supply of Publications Agreement. Consequently, we express no opinion as to how closely the actual amounts to be incurred under the Supply of Publications Agreement correspond with the Annual Caps.

RECOMMENDATION

Having considered the principal factors and reasons referred to in the above, we consider that (i) the Supply of Publications Agreement is entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and is in the interests of the Group and the Shareholders as a whole; and (ii) the terms of the Supply of Publications Agreement and the Annual Caps are fair and reasonable so far as the Shareholders are concerned.

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve (i) the Supply of Publications Agreement and the transactions contemplated thereunder; and (ii) the Annual Caps.

Yours faithfully,
For and on behalf of
CIMB Securities (HK) Limited

Alex Lau
Director
Head of Corporate Finance

Anthony Ng
Senior Vice President

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

Save as disclosed below, 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.

Name of Director	Name of company	Nature of interest	Number of Shares	Class of Shares	Approximate % of registered capital of the Company	Long Position/ Short Position/ Lending Pool
Mr. Wu Qiang	Chengdu Hua Sheng (Group) Industry Co. Ltd.	Interests of controlled corporation *(Note)*	53,336,000	Social Legal Person Shares	4.7%	Long Position

Note: Mr. Wu Qiang owns 90% equity interest in Chengdu Hua Sheng (Group) Industry Co. Ltd., hence is deemed to be interested in the Shares held by Chengdu Hua Sheng (Group) Industry Co. Ltd.

Save that (i) Mr. Gong Cimin, an executive Director and the Chairman of the Company, is the Chairman of the Parent; (ii) Mr. Wu Qiang, a non-executive Director, is the Chairman of Chengdu Hua Sheng (Group) Industry Co. Ltd.; and (iii) Mr. 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 Shares	Approximate % in the relevant class of Shares	Approximate % of registered capital of the Company	Long Position/ Short Position/ Lending Pool
四川發展（控股）有限責任公司 (Sichuan Development (Holding) Co., Ltd)	592,809,525 *(Note 1)*	Interests of controlled corporation	State-owned Shares	92.65%	52.22%	Long Position
The Parent	592,809,525 *(Note 1)*	Beneficial owner	State-owned Shares	92.65%	52.22%	Long Position
Chengdu Hua Sheng (Group) Industry Co. Ltd.	53,336,000 *(Note 2)*	Beneficial owner	Social Legal Person Shares	100%	4.70%	Long Position
National Council for the Social Security Fund	40,176,100	Beneficial owner	H Shares	9.09%	3.54%	Long Position

Notes:

1 The above reference to 592,809,525 Shares refer to the same block of shares.

2 On 30 May 2008, Chengdu Hua Sheng (Group) Industry Co. Ltd. pledged all the Shares it held.

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, Sichuan Publication 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. Except for Mr. Li Jiawei, a non-executive Director, none of the other Directors or Supervisors had any interest in any business which is directly or indirectly or may be in competition with that of the Group. Mr. Li Jiawei is currently the vice president and general manager of Liaoning Publication Group Company Limited and the director of Liaoning Publication Media Company Limited. The business of those companies in which he serves may be in competition with that of the Group.

Save as disclosed above, none of the Directors or their respective associates (as defined in the Listing Rules) had any interest in any business which is or may be in competition with that 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 at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

7. INTEREST IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2008, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is significant in relation to the business of the Company.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2008 (being the date to which the latest published audited financial statements of the Company were made up).

9. QUALIFICATION OF EXPERT

The following is the qualification of the expert who has given opinion or advice contained in this circular:

Name	Qualification
CIMB	a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO

10. EXPERT'S INTEREST

As at the Latest Practicable Date, CIMB had no shareholding interests in any member of the Group nor the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribed for securities of any member of the Group. As at the Latest Practicable Date, CIMB had no direct or indirect interests in any assets which had since 31 December 2008 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

11. CONSENT OF EXPERT

CIMB has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or reference to its name included in this circular in the form and context in which it appears. The letter from CIMB is given as at the date of this circular for incorporation therein.

12. 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 Avenue, Cheng Bei, Chengdu, Sichuan 610081, 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 Rooms 1806–1807, 18th 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 English text of this circular shall prevail over the Chinese text in the case of inconsistency.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at 8th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong during normal business hours (from 8:30 a.m. to 5:30 p.m.) on any weekday, except Saturdays, Sundays and public holidays, from the date of this circular up to and including the date of the EGM:

(a) the Supply of Publications Agreement;

(b) the letter from the Independent Board Committee, the text of which is set out on pages 10 to 11 of this circular;

(c) the letter from CIMB, the text of which is set out on pages 12 to 19 of this circular; and

(d) the written consent of CIMB referred to in paragraph 11 headed "Consent of Expert" of this appendix.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "EGM") of 四川新華文軒連鎖股份有限公司 (Sichuan Xinhua Winshare Chainstore Co., Ltd.*) (the "**Company**") will be held at the head office of the Company in the People's Republic of China (the "PRC"), No. 6 Wenxuan Road, Shang Mao Avenue, Cheng Bei, Chengdu, Sichuan, the PRC at 9:30 a.m. on Tuesday, 19 January 2010 for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution, with or without modifications:

"**THAT**

the agreement (the "**Supply of Publications Agreement**") (a copy of which is produced to the EGM and marked "**A**" and initialled by the Chairman of the EGM for identification purpose) dated 27 November 2009 and entered into between the Company and 四川出版集團 (Sichuan Publication Group*) and the non-exempt continuing connected transaction (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited contemplated thereunder be and are hereby approved, confirmed and ratified; the Annual Cap (as defined in the circular of the Company dated 4 December 2009 despatched to the shareholders of the Company, of which the notice convening the EGM forms part, a copy of which is produced to the EGM and marked "**B**" and initialled by the Chairman of the EGM for identification purpose) for each of the three years ending 31 December 2012 be and is hereby approved; and any one director of the Company be and is hereby authorised to execute for and on behalf of the Company all such other documents, instruments and agreements and to take all steps necessary or expedient to implement and/or give effect to the Supply of Publications Agreement."

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

Sichuan, the PRC, 4 December 2009

Notes:

1. The register of members of the Company will be closed from 21 December 2009 to 19 January 2010 (both days inclusive), during which period no transfer of shares of the Company can be registered. In order to qualify to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares of the Company) or the head office in the PRC of the Company (for holders of domestic shares of the Company), no later than 4:30 p.m. on 18 December 2009.

* *For identification purposes only*

2. Shareholders who are entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote on their behalves. A proxy need not be a member of the Company.

3. In order to be valid, the proxy form must be deposited by hand or post, for holders of H shares of the Company, to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at Rooms 1806–1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong and, for holders of domestic shares of the Company, to the head office in the PRC of the Company not less than 24 hours before the time for holding the EGM or not less than 24 hours before the time appointed for taking the poll. If the proxy form is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or authority shall be deposited at the same time as mentioned in the proxy form. Completion and return of the proxy form will not preclude shareholders from attending and voting in person at the EGM or any adjourned meetings should you so wish.

4. Shareholders or their proxies shall produce their identity documents when attending the EGM.

5. Shareholders who intend to attend the EGM should complete the reply slip and return it by hand or by post to the H share registrar of the Company (for holders of H shares of the Company) or to the head office in the PRC of the Company (for holders of the domestic shares of the Company) on or before 30 December 2009.

6. The EGM is expected to take one hour. Shareholders attending the EGM shall be responsible for their own travel and accommodation expenses.

7. The head office in the PRC of the Company is as follows:

   No. 6 Wenxuan Road
   Shang Mao Avenue, Cheng Bei
   Chengdu, Sichuan 610081
   The PRC

As at the date of this notice, the board of directors of the Company 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 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.