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)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

The board of directors (the "Board") of Sichuan Xinhua Winshare Chainstore Co., Ltd. (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2007.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2007

	Notes	2007 RMB'000	2006 RMB'000
REVENUE	3, 4	**2,309,481**	2,217,625
Cost of sales		**(1,383,520)**	(1,367,574)
Gross profit		**925,961**	850,051
Other income and gains	4	**95,717**	40,613
Selling and distribution costs		**(448,354)**	(397,074)
Administrative expenses		**(163,173)**	(138,859)
Other expenses		**(63,734)**	(54,793)
Finance income, net	5	**45,787**	6,515
Share of losses of associates		**(3,445)**	(593)
PROFIT BEFORE TAX	6	**388,759**	305,860
Tax	7	**(1,765)**	(3,422)
PROFIT FOR THE YEAR		**386,994**	302,438
Attributable to:			
Equity holders of the parent	8	**388,796**	302,801
Minority interests		**(1,802)**	(363)
		386,994	302,438
DIVIDENDS — Proposed final	9	**340,539**	70,943
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic *(RMB)*	10	**0.40**	0.41

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	Notes	2007 RMB'000	2006 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**494,119**	408,559
Lease prepayments for land use rights		**72,051**	73,056
Investment properties		**6,066**	2,470
Intangible assets		**26,901**	19,391
Investments in associates		**47,308**	50,753
Available-for-sale equity investments		**188,835**	2,420
Deferred tax assets		**47,090**	62,158
Property under development		**126,025**	123,102
Long-term prepayment		**160,000**	—
Other long-term assets		**—**	1,404
Total non-current assets		**1,168,395**	743,313
CURRENT ASSETS			
Inventories		**576,218**	338,853
Trade receivables	*11*	**289,745**	321,201
Prepayments, deposits and other receivables		**156,293**	130,267
Held-to-maturity investments		**330,000**	—
Investments at fair value through profit or loss		**868,180**	—
Pledged deposits		**10,000**	—
Cash and short-term deposits		**1,536,434**	873,026
Total current assets		**3,766,870**	1,663,347

	Notes	2007 RMB'000	2006 RMB'000
CURRENT LIABILITIES			
Other borrowings		**—**	15,395
Trade and bills payables	*12*	**1,021,007**	869,299
Deposits received, other payables and accruals		**171,007**	197,919
Tax payable		**6,130**	10,998
Total current liabilities		**1,198,144**	1,093,611
NET CURRENT ASSETS		**2,568,726**	569,736
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,737,121**	1,313,049
NON-CURRENT LIABILITIES			
Other borrowings		**13,125**	—
Total non-current liabilities		**13,125**	—
Net assets		**3,723,996**	1,313,049
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	*13*	**1,135,131**	733,370
Reserves		**2,202,968**	461,576
Proposed final dividend		**340,539**	70,943
		3,678,638	1,265,889
Minority interests		**45,358**	47,160
Total equity		**3,723,996**	1,313,049

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated in the People's Republic of China (the "PRC") on 11 June 2005 as a joint stock limited company as part of the reorganisation (the "Reorganisation") of Sichuan Xinhua Publishing Group Co., Ltd. ("Xinhua"). Details of the formation of the joint stock limited company are set out in the Company's prospectus dated 16 May 2007 (the "Prospectus").

On 30 May 2007, the Company's H shares were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and 406,340,000 H shares, consisting 369,400,000 new shares and 36,940,000 shares converted from the Company's domestic shares (the "Domestic Shares"), were issued to the public. On 7 June 2007, an additional 32,361,000 new H shares and 3,236,100 H shares converted from the Domestic Shares were issued to the public as a result of the partial exercise of the over-allotment option as detailed in the Prospectus.

The registered office of the Company is located at 12/F, No. 86, Section One, People's South Road, Qingyang District, Chengdu, Sichuan, the PRC.

The Group is principally engaged in the production and trading of publications and related products in the PRC.

In the opinion of the directors of the Company (the "Directors"), the parent and ultimate holding company of the Company is Xinhua, a state-owned enterprise established in the PRC.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investments at fair value through profit or loss. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and the Group for the year ended 31 December 2007. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries, and are presented separately in the income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Acquisitions of minority interests are accounted for using the entity concept method, whereby, the difference between the consideration and the book value of the share of the net assets acquired is recognised directly in equity.

3. SEGMENT INFORMATION

Segment information is presented by way of the Group's primary segment reporting basis, by business segment. In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. No further geographical segment information is presented as all of the Group's revenue is derived from customers based in the PRC, and most of its assets are located in the PRC.

The Group's operating businesses are structured and managed separately according to the nature of their operations and the services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and rewards that are different from those of the other business segments. A summary of the business segments before 2007 (the "Old Segments") is as follows:

- Distribution: Distribution of textbooks and supplementary materials to schools and students
- Retailing: Retailing of books and audio-visual products
- Others: Provision of ancillary support and services to publishers and others

From 1 January 2007, the Company restructured its operating activities by managing separately the production and purchasing operations. These operations are considered as upstream operations and were previously embedded in and managed within the Distribution segment, the Retailing segment and the Others segment. Pursuant to the restructuring of the operating activities in this year, the Directors considered that these upstream operations to be separate segments and as such be disclosed separately in the segment information note. A summary of the business segments after the segment restructuring (the "New Segments") is as follows:

- Product: Provision of ancillary support and services to book publishers
- Zhongpan: Bulk purchase of publications from publishers and Product segment for onward sale to book wholesalers, Subscription segment and Retailing segment
- Subscription: Distribution of textbooks and supplementary materials to schools and students
- Retailing: Retailing of books and audio-visual products
- Others: Others

Intersegment sales and transfer are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

In the opinion of the Directors, it is impracticable to restate the comparative information in 2006 under the New Segments. As a result, the Old Segment information for the year ended 31 December 2007 is presented for comparative purpose.

The following table presents revenue, profit and certain asset, liability and expenditure information for the New Segments of the Group.

Year ended 31 December 2007

	Product	Zhongpan	Subscription	Retailing	Others	Eliminations	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue and other income							
Sales to external customers	16,443	38,728	1,864,927	387,246	2,137	—	2,309,481
Intersegment sales	368,843	1,677,671	—	4,434	195	(2,051,143)	—
Other income	8,391	1,279	53,576	16,049	412	—	79,707
	393,677	1,717,678	1,918,503	407,729	2,744	(2,051,143)	2,389,188
Results							
Segment results	10,647	115,576	326,121	4,578	(2,229)	(57,855)	396,838
Unallocated expenses							(66,431)
Finance income, net							45,787
Gains on held-to-maturity investments							7,830
Gains on investments designated at fair value through profit or loss							8,180
Share of losses of associates	—	—	—	—	(3,445)	—	(3,445)
Profit before tax							388,759
Tax							(1,765)
Profit for the year							386,994

The following tables present revenue, profit and certain asset, liability and expenditure information for the Old Segments of the Group for the years ended 31 December 2007 and 2006.

Year ended 31 December 2007

	Distribution	Retailing	Others	Eliminations	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	RMB'000	*RMB'000*
Revenue and other income					
Sales to external customers	1,858,706	390,240	60,535	—	2,309,481
Intersegment sales	—	4,434	175,411	(179,845)	—
Other income	61,306	16,302	2,099	—	79,707
	1,920,012	410,976	238,045	(179,845)	2,389,188
Results					
Segment results	403,774	15,329	(17,789)	(4,476)	396,838
Unallocated expenses					(66,431)
Finance income, net					45,787
Gains on held-to-maturity investments					7,830
Gains on investments designated at fair value through profit or loss					8,180
Share of losses of associates	—	—	(3,445)	—	(3,445)
Profit before tax					388,759
Tax					(1,765)
Profit for the year					386,994

Year ended 31 December 2006

	Distribution *RMB'000*	Retailing *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Consolidated *RMB'000*
Revenue and other income					
Sales to external customers	1,820,091	345,437	52,097	—	2,217,625
Intersegment sales	1,127	4,240	49,325	(54,692)	—
Other income	27,050	11,316	2,247	—	40,613
	1,848,268	360,993	103,669	(54,692)	2,258,238
Results					
Segment results	347,698	1,377	(15,576)	—	333,499
Unallocated expenses					(33,561)
Finance income, net					6,515
Share of losses of associates	—	—	(593)	—	(593)
Profit before tax					305,860
Tax					(3,422)
Profit for the year					302,438

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after deduction of relevant taxes and allowances for returns and trade discounts, and after eliminations of all significant intergroup transactions.

An analysis of revenue, other income and gains is as follows:

	2007	2006
	RMB'000	*RMB'000*
Revenue		
Sale of goods	**2,309,481**	2,217,625
Other income and gains		
Government grants*	**53,322**	20,698
Gross rental income	**5,503**	4,206
Commission income	**16,513**	11,147
Gains on held-to-maturity investments	**7,830**	—
Gains on investments designated at fair value through profit or loss	**8,180**	—
Excess over the cost of a business combination	**—**	296
Others	**4,369**	4,266
Total other income and gains	**95,717**	40,613

* The government grants represented the value-added tax refund. The management considered that there were no unfulfilled conditions or contingencies attaching to these government grants recognised during the year.

5. FINANCE INCOME, NET

	2007	2006
	RMB'000	*RMB'000*
Bank interest income	**46,583**	6,934
Interest expense on other borrowings, wholly repayable within five years	**(796)**	(419)
	45,787	6,515

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2007	2006
	RMB'000	*RMB'000*
Cost of inventories sold	**1,383,520**	1,367,574
Depreciation:		
Property, plant and equipment	**35,151**	33,589
Investment properties	**251**	166
	35,402	33,755
Recognition of lease prepayments for land use rights	**3,823**	3,795
Amortisation of intangible assets	**2,833**	2,174
Minimum lease payments under operating leases on properties	**42,763**	39,557
Loss/(gain) on disposal of items of property, plant and equipment, net	**561**	(141)
Provision for bad and doubtful debts	**6,002**	29,083
Write-down of inventories to net realisable value	**22,358**	19,205
Auditors' remuneration	**5,150**	1,000
Staff costs:		
Directors' and supervisors' emoluments	**2,508**	1,364
Other staff costs		
Wages, salaries and other employee benefits	**162,825**	167,126
Post-employment pension scheme contributions	**13,508**	12,015
	176,333	179,141
	178,841	180,505
Expenses on conversion of shares	**7,545**	—
Excess over the cost of a business combination	**—**	(296)
Foreign exchange difference	**13,242**	—

* *The amortisation of intangible assets for the year is included in administration expense on the face of the consolidated income statement.*

7. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. The Group is not liable for income tax in Hong Kong as it did not have assessable income currently arising in Hong Kong. Under the prevailing PRC income tax law, the Group and its associates are subject to corporate income tax at a rate of 33% on their respective taxable income.

The determination of income tax in the consolidated income statement of the Group is as follows:

	2007	2006
	RMB'000	*RMB'000*
Current PRC income tax charge for the year	**1,765**	3,422

A reconciliation of tax expense applicable to profit before tax at the statutory rate to tax expense at the Group's effective rate, and a reconciliation of the statutory rate to the effective tax rate, are as follows:

	2007		2006	
	RMB'000	%	*RMB'000*	%
Profit before tax	**388,759**		305,860	
Income tax at PRC statutory income tax rate of 33%	**128,290**	**33.0**	100,934	33.0
Expenses not deductible for tax purpose	**7,657**	**2.0**	12,656	4.1
Tax losses not recognised	**5,585**	**1.4**	3,714	1.2
Income not subject to tax	**—**		(6,835)	(2.2)
Tax concessions*	**(139,767)**	**(36.0)**	(107,047)	(35.0)
Tax charge at the Group's effective rate	**1,765**	**0.4**	3,422	1.1

* Pursuant to the relevant PRC income tax regulations, newly established cultural enterprises are eligible to apply for income tax exemption for a period of three years. In accordance with the approval from the relevant PRC tax authorities, the Company and two subsidiaries of the Group were granted an income tax exemption from 2006 to 2008.

The share of tax attributable to associates amounting to RMB137,000 (2006: RMB207,000), is included in "Share of losses of associates" on the face of the consolidated income statement.

8. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The consolidated profit attributable to equity holders of the parent for the year ended 31 December 2007 includes a profit of RMB408,039,000 (2006: RMB304,655,000) which has been dealt with in the financial statements of the Company.

9. DIVIDENDS

	2007	2006
	RMB'000	*RMB'000*
Proposed final — RMB0.3 (2006: RMB0.1) per ordinary share	**340,539**	70,943

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

For the period before the listing of the Company's shares, for dividend purposes, the amount which the Company can legally distribute by way of a dividend is determined by reference to its profit available for distribution as reflected in its PRC statutory financial statements which are prepared in accordance with PRC Accounting Standards ("PRC GAAP"). This profit differs from that reflected in this report which is prepared in accordance with IFRSs.

Upon the listing of the Company's shares, the net profit after tax of the Company for the purpose of profit distribution will be the lesser of (i) the net profit determined in accordance with PRC GAAP and (ii) the net profit determined in accordance with IFRSs.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculations of basic earnings per share amounts are based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the year.

	2007	2006
	RMB'000	*RMB'000*
Earnings:		
Profit attributable to ordinary equity holders of the parent	**388,796**	302,801

	Number of shares	
	2007	2006
Shares:		
Weighted average number of ordinary shares in issue during the year used in basic earnings per share calculation	**970,415,172**	733,370,000

The Company's weighted average number of shares in issue used in the basic earnings per share calculation for the year ended 31 December 2007 is determined by adjusting 369,400,000 new H shares issued to the public and listed on the Stock Exchange on 30 May 2007 and a further 32,361,000 new H shares issued as a result of the partial exercise of the over-allotment option on 7 June 2007.

Diluted earnings per share for the years ended 31 December 2007 and 2006 have not been presented because no diluting events existed during these two years.

11. TRADE RECEIVABLES

	2007	2006
	RMB'000	*RMB'000*
Trade receivables	**360,225**	384,216
Impairment of trade receivables	**(66,735)**	(59,761)
Allowance for sale returns	**(3,745)**	(3,254)
	289,745	321,201

The Group normally allows a credit period of not more than 270 days to its customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group's trade receivables comprised a large number of diversified customers with individual balances ranging from RMB1,000 to RMB7,936,000. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables of the Group and the Company as at the balance sheet date, based on invoice date and net of impairment, is as follows:

	2007	2006
	RMB'000	*RMB'000*
Within 3 months	**82,749**	108,328
3 to 6 months	**147,966**	152,159
6 months to 1 year	**49,103**	46,643
1 to 2 years	**9,927**	12,806
Over 2 years	**—**	1,265
	289,745	321,201

Included in the balance as at 31 December 2007 are trade receivables from Xinhua of RMB19,693,000 which are repayable on similar credit terms to those offered to the major customers of the Group (2006: RMB30,064,000). These balances are unsecured and interest-free.

12. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the balance sheet date, based on invoice date, is as follows:

	2007	2006
	RMB'000	*RMB'000*
Within 3 months	**376,011**	303,545
3 to 6 months	**306,531**	293,791
6 months to 1 year	**125,170**	95,057
1 to 2 years	**135,594**	132,265
Over 2 years	**77,701**	44,641
	1,021,007	869,299

Included in the balance as at 31 December 2007 are trade payables to associates of RMB7,490,000 (2006: RMB7,083,000).

The trade and bills payables are interest-free and are normally settled on a one-year term.

As at 31 December 2007, the bills payable of the Group and the Company amounting to RMB10 million was secured by certain of the Group's and the Company's pledged time deposits amounting to RMB10 million (2006: Nil).

13. ISSUED CAPITAL

	2007	2006
	RMB'000	*RMB'000*
Issued and fully paid:		
693,194,000 (2006: 733,370,000) Domestic Shares of RMB1.00 each	**693,194**	733,370
441,937,000 (2006: Nil) H shares of RMB1.00 each	**441,937**	—
	1,135,131	733,370

A summary of the movements in the Company's share capital is as follows:

	Notes	Domestic Shares of RMB1.00 each *RMB'000*	H shares of RMB1.00 each *RMB'000*	Total *RMB'000*
At 1 January 2007		733,370	—	733,370
Issuance of new H shares upon listing	*a*	—	369,400	369,400
Transfer of Domestic Shares and conversion into H shares upon listing	*a*	(36,940)	36,940	—
Issuance of new H shares upon partial exercise of the over-allotment option	*b*	—	32,361	32,361
Transfer of Domestic Shares and conversion into H shares upon partial exercise of the over-allotment option	*b*	(3,236)	3,236	—
At 31 December 2007		693,194	441,937	1,135,131

Notes:

a. On 30 May 2007, the Company issued 369,400,000 new H shares and 36,940,000 H Shares converted from Domestic Shares, with a par value of RMB1.00 each, to the public by way of placement and offer at HK$5.80 (equivalent to approximately RMB5.7) each. The gross proceeds received from the issue of the 369,400,000 new H Shares amounted to RMB2,096,143,000. Part of the proceeds amounting to RMB369,400,000 was recorded as share capital, and the remaining balance of the proceeds of RMB1,726,743,000 was recorded to the share premium account.

b. On 7 June 2007, the over-allotment option was partially exercised. An additional 35,597,100 shares, consisting of 32,361,000 new H Shares and 3,236,100 H Shares converted from Domestic Shares, with a par value of RMB1.00 each, were issued to the public by way of placement at HK$5.80 (equivalent to approximately RMB5.7) each. The gross proceeds received from the issue of the 32,361,000 new H Shares amounted to RMB183,631,000. Part of the proceeds amounting to RMB32,361,000 was recorded as share capital, and the remaining balance of the proceeds of RMB151,270,000 was recorded to the share premium account.

14. POST BALANCE SHEET EVENTS

On 10 January 2008, the Company and Beijing Xinhua Wenxuan Advertising Co., Ltd. ("Xinhua Advertising") entered into an agreement in which the Company will inject RMB8 million of additional capital contribution into Xinhua Advertising at a consideration of RMB8 million. The injection was completed on 10 January 2008 and the equity interest owned by the Company increased from 52% to 81.54%.

Two investments with principal of RMB30,000,000 and RMB160,000,000 were settled on 28 January 2008 and 13 March 2008, respectively.

On 8 April 2008, the Company and Guizhou Xinhua Bookstore entered into an agreement in which the Company and Guizhou Xinhua Bookstore will contribute RMB27 million and RMB33 million, respectively to form a new company. Up to the date of this report, the formation of the new company is still in progress, and the Company had not contribute any capital yet.

Except for the events disclosed above, subsequent to 31 December 2007, the Group did not have any significant post balance sheet events.

RESULTS AND DIVIDEND

In 2007, the Group recorded a turnover of RMB2,309 million, an increase of 4.1% from year 2006. Profit attributable to equity holders of the parent amounted to RMB389 million, an increase of 28.4% from the year 2006. Basic earnings per share were RMB0.40.

The Company recommends the distribution of a final dividend of RMB0.3 per share for the year ended 31 December 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

In 2007, the PRC experienced a steady growth in its book distribution market, which demonstrated various characteristics in different segments. In respect of the market of obligatory education textbooks, the policy of providing government-subsidised textbooks continued, whereas the effect of the government's pilot scheme of textbook distribution right tendering which commenced in 2001 on the prices of textbooks is stabilised. In respect of textbooks for use in tertiary and vocational education, the growth of student population resulting from the expanded student recruitment by tertiary institutions and vocational schools swelled the capacity of the market, where wholly or partially state-owned distribution enterprises performed in a more competitive manner than private enterprises. Similarly, in respect of segment of book distribution to libraries, wholly or partially state-owned enterprises also showed their competitive strengths over private ones. In respect of supplementary educational books, the mode of distribution was gradually changing from planning-oriented to market-driven. In respect of audio-visual publications, under the development of digital technology including network transmission, as well as new media, the sales of audio-visual products had shown a downward trend.

In 2007, the government's stepped-up efforts in favour of industry integration in the PRC was seen from those transactions integrating businesses in the publishing and distribution industry. Acquisition and restructuring activities in the industry started to see downstream businesses taking over upstream ones, for example the acquisition and restructuring of Anhui Cultural Sounds and Pictures Publisher (安徽文化音像出版社) by Anhui Xinhua Distribution Group (安徽新華發行集團), the restructuring and formation of Shenzhen Publishing and Distribution Group (深圳出版發行集團) by the former Shenzhen Distribution Group (深圳發行集團) and Haitian Publisher (海天出版社). Those were new attempts to line up resources and link up chains within the industry in order to become even bigger and stronger, and it is anticipated that further breakthroughs will be seen in the publishing and distribution industry. The landmark restructuring activity, whereby Hainan Xinhua Distribution Company Limited (海南新華發行有限責任公司) was established by Jiangsu Xinhua Distribution Group (江蘇省新華發行集團) and Hainan Xinhua Bookstore (海南省新華書店), signified a ground-breaking step in strategic cross-regional restructuring of the book distribution industry.

The Group believes that in 2008, the reform in the publishing and distribution industry will make its way forward step by step. On policy front, the government will continue to encourage more competent publishing and distribution enterprises to conduct cross-regional acquisition and restructuring activities to grow stronger, whereby some large-scale media groups with correct direction, in sound standing, with great competitiveness and large market share will be formed, becoming market leaders and strategic investors for the development of the industry. This will undoubtedly create greater opportunities for the development of the Group.

Business Review

During the period, the Group underwent a smooth transition from a government-planning-oriented mode of distribution to a market-driven mode of distribution in respect of supplementary educational books and realised recovery in its sales revenue, which amounted to RMB2,309 million, representing a year-on-year increase of 4.1% over the same period of last year. Despite the unfavorable decrease in the selling price of textbooks under tendering in our subscription segment, the Company's profit still managed a certain level of growth. The sustainable growth of our business was primarily attributable to the growth of the PRC publishing and distribution industry, the economy of scale resulted from centralised procurement, and the enhanced variety of products in ancillary support and services.

Product

The Company provides ancillary support and services to publishers of books of general interest, textbooks and supplementary materials and co-operate with them, including selection of appropriate authors and topics, printing agency service and delivery of cooperative products to customers. During the period under review, our capability of providing ancillary support and services continued to expand, producing 931 items of cooperative products. During the period, sales revenue of the segment amounted to RMB385 million (including intersegment revenue).

Zhongpan

The Company's Zhongpan segment primarily coordinates merchandise sold through different channels (including those produced from our Product segment), the related logistics as well as distribution. In 2007, our nationwide distribution network further adjusted and optimised, defining more clearly our targets and division of work. In order to optimise market coverage and also enhance the control and influence over the end market, the Company refined its distribution network according to the characteristics of market coverage during the year. Pursuant to that, 25 branches were adjusted to form 14 regional offices. Corresponding adjustments were made to the management structure and method of those regional offices to better suit the needs of regional development and to lay a good foundation for the nationwide distribution network. Construction of three logistics sub-centres in Guangyuan, Nanchong and Neijiang commenced as scheduled. In 2008, with our ongoing business development in the market of book distribution to libraries and textbooks for tertiary institutions and vocational schools across the nation, our distribution chain division will be expanded to become a Zhongpan division which will be based in Beijing. During the period, sales revenue of the segment amounted to RMB1,716 million (including intersegment revenue).

Retailing

In 2007, adjustments and optimisations were made to our retail network in Sichuan as scheduled. Construction of book cities in second-tier cities was stepped up, adding 14,700 square metres to the total area of our book cities. Of the additional area, 7,500 square metres has already commenced operation, gradually filling up the blanks of coverage of the chained retail network in Sichuan. In addition, substantial work has been done to prepare for the horizontal integration of retail channels within the industry and it is believed that positive result will be seen in the near future. During the period, sales revenue of the segment amounted to RMB392 million (including intersegment revenue).

Subscription

The year 2007 saw a decrease in tender price of non-government-subsidised textbooks which affected the total sales of textbooks. Upon abolishment of the standard catalogue for supplementary materials, the mode of distribution has changed from a government-planning-oriented mode to a market-driven mode. In response to the more fierce market competition, we made rapid adjustment to our operational strategy and market competition strategy which helped to maintain our market share. Meanwhile, we strengthened our business of distributing supplementary materials in markets outside of Sichuan Province and proactively participated in the construction of a subscription network outside of Sichuan Province (including the Beijing exploration centre for our textbooks and services centres in Yunnan, Guizhou and Chongqing) and continually developed our business and gradually formed our capability of a more complete expansion. According to industry researches, under those policies, industry peers in the PRC came under enormous impact in many cases. The Group's ability to sustain growth in its results of operations under those policies fully illustrated the Group's ability to harness and compete in the Sichuan market of supplementary materials. During the period, sales revenue of the segment amounted to RMB1,865 million (including intersegment revenue).

In addition, we will leverage on the improving education funding protection mechanism of the state which will implement the full supply of government-subsidised textbooks in obligatory education in rural areas, and continue to foster the development of our business of textbooks and related materials. Since the spring term of 2008, the benchmark subsidy per annum for purchase of textbooks under the national syllabus has been increased under central funding from the state, whereas books and materials selected locally would receive additional funding from local finance authorities. In January 2008, the Company entered into a "Sichuan Province Government-subsidised Textbook Purchase Agreement for the Spring Term 2008" with the Department of Education of Sichuan Province to continue its role as the general supplier for government-subsidised textbooks in Sichuan Province and acting as agent and distributor in respect of government-subsidised textbooks in Sichuan Province in spring 2008.

Capability Building

In 2007, the Group's capability in cross-regional management and strategic control took its initial shape. Further expansion and enhancement of our logistics network, and enhancement of our logistics management and services capability contributed to a reduction in logistics costs of our core businesses. The Group also further refined its information system, including application of the Office Automation system, successful launch of SAP system Phase III, implementation of Business Information Warehouse project, which served as better and more efficient support to our procurement, sale, logistics, finance and operations. The budget management, target management system, finance management, operational management mechanism and business processes had been further improved.

Investment and Cooperation

Since our listing in May 2007, the strategic development and use of proceeds of the Company moved forward in a steady pace and was in accordance with our commitments. In practice, it was primarily shown in the expansion of our retail network outside of Sichuan Province, the enhancement and expansion of the network of distribution of our textbook and supplementary materials, the establishment and enhancement of our nationwide Zhongpan network, the expansion of our ancillary publishing services and product cooperation, the expansion of our logistics network, and the development and upgrading of our information system. Relatively little resources were invested in integrating industry resources and the newly-established networks. It is anticipated that in the forthcoming year, more resources will be invested for integrating industry resources and the expansion and optimisation of our sales network.

In December 2007, the Company acquired 7.79% equity interest in Anhui Xinhua Distribution Group Co. Ltd. at a consideration of RMB186 million. It is expected that the acquisition will create synergy for the Company and assist both parties in acquiring additional market share in the distribution of textbooks and related materials, promote cooperation between the two parties in the areas of logistics, wholesale and retail; and enable improvement of their respective corporate management and business models through such cooperation. As at the end of December 2007, the acquisition had already completed.

On 26 September 2007, the Company entered into a Framework Cooperation Agreement with Xinhua Bookstore Headquarters pursuant to which it was proposed that the Company would acquire 45% equity interest in Xinhua Liutong from Xinhua Bookstore Headquarters. As at the date of this report, no formal agreement had been entered into between the Company and Xinhua Bookstore Headquarters in relation to the proposed acquisition, and negotiations in relation to that were still underway.

On 26 December 2007 and 2 January 2008, the Company and Chengdu City Commercial Bank entered into a Subscription agreement and a Supplemental Subscription Agreement, pursuant to which the Company agreed to conditionally acquire shares representing 2.461% of the enlarged capital of Chengdu City Commercial Bank at a subscription price of RMB3 per share, which amounted to RMB240 million in aggregate, of which RMB160 million had been paid by the Company during the year. The acquisition does not represent any dilution of focus from the principal business of the Company, and the Company will continue to develop its principal business. By entering into the acquisition, the Company and the Chengdu City Commercial Bank will become strategic partners, and the Company may benefit from good financial services. As at the date of this report, work was in progress in respect of the acquisition.

Future Prospects

As the first distribution enterprise from the PRC to become listed overseas, the Group had a total asset of RMB4,935 million upon listing. The Group believes that with the gradual stepping up of the reform of the cultural framework in the PRC, we will be in a position to fully leverage on the invaluable development opportunity for the publishing and distribution industry and surmount the difficulties created by frameworks and mechanisms and continue to take up the duties to lead the reform, development and integration of the industry, strengthen network construction in respect of the conventional market, optimise existing business operations and internal governance, supervision, control and decision making systems. Taking the distribution of publications as our principal business, network operation as our core foundation, and industry development and expansion as our aims, we will endeavour to implement our development strategy, by fully utilising our existing core competence, and further expand our business outside of Sichuan Province, with a view to steadily promoting the development and expansion of the business and step up the upstream extension of the industry chain, for a complete chain of businesses to cater to industry development, integrate industry resources and establish a cross-regional development framework. It is intended to become a strong, national, large-scale media group with great power of control within the industry. To meet the aforesaid development, the Company intends to implement the following key strategies:

(1) To implement the horizontal integration of retail channels within the industry, which is expected to see remarkable breakthroughs in 2008 in view of the substantial preparation work done in 2007.

(2) To seek progress in our vertical integration of industry resources in 2008.

(3) In the first quarter of 2008, we already refined our Zhongpan network and completed the construction of a nationwide Zhongpan framework. Given that, our Zhongpan business will become more efficient, and rapid growth will be sought in our new markets of textbooks for tertiary institutions and vocational schools as well as book distribution to libraries, apart from the rapid growth of existing business operations.

(4) With the nationwide network for the sales of educational books already formed in 2007, the business will see rapid growth in the future.

(5) The Company will expand into the market of periodicals in 2008 and it is anticipated that the new business will become a new growth driver of the Company.

(6) In line with the commencement of the nationwide businesses, we will further enhance our cross-regional management and strategic control capability, and consolidate and enhance our operational capability.

(7) To further plan and enhance our logistics network system and reduce our logistics costs and to provide stronger support for our business.

(8) To invest in and upgrade our information management system, enhance and optimise our existing information platform, to provide stronger support for the expansion and cross-regional development of the Company.

Financial Review

Turnover by Segments

The turnover and the percentage attributable to each major business segment of the Group for 2007 and 2006 are as follows:

	2007		2006	
	RMB'000	***%***	*RMB'000*	*%*
Retailing (including intersegment revenue)	**394,674**	**17.1**	349,677	15.8
Distribution (including intersegment revenue)				
— textbooks	**1,159,412**	**50.2**	1,181,640	53.3
— supplementary materials	**699,294**	**30.3**	639,578	28.8
Sub-total	**1,858,706**	**80.5**	1,821,218	82.1
Others (including intersegment revenue)	**235,946**	**10.2**	101,422	4.6
Intersegment revenue eliminated	**(179,845)**	**(7.8)**	(54,692)	(2.5)
Total	**2,309,481**	**100.0**	2,217,625	100.0

For the year 2007, the Group's turnover amounted to approximately RMB2,309 million, representing an increase of approximately 4.1% from RMB2,218 million in 2006.

Retailing

Benefiting from the Group's continuing outlet networks optimisation and the growth of books industry in the PRC, the turnover of the Group's retail segment maintained a stable growth, recording an increase of 12.9% to RMB395 million in 2007 from RMB350 million in 2006.

Distribution

Textbook

The Group's textbook distribution business remained stable but the sales revenue of textbooks in 2007 decreased by 1.9% from that of 2006 due to the decrease in tender price of non-government-subsidised textbooks.

Supplementary Materials

Affected by the "Double Eight Regulations", the standard catalogue of supplementary materials has been abolished, and the supplementary materials market in Sichuan Province has shrinked since the autumn term of 2006. The Group recorded recovery in the spring term of 2007 after the Group strengthened its sales effort and market mechanism. In addition, the sales of supplementary materials in markets outside of Sichuan also recorded substantial growth. The sales revenue of supplementary materials in 2007 amounted to RMB699 million, representing an increase of 9.3% over 2006. It showed that the impact of the "Double Eight Regulations" on the supplementary material market was diminishing.

Others

In 2007, the sales revenue of other segments amounted to RMB236 million, a 1.3 times growth over year 2006. The growth was primarily attributable to the increase in the variety of products provided by the Company in ancillary support and services, and the establishment and adjustment of the cross-regional framework of a Zhongpan network across the PRC.

Gross Profit and Gross Profit Margin

The gross profit and the gross profit margin of each segment of the Group for 2007 and 2006 are as follows:

	2007		2006	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*
Retailing (including intersegment revenue)	**132,617**	**33.6**	116,489	33.3
Distribution (including intersegment revenue)				
— textbooks	**411,616**	**35.5**	398,332	33.7
— supplementary materials	**348,171**	**49.8**	314,797	49.2
Sub-total	**759,787**	**40.9**	713,129	39.2
Others (including intersegment revenue)	**37,765**	**16.0**	20,433	20.1
Intersegment revenue eliminated	**(4,208)**	**N/A**	—	N/A
Total	**925,961**	**40.1**	850,051	38.3

Retailing

In a period of steady growth, the retailing segment also recorded humble growth in its gross profit margin in 2007 compared with last year.

Distribution

Textbooks

The Group offers ancillary support and services to certain suppliers. The cost of products purchased from them (collectively "cooperative products") is lower than that from the other suppliers which do not receive ancillary support and services. During 2007, the gross profit margin of textbooks distribution recorded an increase of 1.8% compared with last year which was primarily attributable to the higher proportion of cooperative products, the expansion of the scope of government-subsidised-textbooks and the change in the mode of selling government-subsidised-textbooks in Sanzhou to agency sales.

Supplementary materials

Since the implementation of "Double Eight Regulations" in the autumn term of 2006, most supplementary materials distributed by the Group were cooperative products, ensuring a higher gross profit margin. Therefore, the gross profit margin from distributing supplementary materials increased to 49.8% in 2007 from 49.2% in 2006.

In 2007, the Company adjusted its business segment in accordance with the needs of our business development. This will be beneficial to the accurate and clear presentation of our actual state of operations. The revised position is as follows:

Sales revenue

	2007	
	RMB'000	%
Product (including intersegment revenue)	**385,286**	**16.7**
Zhongpan (including intersegment revenue)	**1,716,399**	**74.3**
Subscription (including intersegment revenue)	**1,864,927**	**80.8**
Retailing (including intersegment revenue)	**391,680**	**17.0**
Others (including intersegment revenue)	**2,332**	**0.1**
Intersegment revenue eliminated	**(2,051,143)**	**(88.9)**
Total	**2,309,481**	**100.0**

Gross profit and gross profit margin

	2007	
	Gross profit	**Gross profit margin**
	RMB'000	%
Product (including intersegment revenue)	**40,794**	**10.6**
Zhongpan (including intersegment revenue)	**254,983**	**14.9**
Subscription (including intersegment revenue)	**568,166**	**30.5**
Retailing (including intersegment revenue)	**118,119**	**30.2**
Others (including intersegment revenue)	**1,486**	**63.7**
Intersegment revenue eliminated	**(57,857)**	**N/A**
Total	**925,961**	**40.1**

Product

The Product segment is primarily the provision of ancillary support and services to book publishers, whereas relevant products are sold through the channel of Zhongpan segment. In 2007, this segment recorded a gross profit margin of 10.6%.

Zhongpan

The Zhongpan segment primarily handles the purchase of merchandise from publishers and related logistics business. The merchandise purchased by this segment are mainly sold to the Subscription and Retailing segments, while a small portion are sold directly to end customers at the outlets in various provinces. In 2007, this segment recorded a gross profit margin of 14.9%.

Subscription

The subscription segment purchases textbooks and supplementary materials from the Zhongpan segment, which will in turn be distributed to schools and students through the subscription channel. In 2007, this segment recorded a gross profit margin of 30.5%.

Retailing

The Retailing segment purchases various books and audio-visual products from the Zhongpan segment, which will in turn be sold to our end customers through our retail outlets or under our group purchase schemes. In 2007, this segment recorded a gross profit margin of 30.2%.

Expenses

In 2007, the Group's selling and distribution costs and administrative expenses totaled RMB612 million. Excluding the effect of the write-back of accrued welfare of last year amounting to RMB26 million, the total expenses in 2007 amounted to RMB638 million, representing an increase of 19.0% over RMB536 million in 2006, which was primarily attributable to: (i) the construction of Zhongpan network across the nation. The Company seeks to improve the profit structure of the Company through Zhongpan construction, therefore additional efforts were made in this regard; (ii) intensified competition in the market of supplementary materials in Sichuan. Since the abolishment of the standard catalogue of supplementary materials, efforts were made to improve our marketing strategy to maintain our market share; (iii) the increase in staff costs. Firstly, adjustment was made during the year to our lower-than-average staff costs. Secondly, new business expansion during the year translated to a larger staff headcount; and (iv) increase in agency fee due to the change in the mode of selling government-subsidised-textbooks in Sanzhou to agency sales.

In 2007, the Group's other expenses increased by 16.3% from RMB55 million in 2006 to RMB64 million. This was primarily attributable to the exchange loss of approximately RMB13 million and expenses on conversion of state-owned shares transferred to the National Council for the Social Security Fund ("NSSF") of approximately RMB8 million. Excluding these two items, other expenses actually decreased by 21.6%.

Finance Income, Net

Finance income, net increased sharply by 5 times from approximately RMB7 million in 2006 to approximately RMB46 million in 2007. This increase was mainly attributable to the interest income on application monies in connection with the H shares offering of the Company and the interest income on the proceeds from the listing.

Profit

In 2007, the Group recorded a profit of RMB387 million, representing an increase of 28.0% from RMB302 million in 2006. Net profit margin in 2007 was 16.8%, up from 13.6% in 2006. The growth of net profit and net profit margin was primarily attributable to the increase in gross profit margin and the increase in interest income and government grant.

Operating Profits

In 2007, the Group's results of operations were affected by a number of non-operating factors, including the write-back of accrued welfare of RMB26 million (2006: nil), government grant of RMB53 million (2006: RMB21 million), the share conversion expenses due to the listing of the state-owned shares of RMB8 million (2006: nil), exchange loss of RMB13 million (2006: nil) and the interest on application monies in connection with the H shares offering of the Company of RMB20 million (2006: nil). Excluding such factors, the Group's profits for 2007 was RMB308 million, representing an increase of 9.4% from RMB282 million in 2006.

Earnings Per Share

Earnings per share is calculated by dividing profits attributable to equity holders of the parent by weighted average number of ordinary shares in issue for the period. For 2007, the Group's earnings per share was RMB0.40, similar to that in 2006. Please refer to note 10 to financial statements for the calculation of earnings per share.

Fixed Assets

During our initial public offering in May 2007, valuation was conducted on the property interests held by the Group. However, those property interests were still carried at historical costs less accumulated depreciation and accumulated impairment loss (if any) on the balance sheet.

By reference to the property valuation set out in Appendix III to the Prospectus, a revaluation surplus of RMB314 million was recorded in respect of the property interests of the Group. Were the property stated at that valuation, the depreciation and amortisation charges per year would have increased by approximately RMB8 million.

Liquidity and Financial Resources

Except for the borrowings of Chengdu Xin Hui Industrial Company Limited ("Chengdu Xin Hui"), a subsidiary of the Company, the Group did not have any bank borrowings. As at 31 December 2007, the Group had other long-term borrowings of RMB13 million as fixed-interest financing. The stable and strong cash flow and robust financial conditions laid out a sound foundation for the continuing development of the Group.

As at 31 December 2007, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 24.5% (31 December 2006: 45.4%). The significant decrease in the gearing ratio of the Group was mainly due to the proceeds from the listing of the Company.

As at 31 December 2007, the Group had cash and short-term deposits of approximately RMB1,536 million. To increase the yield on the fund, the Group deposited part of the fund in commercial banks in the PRC as structured deposits according to its own cashflow projection. Except for investments with principal of RMB360 million, other structured deposits are principal-secured on terms ranging from one month to one year. These structured deposits are stated on the balance sheet as held-to-maturity investments and investments at fair value through profit or loss. As at 31 December 2007, the Group had cash and short-term deposits, pledged deposits and structured deposits totaled approximately RMB2,745 million.

As at 31 December 2007, all of the bank deposits of the Group was held in commercial banks in the PRC or licensed banks in Hong Kong in accordance with applicable laws and regulations. Except for deposits of RMB27 million in foreign currency, the balance was denominated in RMB.

The Group's assets, liabilities, sales, costs and expenses were substantially denominated in RMB. As a result, the management considers that foreign exchange exposure of the Group is minimal and has not entered into any foreign exchange hedging arrangement.

CONTINGENT LIABILITIES

As at 31 December 2007, the Group did not have any material contingent liabilities.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the period from 30 May 2007 (the date of listing) to 31 December 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company is committed to sound corporate governance by continuously strengthening and improving the Company's internal control system. During the period from the date of listing of the Company on 30 May 2007 to 31 December 2007, the Company adopted and was in compliance with the applicable code provisions as set out in the Code on Corporate Governance Practices stipulated in Appendix 14 of the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct for securities transactions by the Directors and supervisors of the Company, for the purpose of governing securities transactions by the Directors and supervisors. Having made specific enquiries of every Director and supervisor of the Company, all Directors and supervisors confirmed that they have complied with the required standards set out in the Model Code during the period from 30 May 2007 (the date of listing) to 31 December 2007.

AUDIT COMMITTEE

The Company established the Audit Committee in compliance with Appendix 14 of the Listing Rules to review and supervise the financial reporting process and the internal control procedures of the Company. The Audit Committee consists of two independent non-executive Directors and one non-executive Director, namely Chan Yuk Tong (chairman), Han Xiaoming and Wang Jianping.

The Audit Committee has discussed matters relating to internal control and financial reporting of the Company, and has reviewed and confirmed the audited results announcement and report for the year ended 31 December 2007.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The Company was listed on the Stock Exchange in May 2007, the net proceeds of which amounted to RMB2,110 million. As at 31 December 2007, RMB329 million have been applied according to the intended use stated in the Prospectus as follows:

— pursuant to the use of proceeds stated in the Prospectus in relation to the expansion of retail network and the expansion of the distribution network outside of Sichuan Province, approximately RMB186 million has been applied to acquire 62,320,000 state-owned shares in Anhui Xinhua Distribution Group Co. Ltd., representing 7.79% of the share capital of Anhui Xinhua Distribution Group Co. Ltd..

— approximately RMB14 million to finance the establishment of Guangyuan logistics centre and enhancement of our information system.

— approximately RMB100 million as general working capital.

— approximately RMB24 million for the renovation of our retail outlets.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2007, we employed a total of 6,174 (2006: 5,728) employees.

We have in place a performance appraisal system and incentive/penalty mechanism whereby salaries are linked to the performance of employees. Remuneration policy is regularly reviewed and remuneration system is regularly enhanced, and to share corporate development with our employees. Standard remuneration package includes basic salary, performance-based bonus and benefits. Pension, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing welfare funds are made available to employees.

Internal training and regular training is made available to our employees. During the year, we offered training sessions concerning our ERP system, retail sales skills, educational publication subscription skills, professional knowledge of publishing, logistics information system, finance and auditing knowledge, human resources knowledge and other general management skills.

Online training was made available during the year to supplement and adjust the relevant information system training in order to consolidate the enhancement of our management staff's capability, to improve the business knowledge of our teams involved in finance and securities, capital operations, publication and editing of books and sales, as well as the business skills of other primary-level staff members.

DIVIDEND

The Board has proposed the distribution of a final dividend for the year ended 31 December 2007 of RMB0.3 (tax inclusive) per share, (2006: RMB0.1 per share) totaling RMB341 million (tax inclusive). Total dividend comprised the ordinary dividend of RMB0.09 per share, and special dividend of RMB0.21 per Share. The distribution of a special dividend was not an indication of any future distribution of the same. Dividends payable to holders of the Company's Domestic Shares will be made and paid in RMB, whereas dividends payable to holders of the Company's H Shares will be declared in RMB and payable in Hong Kong dollars.

The proposed final dividend is subject to approval by shareholders of the Company at the annual general meeting (the "AGM") on 20 June 2008. Holders of H Shares and Domestic Shares whose names appear on the register of members of the Company on 20 June 2008 will be entitled to the final dividend and to attend and vote at the AGM.

ANNUAL GENERAL MEETING

2007 AGM of the Company will be held at Xin Hua International Hotel, No. 8 Guzhongsi Street, Chengdu, Sichuan, the PRC on 20 June 2008. Details of the AGM will be set out in the notice of AGM to be despatched by the Company. Such notice will also be made available on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.winshare.com.cn).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 20 May 2008 to 20 June 2008 (both days inclusive), during which period no transfer of Shares will be registered. In order to establish entitlement to the proposed final dividend and entitlement to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's H share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for H Shares shareholders, or the registered office of the Company at 12/F, No. 86 Section One, People's South Road, Qingyang District, Chengdu, Sichuan, the PRC for Domestic Shares shareholders for registration not later than 4:30 pm on 19 May 2008.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual report, including the audited financial statements, for the year ended 31 December 2007 of the Company containing all information required under the Listing Rules will be despatched to Shareholders by 30 April 2008 and will be made available on the Stock Exchange's website and the Company's website.

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

Sichuan, PRC
20 April 2008

As at the date of this announcement, the Board comprises 13 Directors, namely Mr. Gong Cimin (Chairman), Mr. Dai Chuanping (Vice Chairman), Mr. Yang Miao and Mr. Zhang Yexin as executive Directors; Ms. Wang Jianping, Mr. She Jingping, Mr. Li Jiawei, Mr. Wu Qiang, Mr. Mo Shixing and Mr. Zhao Junhuai as non-executive Directors; and Mr. Chan Yuk Tong, Mr. Han Xiaoming and Mr. Cheng Sanguo as independent non-executive Directors.

* *For identification purposes only*