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)

2014
Interim Report
二零一四年
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

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. Wong Wai Ling

INTERNATIONAL AUDITOR

Deloitte Touche Tohmatsu
35th Floor, One Pacific Place
88 Queensway
Admiralty
Hong Kong

PRC AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants LLP
30th Floor, Bund Center
222 Yan An Road East
Shanghai
China

HONG KONG LEGAL ADVISER

Li & Partners
22nd Floor, World-wide House
19 Des Voeux Road Central
Central
Hong Kong

REGISTERED OFFICE IN THE PRC

12th Floor, No. 86 Section One
People's South Road, Qingyang District
Chengdu, Sichuan
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

The Industrial and Commercial Bank of China
China Construction Bank

HONG KONG H SHARES REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

COMPANY WEBSITE

http://www.winshare.com.cn

STOCK CODE

00811

Interim Condensed Consolidated Statement of Profit or Loss

	Notes	Six months ended 30 June 2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Revenue	4	**2,182,451**	2,141,036
Cost of sales and services		**(1,290,837)**	(1,254,856)
Gross profit		**891,614**	886,180
Other income and gains	4	**140,506**	143,250
Selling and distribution expenses		**(462,050)**	(443,378)
Administrative expenses		**(222,246)**	(230,956)
Other expenses		**(47,910)**	(62,243)
Share of (loss) profit of associates		**(1,982)**	45
Share of profit of joint ventures		**3,900**	1,201
Finance income, net	6	**4,067**	263
Profit before tax		**305,899**	294,362
Income tax (expense) credit	7	**(928)**	372
Profit for the Period	5	**304,971**	294,734
Profit (loss) for the Period attributable to:			
Owners of the Company		**321,889**	307,804
Non-controlling interests		**(16,918)**	(13,070)
		304,971	294,734
EARNINGS PER SHARE			
– Basic (RMB)	9	**0.28**	0.27

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

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit for the Period	**304,971**	294,734
Other comprehensive income:		
Item that will not be reclassified to profit or loss:		
Effect of income tax exemption from year 2014 to year 2018	**(6,476)**	–
Item that may be subsequently reclassified to profit or loss:		
Fair value gain on available-for-sale investment	**56,088**	1,870
Other comprehensive income for the Period	**49,612**	1,870
Total comprehensive income for the Period	**354,583**	296,604
Total comprehensive income attributable to:		
Owners of the Company	**371,501**	309,674
Non-controlling interests	**(16,918)**	(13,070)
	354,583	296,604

Interim Condensed Consolidated Statement of Financial Position

	Notes	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	10	**1,347,699**	1,288,295
Prepaid lease payments for land use rights		**121,124**	122,307
Investment properties		**17,780**	18,684
Goodwill		**504,301**	504,301
Other intangible assets		**66,268**	64,496
Interests in associates		**93,507**	40,851
Interest in joint ventures		**418,816**	434,068
Available-for-sale investments	11	**1,375,962**	1,283,779
Deferred tax assets		**32,201**	37,917
Long-term prepayments		**166,631**	164,336
Entrusted loan		**120,000**	120,000
Total non-current assets		**4,264,289**	4,079,034
Current assets			
Trade and bills receivables	12	**699,206**	668,433
Prepayments, deposits and other receivables		**401,541**	380,851
Inventories		**1,241,249**	1,399,151
Short-term investments		**78,000**	27,140
Pledged bank deposits and restricted cash		**43,348**	82,459
Cash and short-term bank deposits		**1,481,939**	1,485,040
		3,945,283	4,043,074
Assets classified as held for sale	13	**145,826**	126,673
Total current assets		**4,091,109**	4,169,747
Current liabilities			
Interest-bearing bank borrowings	14	**35,000**	65,000
Trade and bills payables	15	**1,928,959**	2,119,147
Deposits received, other payables and accruals		**745,276**	756,868
Dividends payable		**324,539**	–
Tax liabilities		**2,894**	3,080
Total current liabilities		**3,036,668**	2,944,095
Net current assets		**1,054,441**	1,225,652
Total assets less current liabilities		**5,318,730**	5,304,686

Interim Condensed Consolidated Statement of Financial Position (continued)

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Capital and reserves		
Issued capital	**1,135,131**	1,135,131
Reserves	**4,166,896**	3,795,395
Proposed dividends	**–**	340,539
Equity attributable to owners of the Company	**5,302,027**	5,271,065
Non-controlling interests	**16,703**	33,621
Total equity	**5,318,730**	5,304,686
Total equity and non-current liabilities	**5,318,730**	5,304,686

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 2014	**1,135,131**	**1,708,203**	**28,914**	**353,409**	**643,677**	**340,539**	**1,061,192**	**5,271,065**	**33,621**	**5,304,686**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**321,889**	**321,889**	**(16,918)**	**304,971**
Other comprehensive income for the period	**–**	**–**	**–**	**–**	**49,612**	**–**	**–**	**49,612**	**–**	**49,612**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**49,612**	**–**	**321,889**	**371,501**	**(16,918)**	**354,583**
Final dividend for 2013	**–**	**–**	**–**	**–**	**–**	**(340,539)**	**–**	**(340,539)**	**–**	**(340,539)**
30 June 2014 (Unaudited)	**1,135,131**	**1,708,203**	**28,914**	**353,409**	**693,289**	**–**	**1,383,081**	**5,302,027**	**16,703**	**5,318,730**

	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	–	–	–	–	–	–	–	–	(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

Interim Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Net cash inflow (outflow) from operating activities	**187,093**	(35,974)
Net cash outflow from investing activities	**(89,176)**	(394,138)
Net cash outflow from financing activities	**(48,597)**	(32,619)
Net increase (decrease) in cash and cash equivalents	**49,320**	(462,731)
Cash and cash equivalents at beginning of period	**1,396,482**	1,979,810
Cash and cash equivalents at end of period	**1,445,802**	1,517,079
Analysis of balances of cash and cash equivalents:		
Cash and short-term bank deposits	**1,481,939**	1,756,192
Non-pledged time deposits with original maturity of more than three months when acquired	**(36,137)**	(239,113)
	1,445,802	1,517,079

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.* (四川新華發行集團有限公司) ("**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 H shares and 36,940,000 H 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**") are 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 is a wholly-owned subsidiary of Sichuan Development (Holding) Co., Ltd.* (四川發展（控股）有限責任公司) ("**Sichuan Development**"). Sichuan Development is wholly-owned by the State-owned Assets Supervision and Administration Commission of the Sichuan Provincial Government (四川省國有資產監督管理委員會) (the "**SASAC of Sichuan**"), the Company is beneficially controlled by SASAC of Sichuan.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2014 (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 2013.

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 2013, except as described below.

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:

Amendments to IFRS 10, IFRS 12 and IAS 27	*Investment Entities*
Amendments to IAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to IAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to IAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
IFRIC 21	*Levies*

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.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

3. 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.

The Group's reportable and operating segments under IFRS 8 are 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:	Business such as education, investments for film & television and sales of artwork, etc. which do not separately meet the definition of a reportable segment

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 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 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)

3. 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 2014 and six months ended 30 June 2013:

Six months ended 30 June 2014

	Publication (Unaudited) RMB'000	Distribution (Unaudited) RMB'000	Others (Unaudited) RMB'000	Consolidated (Unaudited) RMB'000
Revenue and other income				
Sales to external customers	180,951	2,000,448	1,052	2,182,451
Inter-segment sales	326,331	–	–	326,331
Other income	34,333	47,506	5,891	87,730
	541,615	2,047,954	6,943	2,596,512
Elimination of inter-segment revenue and other income				(326,331)
				2,270,181
Results				
Segment results	78,143	108,018	(5,035)	181,126
Elimination of inter-segment results				98,450
Unallocated income and gains				5,455
Unallocated expenses				(35,872)
Gains on short-term investments				1,476
Dividends from available-for-sale investments				55,264
Profit before tax				305,899

Notes to the Interim Condensed Consolidated Financial Statements (continued)

3. SEGMENT INFORMATION *(Continued)*

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 revenue and other income				(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 investments				50,994
Profit before tax				294,362

Notes to the Interim Condensed Consolidated Financial Statements (continued)

3. SEGMENT INFORMATION *(Continued)*

The following is an analysis of the Group's assets by reportable and operating segments as at 30 June 2014 and 31 December 2013:

	Publication RMB'000	Distribution RMB'000	Others RMB'000	Consolidated RMB'000
Segment assets				
As at 30 June 2014 (Unaudited)				
Segment assets	**3,840,301**	**3,799,646**	**738,573**	**8,378,520**
Elimination of inter-segment assets				**(2,539,629)**
Unallocated assets				**2,516,507**
Total assets				**8,355,398**
As at 31 December 2013 (Audited)				
Segment assets	3,946,944	4,063,580	646,201	8,656,725
Elimination of inter-segment assets				(2,702,235)
Unallocated assets				2,294,291
Total assets				8,248,781

Notes to the Interim Condensed Consolidated Financial Statements (continued)

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 discount, and after eliminations of all significant intra-group transactions for the Period.

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

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue		
Sales of goods	**2,182,451**	2,089,782
Tuition revenue	**–**	51,254
Total revenue	**2,182,451**	2,141,036
Other income and gains		
Government grants	**27,460**	8,347
Gross rental income	**7,599**	5,968
Commission income	**26,129**	32,159
Gains on short-term investments	**1,476**	3,119
Dividends from available-for-sale investments	**55,264**	50,994
Others	**22,578**	42,663
Total other income and gains	**140,506**	143,250

Notes to the Interim Condensed Consolidated Financial Statements (continued)

5. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Depreciation and amortisation	**56,570**	51,366
Recognition of lease prepayments for land use rights	**3,026**	3,730
Gain on disposal of subsidiaries	**–**	(8,372)
Loss (gain) on disposal of items of property, plant and equipment, net	**142**	(1,654)
Minimum lease payments under operating lease on properties	**47,338**	55,634
Impairment of trade and other receivables	**12,886**	23,312
Write-down of inventories to net realisable value	**19,689**	20,392
Staff costs (including Directors' and supervisors' emoluments)		
Wages, salaries and other employee benefits	**262,875**	257,594
Post-employment pension scheme contribution	**46,066**	46,444
	308,941	304,038
Cost of inventory sold and service provided	**1,290,837**	1,254,856

6. FINANCE INCOME, NET

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Bank interest income	**6,663**	8,341
Interest expense on bank borrowings, wholly repayable within five years	**(2,596)**	(2,193)
Interest amortisation on other payables	**–**	(5,885)
	4,067	263

Notes to the Interim Condensed Consolidated Financial Statements (continued)

7. 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	
	2014	2013
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current income tax	**1,688**	1,270
Deferred income tax	**(760)**	(1,642)
	928	(372)

Pursuant to the Circular Cai Shui [2009] No. 34, the Company and fifteen subsidiaries are qualified cultural enterprises, of which 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. This preferential tax policy had expired on 31 December 2013. In April 2014, General Office of the State Council of the PRC issued the Circular Guo Ban Fa [2014] No. 15, pursuant to which a qualified cultural enterprise or a cultural enterprise transformed from a cultural public institution is exempted from enterprise income tax from year 2014 to year 2018. The detailed implementation policy has not been issued by the relevant state finance and taxation authorities. Management is of the view that the Company and the fifteen subsidiaries qualified to enjoy the preferential tax policy were exempted from enterprise income tax for the Period.

8. DIVIDENDS

The board of Directors (the "**Board**") of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

9. EARNINGS PER SHARE

For the six months ended 30 June 2014, the calculation of basic earnings per share is based on the net profit attributable to owners of the Company of approximately RMB321,889,000 (for the six months ended 30 June 2013: RMB307,804,000) and the weighted average number of ordinary shares of 1,135,131,000 in issue during the six months ended 30 June 2014 (six months ended 30 June 2013: 1,135,131,000 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)

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group newly acquired property, plant and equipment at a total cost of RMB106,484,000 (six months ended 30 June 2013: RMB205,013,000).

During the Period, property, plant and equipment with a net book value of RMB1,191,000 (six months ended 30 June 2013: RMB576,000) were disposed.

11. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Listed equity investment, at fair value	**833,314**	777,226
Investment in unlisted private equity fund, at fair value	**40,000**	–
Unlisted equity investments, at cost	**502,648**	506,553
	1,375,962	1,283,779

As at 30 June 2014, available-for-sale investments principally included investment in Anhui Xinhua Media Co., Ltd.* (安徽新華傳媒股份有限公司) ("**Wan Xin Media**") amounting to RMB833,314,000 (31 December 2013: RMB777,226,000), investment in Bank of Chengdu Co., Ltd.* (成都銀行股份有限公司) ("**Bank of Chengdu**") amounting to RMB240,000,000 (31 December 2013: RMB240,000,000), investment in Chengdu Institute of Sichuan International Studies University amounting to RMB260,000,000 (31 December 2013: RMB260,000,000) and investment in a private equity fund amounting to RMB40,000,000 (31 December 2013: Nil).

12. 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 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Within 3 months	**447,861**	496,754
3 to 6 months	**124,634**	99,982
6 months to 1 year	**85,429**	45,936
1 to 2 years	**26,704**	15,354
Over 2 years	**14,578**	10,407
	699,206	668,433

Notes to the Interim Condensed Consolidated Financial Statements (continued)

13. ASSETS CLASSIFIED AS HELD FOR SALE

In September 2013, the Company proposed to dispose of 34% equity interest in Chengdu Xinhui Industrial Co., Ltd.* (成都鑫匯實業有限公司) ("**Chengdu Xinhui**"), an associate of the Company at an offer price of RMB126,673,000. The proposed disposal was subsequently approved by the SASAC of Sichuan and other statutory authorities, and public bidding process was commenced in September 2013. The Directors expect the investment in Chengdu Xinhui will be disposed of at the current offer price of RMB126,673,000 within 12 months and therefore accounted for the investment as a non-current asset held for sale.

In May 2014, the Company proposed to dispose of its 3% equity interest in Sichuan Wenxuan Zhuotai Investment Co., Ltd.* (四川文軒卓泰投資有限公司) ("**Sichuan Wenzhuo**"), a joint venture of the Company at a consideration of RMB19,153,000. The proposed disposal was subsequently approved by the SASAC of Sichuan and other statutory authorities in June 2014. The Directors expect the investment in Sichuan Wenzhuo will be disposed of at price of RMB19,153,000 within 12 months and therefore accounted for the investment as a non-current asset held for sale.

14. INTEREST-BEARING BANK BORROWINGS

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Bank loans – secured	**20,000**	40,000
Bank loans – unsecured	**15,000**	25,000
Total interest-bearing bank and other borrowings	**35,000**	65,000
Analysed into:		
Interest-bearing bank and other borrowings repayable:		
Within one year	**35,000**	65,000
Less: Portion classified as current liabilities	**(35,000)**	(65,000)
Non-current portion	**–**	–

Notes to the Interim Condensed Consolidated Financial Statements (continued)

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 2014:

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Within 3 months	**798,888**	1,072,247
3 to 6 months	**382,574**	472,442
6 months to 1 year	**440,635**	257,951
1 to 2 years	**136,015**	133,897
Over 2 years	**170,847**	182,610
	1,928,959	2,119,147

As at 30 June 2014, the Group's bills payable amounted to RMB81,337,000 (31 December 2013: RMB184,394,000).

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 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Lease prepayment for land use rights	**28,808**	29,147
Property, plant and equipment	**35,525**	36,950
Pledged bank deposits for bills payable	**22,673**	61,800
	87,006	127,897

Notes to the Interim Condensed Consolidated Financial Statements (continued)

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 2014, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Within one year	**81,953**	74,139
In the second to fifth years, inclusive	**114,893**	121,154
After five years	**7,836**	11,049
	204,682	206,342

(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 2014, the Group had contracted with tenants for the following future minimum lease payments:

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Within one year	**10,203**	9,179
In the second to fifth years, inclusive	**20,274**	19,147
After five years	**6,681**	8,135
	37,158	36,461

Notes to the Interim Condensed Consolidated Financial Statements (continued)

18. COMMITMENTS

Capital commitments

As at 30 June 2014, the Group had the following capital commitments, principally for the construction and acquisition of items of property, plant and equipment:

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Property, plant and equipment:		
Contracted, but not provided for	**432,320**	113,256
Authorised, but not contracted for	**517,304**	232,211
	949,624	345,467

Investment commitments

As at 30 June 2014, the Group had the following investment commitments, principally for investment to acquire a subsidiary and invest in private equity fund:

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Investment to acquire a subsidiary:		
Contracted, but not provided for	**144,841**	–
Investment to acquire associates:		
Contracted, but not provided for	**–**	51,333
Available-for-sale investments:		
Contracted, but not provided for	**60,000**	100,000

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 2014 RMB'000	Fair value as at 31 December 2013 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Listed equity securities classified as available-for-sale investments in the statement of financial position	**833,314**	777,226	Level 1	Quoted bid prices in an active market	N/A	N/A
Investment in unlisted private equity fund classified as available-for-sale investment in the statement of financial position	**40,000**	–	Level 3	Discounted cash flow method – the expected future cash flow is discounted to its present value at discount rate based on management's best estimates of expected future economic benefits and risks.	Expected future cash flow. Discount rate	The higher the expected future cash flow, the higher the fair value. The higher the discount rate, the lower the fair value.

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 2014.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

Reconciliation of Level 3 fair value measurements

	Available-for-sale financial asset RMB'000
As at 1 January 2014	–
Purchase	40,000
As at 30 June 2014	40,000

20. 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 2013.

	Six months ended 30 June	
	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Sichuan Xinhua Publishing Group:		
Sales of merchandise	**183**	36,653
Rental income	**672**	672
Rental expenses	**17,843**	18,057
Interest expenses	**–**	655
Purchase of services	**3,106**	7,697
Purchase of merchandise	**27**	–
Sichuan Publication Group Company Limited ("**SPG**"):		
Sales of merchandise	**306**	11,058
Sales of equipments	**812**	3,532
Rental and property management fee expenses	**8,352**	8,253
Purchase of publications	**–**	9,094
Purchase of printing services	**5,325**	7,163
Purchase of other services	**–**	60
Associates:		
Sales of merchandise	**–**	3,858
Purchase of merchandise	**12,029**	11,628
Interest income on entrusted loans	**1,297**	2,027
Joint venture:		
Purchase of merchandise	**412**	1,117
Interest income on entrusted loans	**5,091**	–

Notes to the Interim Condensed Consolidated Financial Statements (continued)

20. RELATED PARTY TRANSACTIONS *(Continued)*

(B) Balances with related parties

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Trade and other receivables:		
Trade receivables due from Sichuan Xinhua Publishing Group	**196**	18,435
Trade receivables due from SPG	**2**	2,090
Trade receivables due from associates of the Group*	**33,287**	33,287
Other receivables due from Sichuan Xinhua Publishing Group	**85**	–
Other receivables due from SPG	**117**	538
Other receivables due from associates of the Group	**20**	–
Entrusted loan due from a joint venture of the Group	**120,000**	120,000
Entrusted loan due from an associate of the Group	**44,200**	44,200
Trade and other payables:		
Trade payables due to SPG	**930**	1,787
Trade payables due to a joint venture	**521**	1,995
Trade payables due to associates of the Group	**9,504**	7,324
Other payables due to Sichuan Xinhua Publishing Group	**14,433**	14,407
Other payables due to SPG	**742**	589

* *As at 31 December 2013 and 30 June 2014, a bad debt provision of RMB24,103,000 was provided against the balance.*

Notes to the Interim Condensed Consolidated Financial Statements (continued)

20. RELATED PARTY TRANSACTIONS *(Continued)*

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

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Short term employee benefits	**1,699**	1,881
Total emoluments paid to key management personnel	**1,699**	1,881

21. EVENT AFTER THE END OF THE INTERIM PERIOD

On 26 August 2014, the interim condensed consolidated financial statements for the six months ended 30 June 2014 were approved and authorized for issue by the Board.

Management Discussion and Analysis

INDUSTRY OVERVIEW

In order to promote the prosperity and development of the cultural industry, the state has released a series of supportive policies over recent years. Such policies have provided policy guarantee for helping enhance the core competitiveness of the cultural industry, promoted the "go overseas" strategy of cultural industry and the convergent development between the cultural industry and other industries. They are expected to play an active role in guiding the cultural industry development.

In such context, the state continued to release several preferential tax policies for cultural enterprises, so that culture publicity units shall enjoy preferential policies on value-added tax ("**VAT**"), business tax and enterprise income tax, which is aimed at accelerating the system reform in the cultural industry and promoting the development and prosperity of cultural enterprises.

In addition, the Chinese government continued to increase its investment in public cultural services while changing the way of public finance investment, satisfying the increasing need for public culture through purchase of a large amount of products and services by the government, and directing and encouraging social capital to invest in the field of public culture. The socialization of the public cultural service market will continue to expand the scale of the cultural consumption market and generate more market opportunities for the publishing and media industry.

From the perspective of the overall industry development, the recent years can be characterized by stable growth of the paper publication market, faster development of the digital publication market and online sales, and stable increase in the demand of residents for cultural consumption. Industry leaders, which possess rich content resources and capital operation experiences, especially the key cultural enterprises owned or controlled by the state, have managed to gain an edge over other market players in benefiting from the transformation and upgrade of the traditional publication industry, the construction of a modern public cultural service system by the state and the development of the cultural industry.

OPERATING RESULTS AND FINANCIAL REVIEW

During the Period, the Group achieved sales revenue of RMB2,182 million and profit of RMB305 million, representing an increase of 1.9% and 3.5% respectively as compared with the same period of 2013; profit attributable to the owners of the Company for the Period was RMB322 million, representing an increase of 4.6% as compared with the same period of 2013; the earnings per share was RMB0.28.

As the preferential policy of VAT exemption on book wholesale and retailing sectors effective from year 2013 to year 2017 was not released until the end of 2013, accounting and information disclosures of the Group for the first half of 2013 has been provisionally made on the basis that no VAT exemption policy is available. For the case the preferential VAT exemption policy being applicable to the Group, the output VAT on sale of tax-free commodities will be included into the sales revenue and the corresponding input tax will be included into the sales cost, therefore, it will affect both the sales revenue and gross profit margin of the Group during the Period.

Revenue

During the Period, the Group recorded sales revenue of RMB2,182 million, representing an increase of 1.9% as compared with RMB2,141 million for the same period of last year. Excluding the additional income arising from the VAT exemption policy for the Period as well as the incomparable factors for the same period of the last year such as the one-off purchase from the government for the development of public culture (such as books for libraries and dictionaries) which was included in the sales revenue and the adjustments to the scope of consolidation in respect of accounting statements, the sales revenue for the Period actually increased by 5.6% as compared with the same period of last year, which was mainly attributable to the Group's remarkable efforts in market development and the growth in revenue from the Subscription, Online sales and Commercial supermarket business.

Management Discussion and Analysis (continued)

Gross profit margin

The consolidated gross profit margin of the Group for the Period was 40.9%, representing a slight decrease as compared with 41.4% in the same period last year.

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	
	2014 RMB'000	2013 RMB'000	Change %	**2014 %**	2013 %	**2014 %**	2013 %
Publication segment							
External sales	**180,951**	244,917	(26.1)	**7.2**	9.4	**8.3**	11.5
Inter-segment sales	**326,331**	450,032	(27.5)	**13.0**	17.4		
Total	**507,282**	694,949	(27.0)	**20.2**	26.8		
Of which: Printing and materials supply	**131,044**	170,796	(23.3)	**5.2**	6.6		
Distribution segment							
External sales	**2,000,448**	1,841,919	8.6	**79.8**	71.1	**91.7**	86.0
Inter-segment sales	**–**	–	–	**–**	–		
Total	**2,000,448**	1,841,919	8.6	**79.8**	71.1		
Of which: Subscription	**1,392,258**	1,283,550	8.5	**55.5**	49.5		
Retailing	**309,054**	402,124	(23.1)	**12.3**	15.5		
Commercial supermarket	**74,604**	56,393	32.3	**3.0**	2.2		
Online sales	**200,295**	81,253	146.5	**8.0**	3.1		
Others segment							
External sales	**1,052**	54,200	(98.1)	**0.0**	2.1	**0.0**	2.5
Inter-segment sales	**–**	22	(100.0)	**–**	0.0		
Total	**1,052**	54,222	(98.1)	**0.0**	2.1		
Revenue before inter-segment sales elimination	**2,508,782**	2,591,090	(3.2)	**100.0**	100.0		
Inter-segment sales elimination	**(326,331)**	(450,054)	(27.5)				
Consolidated revenue	**2,182,451**	2,141,036	1.9			**100.0**	100.0

Management Discussion and Analysis (continued)

The gross profit and 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

	2014		2013	
	Gross profit RMB'000	**Gross profit margin %**	Gross profit RMB'000	Gross profit margin %
Publication segment (including inter-segment revenue)	**152,819**	**30.1**	192,403	27.7
Of which: Printing and materials supply	**12,816**	**9.8**	12,223	7.2
Distribution segment (including inter-segment revenue)	**640,069**	**32.0**	633,024	34.4
Of which: Subscription	**481,260**	**34.6**	453,288	35.3
Retailing	**110,499**	**35.8**	150,760	37.5
Commercial supermarket	**20,075**	**26.9**	14,815	26.3
Online sales	**24,151**	**12.1**	8,495	10.5
Others segment (including inter-segment revenue)	**276**	**26.2**	19,632	36.2
Inter-segment revenue elimination	**98,450**	**N/A**	41,121	N/A
Total	**891,614**	**40.9**	886,180	41.4

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.

In the first half of 2014, the Group strived to facilitate innovation in the operation and management mechanism of book publishing, carry out market-oriented adjustment and optimization of the organizational structure and business operation mode, and guide the publishers to enhance their market competitiveness.

During the Period, the Publication segment recorded a revenue of RMB507 million (including inter-segment sales), of which revenue from external sales amounted to RMB181 million, representing a decrease of 26.1% as compared with RMB245 million in the corresponding period last year, which was mainly due to a decline in paper sales to external customers during the Period, other businesses of the segment still remained at a stable trend of development.

During the Period, the gross profit margin of the Publication segment was 30.1%, representing an increase of 2.4 percentage points as compared with 27.7% in the same period last year, which was mainly due to a lower portion of revenue from the paper sales which is of lower gross profit margin.

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.

Management Discussion and Analysis (continued)

During the Period, the Distribution segment recorded a revenue of RMB2,000 million, representing an increase of 8.6% as compared with RMB1,842 million in the same period last year, which was mainly attributable to revenue growth in the Subscription business, Online sales business and Commercial supermarket business, etc.

During the Period, the gross profit margin of the Distribution segment was 32.0%, representing a decrease of 2.4 percentage points as compared with 34.4% in the corresponding period last year, which was mainly due to a higher portion of sales from Online sales business and Commercial supermarket business which are of lower gross profit margins.

Subscription

The Group's 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.

During the Period, the Company has managed to stabilize sales revenue from textbooks, supplementary materials, and primary and secondary school digitalised education services by taking measures, such as product upgrading and adjustment of the marketing strategies; develop and integrate core education materials and application business system, and explore an effective mechanism for joint operations.

During the Period, the Subscription business recorded a sales revenue of RMB1,392 million, representing an increase of 8.5% as compared with RMB1,284 million in the same period last year. Excluding the effects from the incomparable factors of the government's one-off purchase aid to students for using dictionaries and related reference books in the same period last year, and the preferential VAT exemption policy during the Period, etc., the sales revenue would increase by 3.8% year-on-year, which was mainly attributable to the Group's active market expansion, enhanced commodity marketing and further increase in sales of supplementary materials.

During the Period, the gross profit margin of the Subscription business was 34.6%, representing a slight decrease as compared with 35.3% for the same period last year.

Retailing

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**").

During the Period, the Group focused on improving users' experiences for its Retailing business by providing a combination of "books, related products and services", and conducting value-added channel operations with "share of reading" as the core while promoting the transformation and upgrade of small and medium-size stores. Facing the impact of e-bookstores and digital publications on traditional book retailing business, the Group aims to gradually shift from a product seller to a reading service provider.

During the Period, the Retailing business recorded a sales revenue of RMB309 million, representing a decrease of 23.1% as compared with RMB402 million in the same period last year. Excluding the effects from the incomparable factors of the government's purchase for the libraries books included in the sales revenue in the same period last year, and the preferential VAT exemption policy during the Period, etc. the book retailing business still recorded a sales increase of 4.1% year-on-year.

Management Discussion and Analysis (continued)

During the Period, the Retailing business recorded a gross profit margin of 35.8%, representing a decrease of 1.7 percentage points as compared with 37.5% in the same period last year, which was mainly due to decline in the sales of the libraries distribution business.

Commercial supermarket

The Group steadily pushed ahead the expansion of the Commercial supermarket business and enhanced the sales performance by developing marketable products and optimizing the customer services in cooperation with the Company's publishing institutions. During the Period, the Commercial supermarket business recorded a sales revenue of RMB75 million, representing an increase of 32.3% as compared with RMB56 million in the same period last year.

The Commercial supermarket business recorded a gross profit margin of 26.9%, representing a slight increase as compared with 26.3% in the same period last year.

Online sales

The Group has managed to continue the high-speed growth momentum of its Online sales business by enhancing the organizational and logistics distribution capabilities for e-commerce products, improving the value-added services and expanding the total sales volume. During the Period, the Online sales business recorded a sales revenue of RMB200 million, representing an increase of 146.5% as compared with RMB81 million in the same period last year.

The Online sales business recorded a gross profit margin of 12.1%, representing an increase of 1.6 percentage points as compared with 10.5% in the same period last year, which was mainly due to the decrease in discounts offered to big customers.

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, Others segment recorded a sales revenue of RMB1.05 million, representing a decline of 98.1% as compared with RMB54 million in the same period last year, the gross profit margin was 26.2%, representing a decrease of 10.0 percentage points as compared with 36.2% in the same period last year, which was mainly because Sichuan Wenzhuo had ceased to be combined into the consolidated statement of the Group as a subsidiary.

Expenses and Costs

Selling and distribution expenses and administrative expenses

During the Period, the Group's total selling and distribution expenses and administrative expenses was RMB684 million, representing an increase of 1.5% as compared with RMB674 million in the same period last year, which was mainly attributable to the rising logistics expenses that have resulted from growth in the Online sales business.

Management Discussion and Analysis (continued)

Other expenses

Other expenses of the Group for the Period amounted to RMB48 million, representing a decrease as compared with RMB62 million in the same period last year, which was primarily due to the decrease in the Group's provision during the Period.

Net Finance Income

The net finance income of the Group for the Period amounted to RMB4.07 million, representing an increase of RMB3.81 million as compared with RMB0.26 million in the same period last year, which was mainly because the accounts of Sichuan Wenzhuo had ceased to be combined into the consolidated statement of the Group as a subsidiary in the first half of this year, and its finance expenses were included into the net finance income for the same period last year.

Profit

The Group's profit for the Period amounted to RMB305 million, representing an increase of 3.5% from RMB295 million in the corresponding period last year. The profit attributable to owners of the Company was RMB322 million, representing a slight increase from RMB308 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 RMB0.28, representing an increase of 4.6% from RMB0.27 in the corresponding period last year. Please refer to note 9 to the interim condensed consolidated financial statements for the calculation of earnings per share.

Liquidity and Financial Resources

As at 30 June 2014, the Group had cash and short-term deposits of approximately RMB1,482 million, and the interest-bearing bank borrowings of RMB35 million of the Company's subsidiaries. The Company did not have any interest-bearing bank and other borrowings at the end of the Period.

As at 30 June 2014, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 36.3%, representing an increase of 0.6% as compared with 35.7% as at 31 December 2013. 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 2014	30 June 2013
Current ratio	**1.3**	1.3
Inventory turnover days	**186.7 days**	154.1 days
Trade and bills receivables turnover days	**57.2 days**	59.2 days
Trade and bills payables turnover days	**286.2 days**	255.0 days

As at 30 June 2014, the current ratio of the Group was 1.3, remaining the same as compared with 1.3 as at 30 June 2013.

During the Period, the inventory turnover days were 186.7 days, representing an increase of 32.6 days as compared with 154.1 days in the same period last year, mainly because the movie and TV products of the Company's wholly-owned subsidiary, Beijing Huaying Winshare Movie & TV Culture Co., Ltd.* (北京華影文軒影視文化有限公司), would not be premiered until the second half of this year, thus leading to a relatively high inventory level at the end of the Period; meanwhile, the Company has increased inventory to meet the increase in sales of general books.

During the Period, the trade receivables turnover days were 57.2 days, similar to the 59.2 days in the same period last year.

During the Period, the trade payables turnover days were 286.2 days, representing an increase of 31.2 days as compared with 255.0 days in the same period last year, which was mainly due to the large balance at the end of the year that has resulted from the relatively heavy inventory level at the end of 2013.

Overview of Material Investments, Acquisitions and Disposals

During the Period, the Group focused on its growth strategies, improved existing industrial layout, and strengthened its efforts in cultural related businesses, with a view to establishing the Group as a first-class cultural media group in the PRC.

In order to meet the Group's growing demand for printing and processing publication and to enhance the chain effect of resources integration on the Group's publication, the Company plans to acquire the 100% equity interest in Sichuan Xinhua Printing Co., Ltd.* (四川新華印刷有限責任公司) from SPG at a consideration of RMB144.84 million. For details, please refer to the Company's announcement dated 10 April 2014.

During the Period, the Company invested RMB100 million to set up a a wholly-owned subsidiary, Winshare Investment Co., Ltd.* (文軒投資有限公司). It serves as a capital operation platform, based on which the Company aims to effectively utilize financial resources from the public, gain high-quality investment projects and professional talent for the coordinated development between industrial operation and capital operation. In order to support the Company's strategies for the great cultural industry and share the benefits of China's economic and industrial development, the Company pledges to invest RMB100 million in CITIC Buyout Investment Fund (Shenzhen) (Limited Partnership).

Management Discussion and Analysis (continued)

During the Period, the Company's subsidiary, Sichuan Winshare Online E-commerce Co., Ltd.* (四川文軒在線電子商務有限公司) ("**Winshare Online**"), invested RMB51.33 million to acquire 50% equity interest of Chongqing Yunhan Internet Media Co., Ltd.* (重慶雲漢網絡傳媒有限責任公司). Through this investment, Winshare Online has managed to quickly get involved in the building of the whole supply chain of book publishing and distribution industry and the entire e-commerce full supply chain collaborative service platform.

During the Period, the Company obtained the dividend income of RMB26 million from its investee, the Chengdu Institute, Sichuan International Studies University. In addition, Bank of Chengdu and Wan Xin Media (both were investees of the Company) have announced their dividend distribution plans for the year 2013, whereby the Company recognized the dividend income of RMB16.80 million and RMB12.46 million respectively during the Period.

During the Period, the Company transferred its 3% equity interest in Sichuan Wenzhuo at a consideration of RMB19.15 million to SPG in order to integrate the Group's resource allocation in the field of vocational education business, the equity transfer was approved by the Company's shareholders at the Company's extraordinary general meeting held on 26 August 2014. For details, please refer to the Company's announcements dated 10 July 2014 and 26 August 2014 and circular dated 31 July 2014.

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

FUTURE PROSPECTS

As the state is pushing forward cultural system reform and the cultural industry is embracing good development opportunities, the Company worked out a strategic plan for the new round of development in early 2014, putting forward a strategic goal of "To form a growth pattern of balanced development between industrial operation and capital operation for the Company's culture, media and other related cultural industries in five years with effort; achieve continuous revenue growth; continuously expand market share; and maintain a leading position among its publishing and media peers in the PRC in terms of comprehensive strength.". Therefore, the Group will strongly promote the profound integration, transformation and upgrading of principal businesses, further enhance the core capabilities of principal businesses, market competitiveness of emerging digitalised business, as well as logistics distribution and information processing capabilities; further enhance the Group's market competitiveness and capabilities for sustainable development through resource integration and strategic cooperation, and cultivation of new profit growth points.

Meanwhile, the Company will steadily push ahead the issuance and listing of A shares according to the Group's development strategies in an effort to achieve the Group's leapfrog development by getting listed in both mainland China and Hong Kong, that is, the A+H dual-market listing status, so as to fully capitalize on gaining access to the international and domestic capital markets.

Management Discussion and Analysis (continued)

PLEDGE OF ASSETS

Please refer to note 16 to the interim condensed consolidated financial statements for details of the Group's pledge of assets as at 30 June 2014.

CONTINGENT LIABILITIES

As at 30 June 2014, the Group had no contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2014, the Group had a total of 7,957 (the end of 2013: 8,539) employees. Changes in employees were mainly due to the reduction of temporary employees caused by seasonal changes in the Company's business.

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. With training as carrier, such programme created a platform for demonstration and exchange of internal talents. It reinforces the training of reserve talents; makes reasonable use of internal training, external training, online learning and other methods to effectively enhance the ability and quality of employees at all levels, actively promoting the achievement of the annual strategic operational goals of the Company.

Other Information

INTERESTS IN SHARE CAPITAL

As at 30 June 2014, 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* (四川日報報業集團) and Liaoning Publication Group Co., Ltd.,* (遼寧出版集團有限公司) but excluding Chengdu Hua Sheng (Group) Industry Co., Ltd.* (成都市華盛（集團）實業有限公司) ("**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 2014, 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 *(note 1)*	623,861,452	Interests in controlled corporations	State-owned Shares	97.50%	54.96%	Long position
	7,909,000	Interests in controlled corporation	H Shares	1.79%	0.70%	Long position
Sichuan Xinhua Publishing Group *(note 2)*	592,809,525	Beneficial owner	State-owned Shares	92.65%	52.22%	Long position
	7,909,000	Interests in controlled corporation	H Shares	1.79%	0.70%	Long position
Hua Sheng Group *(note 3)*	53,336,000	Beneficial owner	Social Legal Person Shares	100%	4.70%	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 (i) indirectly hold 592,809,525 state-owned shares of the Company through Sichuan Xinhua Publishing Group and 31,051,927 state-owned shares through SPG, which are 623,861,452 stated-owned shares in total; and (ii) indirectly hold 7,909,000 H Shares through a wholly-owned subsidiary of Sichuan Xinhua Publishing Group.*

2. *Shudian Investment Co., Ltd. * (蜀典投資有限公司) ("Shudian Investment") is a wholly-owned subsidiary of Sichuan Xinhua Publishing Group. According to the SFO, Sichuan Xinhua Publishing Group is deemed to indirectly hold 7,909,000 H Shares through Shudian Investment. In addition, Sichuan Xinhua Publishing Group directly held 592,809,525 state-owned shares.*

3. *Hua Sheng Group pledged all the Company's shares it held.*

Save as disclosed above, as at 30 June 2014, so far as is known to the Directors and Supervisors 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 and 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, (ii) Mr. Luo Jun and Mr. Zhang Chengxing, both Non-executive Directors, who are directors of Sichuan Xinhua Publishing Group, and (iii) Mr. Zhao Junhuai, Non-executive Director, who is the vice-chairman of Hua Sheng Group, as at 30 June 2014, 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 2014, 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.

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 2014, the Share Appreciation Right Incentive Scheme was not yet in effect.

MATERIAL LITIGATION AND ARBITRATION

During the six months ended 30 June 2014, 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 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 provisions as set out in the Model Code throughout the Period.

Other Information (continued)

INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the six months ended 30 June 2014 (for the six months ended 30 June 2013: Nil).

AUDIT COMMITTEE

The Company has established its Audit Committee ("**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 2014 included in this interim report and has communicated and discussed the financial reporting issues of the Group with the management of the Company. The Audit Committee confirmed that the interim financial report of the Group 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, 26 August 2014

* *For identification purposes only*

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

No. 6, Wenxuan Road, Shang Mao Dadao,
Rong Bei, Chengdu, Sichuan
Postal Code: 610081
四川省成都市蓉北商貿大道文軒路6號
郵政編碼： 610081

Website 網址： www.winshare.com.cn