WIN SHARE

四川新華文軒連鎖股份有限公司
SICHUAN XINHUA WINSHARE CHAINSTORE CO., LTD.*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 811)

CONNECTED TRANSACTION

FORMATION OF JOINT VENTURE COMPANIES

The Board announces that on 1 April 2010:

(1) The Company entered into the Joint Venture Agreement (A) with Chengdu Hua Sheng Group, pursuant to which, amongst others, the Company and Chengdu Hua Sheng Group agreed to establish the JVC (A) with a registered capital of RMB30 million, which will be owned as to 51% by the Company and as to 49% by Chengdu Hua Sheng Group. The JVC (A) is proposed to principally engage in the business of early childhood education in Sichuan Province, the PRC.

(2) The Company entered into the Joint Venture Agreement (B) with Chengdu Hua Sheng Group, pursuant to which, amongst others, the Company and Chengdu Hua Sheng Group agreed to establish the JVC (B) with a registered capital of RMB50 million, which will be owned as to 51% by the Company and as to 49% by Chengdu Hua Sheng Group. The JVC (B) is proposed to principally engage in the industrial and logistical property development at Chengdu International Container Logistics Park (成都國際集裝箱物流園區) in Qing-Bai-Jiang District, Chengdu City.

(3) The Company entered into the Joint Venture Agreement (C) with Chengdu Hua Sheng Group, pursuant to which, amongst others, the Company and Chengdu Hua Sheng Group agreed to establish the JVC (C) with a registered capital of RMB50 million, which will be owned as to 51% by the Company and as to 49% by Chengdu Hua Sheng Group. The JVC (C) is proposed to principally engage in the commercial and residential property development in Chengdu International Container Logistics Park (成都國際集裝箱物流園區) in Qing-Bai-Jiang District, Chengdu City.

Chengdu Hua Sheng Group, being a promoter of the Company, is a connected person of the Company under the Listing Rules. Therefore, entering into each of the Joint Venture Agreements constitutes a connected transaction of the Company pursuant to the Listing Rules. Given that the Joint Venture Agreements were entered into by the Company with the same party (Chengdu Hua Sheng Group) at the same time, the transactions contemplated under the Joint Venture Agreements shall be aggregated as if they were one transaction under the Listing Rules.

Since the relevant applicable percentage ratios (other than the profit ratio), on an aggregated basis, are more than 0.1% but less than 2.5%, entering into the Joint Venture Agreements (after aggregation) constitutes a connected transaction of the Company which is exempt from the independent shareholders' approval requirement but subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

JOINT VENTURE AGREEMENT (A)

A summary of the major terms of the Joint Venture Agreement (A) is set out as follows:

Date: 1 April 2010

Parties: the Company
Chengdu Hua Sheng Group

Proposed name of the JVC (A):

四川文軒國際幼兒教育投資有限公司 (Sichuan Wenxuan International Early Childhood Education Investment Company Limited*) (subject to approval by relevant PRC authorities)

Purpose of the JVC (A):

The JVC (A) is proposed to principally engage in the business of early childhood education in Sichuan Province, the PRC.

Business scope of the JVC (A):

The proposed scope of business of the JVC (A) shall include: early childhood basic education, early childhood interest exploring education, operation of cultural products, medical and education services and property management.

Capital Contribution:

The total registered capital of the JVC (A) is RMB30 million. Such registered capital was determined after arm's length negotiations between the Company and Chengdu Hua Sheng Group with reference to their proposed capital requirement for the business of the JVC (A). Apart from the capital contribution, there is no other capital commitment provision contained in the Joint Venture Agreement (A). The capital contribution and the equity interests of each joint venture party are set out as follows:

Joint Venture Party	Capital Contribution *RMB*	Equity Interests
The Company	15,300,000	51%
Chengdu Hua Sheng Group	14,700,000	49%

The Company and Chengdu Hua Sheng Group shall make their respective capital contribution in cash by transferring such amount of money in full to the temporary bank account of the JVC (A) within 10 days after the Joint Venture Agreement (A) takes effect (i.e. on or before 11 April 2010).

Board Composition, Supervisory Committee and Senior Management of the JVC (A)

The board of directors of the JVC (A) shall be composed of five directors, three of whom shall be recommended by the Company and two by Chengdu Hua Sheng Group. The chairman of the board of directors shall be elected from the directors recommended by the Company. The directors shall have a term of office for three years and may be reappointed.

The supervisory committee of the JVC (A) shall be composed of three supervisors, one of whom shall be recommended by the Company, one by Chengdu Hua Sheng Group and one by the employee representatives union (職工代表大會) of the JVC (A). The chairman of the supervisory committee shall be the supervisor recommended by Chengdu Hua Sheng Group.

Subject to the approval of the board of directors, the general manager of the JVC (A) shall be recommended by the Chengdu Hua Sheng Group and the chief financial officer of the JVC (A) shall be recommended by the Company.

Pre-emptive Rights

Any transfer of interest in the registered capital of the JVC (A) by its shareholders is subject to the pre-emptive rights of the other shareholders.

JOINT VENTURE AGREEMENT (B)

A summary of the major terms of the Joint Venture Agreement (B) is set out as follows:

Date:	1 April 2010
Parties:	the Company Chengdu Hua Sheng Group

Proposed name of the JVC (B):

四川文軒國際物流有限公司 (Sichuan Wenxuan International Logistics Company Limited*) (subject to approval by relevant PRC authorities)

Purpose of the JVC (B):

The JVC (B) is proposed to principally engage in the industrial and logistical property development at Chengdu International Container Logistics Park (成都國際集裝箱物流園區) in Qing-Bai-Jiang District, Chengdu City.

Business scope of the JVC (B):

The proposed scope of business of the JVC (B) shall include: transportation, delivery, storage, packing, carrying, loading, unloading and processing of goods; construction and renting of container yard, storage facilities, factory, office building and other ancillary facilities; and property management.

Capital Contribution:

The total registered capital of the JVC (B) is RMB50 million. Such registered capital was determined after arm's length negotiations between the Company and Chengdu Hua Sheng Group with reference to their proposed capital requirement for the business of the JVC (B). Apart from the capital contribution, there is no other capital commitment provision contained in the Joint Venture Agreement (B). The capital contribution and the equity interests of each joint venture party are set out as follows:

Joint Venture Party	Capital Contribution *RMB*	Equity Interests
The Company	25,500,000	51%
Chengdu Hua Sheng Group	24,500,000	49%

The Company and Chengdu Hua Sheng Group shall make their respective capital contribution in cash by transferring such amount of money in full to the temporary bank account of the JVC (B) within 10 days after the Joint Venture Agreement (B) takes effect (i.e on or before 11 April 2010).

Board Composition, Supervisory Committee and Senior Management of the JVC (B)

The board of directors of the JVC (B) shall be composed of five directors, three of whom shall be recommended by the Company and two by Chengdu Hua Sheng Group. The chairman of the board of directors shall be elected from the directors recommended by the Company. The directors shall have a term of office for three years and may be reappointed.

The supervisory committee of the JVC (B) shall be composed of three supervisors, one of whom shall be recommended by the Company, one by Chengdu Hua Sheng Group and one by the employee representatives union (職工代表大會) of the JVC (B). The chairman of the supervisory committee shall be the supervisor recommended by Chengdu Hua Sheng Group.

Subject to the approval of the board of directors, the general manager of the JVC (B) shall be recommended by Chengdu Hua Sheng Group and the chief financial officer of the JVC (B) shall be recommended by the Company.

Pre-emptive Rights

Any transfer of interest in the registered capital of the JVC (B) by its shareholders is subject to the pre-emptive rights of the other shareholders.

JOINT VENTURE AGREEMENT (C)

A summary of the major terms of the Joint Venture Agreement (C) is set out as follows:

Date:	1 April 2010
Parties:	the Company Chengdu Hua Sheng Group

Proposed name of the JVC (C):

四川文軒物流商業有限公司 (Sichuan Wenxuan Logistics Commerce Company Limited*) (subject to approval by relevant PRC authorities)

Purpose of the JVC (C):

The JVC (C) is proposed to principally engage in the commercial and residential property development in Chengdu International Container Logistics Park (成都國際集裝箱物流園區) in Qing-Bai-Jiang District, Chengdu City.

Business scope of the JVC (C):

The proposed scope of business of the JVC (C) shall include: investment and development of real estate projects, operation and management of hotels, sale and renting management, operation of restaurants, entertainment and commercial clubs, operation of cultural products, medical and education services and property management.

Capital Contribution:

The total registered capital of the JVC (C) is RMB50 million. Such registered capital was determined after arm's length negotiations between the Company and Chengdu Hua Sheng Group with reference to their proposed capital requirement for the business of the JVC (C). Apart from the capital contribution, there is no other capital commitment provision contained in the Joint Venture Agreement (C). The capital contribution and the equity interests of each joint venture party are set out as follows:

Joint Venture Party	**Capital Contribution** *RMB*	**Equity Interests**
The Company	25,500,000	51%
Chengdu Hua Sheng Group	24,500,000	49%

The Company and Chengdu Hua Sheng Group shall make their respective capital contribution in cash by transferring such amount of money in full to the temporary bank account of the JVC (C) within 10 days after the Joint Venture Agreement (C) takes effect (i.e on or before 11 April 2010).

Board Composition, Supervisory Committee and Senior Management of the JVC (C)

The board of directors of the JVC (C) shall be composed of five directors, three of whom shall be recommended by the Company and two by Chengdu Hua Sheng Group. The chairman of the board of directors shall be elected from the directors recommended by the Company. The directors shall have a term of office for three years and may be reappointed.

The supervisory committee of the JVC (C) shall be composed of three supervisors, one of whom shall be recommended by the Company, one by Chengdu Hua Sheng Group and one by employee representatives union (職工代表大會) of the JVC (C). The chairman of the supervisory committee shall be the supervisor recommended by Chengdu Hua Sheng Group.

Subject to the approval of the board of directors, the general manager of the JVC (C) shall be recommended by Chengdu Hua Sheng Group and the chief financial officer of the JVC (C) shall be recommended by the Company.

Pre-emptive Rights

Any transfer of interest in the registered capital of the JVC (C) by its shareholders is subject to the pre-emptive rights of the other shareholders.

REASONS FOR AND BENEFIT OF ENTERING INTO THE JOINT VENTURE AGREEMENTS

Joint Venture Agreement (A)

Starting up the business of early childhood education is part of the Company's development strategy and an important measure which helps the Company to further expand in the culture-related business. The Company's experience and competitive advantages in the business of publication for education and the Chinese government's policy encouraging and assisting the development of the private early childhood education are both favourable factors for the Company to expand into the industry. Moreover, establishing the JVC (A) will enhance the Company's competitiveness and its sustainability in the education and culture related business, thereby bringing a more promising return to the shareholders.

Joint Venture Agreements (B&C)

Currently, the Chengdu Municipal Government intends to carry out the framework system for the development of the modern logistics industry, plans to develop an international logistic hub based in Qing-Bai-Jiang District in Chengdu City and offers relevant favourable policies to the companies proposed to access to such area. To grasp such opportunity arising from the Government's redevelopment plan for the logistics industry, the establishment of the JVC (B) and the JVC (C) with Chengdu Hua Sheng Group to carry out the operations of third party logistics and supporting services is beneficial for the development and expansion of the Company's existing logistics business and the expansion to third party logistics business, and forms synergies with the new logistics base which the Company is planning to construct with the advantages of lower risks and relatively stable revenue and cash inflows.

INFORMATION ABOUT THE GROUP

The Group is principally engaged in (i) the operation of retail outlets for books and audio-visual products; (ii) distribution of textbooks and supplementary materials; and (iii) provision of ancillary support and services to publishers of books in the PRC.

INFORMATION ABOUT CHENGDU HUA SHENG GROUP

Chengdu Hua Sheng Group is principally engaged in real property investment and provision of information, the development of technology and economic advance technology and the provision of the relevant consultation services, and the sales of building materials and metals, etc.

IMPLICATIONS UNDER THE LISTING RULES

Chengdu Hua Sheng Group, being a promoter of the Company, is a connected person of the Company under the Listing Rules. Therefore, entering into each of the Joint Venture Agreements constitutes a connected transaction of the Company pursuant to the Listing Rules. Given that the Joint Venture Agreements were entered into by the Company with the same party (Chengdu Hua Sheng Group) at the same time, the transactions contemplated under the Joint Venture Agreements shall be aggregated as if they were one transaction under the Listing Rules.

Since the relevant applicable percentage ratios (other than the profit ratio), on an aggregated basis, are more than 0.1% but less than 2.5%, entering into the Joint Venture Agreements (after aggregation) constitutes a connected transaction of the Company which is exempt from the independent shareholders' approval requirement but subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

GENERAL

The Directors (including the independent non-executive Directors) are of the view that the terms of Joint Venture Agreements and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the best interest of the Group and the Shareholders as a whole.

DEFINITIONS

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

"Board"	the board of Directors;
"Chengdu Hua Sheng Group"	成都市華盛集團實業有限公司 (Chengdu Hua Sheng Group Industrial Company Limited*) a limited liability company which was incorporated in the PRC and is a promoter of the Company;
"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;
"Director(s)"	the director(s) of the Company;
"Group"	the Company and its subsidiaries;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Joint Venture Agreement (A)"	a joint venture agreement dated 1 April 2010 entered into between the Company and Chengdu Hua Sheng Group in relation to the formation of the JVC (A);

"Joint Venture Agreement (B)"	a joint venture agreement dated 1 April 2010 entered into between the Company and Chengdu Hua Sheng Group in relation to the formation of the JVC (B);
"Joint Venture Agreement (C)"	a joint venture agreement dated 1 April 2010 entered into between the Company and Chengdu Hua Sheng Group in relation to the formation of the JVC (C);
"Joint Venture Agreements"	Joint Venture Agreement (A), Joint Venture Agreement (B) and Joint Venture Agreement (C);
"JVC (A)"	四川文軒國際幼兒教育投資有限公司 (Sichuan Wenxuan International Early Childhood Education Investment Company Limited*), a limited liability company to be established in the PRC pursuant to the Joint Venture Agreement (A), which is to be owned as to 51% by the Company and as to 49% by Chengdu Hua Sheng Group;
"JVC (B)"	四川文軒國際物流有限公司 (Sichuan Wenxuan International Logistics Company Limited*), a limited liability company to be established in the PRC pursuant to the Joint Venture Agreement (B), which is to be owned as to 51% by the Company and as to 49% by Chengdu Hua Sheng Group;
"JVC (C)"	四川文軒物流商業有限公司 (Sichuan Wenxuan Logistics Commerce Company Limited*), a limited liability company to be established in the PRC pursuant to the Joint Venture Agreement (C), which is to be owned as to 51% by the Company and as to 49% by Chengdu Hua Sheng Group;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"PRC"	the People's Republic of China;
"RMB"	Renminbi, the lawful currency of the PRC;
"Shareholders"	shareholders of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited; and
"%"	per cent.

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

Sichuan, the PRC, 1 April 2010

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*