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

(1) MAJOR TRANSACTION
(2) PROPOSED CHANGE OF COMPANY NAME
AND
(3) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

SUMMARY

On 22 June 2010, the Company and SPG entered into an Acquisition Agreement, pursuant to which the Company has conditionally agreed to acquire, and SPG has conditionally agreed to dispose of, the entire equity interests in the Target Group Companies for an aggregate consideration of RMB1,255,000,000 (equivalent to approximately HK$1,435,270,000), subject to the terms and conditions of the Acquisition Agreement.

The Acquisition contemplated under the Acquisition Agreement constitutes a major transaction (acquisition) for the Company under Chapter 14 of the Listing Rules as the applicable percentage ratio exceeds 25% but does not exceed 100% and is subject to the notification, publication and Shareholders' approval requirements. SPG and 四川少年兒童出版社有限公司 (Sichuan Youth and Children's Publishing House Company Limited*), who have material interests in the Acquisition, will abstain from voting at the EGM.

In connection with the Acquisition, the Board proposes to change the Company's Chinese name from "四川新華文軒連鎖股份有限公司" to "新華文軒出版傳媒股份有限公司" and the new English name "Xinhua Winshare Publishing and Media Co., Ltd.*" will be adopted to replace "Sichuan Xinhua Winshare Chainstore Co., Ltd.*". The Articles of Association will be amended accordingly to reflect the proposed change of Company name. In addition, to expand the business scope of the Company to cover general carriage of goods (the pre-approved licence of which has been granted) an amendment will be made to the Articles of Association in order to meet the Company's operational needs and to satisfy the State's regulatory requirements.

A circular containing, among other things, (i) further information of the Acquisition; (ii) the proposed change of Company name; (iii) the proposed amendments to the Articles of Association; and (iv) the notice of the EGM is expected to be despatched to the Shareholders on or around 28 June 2010 in compliance with the Listing Rules.

Attention: Shareholders and potential investors should note that the Acquisition is subject to the fulfillment of a number of conditions, and accordingly, the transaction contemplated under the Acquisition Agreement may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares of the Company.

INTRODUCTION

The Board is pleased to announce that the Company and SPG entered into an Acquisition Agreement on 22 June 2010, pursuant to which the Company has conditionally agreed to acquire, and SPG has conditionally agreed to dispose of, the entire equity interests in the Target Group Companies for an aggregate consideration of RMB1,255,000,000 (equivalent to approximately HK$1,435,270,000), subject to the terms and conditions of the Acquisition Agreement, which are described in more detail below.

THE ACQUISITION AGREEMENT

Date

22 June 2010

Parties

(1) SPG as Seller

(2) the Company as Purchaser

SPG is a promoter of our Company and as at the date of this announcement, holds 2.13% equity interests in our Company (being 24,151,499 Domestic Shares). Other than the aforesaid, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Seller and its ultimate beneficial owner are third parties independent of the Company and/or connected persons of the Company (as defined in the Listing Rules).

Assets Acquired under the Acquisition Agreement

The entire equity interests in the Target Group Companies (comprising all of the 15 companies) held by SPG

Consideration

The consideration for the Acquisition is RMB1,255,000,000 (equivalent to approximately HK$1,435,270,000).

The consideration was determined after arm's length negotiations between the parties to the Acquisition Agreement, taking into account a number of factors including, among other things, the financial position and performance of the Target Group Companies, the prevailing price-earning indicators in the relevant industries, the business prospects, and the reasons for, and benefits to be derived from, the Acquisition as described below.

Payment Terms

The consideration for the Acquisition Agreement will be settled by cash in two instalments in accordance with the relevant requirements of State-owned assets supervision authorities, and in the manner set out below:

(1) RMB1,130,000,000 (approximately HK$1,292,315,000), being the First Instalment Payment, shall be paid by the Company to SPG within 5 Business Days from the date on which all conditions precedent set out in the Acquisition Agreement have been fulfilled or waived (as the case may be); and

(2) the balance of RMB125,000,000 (approximately HK$142,955,000) shall be paid by the Company to SPG within one year from Completion, by which time all registration and filing procedures in relation to the transfer of the entire equity interests in the Target Group Companies shall have been completed, or, where appropriate, waived by the Company.

Conditions Precedent

Payment Conditions Precedent

The Company's payment obligation shall be conditional on, among other things, the following conditions having been fulfilled or waived on or before the Long Stop Date:

(1) The results of the financial, business and legal due diligence and any further due diligence conducted by the Company or its representatives do not reveal issues that in the reasonable opinion of the Company will have, or are likely to have, a material adverse impact on the financial pattern or prospect of the Target Group Companies;

(2) The parties to the Acquisition Agreement have filed or obtained the following approvals or consents to facilitate the progress of the Acquisition:

    (a) consents from financial creditors (if necessary) in relation to the transfer of the State-owned equity interests in the Target Group Companies have been obtained;

    (b) the employee settlement plan of the Target Group Companies has been passed by the meetings of the employee representatives, and approved by the relevant labor bureaus (if necessary);

    (c) all necessary approvals and consents from the authorities-in-charge of SPG in respect of the Acquisition and transactions contemplated by the Acquisition have been obtained;

    (d) the passing by the Shareholders of the necessary resolution at the Company's EGM to approve the Acquisition and transactions contemplated therein;

    (e) all necessary approvals and consents from SASAC of Sichuan Province in respect of the Acquisition and transactions contemplated by the Acquisition have been obtained; and

    (f) the Acquisition has been approved by the relevant authorities-in-charge.

(3) There has been no material adverse change to the business operation and financial conditions of the Target Group Companies since the execution of the Acquisition Agreement; and

(4) The representations and warranties made by SPG remain true, accurate, complete and not misleading as at the date when the above conditions have been fulfilled, except for those representations and warranties which are only required to be true, accurate, complete and not misleading as at or up to a specific date.

Registration and Filing Conditions Precedent

The obligations of SPG and the Target Group Companies to complete the registration and filing procedures in relation to the Acquisition shall be conditional on, among other things, the following conditions having been fulfilled or waived on or before the Long Stop Date:

(1) the passing by the Shareholders of the necessary resolution at the Company's EGM to approve the Acquisition and transactions contemplated therein;

(2) There has been no material adverse change to the business operation and financial conditions of the Company since the execution of the Acquisition Agreement;

(3) The First Instalment Payment has been duly paid by the Company; and

(4) The representations and warranties made by the Company remain true, accurate, complete and not misleading as at the date when the above conditions have been fulfilled, except for those representations and warranties which are only required to be true, accurate, complete and not misleading as at or up to a specific date.

Completion

Within 20 Business Days from the date on which the First Instalment Payment has been duly paid, SPG and the Target Group Companies shall complete all registration and filing procedures in relation to the transfer of the entire equity interests in the Target Group Companies (if the relevant registration and filing procedures cannot be completed on time due to any specific reason, SPG shall notify the Company in advance and obtain the Company's written waiver confirmation, if applicable).

Completion shall take place on the day when all registration and filing procedures in relation to the transfer of the entire equity interests in the Target Group Companies have been completed.

As far as the parties to the Acquisition Agreement are concerned, the transfer of ownership and control of the Target Group Companies shall be regarded as effective from the date when the First Instalment Payment has been made by the Company after all payment conditions precedents have been fulfilled or waived.

Consideration Adjustment

SPG undertakes to the Company that the arithmetic annual average of the net profit of the Target Group Companies (including all applicable preferential tax treatment and fiscal subsidies) for the three years ending 31 December 2010, 2011 and 2012 shall be no less than RMB112,000,000 (approximately HK$128,088,000); failing which SPG shall pay the Company a sum (in RMB) equivalent to the shortfall unless such shortfall is attributable to any fault caused by the Company.

INFORMATION ON THE COMPANY

The Company 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 ON THE SELLER AND THE TARGET GROUP COMPANIES

SPG was reorganised from its predecessor, Sichuan Publication Group, a public interest entity, into a wholly State-owned company incorporated in the PRC with limited liability on 6 November 2009, with registered capital and paid-up capital of RMB500,000,000 (approximately HK$571,821,000). SPG is primarily engaged in the publication and supply of textbooks, investment and asset management in the publishing industry, warehousing service, real estate development and property management.

The Target Group Companies comprise 15 companies, all of which are wholly-owned subsidiaries of SPG:

(1) 四川人民出版社有限公司 (Sichuan People's Publishing House Company Limited*) was reorganised into a limited liability company on 29 December 2009 under the PRC laws from its predecessor, 四川人民出版社 (Sichuan People's Publishing House*), which was approved to be established on 11 October 1952 and obtained its business licence on 1 November 1980, with registered capital and paid-up capital of RMB10,000,000 (approximately HK$11,436,000). This company is principally engaged in the business of publication and distribution of books, wholesale and retail, advertising, and imports and exports of related products.

(2) 四川出版印刷有限公司 (Sichuan Publishing Group Company Limited*) was reorganised into a limited liability company on 29 December 2009 under the PRC laws from its predecessor, 四川出版集團公司 (Sichuan Publishing Group Company*), which was approved to be established on 17 October 1992 and obtained its business licence on 12 February 1993, with registered capital and paid-up capital of RMB50,000,000 (approximately HK$57,182,000). This company is principally engaged in the business of publication and supply of textbooks, and wholesale and retail of related products.

(3) 四川教育出版社有限公司 (Sichuan Education Publishing House Company Limited*) was reorganised into a limited liability company on 29 December 2009 under the PRC laws from its predecessor, 四川教育出版社 (Sichuan Education Publishing House*), which was approved to be established on 27 August 1983 and obtained its business licence on 29 July 1985, with registered capital and paid-up capital of RMB10,000,000 (approximately HK$11,436,000). This company is principally engaged in the business of publication and distribution of books.

(4) 四川少年兒童出版社有限公司 (Sichuan Youth and Children's Publishing House Company Limited*) was reorganised into a limited liability company on 29 December 2009 under the PRC laws from its predecessor, 四川少年兒童出版社 (Sichuan Youth and Children's Publishing House*), which was approved to be established on 24 September 1980 and obtained its business licence on 27 June 1985, with registered capital and paid-up capital of RMB10,000,000 (approximately HK$11,436,000). This company is principally engaged in the business of publication of books and periodicals, distribution, development of electronic and audio-visual products, publication of internet products, wholesale and retail, advertising,

and imports and exports of related products. Sichuan Youth and Children's Publishing House Company Limited owns 0.61% equity interests in the Company and, upon Completion, will continue to maintain such shareholding. As confirmed by the Company's PRC legal adviser, the continuous holding of the Company's Domestic Shares by Sichuan Youth and Children's Publishing House Company Limited upon Completion does not contravene applicable PRC laws. The parties agree to engage in continuous negotiations in good faith with a view to reaching a satisfactory solution with respect to the Domestic Shares held by Sichuan Youth and Children's Publishing House Company Limited upon Completion. Detailed arrangement relating to the disposal of such Domestic Shares will be dealt with by way of a separate agreement to be reached by the relevant parties.

(5) 四川科學技術出版社有限公司 (Sichuan Science & Technology Publishing House Company Limited*) was reorganised into a limited liability company on 29 December 2009 under the PRC laws from its predecessor, 四川科學技術出版社 (Sichuan Science & Technology Publishing House*), which was approved to be established on 24 September 1982 and obtained its business licence on 11 June 1985, with registered capital and paid-up capital of RMB4,000,000 (approximately HK$4,575,000). This company is principally engaged in the business of publication of books, advertising, and imports and exports of related products.

(6) 四川美術出版社有限公司 (Sichuan Fine Arts Publishing House Company Limited*) was reorganised into a limited liability company on 29 December 2009 under the PRC laws from its predecessor, 四川美術出版社 (Sichuan Fine Arts Publishing House*), which was approved to be established on 3 September 1984 and obtained its business licence on 2 July 1985, with registered capital and paid-up capital of RMB4,250,000 (approximately HK$4,860,000). This company is principally engaged in the business of publication of books, training on professional skills, advertising, sale of fine arts, and imports and exports of related products.

(7) 四川文藝出版社有限公司 (Sichuan Literature & Art Publishing House Company Limited*) was reorganised into a limited liability company on 29 December 2009 under the PRC laws from its predecessor, 四川文藝出版社 (Sichuan Literature & Art Publishing House*), which was approved to be established on 3 September 1984 and obtained its business licence on 8 October 1985, with registered capital and paid-up capital of RMB5,000,000 (approximately HK$5,718,000). This company is principally engaged in the business of publication and distribution of books, consultation on printing techniques, advertising, and imports and exports of related products.

(8) 四川辭書出版社有限公司 (Sichuan Lexicographical Publishing House Company Limited*) was reorganised into a limited liability company on 29 December 2009 under the PRC laws from its predecessor, 四川辭書出版社 (Sichuan Lexicographical Publishing House*), which was approved to be established on 7 June 1985 and obtained its business licence on 31 October 1986, with registered capital and paid-up capital of RMB2,000,000 (approximately HK$2,287,000). This company is principally engaged in the business of publication and distribution of books, advertising, wholesale and retail, and imports and exports of related products.

(9) 四川巴蜀書社有限公司 (Sichuan Bashu Publishing House Company Limited*) was reorganised into a limited liability company on 29 December 2009 under the PRC laws from its predecessor, 四川巴蜀書社 (Sichuan Bashu Publishing House*), which was approved to be established on 10 August 1983 and obtained its business licence on 7 January 1985, with registered capital and paid-up capital of RMB2,000,000 (approximately HK$2,287,000). This company is principally engaged in the business of publication and distribution of books, and imports and exports of related products.

(10) 四川天地出版社有限公司 (Sichuan Tiandi Publishing House Company Limited*) was reorganised into a limited liability company on 29 December 2009 under the PRC laws from its predecessor, 四川天地出版社 (Sichuan Tiandi Publishing House*), which was approved to be established on 24 November 1995, with registered capital and paid-up capital of RMB2,000,000 (approximately HK$2,287,000). This company is principally engaged in the business of publication and distribution of books.

(11) 四川數字出版傳媒有限公司 (Sichuan Digital Publishing & Media Company Limited*) was reorganised into a limited liability company on 29 December 2009 under the PRC laws from its predecessor, 四川電子音像出版中心 (Sichuan Electronic Audio-video Publishing Center*), which was approved to be established on 9 December 1996 and obtained its business licence on 23 February 1994, with registered capital and paid-up capital of RMB10,000,000 (approximately HK$11,436,000). This company is principally engaged in the business of publication and distribution of audio-visual and electronic products, publication of internet products, wholesale of audio-visual products, advertising, imports and exports of related products, and training on professional skills.

(12) 四川省印刷物資有限責任公司 (Sichuan Printing Material Company Limited*) was reorganised into a limited liability company on 29 December 2009 under the PRC laws from its predecessor, 四川省印刷物資公司 (Sichuan Printing Material Company*), which was approved to be established on 10 September 1980 and obtained its business licence on 16 April 1986, with registered capital and paid-up capital of RMB30,000,000 (approximately HK$34,309,000). This company is principally engaged in the business of wholesale and retail, advertising, imports and exports of products, and warehousing service.

(13) 四川上瑞教育圖書有限責任公司 (Sichuan Shangrui Education Textbooks Company Limited*) was incorporated in the PRC with limited liability on 8 October 2004 under the PRC laws, with registered capital and paid-up capital of RMB20,000,000 (approximately HK$22,873,000). This company is principally engaged in the business of publication of books, newspapers and periodicals, sale of papers, and provision of commercial service.

(14) 四川讀者報社有限公司 (Sichuan Reader's Journal Press Company Limited*) was reorganised into a limited liability company on 29 December 2009 under the PRC laws from its predecessor, 四川讀者報社 (Sichuan Reader's Journal Press*), which was approved to be established on 13 October 1993, with registered capital and paid-up capital of RMB1,500,000 (approximately HK$1,715,000). This company is principally engaged in the business of publication of Sichuan Reader's Journal, advertising, wholesale and retail, and imports and exports of related products.

(15) 四川畫報社有限公司 (Sichuan Pictorial Company Limited*) was reorganised into a limited liability company on 29 December 2009 under the PRC laws from its predecessor, 四川畫報社 (Sichuan Pictorial*), which was approved to be established on 20 August 1972, with registered capital and paid-up capital of RMB1,500,000 (approximately HK$1,715,000). This company is principally engaged in the business of publication of periodicals, wholesale and retail, advertising, and imports and exports of related products.

Set out below is the financial information of the Target Group Companies for the two financial years immediately preceding the Acquisition, which are prepared in accordance with IFRS:

	For the year ended 31 December 2008	**For the year ended 31 December 2009**
	RMB'000	*RMB'000*
	(audited)	*(audited)*
Net profit before taxation	108,050	150,943
Net profit after taxation	69,190	111,865
Total assets	1,819,687	1,381,339
Net assets	1,293,018	770,314

REASONS FOR AND BENEFITS FROM THE ACQUISITION

Benefiting from the sustained growth of the PRC macro economy and the gradual implementation of supportive government policy in the culture industry, the press and publishing industry achieved significant development. Merger and acquisition with characteristics of "cross-industries, cross-regions and cross-medias" and deepened integration between enterprises engaged in upstream and downstream operations in the press and publishing industry have become a major means and a preferred model for traditional enterprises in the press and publishing industry to enhance their market competitiveness and ability to maintain sustainable growth.

The Company is a pilot enterprise of the PRC cultural system reform and one of the leading provincial operators in the press and publishing industry in the PRC. One strategic objective of the Company is to become a major cultural media group in the PRC. The Company strives to strengthen its current core distribution business and seeks expansions in media and cultural education-related business. The Directors believe that expansion in upstream business through merger and acquisition will realize the business integration and strengthen the Company's competitiveness of its core businesses.

With its publishing resources and unique market position, SPG is one of the largest integrated publishers in the western region of the PRC. In addition, as at the date of this announcement, SPG is the largest supplier of the Company and has significant influence on upstream business of the regional market. The long-term business cooperation between SPG and the Company, and the policy support on merger and acquisition of culture enterprises by Sichuan Provincial Government are favorable considerations for the Acquisition and the Directors believe the Target Group Companies will play an important role in facilitating the Company to achieve its strategic objectives.

The Directors believe that the Acquisition is a key step for the Company to achieve its strategic objectives, which will enable the Company to adapt to the current industrial development trend, to capture the opportunity following the PRC industrial policy adjustment, to expand into upstream business through merger and acquisition, and to become an integrated operator in the press and publishing industry.

The Directors are of the view that the Company will benefit from the following aspects upon successful Completion of the Acquisition:

(1) Leveraging on the Target Group Companies' current resources and competitiveness in the publication industry, the Company is likely to tap into upstream publication business by scale at comparatively low costs, to optimize its existing business structure, to support the sustainable development of its core business, and to better cope with an increasingly competitive market;

(2) Certain quality publication products from the Target Group Companies will provide the Company with products support, thus enabling the Company to utilize its retail distribution and zhongpan networks, as well as its subscription capabilities to increase the Company's market share and sales performance;

(3) Through Acquisition, the Company is able to benefit from the profit contribution from the Target Group Companies in the upstream industry chain of the publication business sector. An integrated operation combining publication and distribution will result in more efficient resources allocation and reduction in relevant operation costs, thus enhancing the Company's operation efficiency and profitability; and

(4) The currently available publication resources of the Target Group Companies will provide the Company with a solid basis to expand into the digitalized publication business, enabling the Company to promptly tap into the digital publication sector and to further understand the commercial pattern and operation mechanism of the content operation platform of such digital publication sector.

Taking into account of the above-mentioned factors and all relevant facts and circumstances, the Directors are of the view that the terms and conditions of the Acquisition Agreement and the transaction contemplated therein are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

PROPOSED CHANGE OF COMPANY NAME

In connection with the Acquisition, the Board proposes to change the Chinese name of the Company from "四川新華文軒連鎖股份有限公司" to "新華文軒出版傳媒股份有限公司" and to adopt "Xinhua Winshare Publishing and Media Co., Ltd.*" as the new English name of the Company.

The Board considers that the new name will better reflect the integrated business of the Company following the Acquisition as well as the Company's strategic objective to become a major cultural media group in the press and publishing industry of the PRC. The Board believes that the new name will provide the Company with an explicit image which will foster its business expansion, and is in the interest of the Company and its Shareholders as a whole.

The change of the Company's name will be subject to (i) the passing of a special resolution by the Shareholders at the EGM and (ii) the approvals from the General Administration of Press and Publication of the PRC ("GAPP") and the State Administration for Industry & Commerce of the PRC ("SAIC"). The change of name will take effect from the date on which the approvals from GAPP and SAIC have been obtained and the new name has been formally registered.

The change of name will not affect any of the rights of the Shareholders. All existing share certificates of the Company in issue bearing the Company's existing name will, after the change of name, continue to be evidence of title to the same number of Shares of the Company under its new name and will be valid for trading, settlement and registration purposes. Upon the change of name becoming effective, any issue of share certificates thereafter will be under the new name and the Shares of the Company will be traded on the Stock Exchange under the new name. There will not be any arrangements for exchange of existing share certificates. The Company will not change its stock short name and/or stock code.

The Company will make further announcement on the outcome of the EGM, the arrangement and the effective date of the change of Company's name and the trading and dealings in the Shares of the Company on the Stock Exchange under the new name of the Company.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In light of the proposed change of Company's name, the proposed extension of the Company's business scope, and for the purpose of complying with the Listing Rules, the Board proposes to amend the Articles of Association as follows:

A. Article 1 of the Articles of Association

"The Articles of Association are formulated by the Company pursuant to the Company Law of the PRC (the "Company Law") and other relevant requirements to protect the legal interests of Sichuan Xinhua Winshare Chainstore Co., Ltd. (the "Company"), its shareholders and creditors, and to govern the Company's organizational structure and behavior."

shall be amended as:

"The Articles of Association are formulated by the Company pursuant to the Company Law of the PRC (the "Company Law") and other relevant requirements to protect the legal interests of Xinhua Winshare Publishing and Media Co., Ltd. (the "Company"), its shareholders and creditors, and to govern the Company's organizational structure and behavior."

B. Article 3 of the Articles of Association

"The registered name of the Company:

Chinese Name: 四川新華文軒連鎖股份有限公司

English Name: SICHUAN XINHUA WINSHARE CHAINSTORE CO., LTD.*"

shall be amended as:

"The registered name of the Company:

Chinese Name: 新華文軒出版傳媒股份有限公司

English Name: XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.*"

C. Article 7 of the Articles of Association

"The Articles of Association (the "Articles of Association") are formulated by the Company based on the amendments to the articles of association (the "original Articles of Association") passed at the inauguration meeting of the Company and subsequently amended at the 2005 extraordinary general meeting, the 2006 first extraordinary general meeting, the extraordinary general meeting held on 22 April 2007 and the annual general meeting held on 16 June 2009 pursuant to the Company Law, the Securities Law and other laws and administrative regulations of the State.

The Articles of Association has become effective and supersede the Original Articles of Association from the date of passing the Articles of Association at the annual general meeting held on 9 June 2010.

From the effective date onwards, the Articles of Association shall be the legally binding document governing the Company's organizational structure and behavior, and the rights and obligations between the Company and shareholders, and among the shareholders."

shall be amended as:

"The Articles of Association (the "Articles of Association") are formulated by the Company based on the amendments to the articles of association (the "original Articles of Association") passed at the inauguration meeting of the Company and subsequently amended at the 2005 extraordinary general meeting, the 2006 first extraordinary general meeting, the extraordinary general meeting held on 22 April 2007, the annual general meeting held on 16 June 2009 and the annual general meeting held on 9 June 2010 pursuant to the Company Law, the Securities Law and other laws and administrative regulations of the State.

The Articles of Association has become effective and supersede the Original Articles of Association from the date of passing the Articles of Association at the extraordinary general meeting held on 20 August 2010.

From the effective date onwards, the Articles of Association shall be the legally binding document governing the Company's organizational structure and behavior, and the rights and obligations between the Company and shareholders, and among the shareholders."

D. Article 11 of the Articles of Association

"The business scope of the Company includes: publishing management of the domestic and overseas books, newspapers, journals, electronic publications, audio-visual products and internet publications; plate-leased printing and provision of consultancy services of publications; general wholesale, wholesale and distribution, retail and chainstore operation of publications; printing, copying and production of publications; copyright trading and foreign co-operative publishing and distribution; purchase and sales of printing materials (the specialised items above which are subject to the approval of licences and shall be operated with licences within the valid term); research, development, promotion and application of new media; leasing of properties; business services; wholesale and retail of goods; and import and export.

The business scope of the Company shall be in accordance with the items approved by the registration authority with which the Company is registered."

shall be amended as:

"The business scope of the Company includes: publishing management of the domestic and overseas books, newspapers, journals, electronic publications, audio-visual products and internet publications; plate-leased printing and provision of consultancy services of publications; general wholesale, wholesale and distribution, retail and chainstore operation of publications; printing, copying and production of publications; copyright trading and foreign co-operative publishing and distribution; purchase and sales of printing materials; general carriage of goods (the specialised items above which are subject to the approval of licences and shall be operated with licences within the valid term); research, development, promotion and application of new media; leasing of properties; business services; wholesale and retail of goods; and import and export.

The business scope of the Company shall be in accordance with the items approved by the registration authority with which the Company is registered."

IMPLICATION UNDER THE LISTING RULES

The Acquisition contemplated under the Acquisition Agreement constitutes a major transaction (acquisition) for the Company under Chapter 14 of the Listing Rules as the applicable percentage ratio exceeds 25% but does not exceed 100% and is subject to the notification, publication and Shareholders' approval requirements. SPG and 四川少年兒童出版社有限公司 (Sichuan Youth and Children's Publishing House Company Limited*), who have material interests in the Acquisition will abstain from voting at the EGM.

A circular containing, among other things, (i) further information of the Acquisition; (ii) the proposed change of Company name; (iii) the proposed amendments to the Articles of Association; and (iv) the notice of the EGM is expected to be despatched to the Shareholders on or around 28 June 2010 in compliance with the Listing Rules.

Attention: Shareholders and potential investors should note that the Acquisition is subject to the fulfillment of a number of conditions, and accordingly, the transaction contemplated under the Acquisition Agreement may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares of the Company.

DEFINITIONS

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

"Acquisition"	the acquisition of the entire equity interests in the Target Group Companies by the Company in accordance with the terms and conditions of the Acquisition Agreement
"Acquisition Agreement"	the equity transfer agreement dated 22 June 2010 entered into between the Company and SPG
"Articles" or "Articles of Association"	the articles of association of the Company
"Board"	the board of Directors

"Business Day"	means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general commercial business in Hong Kong and the PRC
"Company" or "Purchaser"	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, whose H Shares are listed on the Main Board of the Stock Exchange
"Completion"	the Completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement
"Directors"	the directors 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 Friday, 20 August 2010 at Chengdu Hejiangting Hanwen Hotel, 138 Bingjiang Donglu, Chengdu, Sichuan, the PRC to consider and approve the Acquisition Agreement and the transactions contemplated therein, the proposed change of Company name and the proposed amendments to the Articles of Association
"First Instalment Payment"	the first instalment of the payment for the consideration for the Acquisition, being RMB1,130,000,000
"H Shares"	overseas listed foreign shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	31 December 2010 or such other date as agreed by the parties to the Acquisition Agreement
"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)
"SASAC of Sichuan Province"	四川省政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the Sichuan Provincial Government of the PRC)

“Share(s)”	ordinary shares of the Company with a nominal value of RMB1.00 each, comprising both Domestic Shares and H Shares
“Shareholder(s)”	registered holder(s) of the Share(s)
“SPG “ or “Seller”	四川出版集團有限責任公司 (Sichuan Publication Group Company Limited*), a wholly Sate-owned company in the PRC, and a promoter and a Shareholder of the Company, which owns 2.13% equity interests in the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group Companies”	15 companies in total, all of which are wholly-owned subsidiaries of SPG prior to the Acquisition, including:

- 四川人民出版社有限公司 (Sichuan People’s Publishing House Company Limited*)
- 四川出版印刷有限公司 (Sichuan Publishing Group Company Limited*)
- 四川教育出版社有限公司 (Sichuan Education Publishing House Company Limited*)
- 四川少年兒童出版社有限公司 (Sichuan Youth and Children’s Publishing House Company Limited*)
- 四川科學技術出版社有限公司 (Sichuan Science & Technology Publishing House Company Limited*)
- 四川美術出版社有限公司 (Sichuan Fine Arts Publishing House Company Limited*)
- 四川文藝出版社有限公司 (Sichuan Literature & Art Publishing House Company Limited*)
- 四川辭書出版社有限公司 (Sichuan Lexicographical Publishing House Company Limited*)
- 四川巴蜀書社有限公司 (Sichuan Bashu Publishing House Company Limited*)
- 四川天地出版社有限公司 (Sichuan Tiandi Publishing House Company Limited*)
- 四川數字出版傳媒有限公司 (Sichuan Digital Publishing & Media Company Limited*)
- 四川省印刷物資有限責任公司 (Sichuan Printing Material Company Limited*)

- 四川上瑞教育圖書有限責任公司 (Sichuan Shangrui Education Textbooks Company Limited*)
- 四川讀者報社有限公司 (Sichuan Reader's Journal Press Company Limited*) and
- 四川畫報社有限公司 (Sichuan Pictorial Company Limited*),

and any subsidiaries of such companies from time to time

"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 RMB0.8744.

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

Sichuan, the PRC, 22 June 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. Yu Changjiu, Mr. Li Jiawei, Mr. Luo Jun, Mr. Wu Qiang, Mr. Zhang Chengxing, Mr. Zhao Junhuai and Mr. Zhao Miao as non-executive directors; and (c) Mr. Han Xiaoming, Mr. Cheng Sanguo and Mr. Chan Yuk Tong as independent non-executive directors.

* *For identification purposes only*