新華文軒出版傳媒股份有限公司
XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(於中華人民共和國註冊成立之股份有限公司)
(Stock Code 股份代號: 00811)

Interim Report
2013 中期報告

* For identification purposes only
僅供識別

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Corporate Information

LEGAL NAME OF THE COMPANY

新華文軒出版傳媒股份有限公司

COMPANY NAME IN ENGLISH

XINHUA WINSHARE PUBLISHING
AND MEDIA CO., LTD.*

LEGAL REPRESENTATIVE

Mr. Gong Cimin

BOARD OF DIRECTORS

Executive Directors

Mr. Gong Cimin *(Chairman)*
Mr. Luo Yong *(General Manager)*

Non-Executive Directors

Mr. Luo Jun
Mr. Zhang Chengxing
Mr. Zhang Peng
Mr. Zhao Junhuai

Independent Non-Executive Directors

Mr. Mak Wai Ho
Mr. Mo Shixing
Mr. Han Liyan

BOARD COMMITTEES

Strategy and Investment Planning Committee

Mr. Zhao Junhuai *(Chairman)*
Mr. Han Liyan
Mr. Zhang Chengxing

Editorial and Publication Committee

Mr. Zhang Chengxing *(Chairman)*
Mr. Luo Yong
Mr. Zhang Peng

Audit Committee

Mr. Mak Wai Ho *(Chairman)*
Mr. Han Liyan
Mr. Zhao Junhuai

Remuneration and Review Committee

Mr. Han Liyan *(Chairman)*
Mr. Mo Shixing
Mr. Luo Jun

Nomination Committee

Mr. Mo Shixing *(Chairman)*
Mr. Han Liyan
Mr. Luo Jun

SUPERVISORY COMMITTEE

Supervisors

Mr. Xu Ping *(Chairman)*
Mr. Xu Yuzheng
Mr. Li Kun
Ms. Zhou Jing
Ms. Wang Jianping
Ms. Lan Hong
Ms. Liu Nan

Independent Supervisors

Mr. Li Guangwei
Mr. Fu Daiguo

COMPANY SECRETARY

Mr. You Zugang

AUTHORISED REPRESENTATIVES

Mr. Luo Jun
Mr. You Zugang

* *For identification purposes only*

Corporate Information (continued)

ALTERNATE AUTHORISED REPRESENTATIVE

Ms. Ma Sau Kuen Gloria

INTERNATIONAL AUDITOR

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PRINCIPAL BANKERS

The Industrial and Commercial Bank of China
China Construction Bank

HONG KONG H SHARES REGISTRAR

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COMPANY WEBSITE

http://www.winshare.com.cn

STOCK CODE

00811

Interim Condensed Consolidated Statement of Profit or Loss

	Notes	Six months ended 30 June 2013 (Unaudited) RMB'000	 2012 (Unaudited) RMB'000
Revenue	5	**2,141,036**	2,048,018
Cost of sales		**(1,254,856)**	(1,157,753)
Gross profit		**886,180**	890,265
Other income and gains	5	**143,250**	81,497
Selling and distribution expenses		**(443,378)**	(470,879)
Administrative expenses		**(230,956)**	(206,619)
Other expenses		**(62,243)**	(41,157)
Share of profit (loss) of associates		**45**	(1,941)
Share of profit (loss) of a joint venture		**1,201**	(3,562)
Finance income, net	7	**263**	3,297
Profit before tax		**294,362**	250,901
Income tax credit (expense)	8	**372**	(631)
Profit for the Period	6	**294,734**	250,270
Profit (loss) for the Period attributable to:			
Owners of the Company		**307,804**	272,284
Non-controlling interests		**(13,070)**	(22,014)
		294,734	250,270
EARNINGS PER SHARE			
– Basic (RMB)	10	**0.27**	0.24

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit for the Period	**294,734**	250,270
Other comprehensive income:		
Item that may be subsequently reclassified to profit or loss:		
Fair value gain (loss) on available-for-sale equity investment	**1,870**	(3,739)
Other comprehensive income (loss) for the Period	**1,870**	(3,739)
Total comprehensive income for the Period	**296,604**	246,531
Total comprehensive income attributable to:		
Owners of the Company	**309,674**	268,545
Non-controlling interests	**(13,070)**	(22,014)
	296,604	246,531

Interim Condensed Consolidated Statement of Financial Position

	Notes	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	11	**1,956,294**	1,819,099
Prepaid lease payments for land use rights		**217,872**	221,575
Investment properties		**20,616**	21,554
Goodwill		**506,368**	506,368
Other intangible assets		**62,103**	63,514
Interests in associates		**172,144**	231,881
Interest in a joint venture		**104,039**	102,839
Available-for-sale equity investments	12	**1,155,400**	1,153,530
Deferred tax assets		**36,048**	35,878
Long-term prepayments		**85,036**	92,793
Entrusted loan		**–**	34,000
Total non-current assets		**4,315,920**	4,283,031
Current assets			
Trade and bills receivables	13	**727,776**	662,394
Prepayments, deposits and other receivables		**359,786**	486,605
Inventories		**1,136,005**	982,838
Short-term investments		**215,000**	–
Pledged bank deposits and restricted cash		**63,636**	71,584
Cash and short-term bank deposits		**1,726,192**	2,176,995
Total current assets		**4,228,395**	4,380,416
Current liabilities			
Interest-bearing bank borrowings	14	**65,000**	68,000
Trade and bills payables	15	**1,837,571**	1,668,569
Deposits received, other payables and accruals		**1,046,030**	1,564,458
Dividends payable		**311,949**	–
Tax liabilities		**1,761**	2,311
Total current liabilities		**3,262,311**	3,303,338
Net current assets		**966,084**	1,077,078
Total assets less current liabilities		**5,282,004**	5,360,109

Interim Condensed Consolidated Statement of Financial Position (continued)

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Capital and reserves		
Issued capital	**1,135,131**	1,135,131
Reserves	**3,691,945**	3,382,234
Proposed dividends	**–**	340,539
Equity attributable to owners of the Company	**4,827,076**	4,857,904
Non-controlling interests	**347,192**	396,116
Total equity	**5,174,268**	5,254,020
Non-current liabilities		
Other payable	**103,271**	100,152
Deferred tax liabilities	**4,465**	5,937
Total non-current liabilities	**107,736**	106,089
Total equity and non-current liabilities	**5,282,004**	5,360,109

Interim Condensed Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company									
	Issued capital RMB'000	Share premium RMB'000	Capital reserves RMB'000	Statutory surplus reserve RMB'000	Revaluation reserve RMB'000	Proposed dividends RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2013	**1,135,131**	**1,708,203**	**28,877**	**296,148**	**513,428**	**340,539**	**835,578**	**4,857,904**	**396,116**	**5,254,020**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**307,804**	**307,804**	**(13,070)**	**294,734**
Other comprehensive income for the period	**–**	**–**	**–**	**–**	**1,870**	**–**	**–**	**1,870**	**–**	**1,870**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**1,870**	**–**	**307,804**	**309,674**	**(13,070)**	**296,604**
Final dividend for 2012	**–**	**–**	**–**	**–**	**–**	**(340,539)**	**–**	**(340,539)**	**–**	**(340,539)**
Dividends to a non-controlling equity holder	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,029)**	**(1,029)**
Equity transaction with a non-controlling equity holder	**–**	**–**	**37**	**–**	**–**	**–**	**–**	**37**	**(10,037)**	**(10,000)**
Disposal of subsidiaries (note 20)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(24,788)**	**(24,788)**
30 June 2013 (Unaudited)	**1,135,131**	**1,708,203**	**28,914**	**296,148**	**515, 298**	**–**	**1,143,382**	**4,827,076**	**347,192**	**5,174,268**

	Attributable to equity holders of the Company										
	Issued capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Capital reserves RMB'000	Statutory surplus reserve RMB'000	Revaluation reserve RMB'000	Proposed dividends RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2012	1,135,131	1,708,203	(6,900)	13,978	249,739	545,903	340,539	593,155	4,579,748	188,178	4,767,926
Profit for the period	–	–	–	–	–	–	–	272,284	272,284	(22,014)	250,270
Other comprehensive loss for the period	–	–	–	–	–	(3,739)	–	–	(3,739)	–	(3,739)
Total comprehensive income for the period	–	–	–	–	–	(3,739)	–	272,284	268,545	(22,014)	246,531
Final dividend for 2011	–	–	–	–	–	–	(340,539)	–	(340,539)	–	(340,539)
Dividends to non-controlling equity holders	–	–	–	–	–	–	–	–	–	(135)	(135)
Issuance of treasury shares	–	–	6,900	16,261	–	–	–	–	23,161	–	23,161
Equity transaction with non-controlling equity holders	–	–	–	(1,365)	–	–	–	–	(1,365)	1,365	–
Investment in subsidiaries from non-controlling equity holders	–	–	–	–	–	–	–	–	–	24,500	24,500
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	(23,494)	(23,494)
Liquidation of subsidiaries	–	–	–	–	–	(70)	–	–	(70)	–	(70)
30 June 2012 (Unaudited)	1,135,131	1,708,203	–	28,874	249,739	542,094	–	865,439	4,529,480	168,400	4,697,880

Interim Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Net cash (outflow) inflow from operating activities	**(35,974)**	123,430
Net cash outflow from investing activities	**(394,138)**	(121,859)
Net cash (outflow) inflow from financing activities	**(32,619)**	5,642
Net (decrease) increase in cash and cash equivalents	**(462,731)**	7,213
Cash and cash equivalents at beginning of period	**1,979,810**	1,660,534
Cash and cash equivalents at end of period	**1,517,079**	1,667,747
Analysis of balances of cash and cash equivalents:		
Cash and short-term bank deposits	**1,756,192**	1,820,245
Non-pledged time deposits with original maturity of more than three months when acquired	**(239,113)**	(157,861)
Cash and short-term bank deposits classified as a part of disposal groups held for sale	**–**	5,363
	1,517,079	1,667,747

Notes to the Interim Condensed Consolidated Financial Statements

1. CORPORATE INFORMATION

Xinhua Winshare Publishing and Media Co., Ltd. (the "**Company**") was established in the People's Republic of China (the "**PRC**") on 11 June 2005 as a joint stock limited company as part of the reorganisation of Sichuan Xinhua Publishing Group Co.,Ltd. ("**Sichuan Xinhua Publishing Group**"). Details of the information of establishing 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 (the "**H shares**") were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and 406,340,000 H shares, consisting of 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 Company and its subsidiaries (collectively referred to as the "**Group**") is principally engaged in publishing and trading of publications and related products in the PRC.

In the opinion of the directors of the Company (the "**Directors**"), the parent company of the Company is Sichuan Xinhua Publishing Group, a state-owned enterprise established in the PRC. Sichuan Xinhua Publishing Group has become a wholly-owned subsidiary of Sichuan Development (Holding) Co., Ltd. (四川發展（控股）有限責任公司) ("**Sichuan Development**") as a result of a reorganisation of the companies under control, establishment of Sichuan Development and transfer of its equity interest in Sichuan Xinhua Publishing Group to Sichuan Development by the State-owned Assets Supervision and Administration Commission of the Sichuan Provincial Government (the "**SASAC of Sichuan**") as directed by the Sichuan Provincial Government in 2009. Since Sichuan Development is wholly owned by SASAC of Sichuan, the Company is beneficially controlled by SASAC of Sichuan.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2013 (the "**Period**") have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and with International Accounting Standard ("**IAS**") 34, *Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2012.

2.1 PRINCIPAL ACCOUNTING POLICIES

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the interim condensed consolidated financial statements are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2012, except as described below.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

2. BASIS OF PREPARATION *(Continued)*

2.1 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Application of new and revised International Financial Reporting Standards

During the Period, the Group has applied, for the first time, the following new and revised International Financial Reporting Standards and amendments ("**IFRSs**") issued by the International Accounting Standard Board that are relevant for the preparation of the Group's interim condensed consolidated financial statements:

IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
Amendments to IFRS 10, IFRS 11 and IFRS 12	*Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance*
IFRS 13	*Fair Value Measurement*
IAS 19 (as revised in 2011)	*Employee Benefits*
IAS 28 (as revised in 2011)	*Investments in Associates and Joint Ventures*
Amendments to IFRS 7	*Disclosures – Offsetting Financial Assets and Financial Liabilities*
Amendments to IAS 1	*Presentation of Items of Other Comprehensive Income*
Amendments to IFRSs	*Annual Improvements to IFRSs 2009-2011 Cycle*
International Financial Reporting Interpretations Committee-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*

Except as described below, the application of the above IFRSs during the Period has had no material effect on the amounts reported in these interim condensed consolidated financial statements and/or disclosures set out in these interim condensed consolidated financial statements.

IFRS 13: Fair Value Measurement

The Group has applied IFRS 13 for the first time in the Period. IFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various IFRSs. Consequential amendments have been made to IAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of IFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. IFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 19.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

2. BASIS OF PREPARATION *(Continued)*

2.1 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Amendments to IAS 1: Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 introduce new terminologies for statement of comprehensive income and income statement. Under the amendments to IAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income, an income statement is renamed as a statement of profit or loss. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis, the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax.

The amendments have been applied retrospectively, and hence the title of condensed consolidated income statement is changed to condensed consolidated statement of profit or loss and the title of condensed consolidated statement of comprehensive income is changed to condensed consolidated statement of profit or loss and other comprehensive income.

3. POLICIES ON VALUE-ADDED TAX

Pursuant to the value-added tax ("**VAT**") regulations in the PRC, the Group's distribution networks at and below the county level (including county level cities) enjoyed VAT exemptions for selling publications within the local areas for the two years ended 31 December 2012. This preferential tax policy had expired on 31 December 2012, and since then no new or revised policies regarding the continuity of the VAT exemption have been released by relevant state finance and taxation authorities. Therefore, the Group made VAT declarations and payments to local tax authorities pursuant to relevant VAT regulations during the first half of 2013, but the Group does not preclude the possibility that new or revised preferential VAT policies will be released by the government to stimulate the development of cultural industries in the future.

4. SEGMENT INFORMATION

The Group is organised into business units based on business lines. Information reported to the management (including Directors and senior executives), being the chief operating decision makers, for the purposes of resources allocation and assessment of segment performance focuses on types of business lines.

Before 2012, the Group presented its operating segments based on its internal organisations as follows:

Product:	Editorial and publishing of publications
Zhongpan:	Bulk purchase of publications from the third-party publishers and Product segment for distribution to book wholesalers, the Subscription segment and the Retailing segment
Subscription:	Distribution of textbooks and supplementary materials to schools and students
Retailing:	Retailing of books and audio-visual products
Others:	Online distribution of publications, sales of artwork and property development which do not separately meet the definition of a reportable segment

Notes to the Interim Condensed Consolidated Financial Statements (continued)

4. SEGMENT INFORMATION *(Continued)*

In the second half of 2012, the Company restructured its internal organisations by establishing a management committee (representing the segment manager) overseeing the distribution business. The Company has a similar management department (representing the segment manager) overseeing the publication business. Each of the publication and distribution units represents an operating segment after the internal organisation restructuring. The reportable segments are changed as follows:

Publication:	Publishing of publications including books, periodicals, audio-visual products and digital products; provision of printing services and supply of printing materials
Distribution:	Distribution of textbooks and supplementary materials to schools and students; retailing, distribution and online sales of publications business,etc.
Others:	Other business such as education, investments for film & television and sales of artwork,etc which do not separately meet the definition of a reportable segment

The segment information for the six months ended 30 June 2012 has been restated to conform with the presentation during the Period.

Segment revenue and other income reported above represents revenue generated from external customers, allocated other income and allocated interest income and inter-segment sales, which were eliminated on consolidation. Segment profit represents the profit earned by each segment without unallocated interest income and miscellaneous income of the corporate function, dividend income from available-for-sale equity investments, gains on short-term investments and gains on disposal of subsidiaries. Head office and corporate expenses are also excluded from such measurement. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

Inter-segment sales are charged at prices mutually agreed between entities within different segments.

For the purposes of monitoring segment performances and allocating resources between segments:

Segment assets exclude available-for-sale equity investments, deferred tax assets and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax liabilities, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

No geographical information is presented as more than 99% of the Group's revenue is derived from customers based in the PRC, and more than 99% of its assets are located in the PRC.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

4. SEGMENT INFORMATION *(Continued)*

The following is an analysis of the Group's revenue and results by reportable and operating segments for the six months ended 30 June 2013 and six months ended 30 June 2012:

Six months ended 30 June 2013

	Publication (Unaudited) RMB'000	Distribution (Unaudited) RMB'000	Others (Unaudited) RMB'000	Consolidated (Unaudited) RMB'000
Revenue and other income				
Sales to external customers	244,917	1,841,919	54,200	2,141,036
Inter-segment sales	450,032	–	22	450,054
Other income	26,270	50,461	8,447	85,178
	721,219	1,892,380	62,669	2,676,268
Elimination of inter-segment results				(450,054)
				2,226,214
Results				
Segment results	106,897	112,168	(1,799)	217,266
Elimination of inter-segment results				41,226
Unallocated income and gains				12,743
Unallocated expenses				(30,986)
Gains on short-term investments				3,119
Dividends from available-for-sale equity investments				50,994
Profit before tax				294,362

Notes to the Interim Condensed Consolidated Financial Statements (continued)

4. SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2012 (Restated)

	Publication (Unaudited) RMB'000	Distribution (Unaudited) RMB'000	Others (Unaudited) RMB'000	Consolidated (Unaudited) RMB'000
Revenue and other income				
Sales to external customers	234,752	1,801,352	11,914	2,048,018
Inter-segment sales	184,434	–	569	185,003
Other income	28,172	29,476	3,415	61,063
	447,358	1,830,828	15,898	2,294,084
Elimination of inter-segment results				(185,003)
				2,109,081
Results				
Segment results	51,147	139,749	(11,132)	179,764
Elimination of inter-segment results				74,890
Unallocated income and gains				4,713
Unallocated expenses				(33,325)
Gains on short-term investments				2,981
Dividends from available-for-sale equity investments				21,878
Profit before tax				250,901

Notes to the Interim Condensed Consolidated Financial Statements (continued)

4. SEGMENT INFORMATION *(Continued)*

The following is an analysis of the Group's assets by reportable and operating segments as at 30 June 2013 and 31 December 2012:

	Publication RMB'000	Distribution RMB'000	Others RMB'000	Consolidated RMB'000
Segment assets				
As at 30 June 2013 (Unaudited)				
Segment assets	**3,410,472**	**4,090,873**	**1,569,028**	**9,070,373**
Elimination of inter-segment assets				**(1,994,669)**
Unallocated assets				**1,468,611**
Total assets				**8,544,315**
As at 31 December 2012 (Audited)				
Segment assets	3,075,614	4,319,307	1,557,309	8,952,230
Elimination of inter-segment assets				(1,819,923)
Unallocated assets				1,531,140
Total assets				8,663,447

5. 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 discount, and after eliminations of all significant intra-group transactions.

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

	Six months ended 30 June	
	2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000
Revenue		
Sales of goods	**2,141,036**	2,048,018
Other income and gains		
Government grants	**8,347**	16,222
Gross rental income	**5,968**	4,839
Commission income	**32,159**	15,494
Gains on short-term investments	**3,119**	2,981
Dividends from available-for-sale equity investments	**50,994**	21,878
Others	**42,663**	20,083
Total other income and gains	**143,250**	81,497

Notes to the Interim Condensed Consolidated Financial Statements (continued)

6. PROFIT FOR THE PERIOD

The Group's profit for the period has been arrived at after charging (crediting):

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Depreciation and amortisation	**51,366**	47,660
Recognition of lease prepayments for land use rights	**3,730**	2,344
Gain on disposal of subsidiaries	**(8,372)**	(223)
Gain on disposal of items of property, plant and equipment, net	**(1,654)**	(84)
Minimum lease payments under operating lease on properties	**55,634**	45,367
Impairment of trade and other receivables	**23,312**	9,074
Write-down of inventories to net realisable value	**20,392**	15,061
Staff costs (including Directors' and supervisors' emoluments)		
Wages, salaries and other employee benefits	**257,594**	225,892
Post-employment pension scheme contribution	**46,444**	39,540
	304,038	265,432
Cost of inventory sold	**1,254,856**	1,157,753

7. FINANCE INCOME, NET

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Bank interest income	**8,341**	9,138
Interest expense on bank borrowings, wholly repayable within five years	**(2,193)**	(5,841)
Interest amortisation on other payables	**(5,885)**	–
	263	3,297

Notes to the Interim Condensed Consolidated Financial Statements (continued)

8. INCOME TAX EXPENSE (CREDIT)

The Group is subject to income tax on an independent legal 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 any assessable income arising in Hong Kong. Under the prevailing PRC income tax law, except for certain preferential treatment available to the Company and certain subsidiaries, the Group is subject to corporate income tax at a rate of 25% on their respective taxable income.

An analysis of the corporate income tax (credit) provision is as follows:

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current income tax	**1,270**	1,073
Deferred income tax	**(1,642)**	(442)
	(372)	631

In March 2009, the Ministry of Finance and the State Administration of Taxation jointly issued the Circular Cai Shui [2009] No. 34 (the "**Circular**"), pursuant to which an entity qualified as a cultural enterprise or transformed from a cultural public institution to a culture enterprise is exempted from enterprise income tax from 1 January 2009 to 31 December 2013.

Pursuant to the Circular, the Company and its fifteen subsidiaries are qualified as cultural enterprises. The Company and two subsidiaries were granted enterprise income tax exemptions from 2009 to 2013, the remaining 13 subsidiaries were granted enterprise income tax exemptions from 2010 to 2013.

9. DIVIDENDS

The board of Directors of the Company (the "**Board**") does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

10. EARNINGS PER SHARE

For the six months ended 30 June 2013, the calculation of basic earnings per share is based on the net profit attributable to owners of the Company of approximately RMB307,804,000 (six months ended 30 June 2012: RMB272,284,000) and the weighted average number of ordinary shares of 1,135,131,000 in issue during the six months ended 30 June 2013 (six months ended 30 June 2012: 1,129,898,807 shares).

The Group had no potential ordinary shares in issue during the periods presented and therefore no diluted earnings per share information is presented.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group newly acquired property, plant and equipment at a total cost of RMB205,013,000 (six months ended 30 June 2012: RMB34,452,000).

During the Period, property, plant and equipment with a net book value of RMB576,000 (six months ended 30 June 2012: RMB128,000) were disposed.

During the Period, property, plant and equipment with a net book value of RMB5,058,000 (note 20) (six months ended 30 June 2012: RMB863,000) were disposed of as a result of disposal of a subsidiary.

12. AVAILABLE-FOR-SALE EQUITY INVESTMENTS

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Listed equity investment, at fair value	**648,847**	646,977
Unlisted equity investments, at cost	**506,553**	506,553
	1,155,400	1,153,530

As at 30 June 2013, available-for-sale equity investments principally included investment in Anhui Xinhua Media Co., Ltd. ("**Wan Xin Media**") amounting to RMB648,847,000 (31 December 2012: RMB646,977,000), investment in Bank of Chengdu Co., Ltd. amounting to RMB240,000,000 (31 December 2012: RMB240,000,000) and investment in Chengdu Institute, Sichuan International Studies University amounting to RMB260,000,000 (31 December 2012: RMB260,000,000).

13. TRADE AND BILLS RECEIVABLES

The Group normally allows a credit period of not more than 270 days to its customers.

The following is an aged analysis of trade and bills receivables, net of allowance for doubtful debts and sales returns, presented based on the date of delivery of goods and date of rendering of services which approximated the respective dates on which revenue was recognised.

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Within 3 months	**171,832**	481,466
3 to 6 months	**443,107**	96,167
6 months to 1 year	**81,930**	63,643
1 to 2 years	**23,173**	15,522
Over 2 years	**7,734**	5,596
	727,776	662,394

Notes to the Interim Condensed Consolidated Financial Statements (continued)

14. INTEREST-BEARING BANK BORROWINGS

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Bank loans-secured	**40,000**	23,000
Bank loans-unsecured	**25,000**	45,000
Total interest-bearing bank and other borrowings	**65,000**	68,000
Analysed into:		
Interest-bearing bank and other borrowings repayable:		
Within one year	**65,000**	68,000
Less: Portion classified as current liabilities	**(65,000)**	(68,000)
Non-current portion	**–**	–

15. TRADE AND BILLS PAYABLES

The trade and bills payables are interest-free and are normally settled within one year.

The following is an aged analysis of trade and bills payables, presented based on the invoice date at 30 June 2013:

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Within 3 months	**856,769**	786,714
3 to 6 months	**360,064**	374,760
6 months to 1 year	**325,326**	242,470
1 to 2 years	**137,666**	138,768
Over 2 years	**157,746**	125,857
	1,837,571	1,668,569

As at 30 June 2013, the Group's bills payable amounted to RMB147,855,000 (31 December 2012: RMB165,290,000).

Notes to the Interim Condensed Consolidated Financial Statements (continued)

16. PLEDGE OF ASSETS

Certain of the Group's assets are pledged for obtaining bank loans and other banking facilities. A summary of the assets pledged is as follows:

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Lease prepayment for land use rights	**29,486**	29,825
Property, plant and equipment	**35,639**	–
Pledged bank deposits for bills payable	**42,766**	51,312
	107,891	81,137

17. OPERATING LEASE

(A) The Group as lessee

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for terms from one to fifteen years.

As at 30 June 2013, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Within one year	**68,724**	73,842
In the second to fifth years, inclusive	**114,223**	137,650
After five years	**11,987**	31,958
	194,934	243,450

Notes to the Interim Condensed Consolidated Financial Statements (continued)

17. OPERATING LEASE *(Continued)*

(B) The Group as lessor

Property rental income represents rentals receivable by the Group from its investment properties. Leases are negotiated for terms from one to sixteen years.

As at 30 June 2013, the Group had contracted with tenants for the following future minimum lease payments:

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Within one year	**5,933**	6,678
In the second to fifth years, inclusive	**14,123**	16,090
After five years	**7,345**	7,055
	27,401	29,823

18. COMMITMENTS

As at 30 June 2013, the Group had the following capital commitments, principally for the construction and acquisition of items of property, plant and equipment:

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Capital commitments		
Property, plant and equipment:		
Contracted, but not provided for	**50,254**	28,545
Authorised, but not contracted for	**100,000**	120,000
	150,254	148,545

Notes to the Interim Condensed Consolidated Financial Statements (continued)

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at 30 June 2013	Fair value as at 31 December 2012	Fair value hierarchy	Valuation technique(s) and key input(s)
Listed equity securities classified as available-for-sale investments in the statement of financial position	**RMB648,847,000**	RMB646,977,000	Level 1	Quoted bid prices in an active market

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the interim condensed consolidated financial statements approximate to their fair values as at 30 June 2013.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

20. DISPOSAL OF SUBSIDIARIES

In March 2013, the Company disposed of its 51% equity interest of Sichuan Winshare Educational Investment Co., Ltd. ("**Winshare Educational Investment**") to Chengdu Minxian Educational Investment Co., Ltd., an independent third party, at a cash consideration of RMB29,777,000. At the time of disposal, Winshare Educational Investment held 51% equity interest in Hainan Haiwenqianjing Investment Co., Ltd. which was accounted for as a subsidiary and held 51% equity interest in Bazhong Shudong Real Estate Development Co., Ltd. which was accounted for as an associate due to lack of unilateral control by Winshare Educational Investment.

Analysis of assets and liabilities over which control was lost as at the date of disposal:

	Notes	**RMB'000**
Property, plant and equipment	11	5,058
Investments in an associate		49,782
Prepayments, deposits and other receivables		34,513
Cash and short-term bank deposits		9,007
Trade and bills payables		(356)
Deposits received, other payables and accruals		(51,813)
Net assets disposed of		46,191
Gain on disposal of subsidiaries:		
Consideration received		29,777
Net assets disposed of		(46,191)
Non-controlling interests		24,788
Gain on disposal		8,372
Net cash inflow arising on disposal:		
Cash consideration		29,777
Less: Cash and short-term bank deposits disposed of		(9,007)
Net cash inflow arising on disposal		20,770

Notes to the Interim Condensed Consolidated Financial Statements (continued)

21. RELATED PARTY TRANSACTIONS

(A) Significant related party transactions

The Group had the following significant transactions with their related parties during the Period and for the six months ended 30 June 2012.

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Sichuan Xinhua Publishing Group:		
Sales of merchandise	**36,653**	49,975
Rental income	**672**	672
Rental expenses	**18,057**	19,144
Interest expenses	**655**	837
Purchase of services	**7,697**	5,494
Sichuan Publication Group Company Limited ("**SPG**"):		
Sales of merchandise	**11,058**	8,854
Sales of equipments	**3,532**	4,728
Rendering of printing services	**–**	42
Rental and property management fee expenses	**8,253**	8,147
Purchase of publications	**9,094**	7,308
Purchase of printing services	**7,163**	8,448
Purchase of other services	**60**	122
Associates:		
Sales of merchandise	**3,858**	7,596
Purchase of merchandise	**11,628**	8,978
Purchase of services	**–**	3,500
Interest income on entrusted loans	**2,027**	–
Joint venture:		
Purchase of merchandise	**1,117**	2,013

Notes to the Interim Condensed Consolidated Financial Statements (continued)

21. RELATED PARTY TRANSACTIONS *(Continued)*

(B) Balances with related parties

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Trade and other receivables:		
Trade receivables due from Sichuan Xinhua Publishing Group	**64,147**	36,323
Trade receivables due from SPG	**9,085**	6,159
Trade receivables due from associates of the Group*	**47,680**	50,056
Other receivables due from Sichuan Xinhua Publishing Group	**722**	14,600
Other receivables due from SPG	**664**	1,320
Other receivables due from associates of the Group	**–**	179,860
Entrusted loan due from associate of the Group	**44,200**	44,200
Trade and other payables:		
Trade payables due to SPG	**14,899**	19,987
Trade payables due to a joint venture	**651**	1,336
Trade payables due to associates of the Group	**8,267**	3,604
Other payables due to Sichuan Xinhua Publishing Group	**32,229**	41,751
Other payables due to SPG	**413**	1,395
Other payables due to associates of the Group	**36**	–

* *As at 31 December 2012 and 30 June 2013, a bad debt provision of RMB24,103,000 was provided against the balance.*

(C) Emoluments of key management personnel of the Group are as follows:

	For the six months ended 30 June	
	2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000
Short term employee benefits	**912**	725
Total emoluments paid to key management personnel	**912**	725

Notes to the Interim Condensed Consolidated Financial Statements (continued)

22. EVENTS AFTER THE END OF THE INTERIM PERIOD

A resolution of the Board was passed on 10 July 2013, pursuant to which, the Company proposed to dispose 34% equity interest in Chengdu Xinhui Industrial Co., Ltd. ("**Chengdu Xinhui**"), an associate. The proposal was subsequently approved by the SASAC of Sichuan and other statutory authorities on 18 July 2013. On 29 July 2013, the Company commenced the public bidding process in respect of disposal of its 34% equity interest in Chengdu Xinhui as required by relevant PRC laws and regulations. As at the date of this interim report, the transfer of equity interest is not completed.

On 27 August 2013, the interim condensed consolidated financial statements for the six months ended 30 June 2013 were approved and authorized for issue by the Board.

Management Discussion and Analysis

INDUSTRY OVERVIEW

The cultural industry is experiencing a deep and continuing system reform for speeding up the development of whole industry. The central government has made it clear that it will facilitate the upgrade and transformation of the news and publication industry, support the mergers and acquisitions of the publishing and media enterprises, encourage the publishing and media enterprises to access the financing channels of the capital market, build a more comprehensive market system for modern publications, and construct a large, unified, competitive and orderly market for publications. The strong supports of the policy have made a favourable environment for the removal of industry barriers, and the consolidation of cross region and cross media businesses.

In the perspective of overall industrial development, the output value of publishing and media industry continued to climb in the first half of 2013. Publishing and media enterprises are making good progress in digitalisation and exploring growth models in digital publication.

OPERATING RESULTS AND FINANCIAL REVIEW

During the Period, the Group achieved sales revenue of RMB2,141 million and profit for the Period of RMB295 million, representing an increase of 4.5% and 17.8% respectively as compared with the same period of 2012. Profit attributable to equity holders of the Company for the Period was RMB308 million, representing an increase of 13.0% as compared with the same period of 2012. The earning per share of the Group was RMB0.27.

Pursuant to the VAT preferential treatment policies in the PRC, Group's distribution networks at and below the county level (and county-level cities) are entitled to waiver of VAT on local sales of publications for the two years ended 31 December 2012. As the preferential policy expired on 31 December 2012 and new VAT preferential policy documents have not been released the Group submitted tax returns and audited accounts to the competent tax bureau on the basis that no VAT exemption policy is available. The Group does not preclude the possibility that the government will release new VAT preferential policies in the future designed by the government to promote the development of the cultural industry and the Group may continue to enjoy such preferential policies. For the first half of 2012, the VAT exemption policy contributed to the Group's sales and profits in the amount of RMB117 million and RMB45 million respectively.

Revenue

During the Period, the Group recorded sales revenue of RMB2,141 million, representing an increase of 4.5% as compared with RMB2,048 million in the same period last year. Excluding the effect of the VAT exemption for the first half of 2012, sales increased 10.9% from the same period of last year, which was mainly attributable to the growth of revenues in the subscription, commercial supermarket, online sales businesses of the Distribution segment and the newly developed vocational education business of the Group for the Period.

Gross Profit Margin

The gross profit margin of the Group for the Period was 41.4%, which was 2.1 percentage points lower than 43.5% for the corresponding period last year, mainly attributable to the change in the sales structure of the Distribution segment.

Management Discussion and Analysis (continued)

Segment Analysis

Revenues in each business segment of the Group for the Period and the corresponding period of last year are as follows:

For the six months ended 30 June

				Percentage of segment sales to revenue before inter-segment sales elimination		Percentage of segment external sales to consolidated revenue	
	2013 RMB'000	2012 RMB'000	Change %	**2013 %**	2012 %	**2013 %**	2012 %
Publication segment							
External sales	**244,917**	234,752	4.3	**9.4**	10.5	**11.5**	11.5
Inter-segment sales	**450,032**	184,434	144.0	**17.4**	8.3		
Total	**694,949**	419,186	65.8	**26.8**	18.8		
Of which: Printing and materials supply	**170,796**	163,099	4.7	**6.6**	7.3		
Distribution segment							
External sales	**1,841,919**	1,801,352	2.3	**71.1**	80.7	**86.0**	88.0
Inter-segment sales	**–**	–	–	**–**	–		
Total	**1,841,919**	1,801,352	2.3	**71.1**	80.7		
Of which: Subscription	**1,283,550**	1,303,747	(1.5)	**49.5**	58.4		
Retailing	**402,124**	393,733	2.1	**15.5**	17.6		
Commercial supermarket	**56,393**	34,784	62.1	**2.2**	1.6		
Online sales	**81,253**	51,055	59.1	**3.1**	2.3		
Others segment							
External sales	**54,200**	11,914	354.9	**2.1**	0.5	**2.5**	0.5
Inter-segment sales	**22**	569	(96.1)	**0.0**	0.0		
Total	**54,222**	12,483	334.4	**2.1**	0.5		
Revenue before Inter-segment sales elimination	**2,591,090**	2,233,021	16.0	**100.0**	100.0		
Inter-segment sales elimination	**(450,054)**	(185,003)	143.3				
Consolidated revenue	**2,141,036**	2,048,018	4.5			**100.0**	100.0

Management Discussion and Analysis (continued)

The gross profit and the gross profit margin of each business segment of the Group for the Period and the corresponding period of last year are as follows:

For the six months ended 30 June

	2013		2012	
	Gross profit RMB'000	**Gross profit margin %**	Gross profit RMB'000	Gross profit margin %
Publication segment (including inter-segment revenue)	**192,403**	**27.7**	122,705	29.3
Of which: Printing and materials supply	**12,223**	**7.2**	3,837	2.4
Distribution segment (including inter-segment revenue)	**633,024**	**34.4**	683,022	37.9
Of which: Subscription	**453,288**	**35.3**	506,919	38.9
Retailing	**150,760**	**37.5**	152,277	38.7
Commercial supermarket	**14,815**	**26.3**	6,826	19.6
Online sales	**8,495**	**10.5**	9,010	17.6
Others segment (including inter-segment revenue)	**19,632**	**36.2**	3,298	26.4
Inter-segment revenue elimination	**41,121**	**N/A**	81,240	N/A
Total	**886,180**	**41.4**	890,265	43.5

Publication segment

The Group's Publication segment covers businesses including publishing of books, periodicals, audio-visual products and digital products, etc.; provision of printing services; and supply of materials. The Company kept up its integrated management of the education products and services. Fruitful results were attained through the professional division of labors in managing original publications. Four books were granted awards in the 4th Chinese Best Publications (Books) Award during the first half of 2013.

During the Period, the Publication segment recorded a revenue of RMB695 million (including inter-segment sales), of which the revenue from external sales amounted to RMB245 million, representing a slight increase as compared with RMB235 million in the corresponding period of last year.

The gross profit margin of the Publication segment was 27.7%, representing a decrease of 1.6 percentage points as compared with 29.3% for the same period last year, which was mainly due to the effect of a higher portion of revenue from the sales of agency printing which is of lower gross profit margin compared to the corresponding period of last year.

Distribution segment

The Group's Distribution segment covers the centralised purchasing, delivery and distribution of products through different channels, distributing textbooks and supplementary materials to schools and students, retailing, distribution business and online sales of publications business etc.

During the Period, the Distribution segment recorded a sales revenue of RMB1,842 million, representing an increase of 2.3% as compared with RMB1,801 million in the same period last year.

Management Discussion and Analysis (continued)

The gross profit margin of the Distribution segment was 34.4%, representing a decrease of 3.5 percentage points as compared with 37.9% in the corresponding period last year, which was mainly due to the effect of the decline of gross profit margin of subscription business and a higher portion of the sales from commercial supermarket and online sales business which are of lower gross profit margins compared to the corresponding period of last year.

Subscription business

The Subscription business includes the distribution of textbooks and supplementary materials to schools and students, and the provision of primary and secondary school digitalised education services for primary and secondary schools ("**You Class digitalised classrooms**").

During the Period, the Subscription business recorded a sales revenue of RMB1,284 million, representing a decrease of 1.5% as compared with RMB1,304 million in the same period last year, and if the effect of VAT exemption for the first half of 2012 was excluded, the sales revenue would increase by 6.4% from the same period last year, which was mainly due to the result of regular edition change and price rise of text books, increase in textbook variety and the higher sales of supplementary materials brought by the publishing of dictionaries and related reference books. On the other hand, the Group pushed ahead the promotion of "You Class digitalised classrooms". During the Period, the Group recorded a sales revenue of RMB60 million, representing an increase of 39.9% from the same period last year.

The gross profit margin of the Subscription business was 35.3%, representing a decrease of 3.6 percentage points from 38.9% for the same period last year, mainly due to the change in sales structure.

Retailing business

The Retailing business includes the retail store business, the group-buying business, and the libraries distribution business for primary and secondary schools (the "**libraries distribution business**"). Facing the impact of e-bookstores and digital publications on traditional book retailing business, the Group continued to promote the upgrade of small and medium-size stores and improve the sales in the retail store business through measures including improving store functions, enriching joint venture product mix and conducting value-added channel operations.

During the Period, the Retailing business recorded a revenue of RMB402 million, representing an increase of 2.1% as compared with RMB394 million in the same period last year.

The Retailing business recorded a gross profit margin of 37.5%, representing a decrease of 1.2 percentage points as compared with 38.7% in the same period last year, which was mainly due to the effect of a higher portion of revenue from the sales of group-buying business during the Period.

Commercial supermarket business

The Group steadily pushed ahead the expansion of the Commercial supermarket business and outlets in supermarkets, actively optimizing the outlet layouts in various regions. During the Period, the Commercial supermarket business recorded a sales revenue of RMB56 million, representing an increase of 62.1% as compared with RMB35 million in the same period last year.

Management Discussion and Analysis (continued)

The Commercial supermarket business recorded a gross profit margin of 26.3%, representing an increase of 6.7 percentage points as compared with 19.6% in the same period last year, which was mainly due to the effect of the decrease in procurement costs and the adjustment of sales strategy.

Online sales business

As the national consumption in e-commerce market grew rapidly, the Group strengthened the construction of internet business infrastructure and innovative marketing strategies. The robust growth momentum of the Online sales business sustained.

During the Period, the Online sales business recorded a sales revenue of RMB81 million, representing an increase of 59.1% as compared with RMB51 million in the same period last year.

The Online sales business recorded a gross profit margin of 10.5%, representing a decrease of 7.1 percentage points as compared with 17.6% in the same period last year, which was mainly due to the impact of competition in the markets.

Others segment

Others segment of the Group covers education, investments for film & television and sales of artwork, etc. which do not separately meet the definition of a reportable segment.

During the Period, the Others segment recorded a revenue of RMB54 million (including inter-segment sales), representing an increase of 334.4% as compared with RMB12 million in the same period last year, mainly attributable to the revenue of approximately RMB50 million from the Group's newly developed vocational education business.

The gross profit margin of the Others segment was 36.2%, representing an increase of 9.8 percentage points from 26.4% for the same period last year.

Expenses and Costs

Selling and distribution expenses and administrative expenses

During the Period, the total of the selling and distribution expenses and administrative expenses of the Group was RMB674 million, as compared with RMB677 million in the corresponding period last year, remained basically the same. The selling and distribution expenses and administrative expense of the Group during the Period is lower than that of the same period last year if excluding the effect of operating expenses as a result of the expansion into the newly expanded vocational education business by the end of 2012.

Other expenses

Other expenses of the Group for the Period amounted to RMB62 million, representing an increase of 51.2% as compared with RMB41 million in the same period last year, which was primarily due to the increase in provision during the Period.

Management Discussion and Analysis (continued)

Net Finance Income

The net finance income of the Group for the Period amounted to RMB0.26 million, decreased by RMB3.04 million as compared with RMB3.30 million in the same period last year, which was mainly due to the effect of the finance costs recognized as a result of the interest accretion on payables by Sichuan Wenxuan Zhuotai Investment Co., Ltd. ("**Sichuan Wenzhuo**") (a subsidiary of the Company) to Sichuan Union School of Economics.

Profit

The Group's profit for the Period amounted to RMB295 million, representing an increase of 17.8% from RMB250 million in the corresponding period last year, mainly due to the growth of subscription business under the Distribution segment and increase of dividends from investees of the Company over the same period last year.

The profit attributable to owners of the Company was RMB308 million, representing an increase of 13.0% from RMB272 million in the same period last year.

Earnings Per Share

Earnings per share is calculated by dividing profits attributable to owners of the Company for the Period by the weighted average number of ordinary shares in issue for the Period. The Group's earnings per share for the Period was RMB0.27, representing an increase of 12.5% from RMB0.24 in the corresponding period last year. Please refer to note 10 to the interim condensed consolidated financial statements for the calculation of earnings per share.

Liquidity and Financial Resources

As at 30 June 2013, the Group had cash and short-term bank deposits of approximately RMB1,726 million, and the interest-bearing bank borrowings of approximately RMB65 million of the Company's subsidiaries. The Company did not have any interest-bearing bank and other borrowings as at 30 June 2013.

As at 30 June 2013, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 39.4%, which was similar to that of 39.4% as at 31 December 2012. The Group's overall financial structure remained relatively stable.

Foreign Exchange Risk

Almost all of the Group's assets, liabilities, revenues, costs and expenses were denominated in RMB. As a result, the management believes that foreign exchange exposure of the Group is minimal and confirms no foreign exchange hedging arrangement has been made.

Management Discussion and Analysis (continued)

Working Capital Management

	30 June 2013	30 June 2012
Current ratio	**1.3**	1.5
Inventory turnover days	**154.1 days**	152.8 days
Trade and bills receivables turnover days	**59.2 days**	57.1 days
Trade and bills payables turnover days	**255.0 days**	242.1 days

As at 30 June 2013, the current ratio of the Group was 1.3, which was slightly lower as compared to 1.5 as at 30 June 2012. It was mainly due to the fact that the majority of assets of the Company's subsidiary, Sichuan Wenzhuo, are non-current assets such as property and equipment, etc. and fewer current assets led to a lower current ratio. In the first half of 2013, inventory turnover days, trade receivables turnover days and trade and bills payables turnover days of the Group were 154.1 days, 59.2 days and 255.0 days respectively, which were respectively similar to those in the same period last year.

Overview of Material Investments

The Company has completed the relevant procedures for the merging of Sichuan Wenzhuo, a subsidiary of the Company, with Chengdu Zhongzhuo Investment Co., Ltd. on 28 June, 2013. When the merger completed, the shareholding structure of Sichuan Wenzhuo remained unchanged. The merger did not constitute a transfer of any equity interests of the Company.

During the Period, the Company obtained the dividend incomes of RMB26 million and RMB10.59 million for the year 2012 from Chengdu Institute Sichuan International Studies University and Wan Xin Media (both were investees of the Company) respectively. In addition, the Company recognized the dividend income for the year 2012 of RMB14.40 million under the resolution passed in the general meeting of Bank of Chengdu Co., Ltd., an investee of the Company, held on 24 June 2013.

During the Period, the Company transferred its 51% equity interest in Winshare Education Investment and completed the relevant procedures; transferred its 33.8% equity interest in Hainan Chuangxiang Cultural Development Co., Ltd. and is processing the relevant procedures. In addition, the Company proposed to transfer its 34% equity interest in Chengdu Xinhui and the equity transfer is currently undergoing a transfer by public listing process as required by relevant PRC laws and regulations.

In June 2013, as resolved at its general meeting, Guizhou Xinhua Winshare Audio-visual Product Chainstore Company Limited (formerly known as: Guizhou Xinhua Wenxuan Distribution Company Limited), an associate of the Company resolve to undergo liquidation and cancellation on 31 July 2013 (the base date of liquidation). As at the date of this interim report, it has not been completed.

Save as disclosed above, the Company did not have any other material acquisitions and disposals during the Period.

Management Discussion and Analysis (continued)

FUTURE PROSPECTS

As the state is pushing forward cultural system reform and is actively promoting the development of emerging business environment in the publishing industry and transformation within the traditional publishing industry, the Group will continue to propel in-depth integration of its principal businesses of publication and distribution, perfect and improve the competitiveness in publication markets, service capacity of channels and Online sales operational capacity, steadily promote our transformation into an education information product provider and education information service operator, so as to attain steady improvement in the traditional principal businesses. Meanwhile, the Group will promote innovative industry environment and transformation of traditional businesses towards businesses of new model to form a cultural industry development pattern with a combination of traditional publishing and distribution business and emerging digitalised business, with a view to continuously enhance the Group's market competitiveness and sustainable development capability.

Furthermore, integrated with its future development strategy, the Company will further broaden the financing channels and prepare itself for the issuance of A shares. Currently, the related works of issuance of A shares of the Company take place in an orderly way.

PLEDGE OF ASSETS

Please refer to notes 16 to the interim condensed consolidated financial statements for details of the Group's pledge of assets as at 30 June 2013.

CONTINGENT LIABILITIES

As at 30 June 2013, the Group had no contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2013, the Group had a total of 9,478 (the end of 2012: 9,320) employees.

The Company reviews the remuneration policy of the employees regularly and improves its remuneration management system continuously, by which it has established an incentive mechanism that aligns employees' remuneration to the Company's development.

The standard remuneration package of the Company includes basic salary, performance-based bonus and benefits. Pensions, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing welfare funds, corporate annuity, etc are available to the employees.

The Company has introduced a position's qualifications based programme according to the human resources training objectives, continues to provide relevant trainings for staff such as corporate culture, quality of management, expertise and professional skills, with a view to enhancing the business qualities and working abilities of its staff, to lay a solid foundation for continuous development of the Company.

Other Information

INTERESTS IN SHARE CAPITAL

As at 30 June 2013, the total issued share capital of the Company was RMB1,135,131,000, divided into 1,135,131,000 shares of RMB1.00 each, including:

Class of shares	Number of shares	Approximate percentage of issued share capital of the Company
Domestic Shares		
State-owned Shares	639,857,900	56.37%
including		
(i) State-owned Shares held by Sichuan Xinhua Publishing Group *(note 1)*	592,809,525	52.22%
(ii) State-owned Shares held by other promoters *(note 2)*	47,048,375	4.15%
Social Legal Person Shares *(note 3)*	53,336,000	4.70%
H Shares	441,937,100	38.93%
Total Share Capital	1,135,131,000	100%

Notes:

1. *Sichuan Xinhua Publishing Group, the controlling shareholder of the Company, is a wholly-owned subsidiary of Sichuan Development. The de facto controller of Sichuan Development is SASAC of Sichuan.*

2. *Other promoters holding state-owned shares of the Company include SPG, Sichuan Daily Newspaper Group and Liaoning Publication Group Co., Ltd., but excluding Chengdu Hua Sheng (Group) Industry Co., Ltd. ("**Hua Sheng Group**").*

3. *Social Legal Person Shares are held by Hua Sheng Group, a promoter of the Company.*

Other Information (continued)

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES OF THE COMPANY

As at 30 June 2013, so far as is known to the Directors and Supervisors of the Company ("**Supervisors**"), the following persons (not being Directors, Supervisors or senior management of the Company) had, or were deemed to have interests or short positions in the shares, underlying shares and debentures of the Company which were required, pursuant to section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**"), to be entered in the register required to be kept by the Company referred to therein:

Name of shareholder	Number of shares directly or indirectly held	Capacity	Class of shares	Approximate percentage in the relevant class of shares	Approximate percentage of total issued share capital of the Company	Long position/ short position
Sichuan Development	623,861,452 *(note 1)*	Interests in controlled corporation	State-owned Shares	97.50%	54.96%	Long position
Sichuan Xinhua Publishing Group	592,809,525	Beneficial owner	State-owned Shares	92.65%	52.22%	Long position
Hua Sheng Group	53,336,000 *(note 2)*	Beneficial owner	Social Legal Person Shares	100%	4.70%	Long position
Brandes Investment Partners, L.P.	27,650,500	Investment manager	H Shares	6.26%	2.44%	Long position

Notes:

1. *Sichuan Development is the controlling shareholder of Sichuan Xinhua Publishing Group and SPG. According to the SFO, Sichuan Development is deemed to indirectly hold 592,809,525 shares of the Company through Sichuan Xinhua Publishing Group and 31,051,927 shares of the Company through SPG, which are 623,861,452 shares in total.*

2. *On 30 May 2008, Hua Sheng Group pledged all the Company's shares it held.*

Save as disclosed above, as at 30 June 2013, so far as is known to the Directors of the Company, no other person (not being a Director, Supervisor or senior management of the Company) had any interest or short position in the shares, underlying shares or debentures of the Company which were required, pursuant to section 336 of the SFO, to be entered in the register required to be kept by the Company referred to therein.

Apart from (i) Mr. Gong Cimin, the Chairman and Executive Director, who is the chairman of Sichuan Xinhua Publishing Group, and Mr. Luo Jun and Mr. Zhang Chengxing, both Non-executive Directors, who are directors of Sichuan Xinhua Publishing Group, and (ii) Mr. Zhao Junhuai, Non-executive Director, who is the vice-chairman of Hua Sheng Group, as at 30 June 2013, none of the Directors of the Company held any positions as directors or employed as employees in any company having interests or short positions which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Other Information (continued)

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

So far as is known to the Directors, as at 30 June 2013, none of the Directors, Supervisors and chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company, or which are required, pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

CHANGE OF DIRECTORS AND SUPERVISORS

Change of Directors

On 16 January 2013, Mr. Zhao Miao has resigned as executive Director, vice chairman and other positions in the Company with effect from the same date due to adjustment of his personal career commitments.

On 9 May 2013, as resolved at the AGM of the Company, Mr. Zhang Peng was duly elected as non-executive Director of the Company with effect from 9 May 2013 to the expiry of the term of the Board of this session.

On 10 July 2013, in line with the Company's plan to issue A shares and the relevant requirements of the relevant regulatory authorities on the independent directors of the A share listed companies, Mr. Chan Yuk Tong and Mr. Han Xiaoming have resigned as the independent non-executive Directors of the Company as well as their other positions within the Company with effect from 10 July 2013 respectively. On the same day, as resolved at the EGM of the Company, Mr. Mak Wai Ho and Mr. Mo Shixing were appointed as independent non-executive Directors of the Company respectively with effect from 10 July 2013 to the expiry of the term of the Board of this session.

Change of Board Committees

On 9 May 2013, the Board unanimously agreed to appoint Mr. Zhang Peng as a member of the Editorial and Publication Committee of the Company with effect from 9 May 2013 to the expiry of the term of the Board of this session.

On 10 July 2013, as resolved at the Board meeting of the Company: 1) the Strategy and Investment Planning Committee of the Board shall comprise 3 instead of 5 Directors; 2) as mentioned before, the composition of the specific committees under the Board shall be adjusted due to the change of directors with effect from 10 July 2013 to the expiry of the term of the Board of this session. The composition of each of the committees shall be adjusted as follows:

Strategy and Investment Planning Committee under the Board: Zhao Junhuai *(Chairman)*, Han Liyan and Zhang Chengxing

Editorial and Publication Committee under the Board: Zhang Chengxing *(Chairman)*, Luo Yong and Zhang Peng

Audit Committee under the Board: Mak Wai Ho *(Chairman)*, Han Liyan and Zhao Junhuai

Remuneration and Review Committee under the Board: Han Liyan *(Chairman)*, Mo Shixing and Luo Jun

Nomination Committee under the Board: Mo Shixing *(Chairman)*, Han Liyan and Luo Jun

Other Information (continued)

Change of Supervisors

On 10 July 2013, due to personal reasons, Ms. Tan Wei has resigned as a Supervisor of the Company with effect from the same day. On the same day, as resolved at the EGM of the Company, Ms. Zhou Jing was appointed as a Supervisor of the Company with effect from 10 July 2013 to the expiry of the term of the Supervisory Committee of this session.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SHARE APPRECIATION RIGHT INCENTIVE SCHEME

During the six months ended 30 June 2013, the Share Appreciation Right Incentive Scheme was not yet in effect.

MATERIAL LITIGATION AND ARBITRATION

During the six months ended 30 June 2013, the Group has not been involved in any litigation, arbitration or claims of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Group.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors of Company are of the view that, during the Period, the Company has adopted and complied with all applicable code provisions in the Corporate Governance Code set out in Appendix 14 to the Listing Rules.

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

The Company has adopted the Model Code as the code of conduct for securities transactions by the Directors and Supervisors of the Company, for the purpose of regulating securities transactions by the Directors and Supervisors. Having made specific enquiries to each Director and Supervisor, all Directors and Supervisors confirmed that they have complied with the applicable provisions as set out in the Model Code throughout the Period.

INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the six months ended 30 June 2013 (for the six months ended 30 June 2012: Nil).

Other Information (continued)

AUDIT COMMITTEE

The Company has established its Audit Committee in compliance with the requirements under the Listing Rules with specific written terms of reference.

The Audit Committee has reviewed the Group's unaudited consolidated financial statements for the six months ended 30 June 2013 included in this interim report and has communicated and discussed the financial reporting issues with the management of the Company. The Audit Committee considered that the consolidated financial report has been prepared in accordance with the applicable accounting standards and requirements and have made appropriate disclosures accordingly.

By order of the Board
Xinhua Winshare Publishing and Media Co., Ltd.*
Gong Cimin
Chairman

Sichuan, the PRC, 27 August 2013

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