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 年報

Annual Report

*For identification purposes only

僅供識別

Contents

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
Mr. Yang Miao

Non-Executive Directors

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

Independent Non-Executive Directors

Mr. Mak Wai Ho
Mr. Han Liyan
Ms. Xiao Li Ping

BOARD COMMITTEES

Strategy and Investment Planning Committee

Mr. Zhao Junhuai *(Chairman)*
Mr. Han Liyan
Mr. Yang Miao

Audit Committee

Mr. Mak Wai Ho *(Chairman)*
Mr. Han Liyan
Mr. Zhang Peng

Remuneration and Review Committee

Mr. Han Liyan *(Chairman)*
Ms. Xiao Li Ping
Mr. Luo Jun

Nomination Committee

Ms. Xiao Li Ping *(Chairman)*
Mr. Han Liyan
Mr. Luo Jun

SUPERVISORY COMMITTEE

Supervisors

Mr. Xu Ping *(Chairman)*
Mr. Xu Yuzheng
Ms. Lan Hong
Ms. Wang Yan

Independent Supervisors

Mr. Fu Daiguo
Ms. Liu Mixia

* *For identification purpose only*

Corporate Information

COMPANY SECRETARY

Mr. You Zugang

AUTHORISED REPRESENTATIVES

Mr. Luo Jun
Mr. You Zugang

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

Financial Summary

RESULTS

	For the year ended 31 December				
	2010 RMB'000	2011 RMB'000	2012 RMB'000	2013 RMB'000	**2014** **RMB'000**
Revenue	3,724,239	4,485,577	4,592,137	5,135,074	**5,270,061**
Profit before tax	441,542	514,636	577,857	594,981	**614,471**
Income tax expense	(1,359)	(1,367)	(1,377)	(446)	**(1,192)**
Profit for the year	440,183	513,269	576,480	594,535	**613,279**
Non-controlling interests	(3,246)	9,125	52,891	28,879	**21,287**
Profit for the year attributable to owners of the Company	436,937	522,394	629,371	623,414	**634,566**
Earnings per share – Basic (RMB)	0.39	0.46	0.56	0.55	**0.56**

ASSETS AND LIABILITIES

	2010 RMB'000	2011 RMB'000	2012 RMB'000	2013 RMB'000	**2014** **RMB'000**
Total assets	7,263,857	7,629,342	8,663,447	8,248,781	**8,909,691**
Total liabilities	(2,461,796)	(2,861,416)	(3,409,427)	(2,944,095)	**(3,088,820)**
	4,802,061	4,767,926	5,254,020	5,304,686	**5,820,871**
Equity attributable to owners of the Company	4,630,676	4,579,748	4,857,904	5,271,065	**5,813,767**
Non-controlling interests	171,385	188,178	396,116	33,621	**7,104**
	4,802,061	4,767,926	5,254,020	5,304,686	**5,820,871**

Chairman's Statement

Gong Cimin
Chairman

DEAR SHAREHOLDERS,

On behalf of the board (the "Board") of directors (the "Directors") of Xinhua Winshare Publishing and Media Co., Ltd. (the "Company"), I am pleased to present to the shareholders ("Shareholders") the annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2014 (the "Year").

In 2014, the Group implemented innovations and reforms to drive development and planned and designed a blueprint catering to the development of the Group and modern cultural industry in accordance with the development concept of "principal business prominence and breakthrough". Aiming at "building itself into a first-class cultural media group in the PRC with international influence", it prepared and adopted the *Strategic Development Planning Outline 2014-2018*. In 2014, the Group effectively coped with the changing industry polices and intensifying market competition, and strived to explore integrated operating models for principal publishing and media businesses as well as innovative and dynamic management mechanisms for the publishing business. By combining "online + offline" channels and tapping synergies of "business operations + capital operations", the Group has preliminarily formed an industry development pattern featuring the synergistic development of business operations and capital operations of multi-cultural industry with publishing and media as the principal. Accordingly, the Group's assets expanded increasingly and its operating efficiency continued to grow steadily, alongside with increasing market competitiveness and social influence.

In 2014, the Group recorded a revenue of RMB5,270 million, representing an increase of 2.63% over 2013, with net profit for the Year of RMB613 million. Profit attributable to owners of the Company was RMB635 million, and basic earnings per share of RMB0.56, representing an increase of 1.79% over 2013.

In 2014, the Group accelerated the establishment of an innovative and dynamic operating mechanism for publishing and media business, to enhance the innovation and vitality of the publishing industry. With a strategic implementation plan of "market-oriented, development-based, and adapting to its own characteristics", it restructured Zhongpan business, enhanced support of channels for publishing, and realized the organic integration of publishing and channels, to promote the further development of the publishing business. In 2014, the Group published a series of feature publications and bestselling books with superb social and economic benefits, including *Deng Xiaoping at History's Crossroads* (《歷史轉折中的鄧小平》), *Zhan Dui* (《瞻對》), and *I Am Malala* (《我是馬拉拉》). As such, the Group's publishing business cemented further influence in the industry.

Amid changing educational policies of the state, declining primary and secondary students, and other unfavorable conditions in 2014, the Group built a business model of combining offline subscription channels and online cloud service platform via the innovation of product and service patterns and business strategies adjustment, promoted the development of multiple patterns for education services, and further stabilized sales of textbooks and supplementary materials, the Group expanded its advantages as a national leading educational service provider.

Chairman's Statement

In 2014, the Group strived to build an industry-influential cultural service brand for its Retail Business. By optimizing business models of stores, the Group stepped up its efforts in promoting stores to transform from product-centric to user-centric, with a view to bettering management capacities and boosting sales. As a result, the Store Retail Business captured a growth higher than the state average.

In 2014, the Group's Online Sales Business saw enhanced marketing service capabilities through the optimization of the supply chain, expansion of sales channels, perfection of the chain business model for online channels, and increased marketing efforts, so the sales volume continued to grow rapidly and recorded sales revenue of RMB503 million in the Year, representing an annual growth of over 100%.

As the cultural industry was further reformed in 2014, the Group seized the opportunity and explored the construction of an industry pattern that features the synergistic development of business operations and capital operations of multi-cultural industry with publishing and media as the principal, to facilitate the synergies of "business operations + capital operations". The *Deng Xiaoping at History's Crossroads* (《歷史轉折中的鄧小平》), a TV series filmed under the investment of the Group in 2014, was highly acclaimed by the community. The Group also incorporated a professional investment platform Winshare Investment Co., Ltd. (文軒投資有限公司), to facilitate the simultaneous development of business operations and capital operations.

In 2014, the Group continued to accelerate the Company's Initial Public Offering ("IPO") of A shares. The acquisition of Sichuan Xinhua Printing Co., Ltd. which was affiliated to Sichuan Publication Group Co., Ltd. has well solved the problem of horizontal competition between a related party and the Group in the IPO application process, and lays a solid foundation for scaled and intensive operations of printing resources within the Group as well. The Company's A share IPO prospectus has been pre-disclosed pursuant to provisions of China Securities Regulatory Commission, and is now pending review and approval.

Meanwhile, the Group further optimized business support and management platforms, to facilitate business development and enhance synergistic support capabilities. In order to meet business integration and upgrading requirements, the Group strengthened and optimized its ancillary platform capabilities in terms of procurement, logistics, IT as well as printing of publications and increased support efforts for content production and channel distribution. In combination with vertical chain extension of the Group's principal businesses and horizontal development of multiple business patters, the Group optimized and adjusted its management and control model. By building a management and control system that can tap the Group's scaled and collaborative synergies while stimulating innovation and vitality, a solid foundation is laid for the Group's future development.

In 2015, as the state steps up its efforts in promoting cultural reform, revitalizing the state's cultural development, facilitating the transition in the traditional publishing industry to the emerging business model, and propel the cross-sector development of publishing and media companies, the Group will, aiming at building itself into a first-class cultural media group in the PRC with international influence, propel the synergistic development of traditional principal businesses and emerging businesses and realize the steadily growth of operating performances based on the new round of strategic plan by relying on the publishing and media principal business while fully capitalizing on two means of business operations and capital operations. At the same time, the Group will strive to integrate and excavate cultural resources leveraging its social impact in the industry, expand multicultural businesses and foster strong cultural industry projects, to further enhance its market competitiveness and sustainable development capacity. 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.

Chairman's Statement

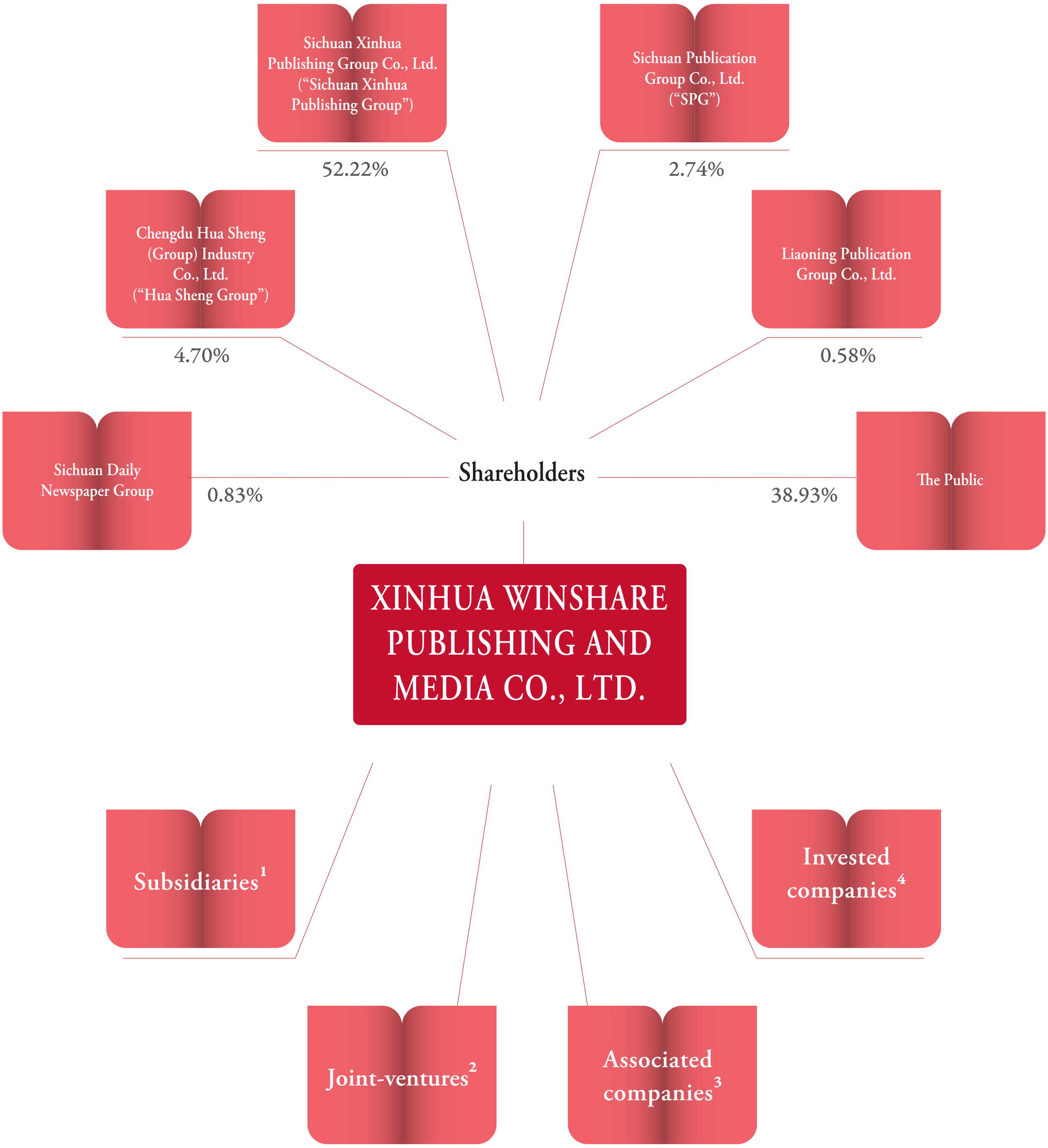
Year 2015 will be the commencement year of the fourth session of the Board of the Company. The Board will, with the joint efforts of the management team and staff, follow through strategic development plans adopted at shareholders' meetings and work with diligence, to repay the trust of and bring good investment returns to all the Shareholders.

Finally, I would like to take this opportunity to express my sincere gratitude to all the Shareholders and stakeholders of the Company for their trust and support.

Gong Cimin
Chairman

10 March 2015

Corporate Structure of the Group



Corporate Structure of the Group

Note 1: The subsidiaries mainly include the following companies:

No.	Company Name	Interests attributable to the Group (%)	Remarks
1	Sichuan Winshare Education Technology Co., Ltd. (四川文軒教育科技有限公司)	100.00	
2	Sichuan Xinhua Online Network Co., Ltd. (四川新華在線網絡有限責任公司)	100.00	
3	Sichuan Publication Printing Co., Ltd. (四川出版印刷有限公司)	100.00	
4	Sichuan Printing Materials Co., Ltd. (四川省印刷物資有限責任公司)	100.00	
5	Sichuan People's Publishing House Co., Ltd. (四川人民出版社有限公司)	100.00	
6	Sichuan Education Publishing House Co., Ltd. (四川教育出版社有限公司)	100.00	
7	Sichuan Youth and Children's Publishing House Co., Ltd. (四川少年兒童出版社有限公司)	100.00	
8	Sichuan Digital Publishing & Media Co., Ltd. (四川數字出版傳媒有限公司)	100.00	
9	Sichuan Literature & Art Publishing House Co., Ltd. (四川文藝出版社有限公司)	100.00	
10	Sichuan Fine Arts Publishing House Co., Ltd. (四川美術出版社有限公司)	100.00	
11	Sichuan Science & Technology Publishing House Co., Ltd. (四川科學技術出版社有限公司)	100.00	
11-1	Sichuan Discovery of Nature Magazine Press Co., Ltd. (四川大自然探索雜誌社有限公司)	100.00	Sichuan Science & Technology Publishing House Co., Ltd. owns 100% equity interest in such company.
12	Sichuan Lexicographical Publishing House Co., Ltd. (四川辭書出版社有限公司)	100.00	
13	Sichuan Bashu Publishing House Co., Ltd. (四川巴蜀書社有限公司)	100.00	
14	Sichuan Tiandi Publishing House Co., Ltd. (四川天地出版社有限公司)	100.00	
14-1	Sichuan Times English Cultural Communication Co., Ltd. (四川時代英語文化傳播有限公司)	51.00	Sichuan Tiandi Publishing House Co., Ltd. owns 51% equity interest in such company.
15	Sichuan Reader's Journal Press Co., Ltd. (四川讀者報社有限公司)	100.00	
16	Sichuan Pictorial Co., Ltd. (四川畫報社有限公司)	100.00	
17	Sichuan Wenchuan Logistics Co., Ltd. (四川文傳物流有限公司)	100.00	
18	Sichuan VIVI Bride Magazine Co., (四川薇薇新娘雜誌有限公司)	100.00	
19	Beijing Huaying Winshare Movie & TV Culture Co., Ltd. (北京華影文軒影視文化有限公司) ("**Huaying Winshare**")	100.00	
20	Sichuan Xinhua Printing Co., Ltd. (四川新華印刷有限責任公司) ("**Xinhua Printing**")	100.00	The Company acquired 100% equity interest of Xinhua Printing in August 2014.
21	Winshare Investment Co., Ltd. (文軒投資有限公司) ("**Winshare Investment**")	100.00	Established in March 2014.

Corporate Structure of the Group

No.	Company Name	Interests attributable to the Group (%)	Remarks
22	Winshare International Cultural Communication Co., Ltd. (文軒國際文化傳播有限公司)	100.00	Established in December 2014.
23	Washington Winshare Media, Inc. (華盛頓文軒媒體發展有限公司)	90.00	
24	Sichuan Winshare Education Technological Equipment Co., Ltd. (四川文軒教育技術裝備有限公司)	87.00	
25	Beijing Shu Chuan Xinhua Bookstore Book Distribution Co., Ltd. (北京蜀川新華書店圖書發行有限責任公司)	82.50	
26	Beijing Xinhua Wenxuan Advertising Co., Ltd. (北京新華文軒廣告有限公司)	81.54	
27	Sichuan People's Education Times Xinhua Audio and Video Co., Ltd. (四川人教時代新華音像有限責任公司)	80.00	
28	Sichuan Winshare Online E-commerce Co., Ltd. (四川文軒在線電子商務有限公司) ("**Winshare Online**")	75.00	
29	Sichuan Xinhua Winshare Media Co., Ltd. (四川新華文軒傳媒有限公司)	70.00	
30	Sichuan Xinhua Colour Printing Co., Ltd. (四川新華彩色印務有限公司) ("**Xinhua Colour Printing**")	65.00	
31	Sichuan Winshare Arts Investment and Management Co., Ltd. (四川文軒藝術投資管理有限責任公司)	100.00	The shareholding in such company held by the Company increased from 60% to 100% by way of equity acquisition in November 2014.
32	Winshare VIVI Advertising Media (Chengdu) Co., Ltd. (文軒薇薇廣告傳媒(成都)有限公司)	53.00	
33	Sichuan Xinhua Shang Paper Co., Ltd. (四川新華商紙業有限公司) ("**Xinhua Shang Paper**")	51.00	
34	Beijing Huaxia Shengxuan Book Co., Ltd. (北京華夏盛軒圖書有限公司)	51.00	
35	Xinhua Winshare Commercial Chain (Beijing) Co., Ltd. (新華文軒商業連鎖(北京)有限公司) ("**Winshare Commercial**")	51.00	

Note 2: Joint-ventures mainly include the following companies:

No.	Company Name	Interests attributable to the Group (%)	Remarks
1	Hainan Publishing House Co., Ltd. (海南出版社有限公司) ("**Hainan Publishing**")	50.00	
2	Sichuan Wenxuan Zhuotai Investment Co., Ltd. (四川文軒卓泰投資有限公司) ("**Sichuan Wenzhuo**")	48.00	The Company disposed of 3% equity interest of Sichuan Wenzhuo in August 2014, and accordingly the shareholding in such company held by the Company decreased from 51% to 48%.
3	Sichuan Yaxinshengxiang Education Technology Co., Ltd. (四川亞新盛翔教育科技有限公司) ("**Yaxinshengxiang**")	45.00	Established in April 2014.

Note 3: The associated companies mainly include the following companies:

No.	Company Name	Interests attributable to the Group (%)	Remarks
1	The Commercial Press (Chengdu) Co., Ltd. (商務印書館(成都)有限責任公司)	49.00	
2	Chengdu Winshare Equity Interest Investment Fund Management Co., Ltd. (成都文軒股權投資基金管理有限公司)	45.45	Winshare Investment owns 45.45% equity interest in such company.
3	Guizhou Xinhua Winshare Book Audio-Visual Product Chainstore Co., Ltd. (貴州新華文軒圖書音像連鎖有限責任公司) ("**Guizhou Xinhua**")	45.00	
4	Shanghai Jingjie Information Technology Co., Ltd. (上海景界信息科技有限公司)	42.00	Sichuan Winshare Education Technology Co., Ltd. owns 42% equity interest in such company.
5	Sichuan Education and Science Forum Magazine Press Co., Ltd. (四川省教育科學論壇雜誌社有限公司) ("**Education and Science Forum**")	40.00	The shareholding in such company held by Sichuan Education Publishing House Co., Ltd. decreased from 100% to 40% by way of capital increase in November 2014.
6	Sichuan Xin Wen Newspapers and Periodicals Distribution Co., Ltd. (四川欣聞報刊發行有限責任公司)	39.00	
7	Chongqing Yunhan Online Media Co., Ltd. (重慶雲漢網絡傳媒有限責任公司) ("**Chongqing Yunhan**")	50.00	Established in March 2014. Winshare Online owns 50% equity interest in such company.
8	Chengdu Xinhui Industrial Co., Ltd. (成都鑫匯實業有限公司) ("**Chengdu Xinhui**")	34.00	
9	Sichuan Winshare Preschool Educational Management Co., Ltd. (四川文軒幼兒教育管理有限公司) ("**Winshare Pre-school**")	34.00	
10	Ming Bo Education Technology Co., Ltd. (明博教育科技有限公司) ("**Ming Bo**")	27.20	
11	Ren Min Eastern (Beijing) Book Industry Co., Ltd. (人民東方(北京)書業有限公司) ("**Ren Min Eastern**")	20.00	

Note 4: The invested companies mainly include the following companies:

No.	Company Name	Interests attributable to the Group (%)	Remarks
1	Chengdu Institute, Sichuan International Studies University (四川外國語大學成都學院)	24.30	
2	Shanghai Eastern Publishing & Trading Centre Co., Ltd. (上海東方出版交易中心有限公司)	10.00	
3	Anhui Xinhua Media Co., Ltd. (安徽新華傳媒股份有限公司) ("**Wan Xin Media**")	6.85	
4	Bank of Chengdu Co., Ltd. (成都銀行股份有限公司) ("**Bank of Chengdu**")	2.46	
5	Sichuan Xinhua Cultural Communication Co., Ltd. (四川新華文化傳播有限責任公司)	2.05	

Management Discussion and Analysis

INDUSTRY OVERVIEW

In recent years, in order to promote the prosperity and development of the cultural industry, deepen the cultural system reform, strengthen the construction of the cultural market, the state has released a series of policies and support measures, including accelerating the transformation and upgrade of the news and publication industry; continuously introduction of preferential tax policies for cultural enterprises; increasing financial support for physical bookstores; building and improving public service system of modern news and publication industry; encouraging and supporting the social capital to orderly participate in publishing activities; facilitating the merger, acquisition and restructuring of news and publication enterprises; vigorously promoting the news and publication enterprises to expand their businesses into overseas markets, etc. These policies and measures have laid a good foundation for the sustained and rapid development of publishing and media industry, which effectively promote the transformation and industrial integration of traditional publishing industry.

Benefiting from continuously favourable cultural development policies in the PRC and the steady growth consumption demand in people's culture, the publishing and media industry has experienced a rapid and steady development, with the sales rebound of the paper publication market, faster development of the digital publication market as a result of transformation and upgrading, rapidly growth of online sales and further improvement of the logistics infrastructure. 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

In 2014, the Group achieved a sales revenue of RMB5,270 million and profit for the Year of RMB613 million, representing an increase of 2.63% and 3.15% respectively as compared with year 2013. The profit attributable to the owners of the Company was RMB635 million. The basic earnings per share of the Group was RMB0.56.

Revenue

During the Year, the Group recorded sales revenue of RMB5,270 million, up by 2.63% as compared with RMB5,135 million in the same period last year, which was mainly attributable to the sales growth in Online sales business, Education service business, Commercial supermarket business and other businesses under the Group's Distribution segment, as well as the revenue increase arising from the preferential VAT exemption policy.

Gross Profit Margin

The consolidated gross profit margin of the Group for the Year was 38.4%, representing a slight decrease as compared with 39.5% in the same period last year, primarily attributable to the changes in sales structure.

Segment Analysis

Revenues in each operating segment of the Group for the Year and the same period last year are as follows:

	2014	2013	Change	Percentage of segment sales to revenue before inter-segment sales elimination 2014	2013	Percentage of segment external sales to consolidated revenue 2014	2013
	RMB'000	RMB'000	%	%	%	%	%
Publication segment							
External sales	490,264	607,116	(19.2)	7.8	9.5	9.3	11.8
Inter-segment sales	1,033,591	1,271,389	(18.7)	16.4	19.8		
Total	1,523,855	1,878,505	(18.9)	24.2	29.3		
Of which: Printing and materials supply	305,962	454,785	(32.7)	4.9	7.1		
Distribution segment							
External sales	4,678,509	4,365,441	7.2	74.2	68.2	88.8	85.0
Inter-segment sales	–	–		–	–		
Total	4,678,509	4,365,441	7.2	74.2	68.2		
Of which:							
Education service (formerly known as Subscription)	3,311,390	3,033,979	9.1	52.5	47.4		
Retailing	668,271	908,724	(26.5)	10.6	14.2		
Commercial supermarket	145,493	138,145	5.3	2.3	2.2		
Online sales	502,995	235,875	113.2	8.0	3.7		
Other segment							
External sales	101,288	162,517	(37.7)	1.6	2.5	1.9	3.2
Inter-segment sales	50	22	127.3	0.0	0.0		
Total	101,338	162,539	(37.7)	1.6	2.5		
Revenue before inter-segment sales elimination	6,303,702	6,406,485	(1.6)	100.0	100.0		
Inter-segment sales elimination	(1,033,641)	(1,271,411)	(18.7)				
Consolidated revenue	5,270,061	5,135,074	2.6			100.0	100.0

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

	2014		2013	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Publication (including inter-segment revenue)	449,012	29.5	571,405	30.4
Of which: Printing and materials supply	28,924	9.5	40,479	8.9
Distribution (including inter-segment revenue)	1,522,830	32.5	1,433,712	32.8
Of which: Education service (formerly known as Subscription)	1,169,003	35.3	1,037,176	34.2
Retailing	241,475	36.1	331,855	36.5
Commercial supermarket	52,345	36.0	36,391	26.3
Online sales	55,603	11.1	24,191	10.3
Other (including inter-segment revenue)	4,585	4.5	66,405	40.9
Inter-segment revenue elimination	46,849	N/A	(42,622)	N/A
Total	2,023,276	38.4	2,028,900	39.5

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. In 2014, the Group initiated the formulation and implementation of the publication strategic plan and made great efforts to promote the management mechanism innovation for public books, so as to continuously improve the market competitiveness of its own public publications according to the market demand.

During the Year, the Publication segment recorded a revenue of RMB1,524 million (including inter-segment sales), of which the revenue from external sales amounted to RMB490 million, representing a decrease of 19.2% as compared with RMB607 million in the same period last year, which was mainly attributable to the decline in paper sales to external customers during the Year. If such effect was excluded, the book sales to external customers under the Publication segment increased over last year.

During the Year, the gross profit margin of the Publication segment was 29.5%, representing a decrease of 0.9 percentage points as compared with 30.4% in the same period last year, primarily attributable to the variation in publication's sales structure during the Year.

Distribution segment

The Group's Distribution segment covers the centralised purchasing, delivery and distribution of textbooks and supplementary materials to schools and students, and the provision of primary and secondary school digitalized education services, retailing, distribution business and online sales of publications business, etc.

During the Year, the Distribution segment recorded a revenue of RMB4,679 million, representing an increase of 7.2% as compared with RMB4,365 million in the same period last year, mainly attributable to the sales growth in Online sales business, Education service business, Commercial supermarket business and other businesses, as well as the revenue increase arising from the preferential tax exemption policy.

During the Year, the gross profit margin of the Distribution segment was 32.5%, which was substantially the same as compared with 32.8% in the same period last year.

Education service (formerly known as Subscription)

The Education service business includes the distribution of textbooks and supplementary materials to schools and students, and the provision of primary and secondary school digitalized education services for primary and secondary schools.

Faced with the difficult market environment of a decline in the number of students in Sichuan Province and the shrinking procurement scale of dictionaries and related reference books by the government as compared with last year, the Company has managed to maintain a sustainable growth in Education service business through a series of effective measures such as actively innovating products and service modes, adjusting product strategy of its own supplementary materials, promoting the marketing of digital education products through various channels, as well as exploring educational equipment market.

During the Year, the Education service business recorded a sales revenue of RMB3,311 million, representing an increase of 9.1% as compared with RMB3,034 million in the same period last year, which was mainly attributable to the sales increase in supplementary materials and digital education products, as well as the revenue arising from the preferential VAT exemption policy. 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, etc., the sales revenue would increase by 8.9% year-on-year.

During the Year, the gross profit margin of the Education service business was 35.3%, representing an increase of 1.1 percentage points as compared with 34.2% in the same period last year, which was mainly attributable to a higher portion of revenue from the supplementary materials sales.

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 Year, to cope with the impacts of online bookstores and digital publications on traditional publications retailing business, the Group continued to implement the measures of improving the functions of stores, promoting the transformation and upgrade of small and medium-size stores, enriching joint venture product mix and conducting value-added channel operations with "experience of reading" and "service of reading" as the core of its Retailing business, which aims to gradually transforming into a commercial enterprise and building a cultural service brand with great influence in the industry.

During the Year, the Retailing business recorded a sales revenue of RMB668 million, representing a decrease of 26.5% as compared with RMB909 million in the same period last year, which was mainly due to the provision of books distribution service for newly-built libraries of weak schools under rural compulsory education in Sichuan has been essentially completed in 2013, only sporadic replenishment needed in 2014. The sales revenue from retail store business and group-buying business in the segment represented an increase of 3.9% over last year, higher than the average growth rate of 3.26% for nationwide physical bookstores in 2014.

During the Year, the gross profit margin of the Retailing business was 36.1%, which was substantially the same as compared with 36.5% in the same period last year.

Commercial supermarket

The Group steadily pushed ahead the expansion of the Commercial supermarket business, continuously optimizing the outlet layouts in various regions, actively trying the innovative operation, developing the suitable products through cooperation with publishing bodies and optimizing the client service to improve the sales result. During the Year, the Commercial supermarket business recorded a sales revenue of RMB145 million, up by 5.3% as compared with RMB138 million in the same period last year.

Management Discussion and Analysis

During the Year, the Commercial supermarket business recorded a gross profit margin of 36.0%, up by 9.7 percentage points as compared with 26.3% in the same period last year, which was mainly due to the adjustment of merchandise pricing strategy and the effect of the tax preferential policy.

Online sales

As the national consumption in e-commerce market grew rapidly, the Group continued to strengthen the construction of internet business infrastructure and innovative marketing strategies, and also enhanced the value-added service and expanded the sales channels by improving the merchandise organization and logistic delivery abilities of the E-commerce companies to extend the rapid development trend of online sales business. During the Year, the Company recorded a sales revenue of RMB503 million, up by 113.2% as compared with RMB236 million in the same period last year.

The Online sales business recorded a gross profit margin of 11.1%, slightly up as compared with 10.3% in the same period last year.

Other segment

Other segment of the Group covers production and distribution of for film & television programs and sales of artwork, etc. which do not separately meet the definition of a reportable segment.

During the Year, the Other segment recorded a sales revenue of RMB101 million (including inter-segment sales), down by 37.7% as compared with RMB163 million in the same period last year, the main reason of which was that Sichuan Wenzhuo was no longer incorporated into the consolidated statement of the Group as a subsidiary. Excluding the effect of Sichuan Wenzhuo, the segment recorded an increase in sales revenue of RMB89 million as compared with same period last year, which was mainly attributable to the increase of revenue for film & television.

Expenses And Costs

Selling and distribution expenses and administrative expenses

During the Year, the total of the selling and distribution expenses and administrative expenses of the Group was RMB1,578 million, substantially same as RMB1,572 million in the corresponding period last year.

Other expenses

Other expenses of the Group for the Year amounted to RMB76 million, which decreased by RMB43 million as compared with RMB119 million in the same period last year, mainly because during the Year, the Group enhanced the recovery efforts for the loans and collected partial amounts with longer aging to cause the less provision made.

Net Finance Income

The net finance income of the Group for the Year amounted to RMB6,610,000, up by RMB7,201,000 as compared with that in the same period last year, the main reason of which was that Sichuan Wenzhuo was no longer incorporated into the consolidated statement of the Group as a subsidiary, and the net finance income in the same period last year included the recognized borrowing finance expense discounted by market interest.

Profit

The Group's profit for the Year amounted to RMB613 million, representing an increase of 3.15% from RMB595 million in the corresponding period last year, mainly due to the increase in operation result of the Education service business in the Distribution segment, VAT-free preferential policy and the growth in operation result brought by certain subsidiaries' strengthening internal management and expanding the market share. The profit attributable to owners of the Company for the Year was RMB635 million, up by 1.79% compared with RMB623 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 Year by the weighted average number of ordinary shares in issue for the Year. The Group's earnings per share for the Year was RMB0.56, up by 1.79% from RMB0.55 in the corresponding period last year. Please refer to note 15 to the consolidated financial statements for the calculation of earnings per share.

Liquidity and Financial Resources

As at 31 December 2014, the Group had cash and short-term deposits of approximately RMB1,359 million, and the interest bearing bank borrowings of RMB50 million of the Company's subsidiaries. The Company did not have any interest-bearing bank and other borrowings as at the end of the Year.

As at 31 December 2014, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 34.7%, a slight decrease as compared with 35.7% as at 31 December 2013. The Group's overall financial structure 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.

Working Capital Management

	31 December 2014	31 December 2013
Current ratio	**1.3**	1.4
Inventory turnover days	**152.2 days**	140.0 days
Trade and bills receivables turnover days	**43.8 days**	47.3 days
Trade and bills payables turnover days	**237.7 days**	222.5 days

As at 31 December 2014, the current ratio of the Group was 1.3, which was substantially the same as 1.4 as at 31 December 2013.

During the Year, inventory turnover days, trade and bills receivables turnover days and trade and bills payables turnover days were 152.2 days, 43.8 days and 237.7 days respectively, which were respectively similar to those in the same period last year.

Management Discussion and Analysis

Overview Of Material Investments, Acquisitions And Disposals

During the Year, 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.

To meet our growing demand for printing and processing publication and to enhance the chain effect of resources integration on the Group's publication, the Company acquired the 100% equity interest in Xinhua Printing at totalling consideration of RMB168,599,000 (consideration of RMB144,840,000 plus the payment of the Apportioned Relocation Compensation of RMB23,759,000). Xinhua Printing was incorporated into the Group's consolidated statements since September 2014. Please refer to the announcement of the Company dated April 10, 2014 for details of acquisition.

During the Year, the Company invested RMB100 million to set up a wholly-owned subsidiary, Winshare Investment. 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. Meanwhile, 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) ("**CITIC Fund**"), represent 1% interest in CITIC Fund and has invested RMB40 million according to the relevant agreement.

During the Year, the Company's subsidiary, Winshare Online, invested RMB51.33 million to acquire 50% equity interest in Chongqing Yunhan. Through this investment, Winshare Online has managed to quickly get involved in the building of e-commerce full supply chain collaborative service platform (i.e. the "Online Trading Centre of the Publications in China"* (中國出版發行在線交易中心)). At present, substantially all publishing houses in the PRC have accessed to the platform.

During the Year, the Company received dividend income for 2013 of RMB26 million, RMB16.8 million and RMB12.46 million respectively from its investees, namely Chengdu Institute of Sichuan International Studies University, Bank of Chengdu and Wan Xin Media.

During the Year, the Company transferred its 3% equity interest in Sichuan Wenzhuo at a consideration of RMB19.15 million to SPG. Upon the completion of the equity transfer, the Company, SPG and Sichuan Zhuotai Industry Co., Ltd. ("**Zhuotai Industry**") hold 48%, 3% and 49% equity interests in Sichuan Wenzhou respectively. Pursuant to articles of association of Sichuan Wenzhou, Sichuan Wenzhou is still under joint control of the Company and Zhuotai Industry. For details, please refer to the Company's announcements dated 10 July 2014 and 26 August 2014 and circular dated 31 July 2014.

In addition, the Company intends to transfer its 34% equity interest in Chengdu Xinhui, the equity interest is still in the listing-for-sale process in accordance with the requirements of relevant PRC laws and regulations.

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

FUTURE PROSPECTS

As the state is pushing forward cultural system reform and the cultural industry is embracing good development opportunities, according to the strategic plan for the new round of development, the Group will promote the establishment of a growth pattern of balanced development between industrial operation and capital operation and strive to achieve continuous growth in market share and revenue, with a view to establishing the Group as a first-class cultural media group with international influence in the PRC.

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. Currently, the related works of issuance of A shares of the Company are well underway.

Based on the foregoing, in the future, the Company will focus on implementation of the following strategies:

1. facilitate innovation in the operation and management mechanism of book publishing, reform the structure and model for the content generation business, fully leverage on the comparative advantages of the "integrated industry chain", strengthen the integrated synergies between the internal publications and channels, and improve the market competitiveness of traditional publishing;

2. propel the upgrade and expansion project of retail stores, promote the transformation of business model from product operation to customer operation, build a cultural service brand with great influence in the industry, and improve operation capacity and profitability of retailing channels; meanwhile, continue to steadily push ahead the expansion of commercial supermarket business, and tackle changes in the publication consumption market;

3. strengthen the service platform of education cloud project and promote the innovation, R&D and marketing of digitalised education products to increase the services capability of the service platform of education cloud project and maintain a leading position in the digitalised education field;

4. expand internet sales channels and enhance digital reading service capability to improve the online shopping experience for its consumers and maintain a rapid growth momentum of sales; meanwhile, accelerate the building of the third-party service platform for integrating the resources throughout the publishing and distribution industry chain (i.e. the "Online Trading Centre of the Publications in China* (中國出版發行在線交易中心)", as a supply chain collaborative service platform) to steadily realise innovation and transformation of the Group's business model in the electronic commerce field;

5. Continue to facilitate construction of the Group's logistics network and ERP information system, further improve and enhance the Group's logistics service capacity and information technology support and management capacity; and

6. fully leverage on the capital operation platform, on one hand, promote the transformation and upgrade of traditional cultural businesses and explore emerging cultural industry projects through equity and other capital operations; on the other hand, improve the Group's capital operation ability and profitability through the engagement in market-oriented capital operation projects.

Corporate Governance Report

The Company has all along been striving to establish a corporate governance system which is in compliance with the PRC laws and supervisory regulations of the listing place of its shares and applicable to the actual position of the Company. Pursuant to the relevant requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the Board has taken actions and measures to gradually improve the corporate governance function of the Company and continuously strengthen the development of the corporate governance system of the Company so as to ensure the Company's strict compliance with the relevant requirements in all aspects.

The Company attaches great importance to building up its corporate governance system. It continues to revise and improve its corporate governance normative documents based on regulatory requirements and the Company's actual development, and acts in accordance with those documents. The Company's comprehensive system supports the effective operation of its corporate governance.

During the Year, the Company has fully adopted and complied with the principles and the code provisions of the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 14 to the Listing Rules.

BOARD

Responsibilities and Division of Work

The Board of the Company acts on behalf of the interests of the Shareholders as a whole and is accountable to general meetings. The main duties of the Board are to: implement the resolutions passed at general meetings; make decision on the Company's business plans and investment plans; formulate the Company's annual financial budget and final financial report; formulate the Company's profit distribution plan and loss recovery plan; decide on the establishment of the Company's internal management structure; and formulate the Company's basic management system, etc.

The Board is responsible for making decisions on specific issues, while the management is delegated the power to execute and manage the Company's day-to-day affairs. The Company does not maintain the position of a chief executive officer but has a General Manager who has a role similar to that of a chief executive officer. The positions of the Chairman and General Manager of the Company are taken up by Mr. Gong Cimin and Mr. Yang Miao respectively, with clear division of work between them. The Chairman is in charge of the affairs of the Board and reviews the implementation of the Board's resolutions whereas the General Manager, under the leadership of the Board, is mainly responsible for the Company's management operations and business coordination. Apart from the information disclosed in the section "Profile of Directors, Supervisors and Senior Management" of this annual report, there is no financial, business, family and other materially related relationship among the respective Directors, the Chairman and General Manager.

Composition of the Board

During the Year, the third session of the Board of the Company comprised 9 Directors, including 2 executive Directors, Mr. Gong Cimin (Chairman) and Mr. Luo Yong, 4 non-executive Directors, Mr. Luo Jun, Mr. Zhang Chengxing, Mr. Zhang Peng and Mr. Zhao Junhuai and 3 independent non-executive Directors, Mr. Mak Wai Ho, Mr. Mo Shixing and Mr. Han Liyan. The number of independent non-executive Directors accounts for one-third of the total number of Directors. The number of Directors and composition of the Board complied with relevant laws and regulations. According to the Articles of Association of the Company (the "**Articles of Association**"), the term of office of the Directors (including non-executive Directors) is from the date of passing the resolutions at the general meeting to the expiry date of the term of office of the Board of that session.

The third session of the Board of the Company has expired. According to the Articles of Association and relevant PRC laws, all Directors in office shall continue to perform their duties as a Director before the new session of the Board is elected. On 6 March 2015, the Company convened an extraordinary general meeting, at which election of the new session of the Board was considered and approved. In accordance with the resolutions passed at that extraordinary general meeting, Mr. Gong Cimin, Mr. Luo Yong, Mr. Yang Miao, Mr. Luo Jun, Mr. Zhang Peng, Mr. Zhao Junhuai, Mr. Han Liyan, Mr. Mak Wai Ho and Ms. Xiao Liping were elected as members of the fourth session of the Board of the Company with a term of office of 3 years.

The biographical details of the Directors of the Company as at the date of this annual report are set out in the section "Profile of Directors, Supervisors and Senior Management" in this annual report.

Directors' Time Commitment

In addition to attending official meetings to find out the business of the Company, the Directors of the Company also hear the reports of the management of the Company, review the operating information regularly provided by the management of the Company and visit the businesses of the Company to monitor the business affairs of the Company. In that way, they can have a thorough understanding of the business of the Company to effectively fulfil their duties as directors. After due and careful review, the Board of the Company considers that the Directors of the Company dedicated sufficient time and efforts to fulfil their duties as directors during the Year.

Directors' Training

The Company attaches great importance to the development and improvement of Directors' knowledge and skills, concerning and actively organizing the Directors to participate in trainings. Directors of the Company not only actively participate in a series of corporate governance trainings in relation to the latest amendments to domestic and overseas laws and regulations and the Listing Rules organized annually by the Company, but also improve their professional development through various ways such as attending forums, symposia and professional trainings, with a view to better fulfil their duties as directors.

Directors' Insurance

Since the listing of its H shares, the Company has attached much importance to the risk management about directors' liabilities and has purchased liability insurance for its Directors, supervisors ("**Supervisors**") and senior management.

Board Meetings

During the Year, the Board for the third session convened a total of 10 Board meetings, of which 7 were attended in person and 3 were held by way of written resolutions. The Board meetings reviewed resolutions including the A share listing and relevant matters, continuing connected transactions, engagement of auditors, 2013 annual results, 2014 interim results, equity acquisition and equity transfer of subsidiaries, etc.

All the above-mentioned Board meetings were convened in accordance with the requirements of the Company Law, the Articles of Association, the Board Meeting Rules and the Listing Rules.

Attendance of members of the Board for the third session at Board meetings

(For the period from 1 January 2014 to 31 December 2014)

Name	Attendance in person/ Number of meetings requiring attendance	Attendance by director proxy	Attendance rate
Executive Directors			
Gong Cimin *(Chairman)*	10/10	0	100%
Luo Yong	10/10	0	100%
Non-Executive Directors			
Luo Jun	10/10	0	100%
Zhang Chengxing	9/10	1	90%
Zhang Peng	8/10	2	80%
Zhao Junhuai	9/10	1	90%
Independent Non-executive Directors			
Han Liyan	10/10	0	100%
Mo Shixing	10/10	0	100%
Mak Wai Ho	10/10	0	100%

Attendance of members of the Board for the third session at general meetings

(For the period from 1 January 2014 to 31 December 2014)

Name	Attendance in person/ Number of meetings requiring attendance	Attendance rate
Executive Directors		
Gong Cimin *(Chairman)*	6/6	100%
Luo Yong	6/6	100%
Non-Executive Directors		
Luo Jun	6/6	100%
Zhang Chengxing	6/6	100%
Zhang Peng	5/6	83%
Zhao Junhuai	5/6	83%
Independent Non-executive Directors		
Han Liyan	6/6	100%
Mo Shixing	6/6	100%
Mak Wai Ho	5/6	83%

BOARD COMMITTEES

The Board for the third session has set up 5 committees, namely Strategy and Investment Planning Committee, Editorial and Publication Committee, Audit Committee, Remuneration and Review Committee and Nomination Committee. Details of each of the committees are as follows:

The attendance of the members of Board Committees for the year ended 31 December 2014 is as follows:

	Attendance in person/Number of meetings requiring attendance				
Name	Strategy and Investment Planning Committee	Editorial and Publication Committee	Audit Committee	Remuneration And Review Committee	Nomination Committee
Executive Directors					
Gong Cimin *(Chairman)*	–	–	–	–	–
Luo Yong	–	1/1	–	–	–
Non-Executive Directors					
Luo Jun	–	–	–	3/3	1/1
Zhang Chengxing	2/2	1/1	–	–	–
Zhang Peng	–	1/1	–	–	–
Zhao Junhuai	2/2	–	3/3	–	–
Independent Non-executive Directors					
Han Liyan	2/2	–	3/3	3/3	1/1
Mo Shixing	–	–	–	3/3	1/1
Mak Wai Ho	–	–	3/3	–	–

Strategy and Investment Planning Committee

The main responsibilities of the Strategy and Investment Planning Committee are to carry out research on the Company's long term development strategies and significant investment decisions and to make recommendations to the Board, etc.

The Strategy and Investment Planning Committee of the Board for the third session comprises 3 Directors, members being Mr. Zhao Junhuai, Mr. Han Liyan and Mr. Zhang Chengxing. Mr. Zhao Junhuai, a non-executive Director, is the chairman of the committee.

During the Year, the Strategy and Investment Planning Committee of the Board convened 2 meetings where all committee members attended the meetings in person and signed all written resolutions, at which the resolutions regarding the Strategic Development Planning Outline 2014-2018 of the Company, the Equity Investment Planning of the Company for 2014 and the transfer of equity in subsidiaries of the Company were considered and approved, and constructive recommendations were made in respect of future strategic development and equity investment of the Company.

Editorial and Publication Committee

The main responsibilities of the Editorial and Publication Committee include: (1) to examine the Company's medium to long-term development plans of the publishing industry and make recommendations; (2) to examine and evaluate the Company's material publication projects and make recommendations for review and approval, etc.

The Editorial and Publication Committee of the Board for the third session comprises 3 Directors, members being Mr. Zhang Chengxing, Mr. Luo Yong and Mr. Zhang Peng. Mr. Zhang Chengxing, a non-executive Director, is the chairman of the committee. During the Year, one meeting was convened by the Editorial and Publication Committee of the Board. All committee members attended the meeting in person.

Audit Committee

The main responsibilities of the Audit Committee include: (1) to propose the engagement or removal of external audit institutions; (2) to supervise the Company's internal audit system and its implementation; (3) to be responsible for the communications between internal audit and external audit; (4) to review the Company's financial information and its disclosure; (5) to review the Company's internal control system; and (6) to perform the corporate governance responsibilities, etc.

The Audit Committee of the Board for the third session comprises 3 Directors, members being Mr. Mak Wai Ho, Mr. Han Liyan and Mr. Zhao Junhuai. Mr. Mak Wai Ho, an independent non-executive Director, is a professional accountant and acts as chairman of the committee. All members of the Audit Committee are non-executive Directors, among whom Mr. Mak Wai Ho and Mr. Han Liyan are independent non-executive Directors, and Mr. Zhao Junhuai is the non-executive Director.

During the Year, the Audit Committee of the Board convened a total of 3 meetings. All committee members attended all the meetings in person and signed all written resolutions to consider the various resolutions including 2013 annual results, 2014 interim results, A share IPO related financial report, internal control issues of the Company, auditor's engagement and review of the Company's compliance with the CG Code, etc, to submit its recommendations to the Board, playing a positive role in helping the Board's decision-making.

The Board of the Company has designated the corporate governance function to the Audit Committee to enhance the overall corporate governance level of the Company. In 2014, through communicating with the Company's management, internal audit department, external auditors and internal control consultant, the Audit Committee reviewed the relevant documents provided by the Company; followed up the Company's implementation of the management recommendations put forth by the auditors and internal control consultant; evaluated and monitored the formulation and implementation of internal control and corporate governance policies of the Company and the compliance with the CG Code by the Directors, Supervisors and senior management; and reported the evaluation results to the Board, which effectively facilitated the enhancement of internal control standard and corporate governance level of the Company with their due performance of corporate governance duties.

In addition, the Audit Committee communicated separately with the external auditors regarding the audit of the annual financial report of the Company and the audit fees.

The Audit Committee has reviewed and confirmed the audited consolidated financial statements as set out in this annual report, and has discussed the financial statements and internal control with the management and auditors. The Audit Committee considered that these financial statements have been prepared in accordance with the applicable accounting standards and requirements and appropriate disclosures have been made.

Remuneration and Review Committee

The main responsibilities of the Remuneration and Review Committee include: (1) to examine the assessment criteria of the Company's Directors and senior management, conduct assessment and provide recommendations to the Board; (2) to evaluate and examine the remuneration policies and proposals applicable to the Company's Directors and senior management, etc. Currently, the Company adopts a system where the Remuneration and Review Committee is delegated with the authority by the Board to determine the remuneration packages of individual executive Directors and management personnel.

The Remuneration and Review Committee of the Board for the third session comprises 3 Directors, members being Mr. Han Liyan, Mr. Mo Shixing and Mr. Luo Jun. Mr. Han Liyan, an independent non-executive Director, is the chairman of the committee. All members of the Remuneration and Review Committee are non-executive Directors, among whom Mr. Han Liyan and Mr. Mo Shixing are independent non-executive Directors.

During the Year, the Remuneration and Review Committee of the Board convened a total of 3 meetings. All committee members attended the meetings in person and signed all written resolutions. The meetings mainly considered the resolutions regarding the remuneration for 2013 and performance assessment plan for 2014 of operating management team.

Nomination Committee

The main responsibilities of the Nomination Committee include: (1) to examine the standards and procedures for selecting the Company's Directors and senior management, and make its recommendations to the Board; (2) to seek comprehensively qualified candidates for Directors and senior management; (3) to examine and make recommendations regarding the candidates for Directors and senior management who are to be engaged by the Board; and (4) to assess the independence of independent non-executive Directors, etc.

The Nomination Committee of the Board for the third session comprises 3 Directors, members being Mr. Mo Shixing, Mr. Han Liyan and Mr. Luo Jun. Mr. Mo Shixing, an independent non-executive Director, is the chairman of the committee. All members of the Nomination Committee are non-executive Directors, among whom Mr. Mo Shixing and Mr. Han Liyan are independent non-executive Directors.

During the Year, the Nomination Committee of the Board convened 1 meeting. All committee members attended the meetings in person. The meetings mainly considered the resolutions regarding the review of the execution, organisational structure and formulation of the Board Diversity Policy of the Company.

In accordance with the actual development situation of the Company, adjustments were made to the composition of committees under the Board by the Company from 6 March 2015. The fourth session of the Board has set up 4 committees, namely Strategy and Investment Planning Committee, Audit Committee, Remuneration and Review Committee and Nomination Committee, with the Editorial and Publication Committee cancelled. Details of the composition of committees under the Board for the fourth session are set out in the section "Report of the Directors – Changes of committees under the Board" in this annual report.

BOARD DIVERSITY

Pursuant to the Listing Rules regarding the requirements on board diversity, the Board of the Company has formulated the Board Diversity Policy. The objective is to keep an appropriate balance in diversity of skills, experience and opinions of the Board members of the Company, to enhance the decision making of the Board and corporate governance level, so as to achieve the strategies of the Company and sustainable development.

In determining the composition of the Board for the fourth session as a result of re-election, the Company seeks to achieve board diversity through the fully consideration of a number of factors and measurable criteria, including but not limited to age, gender, cultural and educational background, region, industry experience, professional skills and length of service.

The Nomination Committee will monitor the execution of the Board Diversity Policy and review this Policy, as appropriate, to ensure the effectiveness of this Policy. The Nomination Committee has reviewed the composition of the Board of the Company according to the requirements of the Listing Rules, and considered that the members of the Board of the Company are in compliance with the requirements on board diversity under the Listing Rules in terms of age, education background, industry experience, region and term of service.

DIRECTORS

Appointment and Re-election of Directors

The Directors of the Company are elected at general meetings, with a term of office of 3 years. The Directors are eligible for re-election upon expiry of the term of office. During the election of new session of the Board, the list of candidates should be proposed by the Board and put forward for consideration and approval at general meetings. The Directors of the new session of the Board are appointed by voting for each of the candidates for the directorship at general meetings.

Nomination of Directors

Pursuant to the Articles of Association, the candidates for the appointment of Directors shall be nominated and proposed by the current Board, and Shareholder(s) who is/are jointly or severally holding more than 3% of the shares of the Company can also nominate and propose candidates for Directors. The Board examines the qualifications and conditions of the candidates. Upon passing the board resolutions, the proposal will be submitted in writing to general meetings for consideration.

The Board has a Nomination Committee, which is mainly responsible for providing opinions and recommendations regarding the candidates, conditions, standards and procedures for the proposed directors, general manager and other senior management of the Company.

Independence of Independent Non-executive Directors

The Company currently has 3 independent non-executive Directors with a term of not exceeding 6 years for each independent non-executive Director, which is in compliance with the requirements of the number of members and qualifications prescribed by the Listing Rules. Independent non-executive Directors have no business and financial interests in the Company or its subsidiaries, nor do they assume any managerial position in the Company. Their independence is guaranteed. Independent non-executive Directors are experienced professionals from various industries including publishing and distribution, accounting and finance and are familiar with the rights and obligations of directors and independent non-executive directors of listed companies.

The 3 independent non-executive Directors of the Company confirmed in writing to the Company that they had fulfilled the level of independence as required by Rule 3.13 of the Listing Rules this Year. According to their confirmations and to the understanding of the Board, all the existing independent non-executive Directors are independent persons in compliance with the requirements under Rule 3.13 of the Listing Rules.

Securities Transactions by Directors and Supervisors

For the purpose of governing securities transactions by the Directors and the Supervisors, the Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as a code of conduct for securities transactions by the Directors and Supervisors. Having made specific enquiries to each of the Directors and Supervisors, all Directors and Supervisors confirmed that they have complied with all the terms set out in the Model Code during the Year.

SHAREHOLDERS AND GENERAL MEETINGS

Details of Controlling Shareholder and Ultimate Controlling Shareholder

The controlling Shareholder of the Company is Sichuan Xinhua Publishing Group, which 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 defacto controlled by State-owned Assets Supervision and Administration Commission of the Sichuan Provincial Government (the "**SASAC of Sichuan**"), thus the Company is beneficially controlled by SASAC of Sichuan.

The Company is independent from the business operations of the controlling Shareholder in terms of personnel, organisation, assets and business. The controlling Shareholder conformed to the regulations and had never bypassed any general meetings to directly or indirectly interfere with the Company's operations and decision-making.

The shareholding details of the substantial Shareholders at the end of the Year are set out in the section "Report of the Directors" in this annual report.

General Meetings

The Company endeavours to ensure that all Shareholders of the Company, especially the minority shareholders, enjoy equal rights and can fully exercise their rights. The general meeting exercises its power in accordance with the law and is the highest authority of the Company.

In order to safeguard the interests and rights of Shareholders, the Company has put forward an independent resolution for each of the important events and presented to the general meetings for consideration in accordance with the relevant requirements under laws and regulations, the Articles of Association as well as the Listing Rules. The details of Shareholders' rights and the respective voting procedures are set out in the relevant circulars to Shareholders in accordance with the Articles of Association and the Listing Rules. The circulars are despatched to Shareholders prior to relevant deadline and are published on the website of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Company's self-established website.

During the Year, the Company had convened 1 annual general meeting, 3 extraordinary general meetings, 1 domestic shares class meeting and 1 H shares class meeting. The meetings considered and passed many important resolutions such as the 2013 Annual Report, Profit Distribution Proposal for 2013, the Strategy Planning Outline of the Company from 2014 to 2018, Auditor's Engagement, Amendments to the Articles of Association, and Transfer of equity interest, etc. The Directors, Supervisors and certain members of the senior management of the Company attended the meetings and answered the questions raised by the Shareholders. Each resolution was voted by poll after full communications among the Shareholders, Directors, Supervisors and management of the Company. The announcements regarding the poll results of general meetings are disclosed on the Stock Exchange's website and the Company's self-established website in a timely manner.

SUPERVISORY MECHANISM

Supervisory Committee

The supervisory committee of the Company ("**Supervisory Committee**") is the Company's supervisory organisation and is accountable to general meetings. The Supervisory Committee exercises its independent authority to supervise the Company in accordance with the laws to safeguard the legal interests of the Shareholders and Company.

During the Year, the third session of the Supervisory Committee of the Company comprises 9 members, including 4 Supervisors recommended by Shareholders, 2 independent Supervisors and 3 Supervisors representing employees. The number of members and composition of the committee are in compliance with the requirements of relevant laws and regulations. Mr. Xu Ping was appointed as the chairman of the third session of the Supervisory Committee. The Supervisors who are recommended by Shareholders and independent Supervisors are subject to election and removal by the Shareholders at general meetings; the Supervisors representing employees are subject to election and removal by the staff of the Company at the employee representative meetings, staff meetings or otherwise in a democratic manner. The term of office of Supervisors is effective on the day of passing the resolution by Shareholders at general meeting or staff democratic election until the date of the expiry of the term of the session of the Supervisory Committee. The term of each session of the Supervisory Committee is three years, and the Supervisors are eligible for re-election upon expiry of the term.

The third session of the Supervisory Committee of the Company has expired. On 6 March 2015, EGM was held by the Company on which the Company considered and approved the re-election of the Supervisory Committee. In accordance with the resolution the EGM, the total number of the Supervisory Committee became 6 from 9, including 2 Supervisors recommended by Shareholders, 2 independent Supervisors and 2 Supervisors representing employees. Mr. Xu Ping, Mr. Xu Yuzheng, Mr. Fu Daiguo and Ms. Liu Mixia were appointed as the members of the fourth session of the Supervisory Committee of the Company (excluding Supervisors representing employees). Ms. Lan Hong and Ms. Wang Yan were appointed as the supervisors representing employees of the fourth session of the Supervisory Committee of the Company by the resolution of the third session of the second employee representative meeting.

The biographical details of the Supervisors are set out in the section "Profile of Directors, Supervisors and Senior Management" in this annual report.

During the Year, the Supervisory Committee convened a total of 4 meetings. Details of work of the Supervisory Committee are set out in the section "Report of the Supervisory Committee" in this annual report.

Internal Control

The Board is responsible for establishing a comprehensive internal control system and implementing its performance evaluation, and reviewing the internal control functions of the Company on an on-going basis through the Audit Committee. The management is delegated with the authority by the Board to organise and lead the daily operation of the corporate internal control. The Company has established an audit department, a discipline inspection office and a legal and compliance department, responsible for evaluating, inspecting and following-up on the effectiveness of internal control; handling the matters on complaints reporting and dealing with matters on daily discipline inspection and supervision; and checking economic contracts in advance and providing professional assistance afterwards when disputes arise, respectively.

During the Year, the Company actively adopted specific control measures, constantly strengthened the building up of its internal control system and enhanced risk prevention and internal control capabilities. Protiviti (Shanghai) Co. Ltd. was re-appointed to assist the Company in improving the internal control system and completing the preparation of the Manual on Internal Control. It commenced various internal audit projects and conducted internal control assessment on the effectiveness of internal control in the Company's major business organisations, material business matters and high risk areas to ensure the integrity and effectiveness of internal control in the Company's major organisations, material matters and key areas. It processed various kinds of complaint reporting to form a multi-angle and multi-level internal control mechanism within the Company. It also implemented legal and effective checking on economic contracts to safeguard the legal interests of the Company.

During the Year, the Board had reviewed the effectiveness of the internal control system of the Company and was in the opinion that there was no material control error in the Company.

AUDITORS AND THEIR REMUNERATIONS

At the annual general meeting held on 14 May 2014, the shareholders of the Company approved the re-engagement of Deloitte Touche Tohmatsu as the Company's international auditor for 2014 and Deloitte Touche Tohmatsu Certified Public Accountants LLP ("**Deloitte Touche Tohmatsu CPA**") as the Company's PRC auditor for 2014. Their engagements shall continue until the conclusion of the forthcoming annual general meeting of the Company. The Board was authorised to determine the auditors' remunerations through individual negotiation in accordance with market practice.

During the Year, the Company's international and PRC auditors provided the following services to the Group: (1) professional audit services in respect of the annual financial report; (2) agreed-upon procedures services on interim financial report; and (3) verification services on continuing connected transactions.

During the Year, the fees payable to the international and PRC auditors in respect of the above services provided by the Group was RMB2.86 million (2013: RMB2.7 million).

In addition to the rendering of the above services, during the Year, the Group paid the audit fee for the initial public offering of A shares amounting to RMB900,000 (2013: RMB1.4 million) and the audit fee in connection with the acquisition amounting to RMB400,000 (2013: RMB330,000) respectively to Deloitte Touche Tohmatsu CPA.

Save as disclosed above, during the Year, the Group had not paid any other audit or non-audit service fees to Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu CPA.

In addition, during the Year, the Group paid service fee of RMB240,000 (2013: RMB480,000) to Deloitte Consulting (Shanghai) Company Limited, a member firm of the international and PRC auditors, in respect of its human resources consulting service provided to the Group.

COMPANY SECRETARY

Mr. You Zugang was appointed as company secretary of the Company in June 2005. The biographical details of Mr. You are set out in the section "Profile of Directors, Supervisors and Senior Management" in this annual report.

Under Rule 3.29 of the Listing Rules, Mr. You received relevant professional training for the year ended 31 December 2014.

DIRECTORS' RESPONSIBILITIES ON FINANCIAL STATEMENTS

The Directors have confirmed their responsibilities for the preparation of the financial statements. The Directors are responsible for monitoring the preparation of the Company's financial statements for each fiscal period so as to ensure that the financial statements give a true and objective view of the status of the Company's business conditions, results as well as cash flow of that period. The Directors are not aware of any issues or circumstances that may cause any material adverse effect on the ongoing operation of the Company.

RIGHTS OF SHAREHOLDERS AND INVESTORS RELATIONSHIP

Procedures for convening extraordinary general meetings by Shareholders

According to the provisions of the Articles of Association, Shareholders of the Company shall be entitled to the right to propose, convene and preside over, to attend or appoint a proxy to attend Shareholders' general meetings and to exercise the corresponding voting right thereat in accordance with laws.

The Company shall hold an extraordinary general meeting of Shareholders within two months if Shareholders (individually or jointly) holding more than 10% of the Company's issued shares with voting rights request in writing to hold an extraordinary general meeting. Shareholders who request for the convening of an extraordinary general meeting or a class meeting shall comply with the following procedures:

(1) Shareholders individually or jointly holding more than 10% of the Company's shares carrying the right to vote at the general meeting sought to be held shall be entitled to require the Board to convene a Shareholders' extraordinary general meeting or a class meeting thereof in writing. The Board shall provide its feedbacks and opinions in writing as to agreeing or disagreeing the convening of the Shareholders' extraordinary general meeting or class meeting thereof within 10 days upon the receipt of the said written requisition in accordance with the laws, administrative regulations and provisions of the Articles of Association. If the Board agrees to convene a Shareholders' extraordinary general meeting or a class meeting thereof, a notice convening the Shareholders' general meeting or class meeting shall be issued within 5 days from the date of the Board's resolution. Any changes to the original requisitions in the notice shall be subject to the consent from the relevant Shareholders. The amount of shareholdings referred to above shall be calculated as at the date of deposit of the requisition.

(2) If the Board disagrees with the proposal to convene the Shareholders' meeting upon receipt of the said written requisition or does not make any feedbacks within 10 days therefrom, Shareholders individually or jointly in aggregate holding more than 10% shares of the Company shall be entitled to require the Supervisory Committee to convene a meeting in writing. If the Supervisory Committee agrees to convene the meeting, a notice convening the meeting shall be issued within 5 days from the date of receiving the written requisition. Any changes to the original requisitions in the notice shall be subject to the consent from the relevant Shareholders. If no notice of meeting is issued by the Supervisory Committee within the stipulated period, no meeting shall be deemed to be convened and presided over by the Supervisory Committee. Shareholders individually or jointly holding more than 10% shares of the Company for 90 consecutive days may convene preside over the meeting on their own in the same manner as which Shareholders' general meetings are convened by the Board (Shareholders convening the meeting shall hold no less than 10% of shares before the announcement of the resolutions at the general meeting).

Procedures to make an inspection request to the Board

Pursuant to the provisions of the Articles of Association, Shareholders of the Company may inspect information including the Articles of Association, personal particulars of the Directors, Supervisors, general manager and other senior management of the Company, minutes of general meetings, resolutions of board meetings, resolutions of Supervisory Committee meetings and the latest audited financial statements of the Company and report of directors or make a request for inspection to the Board.

Shareholders inspecting relevant information, requesting information or making an inspection request to the Board may make the request to the Board office of the Company (detailed contacts are published on the website of the Company). Shareholders shall provide written documents evidencing the type of shares and number of shares held in Company and the relevant information shall be provided to Shareholders upon request after verification of the shareholder's identity by the Company.

Corporate Governance Report

Procedures to make recommendations at general meetings

Shareholders may make recommendations at the general meeting by two means: proposing a provisional resolution at general meetings and requiring the right to speak at the general meeting.

At the general meeting convened by the Company, Shareholders individually or jointly holding more than 3% shares of the Company shall be entitled to propose a provisional resolution in writing 10 days prior to the convening of the general meeting and submit to the convenor. A supplementary notice of general meeting shall be issued by the convenor of the general meeting within 2 days from the receipt of the resolution proposed.

Shareholders attending the general meeting may require the right to speak. The right to speak at general meetings can be conducted in writing and verbally. Shareholders or proxies requiring the right to speak shall register with the secretary to the Board or the chairman of the meeting prior to voting. The order of speaking shall follow the registration order. The number of speakers registered for each resolution shall not exceed 10 persons in general and each shareholder shall not speak more than twice. Save as commercial secrets of the Company which cannot be disclosed to public, Directors, Supervisors and senior management shall give answers or explanations to the queries and recommendations made by the Shareholders.

Amendments to the Articles of Association

To improve and enhance the corporate governance of the Company as well as to allow the Articles of Association to comply with the Listing Rules, relevant PRC laws and the related requirements of the listing rules of Shanghai Stock Exchange, the Company has amended the Articles of Association (existing version) and the Articles of Association (A share version) several times during the Year. The resolutions regarding the amendments to the Articles of Association were considered and approved at the extraordinary general meetings held on 7 March 2014, 10 July 2014, and 26 August 2014 and approved or authorized by the relevant regulatory authorities or registration with the relevant regulatory authorities. Please refer to the relevant circulars of the Company dated 21 January 2014, 23 May 2014 and 31 July 2014 for details.

Communications with investors and investor relations

The Company has formulated the Investor Relations Management System to strengthen and regulate the information exchange between the Company and investors and to deepen the investors' understanding of the Company. The Company provides multi-channels and multi-layered communication methods to investors, including but not limited to:

– publication of annual reports, interim reports and provisional announcements of the Company in a timely manner in accordance with the regulatory requirements of the listing place of the Company;

– respect for Shareholders' right to question by providing the opportunity for minority shareholders to attend the general meetings;

– response to investors' inquiries promptly through investor relation hotline, facsimile and email;

– reception of routine visits from investors and analysts;

– one-on-one communication with investors, analysts and financial media through analyst meetings, results presentations and road shows to increase the Shareholders' and investors' understanding of the Company; and

– provision of operational and management as well as corporate governance information, etc to investors through the websites of the Stock Exchange and the Company.

The Company fulfils its continuing disclosure obligations and responsibilities pursuant to the regulatory requirements of the listing place of its shares and makes information disclosure as appropriate in accordance with the principle of compliance, transparency, adequacy and continuity to ensure that Shareholders and investors can obtain information of the Company in a timely and complete manner.

The Company is in adherence to maintaining sound and effective two-way communication with Shareholders and investors. While strictly performing the statutory obligations on information disclosure and through a variety of investor relations activities, it allows investors locally and abroad to understand the operation and growth conditions of the Company in a timely and sufficient manner. In 2014, the Company maintained routine contact with domestic and overseas investors through telephone, mail and investors' company visit, and disclosed the progress of the A share issue of the Company through the websites of the Stock Exchange and the Company in a voluntary and timely manner, thus increasing the information transparency of the Company and safeguarding the Company's good image on corporate governance in the capital market.

To the Company, corporate governance is a long-term system development project. In future, the Company will, in compliance with regulatory requirements of the listing place of its shares, development trend in the capital market and investors' expectations, strengthen our risk management and internal control, continue to review and improve its corporate governance, further enhance its corporate governance standard and transparency of information disclosure, so as to ensure the steady development of the Company and appreciation of Shareholders' value.

Profile of Directors, Supervisors and Senior Management

DIRECTORS

Executive Directors

Gong Cimin (龔次敏), born in March 1955, currently Chairman and executive Director of the Company; chairman and party secretary of Sichuan Xinhua Publishing Group and SPG. Meanwhile, he is also vice president of The Publishers Association of China, Sichuan Publishers Association (四川出版工作者協會), the Books and Periodicals Distribution Association of China and China Xinhua Bookstore Association. Mr. Gong held the positions of deputy manager, general manager and party secretary of Chengdu City Xinhua Bookstore; head of Chengdu City Management Centre (成都市管理中心主任) of Sichuan Xinhua Publishing Group and vice president of Sichuan Xinhua Publishing Group; and general manager and vice Chairman of the Company. He has been executive Director of the Company since June 2005, Chairman of the Company since September 2006, chairman and party secretary of Sichuan Xinhua Publishing Group since February 2007 and chairman and party secretary of SPG since November 2012. Mr. Gong obtained the certificate of completion for a master's degree in economics and business administration from Sichuan University, and he is a senior economist.

Luo Yong (羅勇), born in March 1963, currently executive Director of the Company and president and deputy party secretary of SPG. He worked as journalist for Ganzi News; office head, assistant to president, vice president, president, party secretary and editor-in-chief for Sichuan Nationalities Press (四川民族出版社); deputy head of management committee of SPG; and president of Sichuan Nationalities Press. Mr. Luo was general manager of the Company from July 2008 to December 2013. He has been deputy party secretary of SPG since October 2009, president of SPG since December 2013. Mr. Luo has been executive Director of the Company since September 2011. Mr. Luo graduated from the Faculty of Chinese Language of Southwest University for Nationalities, majoring in journalism, and completed a journalism course at the College of Arts of Southwest University for Nationalities and an advance programme on business administration from Renmin University of China, respectively. He possesses the professional qualification as an editor and enjoys special government subsidy granted by the State Council.

Yang Miao (楊杪), born in May 1970, currently general manager and executive director of the Company; director of Sichuan Yaxinshengxiang Education Technology Co., Ltd. (四川亞新盛翔教育科技有限公司) and Mingbo Education and Technology Co., Ltd. (明博教育科技有限公司). He held the positions of deputy sales manager and sales manager and deputy manager of Sichuan Province Xinhua Bookstore Textbook Company; deputy manager of Sichuan Xinhua Book & Trading Co., Ltd.; manager of the textbook distribution company of Sichuan Xinhua Publishing Group. From June 2005 to July 2008, Mr. Yang successively served as deputy general manager of the Company and general manager of textbook service department, deputy party secretary, general manager and executive Director. He was deputy general manager of the Company from August 2008 to December 2013. He has been general manager of the Company since December 2013. Mr. Yang was appointed as executive Director of the fourth session of the Board of the Company on 6 March 2015. Mr. Yang graduated from the University of Chengdu with a bachelor's degree in public relations and economic law, subsequently he completed the research course at the School of Economics and Management of Tsinghua University and Renmin University of China and, and later obtained the on-the-job graduate degree in business administration from Sichuan College of Business Administration. He is also an economist.

Non-Executive Directors

Luo Jun (羅軍), born in March 1966, currently non-executive Director of the Company; director and vice president of Sichuan Xinhua Publishing Group; chairman of Sichuan Xinhua Haiyi Hotel Management Co., Ltd., Dujiangyan Yulei Shanju Hotel Management Co., Ltd. (都江堰市玉壘山居酒店管理有限責任公司), Sichuan Guanghan Sanxingdui Qushanyuan Cultural Ltd. (四川廣漢市三星堆瞿上園文化有限公司) and Shudian Investment Co., Ltd.; and director of Chengdu Xinhua Chuangzhi Cultural Industry Investment Co., Ltd. (成都市新華創智文化產業投資有限公司) and Sichuan Xinhua Shengtian Industrial Co., Ltd. (四川新華晟天實業有限責任公司). He held the positions of secretary of the directly administered entities youth league committee (直屬機關團委書記), deputy head and head of the personnel education department (人事教育處副處長) for Sichuan Provincial Bureau of Press and Publication; and chief officer of the training centre of Sichuan Provincial Bureau of Press and Publication (四川省新聞出版局培訓中心主任). Mr. Luo was Supervisor of the Company from April 2006 to July 2008 and was appointed as chairman of the Supervisory Committee in May 2006. He has been vice president of Sichuan Xinhua Publishing Group since January 2006, director of Sichuan Xinhua Publishing Group since November 2007 and non-executive Director of the Company since July 2008. Mr. Luo graduated from Shaanxi Institute of Finance and Economics (陝西財經學院) with an economics bachelor's degree in materials, economics and management. He later obtained a master's degree in economics management at the Central Chinese Communist Party School (中央黨校).

Zhang Chengxing (張成行), born in March 1957, non-executive Director of the third session of the Board of the Company; currently director and vice president of Sichuan Xinhua Publishing Group; and director of Chengdu Xinhua Chuangzhi Cultural Industry Investment Co., Ltd. (成都市新華創智文化產業投資有限公司) and Sichuan Xinhua Shengtian Industrial Co., Ltd. (四川新華晟天實業有限責任公司); and chairman of Sichuan Xinhua Cultural Communication Limited (四川新華文化傳播有限責任公司). He held the positions of deputy chief of the press publication office and chief officer of the publishing office of the Propaganda Department of the Sichuan Province Committee of the Communist Party of China (中共四川省委宣傳部). Mr. Zhang has been director and vice president of Sichuan Xinhua Publishing Group since January 2006 and non-executive Director of the Company since July 2008. Mr. Zhang graduated from Sichuan Nanchong Teachers College (四川南充師範學院), majoring in Chinese Language, and later obtained a master diploma in law from Sichuan Provincial Communist Party School (四川省委黨校). Mr. Zhang resigned on 6 March 2015.

Zhao Junhuai (趙俊懷), born in December 1967, currently non-executive Director of the Company; vice chairman of Hua Sheng Group; president of Shu Du sub-branch of Musical Kindergarten of Chengdu Conservatory of Music (成都音樂學院幼兒園蜀都分園), Chengdu Hezhengyang Investment Co., Ltd. (成都市和正洋投資有限公司) and Chengdu Xinhui Industrial Co., Ltd., Sichuan Winshare Logistics Co., Ltd. and Sichuan Winshare Preschool Educational Management Co., Ltd; and director of Sichuan Wenhan International Trading Company (四川文瀚國際貿易有限公司) (formerly known as Sichuan Winshare Properties Co., Ltd. (四川文軒置業有限公司)). He held the positions of deputy general manager of the International Business Department of the Sichuan Branch of China Construction Bank, president of the eighth sub-branch of Sichuan Branch of China Construction Bank and vice director of the management committee of Chengdu Economic Development Zone. He has been non-executive Director of the Company since October 2007. Mr. Zhao obtained a bachelor's degree in agricultural economic management from Sichuan Agricultural University (四川農業大學), a master's degree in finance and a PhD degree in financial investment from Southwestern University of Finance and Economics (西南財經大學).

Zhang Peng (張鵬), born in January 1964, currently non-executive Director of the Company; assistant to the chief executive and office manager of SPG. He held the positions of editor and the manager of the chief editor office of Sichuan People's Publishing House. He has been office manager of SPG since September 2006, assistant to the chief executive of Sichuan Publication Group Co., Ltd. since July 2011 and non-executive Director of the Company since May 2013. Mr. Zhang graduated from the Chinese Department of Sichuan College of Education (四川教育學院) and obtained a master's degree in journalism from the Sichuan Academy of Social Sciences (四川省社會科學院).

Independent Non-Executive Directors

Han Liyan (韓立岩), born in January 1955, currently independent non-executive Director of the Company; independent director of China Aerospace Investment Holdings Co., Ltd. (航天投資控股有限公司); professor and PhD tutor of Beihang University (北京航空航天大學); as well as PhD tutor of Capital University of Economics and Business; visiting professor of the EMBA programme of the Business School of University of North Alabama, USA, EMBA programme of Sichuan University and Shanxi University of Finance and Economics (山西財經大學); council member and deputy secretary general of Western Returned Scholars Association, Germany and Austria Branch; standing council member of

China Quantitative Economics Association (中國數量經濟學會); council member of the Chinese Finance Annual Meeting (中國金融學年會); council member of the financial system engineering professional committee of Systems Engineering Society of China (中國系統工程學會); vice chairman of Beijing Operation Research Society; thesis reviewer of the Chinese Economist Society Annual Conference (中國經濟學年會); and member of technology committee of Aviation Industry Corporation of China. Mr. Han was a teacher at Capital University of Economics and Business (首都經濟貿易大學) and served as head of department of fundamental courses. He was engaged in an economic research project on global banks at the Chinese Economy Research Centre of Peking University (北京大學). In 1999 and 2004, he conducted senior interview researches at the Economic Institute of Ruhr University in Bochum, Germany and the Department of Finance of University of New South Wales, Australia, respectively. Mr. Han has successively spearheaded over 10 national and ministerial scientific foundation projects and administration projects for a number of large-scale conglomerates. He was granted four ministerial Science and Technology Achievement Awards. He has been independent non-executive Director of the Company since September 2011. Mr. Han graduated from Beijing Normal University with a PhD degree, majoring in science, and then he was engaged in macroeconomics postdoctoral research at Vienna University of Economics and Business, Austria with a special government subsidy granted by the State Council.

Mo Shixing (莫世行), born in July 1947, independent non-executive Director of the third session of the Board of the Company. He held the positions of deputy director of Sichuan Provincial Bureau of Press and Publication; party secretary and chief officer of management committee of SPG; and standing member of the Sichuan Committee of the 10th Chinese People's Political Consultative Conference. He was non-executive Director of the Company from June 2005 to February 2009. He has been independent non-executive Director of the Company since July 2013. Mr. Mo graduated from Harbin Institute of Technology (哈爾濱工業大學) with a bachelor's degree majoring in liquid pressure technology in the Department of Power Engineering (動力工程系液壓技術專業). Mr. Mo resigned on 6 March 2015.

Mak Wai Ho (麥偉豪), born in July 1972, currently independent non-executive Director of the Company; independent non-executive director of China Automotive Interior Decoration Holdings Limited (listed on the Stock Exchange, stock code: 8321) and a partner of W.H. Mak and Company (麥偉豪會計師事務所). Mr. Mak is a practising member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom. Mr. Mak was an accountant of Ernst & Young, an accounting supervisor of Shunlong Group Limited, an accounting manager of Mei Ah Entertainment Group Ltd. (listed on the Stock Exchange, stock code: 391), Jimei International Entertainment Group Company Limited and Dong-Jun (Holdings) Limited (once listed on the Stock Exchange, stock code: 412, delisted). Mr. Mak was also the financial controller and company secretary of Kong Sun Holdings Limited (listed on the Stock Exchange, stock code: 295) and Sino State Development Limited. He has been independent non-executive Director of the Company since July 2013. He graduated from the Hong Kong University of Science and Technology with a bachelor degree in Business Administration and is a practising certified public accountant in Hong Kong.

Xiao Liping (肖莉萍), female, born in July 1956, currently independent non-executive Director of the Company; once held the positions of deputy department head of the computer centre, department head of the personnel office, head of the human resource department, deputy party secretary, discipline secretary, deputy general manager of Sichuan Province Xinhua Bookstore, and executive deputy general manager and party secretary of the Company. Ms. Xiao has retired since July 2011. Ms. Xiao was appointed as independent non-executive Director of the fourth session of the Board of the Company on 6 March 2015. Ms. Xiao graduated from Sichuan Radio and Television University, majoring in Electronics, completed the master course in Renmin University of China in September 2002 and is a senior political officer (高級政工師).

SUPERVISORS

Xu Ping (徐平), born in July 1958, currently Supervisor and chairman of the Supervisory Committee of the Company; discipline secretary of SPG; and standing council member of Publishers Association of Sichuan (四川出版協會). He held the positions of deputy secretary and secretary of the Labour Committee of Society, deputy chief of the administration office and senior staff (division level) of Chengdu Branch of Chinese Academy of Sciences (中國科學院); deputy county mayor of the People's Government of Yanting County, Sichuan Province; commissioner (division level) of Administration Office of Sichuan Province, and deputy officer (division level) of the Promotion and Education Office of the Supervision Department of Sichuan Province, the Commission for Discipline Inspection of Sichuan Province; and officer of the Audit and Supervision Office and deputy discipline secretary of SPG. He has been discipline secretary of SPG since December 2010; and Supervisor and chairman of the Supervisory Committee of the Company since September 2011. Mr. Xu graduated from the Graduate School of the Party School of the CPC Central Committee (中央黨校), majoring in economics and management, and is a senior political officer (高級政工師).

Xu Yuzheng (許玉鄭), born in June 1956, currently Supervisor of the Company; director, discipline secretary and chairman of labour union of Sichuan Xinhua Publishing Group; director of Chengdu Xinhua Chuangzhi Cultural Industry Investment Co., Ltd. (成都市新華創智文化產業投資有限公司); chairman of the supervisory committee of Sichuan Xinhua Haiyi Hotel Management Co., Ltd. (四川新華海頤酒店管理有限責任公司); and supervisor of Sichuan Xinhua Shengtian Industrial Co., Ltd. (四川新華晟天實業有限責任公司). He held the positions of deputy chief section member, chief section member, discipline inspection officer (deputy division level) and deputy chief officer (division level) of Disciplinary Investigation Committee of Sichuan Party Committee (中共四川省紀律檢查委員會) and Sichuan Provincial Department of Supervision (四川省監察廳); supervisor of Chengdu Xinhui Industrial Co., Ltd.; and chairman of Chengdu Yujinyuan Property Co., Ltd. (成都市玉錦苑置業有限公司). He has been discipline secretary of Sichuan Xinhua Publishing Group since January 2006, director of Sichuan Xinhua Publishing Group since November 2007 and Supervisor of the Company since July 2008. Mr. Xu graduated from Sichuan Radio and Television University (四川廣播電視大學), majoring in law, and later obtained a diploma in economics and management from Sichuan Normal University. Mr. Xu holds the professional qualification as a lawyer.

Li Kun (李昆), born in July 1971, Supervisor of the third session of the Supervisory Committee of the Company, currently deputy general manager of Sichuan Daily Newspaper Group (四川日報報業集團); chairman of Dujiangyan Qingchenghuayuan Villa Co., Ltd. (都江堰市青城花園山莊有限責任公司); director of Xingguang Construction and Engineering Co., Ltd. (星光建築工程有限責任公司), Sichuan Xin Wen Investment Co., Ltd. (四川欣聞投資有限責任公司), Chengdu Huaxi Advertising Communication Co., Ltd. (成都華希廣告傳播有限責任公司), Sichuan Huaxi Advertising Media Co., Ltd. (四川華希廣告傳媒有限公司), Chengdu Anren Town Xingongguan Real Estate Development Co., Ltd. (成都安仁鎮新公館房地產開發有限公司) and Chengdu Xintie Logistics Co., Ltd. (成都欣鐵物流有限公司); Supervisor of Sichuan Anren Town Laogongguan Cultural Development Co., Ltd. (四川安仁鎮老公館文化發展有限公司); legal representative of News Training Centre of Sichuan Daily Newspapers (四川日報社新聞培訓中心) and Sichuan Xingguang Hotel (四川星光賓館). He held the positions of section chief of integrated management section of the finance department, deputy head of the business development department, assistant to general manager, head of the group's office and head of the finance department of Sichuan Daily Newspaper Group; deputy general manager of West China Metropolis Daily (華西都市報); general manager of Sichuan Xin Wen Material Trading Co., Ltd. (四川欣聞物資貿易有限責任公司); and president of Consumer Quality Press (消費質量報社). He has been Supervisor of the Company since January 2011 and deputy general manager of Sichuan Daily Newspaper Group since October 2012. Mr. Li graduated from South Western University of Finance and Economics (西南財經大學) with a bachelor degree in Economics. He is also an accountant. Mr. Li resigned on 6 March 2015.

Profile of Directors, Supervisors and Senior Management

Zhou Jing (周靜), born in May 1975, Supervisor of the third session of the Supervisory Committee of the Company, currently assistant to president of Chengdu Hua Sheng (Group) Industry Co. Ltd. (成都市華盛(集團)實業有限公司). She held the positions of deputy chief of household goods department of Chengdu Ito Yokado; assistant to president and senior manager of management department of Luzhou Moore Commercial Co., Ltd. (瀘州摩爾商業有限公司); senior business manager of business development centre and deputy chief of Chengdu Panda Mall Co., Ltd. (成都熊貓萬國商城有限公司); chief of business and investment development department of Southgate Holdings Limited (南大門控股有限公司); and senior manager of business and development consultation of Chengdu Branch of Jones Lang LaSalle. She has been Supervisor of the Company since July 2013. Ms. Zhou holds a master's degree in business administration of Sichuan University. Ms. Zhou resigned on 6 March 2015.

Wang Jianping (王建平), born in August 1954, Supervisor of the third session of the Supervisory Committee of the Company. She held the positions of deputy head of the editorial department of "Hong Ling Jin" magazine (《紅領巾雜誌》); head of chief editorial office, editor of the artist editorial office, vice president and president of Sichuan Youth and Children Press; executive director, general manager and president of Sichuan Youth and Children's Publishing House Co., Ltd. From June 2005 to September 2011, she acted as non-executive Director of the Company. She has been Supervisor of the Company since September 2011. Ms. Wang graduated from Sichuan Normal University majoring in Chinese literature. Ms. Wang resigned on 6 March 2015.

Lan Hong (蘭紅), born in January 1967, currently Supervisor of the Company and deputy head of the board office. She held the positions of deputy section chief of the finance section of Chengdu City Xinhua Bookstore; section chief of the finance and audit section of Sichuan Xinhua Publishing Group; and deputy head of the audit department of the Company. She has been Supervisor of the Company since June 2005 and deputy head of the board office of the Company since June 2007. Ms. Lan graduated from Sichuan Self-study University (四川自修大學) and obtained a graduate certificate in accounting conferred jointly by Sichuan Self-study University and Southwestern University of Finance and Economics. She later completed the course of accounting in Sichuan Radio and Television University. She is a senior accountant and a member of the International Institute of Certified Internal Auditors.

Liu Nan (劉南), born in January 1965, Supervisor of the third session of the Supervisory Committee of the Company; and currently deputy general manager of procurement centre of the Company. She held the positions of deputy manager of the operations department of Sichuan Province Xinhua Bookstore Group Audio and Visual Product Company (四川省新華書店集團音像公司); assistant to general supervisor of the procurement centre of Sichuan Times Xinhua Audio and Visual Product Chainstore Company (四川時代新華音像連鎖公司); and head of the information centre of the Company. She has been Supervisor of the Company since June 2005; and deputy general manager of the procurement centre of the Company since 2007. Ms. Liu graduated from Chengdu University majoring in book publication management. She later obtained a certificate of completion for a master's degree in economics and business administration from Sichuan University and a certificate of completion for advanced courses of excellent business administration (卓越企業管理高級研修班課程) from the School of Continuing Education of Tsinghua University. Ms. Liu completed a specialised course in computer application at Chengdu University. She is also an economist. Ms. Liu resigned on 6 March 2015.

Wang Yan (王焱), born in September 1978, currently Supervisor and deputy head of the financial management centre of the Company. She held the positions of supervisor of reporting team and assistant to head of the financial management centre of the Company, and has served as the deputy head of the financial management centre of the Company since November 2011. She was appointed as Supervisor of the fourth session of the Supervisory Committee of the Company from 6 March 2015. Ms. Wang graduated from Jiangxi University of Finance and Economics, majoring in Financial Management and Economic Laws, and obtained a double degree of Bachelor in Economics and Bachelor in Laws. She is also an accountant and a non-practising member of the Chinese Institute of Certified Public Accountants.

Independent Supervisors

Li Guangwei (李光煒), born in December 1940, independent Supervisor of the third session of the Supervisory Committee of the Company, and currently chairman of the supervisory committee of LIFAN Industry (Group) Co., Ltd (力帆實業(集團)股份有限公司, listed on Shanghai Stock Exchange, stock code: 601777). He held the positions of member of the social affairs committee and vice president of Sichuan Science & Technology Publishing House (四川科學技術出版社); president of Sichuan Education (四川教育出版社); president of Sichuan Science & Technology Publishing House (四川科學技術出版社); president of National Discovery Magazine Press (《大自然探索》雜誌社) and Audio and Visual Technology Magazine Press (《視聽技術》雜誌社). He has been independent Supervisor of the Company since April 2006. Mr. Li graduated from Kunming Polytechnic University (昆明工學院) in 1962, majoring in mechanical science. Mr. Li possesses the professional qualification as an editor. Mr. Li resigned on 6 March 2015.

Fu Daiguo (傅代國), born in October 1964, currently independent Supervisor of the Company; deputy dean and professor of the Western Business School of China, Southwestern University of Finance and Economics (西南財經大學), independent director of Ingenic Semiconductor Co., Ltd (北京君正集成電路股份有限公司) (listed on Shenzhen Stock Exchange, stock code: 300223), Shandong Longlive Bio-Technology Co., Ltd. (山東龍力生物科技股份有限公司) and Core Chemical Inc. (科爾化學股份有限公司). He is also a member of the China Accounting Association (中國會計學會), and vice president of the Chengdu Accounting Association. He has published over 30 papers on corporate accounting issues in a number of well-known periodicals in the field. He held the positions of project manager of Sichuan Province Assets Reorganisation Centre (四川省資產重組中心) and independent director of Sichuan Baoguang Pharmaceuticals Co., Ltd. (四川寶光藥業股份有限公司), Chengdu City People's Shopping Mall (Group) Co., Ltd. (成都人民商場(集團)股份有限公司, listed on Shanghai Stock Exchange, stock code: 600828), China Tungsten and Hightech Materials Co., Ltd. (中鎢高新材料股份有限公司, listed on Shenzhen Stock Exchange, stock code: 000657), Sichuan Zhonghui Pharmaceuticals (Group) Co., Ltd. (四川中匯醫藥(集團)股份有限公司, listed on Shenzhen Stock Exchange, stock code: 000809) and Sichuan Chuanrun Co., Ltd. (四川川潤股份有限公司, listed on Shenzhen Stock Exchange, stock code: 002272). He has been independent Supervisor of the Company since April 2006. Mr. Fu holds a PhD degree in accounting from the Southwestern University of Finance and Economics.

Liu Mixia (劉密霞), born in March 1958, currently independent Supervisor of the Company. She held the positions of deputy head of the financial department of Sichuan Province Winshare Bookstore (四川省新華書店), head of the financial department of Sichuan Province Winshare Bookstore Audio and Visual Product Company (四川省新華書店音像公司) and deputy head of the audit office of Sichuan Xinhua Publishing Group Co., Ltd. She also held position of head of the audit department of the Company, and retired on March 2013. She was appointed as independent Supervisor of the fourth session of the Supervisory Committee of the Company on 6 March 2015. Ms. Liu graduated from the Correspondence College of the Party College of Sichuan Provincial Committee of the Communist Party of China (中共四川省委黨校函授學院), majoring in economics management. She is also an accountant.

SENIOR MANAGEMENT

Yang Miao (楊杪) is the general manager of the Company. Biographical details about Mr. Yang are set out in the section headed "Directors" above.

Chen Dali (陳大利), born in October 1962, currently deputy general manager of the Company; chairman of Sichuan Winshare Education Technological Equipment Co., Ltd. (四川文軒教育技術裝備有限公司); director of Ren Min Eastern (Beijing) Book Industry Co., Ltd. and Hainan Publishing House Co., Ltd. He held the positions of vice president at Sichuan Bashu Book Shop; deputy general manager of Sichuan Xinhua Publishing Group and general manager of Xinhua Publication Company; and general manager of the publication department of the Company. He has been deputy general manager of the Company since June 2005. Mr. Chen obtained his master's degree in the history of Chinese language from Sichuan Normal University and a PhD degree in ancient Chinese literature from Sichuan University.

Zheng Chuan (鄭 川), born in November 1960, currently deputy general manager of the Company; chairman of Sichuan Winshare Arts Investment and Management Co., Ltd. (四川文軒藝術投資管理有限公司); and director of Hainan Publishing House Co., Ltd. (海南出版社有限公司) and Huaying Winshare. Mr. Zheng worked at the Propaganda Department of the Chengdu Municipal Committee of the Communist Party of China (中共成都市委宣傳部) and Yaxiang International Cultural Exchange Center (亞祥國際文化交流中心). He held the positions of assistant to general manager, chief operating officer and director of Sichuan Xinhua Publishing Group, director and chairman of Chengdu Xinhui, director and general manager of Hainan Chuangxiang Cultural Development Co., Ltd. (海南創享文化發展有限公司) and director of Sichuan Wenzhuo. He has been deputy general manager of the Company since January 2010. Mr. Zheng graduated from Sichuan University majoring in philosophy.

An Qingguo (安慶國), born in October 1955, currently deputy general manager of the Company; and director of Winshare Commercial, Hainan Publishing and Beijing Huaxia Shengxuan Book Co. Ltd.; and a graduate tutor at the Department of Journalism of Sichuan University. He held the positions of editor of politics office and deputy head and head of editorial office of "To the Future" of Sichuan People's Publishing House; deputy secretary of Yanyuan County of Sichuan Province of the Communist Party of China; vice president of Sichuan People's Publishing House; and president of Sichuan Education Press. He has been deputy general manager of the Company since December 2010. Mr. An graduated from Sichuan University majoring in philosophy. He possesses the qualification as an editor.

Xiong Hong (熊宏), born in May 1966, currently deputy general manager of the Company; chairman of Sichuan Xinhua Winshare Media Co., Ltd. (四川新華文軒傳媒有限公司) and Winshare VIVI Advertising Media (Chengdu) Co., Ltd. (文軒薇薇廣告傳媒(成都)有限公司); and director of Sichuan VIVI Bride Magazine Co., (四川薇薇新娘雜誌有限公司). He held the positions of head of the editorial office and vice president of Sichuan Literature & Art Publishing House Co., Ltd. (四川文藝出版社有限公司), vice president, president, general manager and executive director of Sichuan Tiandi Publishing House Co., Ltd. (四川天地出版社有限公司), as well as deputy editor-in-chief of the Company. He has been deputy general manager of the Company since March 2015. Mr. Xiong graduated from the Department of Chinese in Peking University majoring in classical literature and obtained a Bachelor of Arts degree. He possesses the professional qualification as an editor.

Li Qiang (李 強), born in May 1973, currently deputy general manager of the Company; chairman of Sichuan Winshare Education Technology Co., Ltd. (四川文軒教育科技有限公司); and director of Sichuan Yaxinshengxiang Education Technology Co., Ltd. (四川亞新盛翔教育科技有限公司). He held the positions of deputy manager of the sales department and manager of the marketing center and operations center of Sichuan Xinhua Publishing Group Textbook Company, assistant to general manager, deputy manager and manager of the textbook service department of the Company, as well as general manager of Sichuan Winshare Education Technology Co., Ltd. (四川文軒教育科技有限公司). Mr. Li served as an employee representative Supervisor of the Company from June 2005 to September 2011. He has been deputy general manager of the Company since March 2015. Mr. Li graduated from Wuhan University with a bachelor's degree in Book Publication. He is also an economist.

You Zugang (游祖剛), born in October 1962, currently secretary to the Board of the Company; director of Chengdu Xinhui and Bank of Chengdu; and a member of the Institute of International Internal Auditors. He held the positions of deputy head of the finance department of Sichuan Province Xinhua Bookstore; deputy general manager of Guangyuan City Xinhua Bookstore; person-in-charge of Sichuan Audiovisual Products Wholesale Market Operations Office (四川圖書音像批發市場辦公室); deputy head of the planning and finance department and head of the audit office of Sichuan Province Xinhua Bookstore; deputy head of the financial management department, head of the audit office, and head of the manager's office of Xinhua Publishing Group; and head of Guangyuan City Management Centre. He has been secretary to the Board of the Company since June 2005. From June 2005 to July 2008, he served as chief administrative officer of the Company. Mr. You obtained a master's degree in business administration from Renmin University of China in August 2002. He is an accountant.

Zhu Zaixiang (朱在祥), born in March 1961, currently chief financial officer of the Company; director of Xinhua Shang Paper and Winshare Investment; vice president of Accounting Society of Sichuan; and chairman of the financial and management working committee of China Xinhua Bookstore Association. He held the positions of deputy section chief of the audit section, section chief of the planning and finance section and head of the planning and finance department of Sichuan Province Xinhua Bookstore; head of the financial management department and chief accountant of Sichuan Xinhua Publishing Group. He has been chief financial officer of the Company since June 2005. Mr. Zhu obtained a master's degree in business administration from Renmin University of China in August 2002. He is a senior qualified accountant.

Report of the Directors

The Directors hereby submit their report, together with the audited financial statements of the Group for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Group's principal activities are (i) the editorial and publishing of publications; (ii) the retailing of books and audio-visual products; and (iii) distribution of textbooks and supplementary materials, etc.

FINANCIAL POSITION AND RESULTS

The financial position of the Group as at 31 December 2014 and the results of the Group for the year ended 31 December 2014 are set out on pages 61 to 64 of this annual report.

DIVIDEND

The Board has proposed the distribution of dividend for the year ended 31 December 2014 totalling RMB0.30 (tax inclusive) per share (2013: RMB0.30 (tax inclusive) per share), totalling RMB341 million (tax inclusive) ("**Dividend for 2014**"). Dividends payable to holders of the domestic shares will be made and paid in RMB, whereas dividends payable to holders of H shares will be declared in RMB and payable in Hong Kong dollars, the exchange rate of which would be calculated based on the average exchange rate published by the People's Bank of China during the week preceding the annual general meeting intended to be held on 13 May 2015 (the "**2014 AGM**").

In accordance with the "Corporate Income Tax Law of the People's Republic of China" and its implementation regulations effective, where a PRC domestic enterprise distributes dividends to non-resident enterprise shareholders, it is required to withhold 10% corporate income tax for such non-resident enterprise shareholders. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of the dividend as corporate income tax, distribute the dividend to non-resident enterprise shareholders, i.e., any Shareholders who hold the Company's shares in the name of non-individual Shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or holders of H shares registered in the name of other groups and organizations.

Pursuant to the letter titled the "Tax arrangements on dividends paid to Hong Kong residents by mainland companies" issued by the Stock Exchange to the issuers on 4 July 2011 and the "State Administration of Taxation Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045" (Guo Shui Han [2011] No. 348), it is confirmed that the overseas resident individual shareholders holding the stocks issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax arrangements between the countries where they reside and China or the tax arrangements between China mainland and Hong Kong (Macau). Therefore, the Company will withhold 10% of the dividend as individual income tax, unless it is otherwise specified by the relevant tax regulations and tax agreements, in which case the Company will withhold individual income tax of such dividends in accordance with the tax rates and according to the relevant procedures as specified by the relevant regulations.

The proposed dividend for 2014 is subject to the approval by Shareholders at the forthcoming 2014 AGM of the Company. In order to ascertain the Shareholders who are entitled to attend 2014 AGM and to receive Dividend for 2014 (if approved by the Shareholders), the register of holders of H shares will be closed during the following periods:

To ascertain Shareholders who are entitled to attend and vote at the 2014 AGM:

Deadline for lodging transfer documents	4:30 p.m. on Friday, 10 April 2015
Closure of register of members of the Company	From Monday, 13 April 2015 to Wednesday, 13 May 2015 (both days inclusive)
Record date	Wednesday, 13 May 2015
Date of convening of the 2014 AGM	Wednesday, 13 May 2015

To ascertain Shareholders who are entitled to the Dividend for 2014:

Deadline for lodging transfer documents	4:30 p.m. on Tuesday, 19 May 2015
Closure of register of members of the Company	From Wednesday, 20 May 2015 to Tuesday, 26 May 2015 (both days inclusive)
Dividend Entitlement Date	Tuesday, 26 May 2015

In order to attend and vote at the 2014 AGM and to qualify for the Company's proposed Dividend for 2014, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Shares registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for the holders of H shares, or the head office of the Company at No. 6 Wenxuan Road, Shang Mao Avenue, Cheng Bei, Chengdu, Sichuan, the PRC (Postal code: 610081), for the holders of domestic shares, for registration before the deadline for lodging the transfer documents.

Holders of H shares and domestic shares whose names appear on the register of members of the Company on 13 May 2015 will be entitled to attend and vote at the 2014 AGM. Holders of H shares and domestic shares whose names appear on the register of members of the Company on 26 May 2015 (the "**Dividend Entitlement Date**") will be entitled to the Company's Dividend for 2014, if approved by Shareholders.

Should the holders of H shares have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax impact in the PRC, Hong Kong and/or other countries (regions) on the possession and disposal of the H shares.

Each Shareholder should read the information in this paragraph carefully. If anyone would like to change the identity of Shareholder, please enquire about the relevant procedures with the nominees or trustees. The Company is neither obligated nor responsible for ascertaining the identities of the Shareholders. In addition, the Company will strictly comply with the relevant laws or regulations on withholding corporate income tax and individual income tax and strictly follow the Company's H shares register as at the Dividend Entitlement Date and will not entertain any requests or claims or accept any liabilities in relation to any delay or inaccuracy in ascertaining the identity of the Shareholders or any disputes over the arrangement of withholding of corporate income tax and individual income tax.

FINANCIAL SUMMARY

A summary of the annual results, assets, liabilities and interests of the Group, etc. for the last five years is set out in the section headed "Financial Summary" on page 4 of this annual report.

FIXED ASSETS

Details of movements of the Group's fixed assets during the Year are set out in note 16 to the consolidated financial statements in this annual report.

RESERVES

Details of movements of the Group's reserves during the Year are set out in the "Consolidated Statement of Changes in Equity" in this annual report. Details of the Company's reserves available for distribution to Shareholders as at 31 December 2014 are set out in note 35 to the consolidated financial statements in this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2014, the sales to five largest customers of the Group accounted for approximately 15.12% of the total turnover of the Group. The sales to the largest customer accounted for approximately 12.86% of the total turnover of the Group.

For the year ended 31 December 2014, the five largest suppliers of the Group accounted for approximately 13.95% of the total purchases of the Group. The largest supplier accounted for approximately 3.27% of the total purchases of the Group.

During the Year, none of the Directors, Supervisors or their associates or any Shareholder (so far as the Directors are aware) holding more than 5% equity interest in the Company had any beneficial interest in any of the Group's five largest customers and five largest suppliers.

CONTINGENT LIABILITIES

As at 31 December 2014, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 31 December 2014, other than the Group's pledged deposits of RMB24.23 million, pledged assets in respect of the prepaid lease payments for land use rights of RMB28.47 million and property, plant and equipment of RMB34.10million, the Group did not have any other assets under pledge or guarantee.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES

Particulars of the Company's principal subsidiaries, joint ventures and associated companies are set out in notes 44, 22 and 21 to the consolidated financial statements in this annual report.

CONNECTED TRANSACTIONS

Non-Exempted Connected Transactions

During the Year, the Company has strictly complied with the requirements specified under Chapter 14A of the Listing Rules in respect of its connected transactions and has obtained the approvals from independent Shareholders (where necessary). Details of the relevant connected transactions are as follows:

Acquisition of 100% equity interest in Xinhua Printing

On 10 April 2014, the Company entered into the equity transfer agreement with SPG to acquire 100% equity interest in Xinhua Printing held by SPG at a total consideration of RMB168,599,000 (Consideration of RMB144,840,000 plus the payment of the Apportioned Relocation Compensation of RMB23,759,000). Such acquisition has been approved by SASAC of Sichuan and/or other statutory authorised authorities and has been made by way of agreement transfer conducted in accordance with the relevant PRC laws and regulations with respect to transfer of state-owned assets. The transfer of equity interest has been completed. Please refer to the announcement of the Company dated 10 April 2014 for details of the acquisition of equity interest.

Disposal of 3% equity interest in Sichuan Wenzhuo

On 10 July 2014, the Company entered into the equity transfer agreement with SPG to sell 3% equity interest in Sichuan Wenzhuo to SPG at a consideration of RMB19,153,100. Such disposal has been approved by SASAC of Sichuan and/or other statutory authorised authorities and has been made by way of agreement transfer conducted in accordance with the relevant PRC laws and regulations with respect to transfer of state-owned assets. The transfer of equity interest has been completed. Please refer to the announcement dated 10 July 2014 and the circular dated 31 July 2014 of the Company for details of the disposal of equity interest.

Non-Exempted Continuing Connected Transactions

During the Year, the Company has strictly complied with the requirements specified under Chapter 14A of the Listing Rules in respect of its continuing connected transactions and has obtained the approvals from independent Shareholders (where necessary). Details of the relevant continuing connected transactions are as follows:

1. **Transactions with Sichuan Xinhua Publishing Group and its subsidiaries**

   Sichuan Xinhua Publishing Group is the controlling shareholder (as defined in the Listing Rules) and the promoter of the Company, holding 52.22% equity interest in the Company. Under Chapter 14A of the Listing Rules, Sichuan Xinhua Publishing Group and its subsidiaries are connected persons of the Company.

   (i) Leases entered into between the Company and Sichuan Xinhua Publishing Group

   On 20 December 2012, the Company and Sichuan Xinhua Publishing Group renewed the leasing agreement in connection with the leasing of certain buildings in Sichuan Province of the PRC to the Group by Sichuan Xinhua Publishing Group during the period from 1 January 2013 to 31 December 2015 as offices, warehouses and retail outlets. Please refer to the announcement of the Company dated 20 December 2012 for details of the above lease agreement.

   For the year ended 31 December 2014, the rental payment made by the Group to Sichuan Xinhua Publishing Group pursuant to the above leasing agreement amounted to RMB35,687,000.

   (ii) Sales arrangements between the Company and Sichuan Xinhua Publishing Group in respect of Sanzhou Xinhua Bookstores

   According to the decision of the People's Government of Sichuan Province of the PRC to transfer the ownership and management of state-owned assets of Sanzhou Xinhua Bookstores in three autonomous prefectures of Ganzi, Aba and Liangshan ("**Sanzhou Xinhua Bookstores**") to the local prefecture and county (city) government for management, since 2010, Sichuan Xinhua Publishing Group had successively transferred the assets of Xinhua Bookstores owned by Sanzhou Xinhua Bookstores to the local prefecture or county government for management at nil consideration. In 2014, Sichuan Xinhua Publishing Group transferred the last batch of assets of Sanzhou Xinhua Bookstores to the local government based on the date of 31 December 2013, and ceased to manage Sanzhou Xinhua Bookstores since 1 January 2014 and incorporate Sanzhou Xinhua Bookstores into its financial statements. Since then, all the procedures for transfer of the ownership and management of the assets of Sanzhou Xinhua Bookstores were completed. Sanzhou Xinhua Bookstores ceased to be connected persons of the Company from 1 January 2014.

(iii) Renewal of Property Management Agreement between the Company and Chengdu Huang Peng Property Co., Ltd. (成都皇鵬物業有限責任公司) ("**Huang Peng Property**")

On 20 December 2012, the Company and Huang Peng Property, a wholly-owned subsidiary of Sichuan Xinhua Publishing Group, renewed the Property Management Agreement ("**Property Management Agreement**") in connection with the provision of property management services to the Group by Huang Peng Property for the period from 1 January 2013 to 31 December 2015. Given part of the construction of "Western China Cultural Products Logistics Centre" were put into use in 2014, it is expected that there will be an increase in the area and scope with respect to the property management services to be provided by Huang Peng Property to the Group. On 17 November 2014, the Company revised the annual caps for the Property Management Agreement for two years ended 31 December 2014 and 31 December 2015. Please refer to the announcements of the Company dated 20 December 2012 and 17 November 2014 for details of the Property Management Agreement and the revision of the annual caps.

For the year ended 31 December 2014, RMB7,558,000 in total was paid to Huang Peng Property by the Company in respect of the property management services provided to the Group according to the above Property Management Agreement.

2. Transaction with Shantou Guang Shang Packaging Co., Ltd. (汕頭市廣商包裝有限公司) ("Shantou Guang Shang")

Xinhua Shang Paper is a subsidiary of the Company and is held as to 49% equity interest by Shantou Guang Shang, which is a substantial shareholder of Xinhua Shang Paper. Under the Chapter 14A of the Listing Rules, Shantou Guang Shang is a connected person of the Company. Under Rule 14A.09 of the Listing Rules effective on 1 July 2014, Shantou Guang Shang ceased to be a connected person of the Company from 1 July 2014.

On 13 January 2012, Xinhua Shang Paper and Shantou Guang Shang renewed the Paper Supply Agreement, pursuant to which Xinhua Shang Paper agreed to supply papers to Shantou Guang Shang and its subsidiaries for the period from 13 January 2012 to 31 December 2014. Please refer to the announcement of the Company dated 13 January 2012 for details of the Paper Supply Agreement.

For the six months ended 30 June 2014, the sales to Shantou Guang Shang according to the above Paper Supply Agreement from Xinhua Shang Paper amounted to RMB8,834,000 in total.

3. Transactions with SPG and its subsidiaries

SPG is a wholly-owned subsidiary of Sichuan Development. According to Chapter 14A of the Listing Rules, SPG is a connected person of the Company.

(i) Printing Equipment and Materials Supply Agreement between the Company and SPG

On 24 February 2012, the Company and SPG entered into the Printing Equipment and Materials Supply Agreement, pursuant to which the Group shall provide certain printing equipment and materials to SPG Group for the period from 1 January 2012 to 31 December 2014. Please refer to the announcement of the Company dated 24 February 2012 for details of the above Printing Equipment and Materials Supply Agreement.

For the year ended 31 December 2014, the sales to SPG from the Group according to the above Printing Equipment and Materials Supply Agreement amounted to RMB1,602,000 in total.

(ii) Paper Supply Agreement between the Company and SPG

On 24 February 2012, the Company and SPG entered into the Paper Supply Agreement in connection with the provision of printing papers by the Group to SPG Group for the period from 1 January 2012 to 31 December 2014. Please refer to the announcement of the Company dated 24 February 2012 for details of the above Paper Supply Agreement.

For the year ended 31 December 2014, the sales to SPG from the Group according to the above Paper Supply Agreement amounted to RMB2,772,000 in total.

(iii) Printing Services Framework (Renewal) Agreement between the Company and SPG

On 12 December 2013, the Company and SPG entered into the Printing Services Framework (Renewal) Agreement, pursuant to which the subsidiaries of SPG shall provide publication printing services to the Group for the period from 1 January 2014 to 31 December 2016. Please refer to the announcement of the Company dated 12 December 2013 for details of the above Printing Services Framework Agreement.

For the year ended 31 December 2014, the payment made by the Group to the subsidiaries of SPG according to the above Printing Services Framework Agreement amounted to RMB5,361,000 in total.

(iv) Lease Framework (Renewal) Agreement between the Company and SPG

On 12 December 2013, the Company and SPG entered into the Lease Framework (Renewal) Agreement, pursuant to which SPG shall lease certain buildings and warehouses owned by it to the Group as offices and warehouses as well as shall provide ancillary property management services to the Group for the period from 1 January 2014 to 31 December 2016. Please refer to the announcement of the Company dated 12 December 2013 for details of the above Lease Framework (Renewal) Agreement.

For the year ended 31 December 2014, the rental and property management fees paid by the Group to SPG according to the above Lease Framework Agreement amounted to RMB15,898,000 in total.

As SPG divested and transferred its original publishing, printing and other businesses in 2014, thus the transactions (i), (ii) and (iii) mentioned above ceased to be the connected transactions between the Company and SPG since 1 January 2015.

4. **Transaction with Winshare Online**

Winshare Online is a non-wholly owned subsidiary of the Company whilst Sichuan Xinhua Publishing Group, the controlling shareholder of the Company, holds 25% equity interest in Winshare Online. As such, Winshare Online is a connected subsidiary of the Company under Chapter 14A of the Listing Rules.

On 20 December 2012, the Company renewed the Publications Purchase Agreement with Winshare Online, pursuant to which Winshare Online shall purchase the publications from the Company for the period from 1 January 2013 to 31 December 2015 for sale at Winshare Online's e-commerce platform, Winshare Web. Please refer to the announcement dated 20 December 2012 and the circular dated 9 January 2013 of the Company for details of the above Publications Purchase Agreement.

For the year ended 31 December 2014, the purchase made by Winshare Online to the Company according to the above Publications Purchase Agreement amounted to RMB368,736,000 in total.

The independent non-executive Directors of the Company have reviewed the aforementioned continuing connected transactions and confirmed that the transactions were entered into:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms, or better terms (as defined in the Listing Rules); and

(3) on the terms of the respective transaction agreements, for which terms of such transactions are fair and reasonable and in the interests of the Company and Shareholders as a whole.

In accordance with Rule 14A.56 of the Listing Rules, the Company has engaged its international auditor, Deloitte Touche Tohmatsu, to perform annual review in respect of the above continuing connected transactions. Deloitte Touche Tohmatsu has performed limited audit assurance procedures on the aforementioned continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants, and has separately issued a letter to report to the Board that the aforementioned continuing connected transactions:

(1) have been approved by the Board;

(2) have been effected in accordance with pricing policies specified under the respective agreements relating to the transactions in material aspects;

(3) have been entered into on the terms of the respective agreements relating to the transactions in material aspects; and

(4) do not exceed the annual cap amounts as disclosed in the relevant announcements.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2014, the Group had a total of 8,259 (31 December 2013: 8,539) employees.

The Company endeavours to safeguard the legal interests of the employees and to explore growth potentials for its employees. The Company reviews the employee remuneration policy regularly and continues to improve and optimise its remuneration management system. The Company has established a unified target salary system that is based on the value of position. By adhering to the principle of "unified regulation, hierarchical control and process supervision", the Company is able to perfect its salary management system to achieve a scientific and standardised income allocation. Through optimising the system of performance appraisal and remuneration and fringe benefits, the income level and fringe benefits that the employees are entitled to are enhanced so that the employees can share the achievements of the enterprise in the course of its growth and development.

The standard remuneration package of the Company includes basic salary, performance-based bonus and benefits. Fringe benefits including pension insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing welfare funds are available to the employees pursuant to the relevant policies of the state. In order to enhance long-term incentives of the Company's remuneration and benefit system, the Company has also implemented the corporate annuity plan to provide further retirement protection to the employees.

For the year ended 31 December 2014, the Group made post-retirement plan contributions and corporate annuity scheme aggregate contributions of RMB107.96 million (2013: RMB102.64 million) for its employees. Details of such schemes are set out in note 42 to the consolidated financial statements in this annual report.

The Company has introduced a position's qualifications based programme, created a platform for internal staffs to display and communicate through training, exploited the potential of human resources of the Company and enhanced the cultivation for reserve talents. The Company continues to enhance the quality of business and working abilities of its staff at all levels through e-learning, experimental training, knowledge base development, leading enterprise learning and knowledge contest so as to safeguard the achievement of strategic operating objectives for the year and the sustainable development of the Company.

SHARE CAPITAL

As at 31 December 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 defacto 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..

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

There is no movement in the share capital of the Company during the Year.

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

On 31 December 2014, so far as is known to the Directors and Supervisors of the Company, 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

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. Hua Sheng Group has pledged all the shares in the Company held by it.

Save as disclosed above, as at 31 December 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 and 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 of the Company, who is the chairman of Sichuan Xinhua Publishing Group; (ii) Mr. Luo Jun and Mr. Zhang Chengxing, the non-executive directors of the Company, who are the 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 31 December 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.

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 31 December 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 set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into during the Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association and the laws of the PRC which would otherwise require the preferential offer of new shares of the Company to existing Shareholders.

PUBLIC FLOAT

In accordance with publicly available information and so far as the Directors of the Company are aware, as at the date of this annual report, more than 25% of the issued shares of the Company are held by the public, which is in compliance with the Listing Rules.

NON-COMPETITION UNDERTAKING AND SANZHOU ACQUISITION OPTION

Sichuan Xinhua Publishing Group has declared to the Company that, it had complied with the Non-Competition Undertaking (as defined in the Company's prospectus dated 16 May 2007 (the "**Prospectus**") during the Year.

According to the decision of the People's Government of Sichuan Province of the PRC to transfer the state-owned assets of Sanzhou Xinhua Bookstores in Ganzi, Aba and Liangshan to the local prefecture and county (city) government for management, since 2010, Sichuan Xinhua Publishing Group had successively transferred the assets owned by Sanzhou Xinhua Bookstores to the local prefecture or county government for management at nil consideration. In 2014, all the procedures for transfer of the assets of Sanzhou Xinhua Bookstores were completed.

The independent non-executive Directors have conducted an annual review on the businesses of the Sanzhou Xinhua Bookstores, and given the above-mentioned arrangement made by the People's Government of Sichuan Province, the independent non-executive Directors have resolved not to exercise the Sanzhou Acquisition Option (as defined in the Prospectus) or the right of first refusal under the Non-Competition Undertaking.

COMPLIANCE WITH THE CG CODE

The Company is committed to achieving sound corporate governance, continuously perfecting and optimising the internal control system of the Company. The Company has adopted and complied with all applicable code provisions of the CG Code set out in Appendix 14 to the Listing Rules during the Year. Details of compliance with the CG Code contained in Appendix 14 to the Listing Rules are set out in the section "Corporate Governance Report" in this annual report.

DIRECTORS AND SUPERVISORS

During the Year and as at the date of this annual report, the Directors and Supervisors of the Company are as follows:

Executive Directors

Mr. Gong Cimin
Mr. Luo Yong
Mr. Yang Miao (appointed on 6 March 2015)

Non-Executive Directors

Mr. Luo Jun
Mr. Zhang Chengxing (resigned on 6 March 2015)
Mr. Zhang Peng
Mr. Zhao Junhuai

Independent Non-Executive Directors

Mr. Mak Wai Ho
Mr. Han Liyan
Mr. Mo Shixing (resigned on 6 March 2015)
Ms. Xiao Liping (appointed on 6 March 2015)

Supervisors

Mr. Xu Ping
Mr. Xu Yuzheng
Mr. Li Kun (resigned on 6 March 2015)
Ms. Zhou Jing (resigned on 6 March 2015)
Ms. Lan Hong
Ms. Liu Nan (resigned on 6 March 2015)
Ms. Wang Jianping (resigned on 6 March 2015)
Ms. Wang Yan (appointed on 6 March 2015)

Independent Supervisors

Mr. Li Guangwei (resigned on 6 March 2015)
Mr. Fu Daiguo
Ms. Liu Mixia (appointed on 6 March 2015)

CHANGE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

A. Change of Directors

The term of office for the Directors of the third session of the Board of the Company expired in 2014. According to the Articles of Association of the Company, at the third meeting of the Board of the Company held on 13 January 2015, it was resolved to propose Mr. Gong Cimin, Mr. Luo Yong, Mr. Luo Jun, Mr. Zhang Peng, Mr. Zhao Junhuai, Mr. Han Liyan and Mr. Mak Wai Ho as candidates of the fourth session of the Board for re-election, and Mr. Yang Miao and Ms. Xiao Liping as candidates for new directors of the fourth session of the Board. At the extraordinary general meeting of the Company held on 6 March 2015, Mr. Gong Cimin, Mr. Luo Yong, Mr. Yang Miao were elected as executive Directors of the fourth session of the Board; Mr. Luo Jun, Mr. Zhang Peng and Mr. Zhao Junhuai were elected as non-executive Directors of the fourth session of the Board; Mr. Han Liyan, Mr. Mak Wai Ho and Ms. Xiao Liping were elected as independent non-executive Directors of the fourth session of the Board. According to the Articles of Association, the term of office for each session of the Board is three years.

As resolved at the first meeting of the fourth session of the Board in 2015, Mr. Gong Cimin was elected as the Chairman of the fourth session of the Board, with effect from 6 March 2015.

Mr. Zhang Chengxing and Mr. Mo Shixing retired as the Directors of the Company with effect from 6 March 2015.

B. Change of Supervisors

The term of office for Supervisors of the third session of the Supervisory Committee of the Company expired in 2014. The fourth session of the Supervisory Committee of the Company shall comprise 6 Supervisors, including 2 Supervisors representing the Shareholders, 2 independent Supervisors and 2 Supervisors representing the staff. On 13 January 2015, at the first meeting of the third session of the Supervisory Committee in 2015, Mr. Xu Ping, Mr. Xu Yuzheng and Mr. Fu Daiguo were proposed as candidates for Supervisors of the fourth session of the Supervisory Committee for re-election; and Ms. Liu Mixia was proposed as a candidate for new Supervisor of the fourth session of the Supervisory Committee. At the extraordinary general meeting of the Company held on 6 March 2015, Mr. Xu Ping, Mr. Xu Yuzheng were elected as Supervisors of the fourth session of the Supervisory Committee; Mr. Fu Daiguo and Ms. Liu Mixia were elected as independent Supervisors of the fourth session of the Supervisory Committee, who together with Ms. Lan Hong and Ms. Wang Yan, Supervisors representing the staff elected at the staff representative meeting of the Company, comprise of the fourth session of the Supervisory Committee. According to the Articles of Association, the term of office for each session of the Supervisory Committee shall be three years.

As resolved at the first meeting of the fourth session of the Supervisory Committee in 2015, Mr. Xu Ping was elected as the Chairman of the fourth session of the Supervisory Committee, effective from 6 March 2015. Mr. Li Kun, Ms. Zhou Jing, Ms. Liu Nan, Ms. Wang Jianping and Mr. Li Guangwei, being Supervisors, retired as the Supervisors of the Company with effect from 6 March 2015.

For details of the above session changes of the Board and the Supervisory Committee, please refer to the announcement dated 13 January 2015, the circular dated 19 January 2015 and the announcement dated 6 March 2015 of the Company in relation to results of extraordinary general meeting.

C. Change of Senior Management

On 6 March 2015, as considered and approved at the second meeting of the fourth session of the Board in 2015, Mr. Yang Miao was re-appointed as the general manager and Mr. You Zugang was re-appointed as the secretary to the Board. As nominated by the general manager, Mr. Chen Dali, Mr. An Qingguo, Mr. Zheng Chuan, Mr. Xiong Hong and Mr. Li Qiang was appointed as the deputy general managers, and Mr. Zhu Zaixiang was appointed as the chief financial officer.

Save as disclosed above, during the Year and up to the date of this annual report, there are no other changes relating to Directors, Supervisors and senior management of the Company.

CHANGE OF BOARD COMMITTEES

On 6 March 2015, as considered and resolved at the first meeting of the fourth session of the Board in 2015: 1) the Editorial and Publication Committee was cancelled under the Board of Directors; 2) the special committees of the new session of the Board and its composition are as follows:

Strategy and Investment Planning Committee of the Board:

Mr. Zhao Junhuai *(Chairman)*
Mr. Han Liyan
Mr. Yang Miao

Audit Committee of the Board:

Mr. Mak Wai Ho *(Chairman)*
Mr. Han Liyan
Mr. Zhang Peng

Remuneration and Review Committee of the Board:

Mr. Han Liyan *(Chairman)*
Ms. Xiao Liping
Mr. Luo Jun

Nomination Committee of the Board:

Mr. Han Liyan *(Chairman)*
Ms. Xiao Liping
Mr. Luo Jun

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

As at the date of this annual report, none of the Directors and Supervisors of the Company had entered into any service contracts with the Company or any of its subsidiaries, which were not determinable within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND SUPERVISORS' INTERESTS IN MATERIAL CONTRACTS

During the Year, none of the Directors and Supervisors had any direct or indirect material interest in any contracts of significance to which the Company, its holding company, or any of its subsidiaries and subsidiaries of its holding company was a party and remained subsisting at the end of the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the date of this annual report, so far as the Directors are aware, neither Sichuan Xinhua Publishing Group nor its subsidiaries (excluding the Company) was engaged in any business activities which are or may be in direct or indirect competition with the business of the Group.

Save as disclosed above, none of other Directors, Supervisors and their respective associates (as defined in the Listing Rules) had any interest in any business which is or may be in direct or indirect competition with that of the Group.

EMOLUMENTS OF DIRECTORS AND SUPERVISORS AND REMUNERATIONS OF THE FIVE HIGHEST PAID INDIVIDUALS

Remunerations of the Directors and Supervisors are determined by the Remuneration and Review Committee by reference to the remuneration standards of similar companies, time commitment of the Directors and Supervisors and terms of references, etc.

Report of the Directors

Details of the emoluments of the Directors and Supervisors and remunerations of the five highest paid individuals of the Company for the Year are set out in note 13 to the consolidated financial statements in this annual report.

During the Year, there were a total of 6 senior management officers of the Company (excluding Directors and Supervisors) with remuneration in the following band:

Remuneration band HK$	Number of senior management officers
0-1,000,000	6

BOARD OF DIRECTORS AND BOARD COMMITTEES

Details of the Board and Board Committees are set out in the section "Corporate Governance Report" in this annual report.

SHARE APPRECIATION RIGHT INCENTIVE SCHEME

During the Year, the Share Appreciation Right Incentive Scheme was not yet implemented.

MATERIAL LITIGATION

For the year ended 31 December 2014, the Company was not involved in any litigation, arbitration or claims of material importance and there was no litigation or claim of material importance which was known to the Directors to be pending or threatened by or against the Company.

AUDIT COMMITTEE

The Company has established the Audit Committee in compliance with Appendix 14 to the Listing Rules with specific written terms of reference.

The Audit Committee has reviewed the audited consolidated financial statements of the Group as set out in this annual report for the Year and has communicated and discussed the financial reporting and internal control with the management and auditors of the Company. The Audit Committee considered that the consolidated financial statements have been prepared in accordance with applicable accounting standards and requirements and appropriate disclosures were made.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events after the reporting period are set out in note 48 to the consolidated financial statements in this annual report.

AUDITORS

At the annual general meeting of the Company held on 14 May 2014, it was approved that Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu CPA (special general partnership) were re-appointed as the international and PRC auditors of the Company respectively for the year 2014, and the Board was authorised to determine and approve their remunerations.

The consolidated financial statements for 2014 of the Group, prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, have been audited by Deloitte Touche Tohmatsu. The terms of office of Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu CPA will expire on the date of the forthcoming 2014 AGM of the Company, and shall be eligible for re-appointment at the 2014 AGM.

By order of the Board
Gong Cimin
Chairman

10 March 2015

During the Year, the Supervisory Committee carried out its supervisory duties in a conscientious and diligent manner to protect the interests of the Company and all Shareholders in accordance with the requirements of the Company Law, the Listing Rules and the Articles of Association and provisions of other relevant laws.

1. MEETINGS HELD BY THE SUPERVISORY COMMITTEE

During the Year, the Company convened 4 Supervisory Committee meetings, at which the number of Supervisors present was in compliance with relevant provisions of the Company Law and the Articles of Association. Resolutions regarding the Report of Supervisory Committee for 2013, Audited Consolidated Financial Report for 2013, Profit Distribution Proposal for 2013, Annual Report for 2013, Unaudited Consolidated Financial Report for the six months ended 30 June 2014 and financial report relating to the initial public offering of A shares of the Company were considered and approved at the meeting of the Supervisory Committee.

At the meeting of the Supervisory Committee, the Supervisory Committee carefully considered the reporting on the operating results and financial condition of the Company for 2013 by the management; communicated with Deloitte Touche Tohmatsu, the international auditor of the Company, and Deloitte Touche Tohmatsu CPA, the PRC auditor of the Company, in relation to the audit issues for 2013; detailedly discussed in respect of the problems raised during the reporting and communication; and opined that the Company should strengthen the construction of internal control system, control and guidance of subsidiaries. In addition, Matters of significance including connected transactions, external investment, and purchase and sale of assets were also considered and discussed by the Supervisory Committee, and constructive advice and recommendations in respect of such transaction matters were made to the Board, by which the supervisory function of the Supervisory Committee was effectively exercised.

2. SUPERVISION AND INSPECTION CONDUCTED BY THE SUPERVISORY COMMITTEE

During the Year, the Supervisory Committee had duly carried out its supervisory duties with a view to protecting the interests of the Company and its Shareholders as a whole. In order to supervise the legality and compliance in the financial and critical decision-making process of the Company, internal control management, and the performance of duties of Board members and senior management officers, members of the Supervisory Committee were present at each Board meeting and general meeting of the Company, communicated and discussed with the Company's management and annual auditors, reviewed the operating and management information provided by the Company regularly, and carried out on-site visits in respect of the operating and management conditions of some subsidiaries of the Company so as to understand the Company's operating condition, financial position and business operations in a timely manner. The Supervisory Committee is of the view that the decision-making procedures of each Board meeting during the Year were legitimate and that the Board had duly implemented the resolutions of the general meetings and faithfully carried out their fiduciary duties. The Supervisory Committee is not aware of any act of the Directors and senior management officers of the Company that was in breach of the Articles of Association and other laws, regulations or detrimental to the interests of the Company and an infringement of the interests of the Shareholders in the course of performance of their duties.

3. INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE ON CERTAIN MATTERS OF THE COMPANY IN 2014

(1) Operation of the Company in accordance with the Laws

During the year 2014, the Company operated and regulated its management in accordance with the laws. Its operating results were fair and true. It also established a relatively complete internal control system. The Directors and senior management officers of the Company acted carefully and diligently in its business operation and management process and aggressively progressed. The Supervisory Committee is not aware of any act of the Directors and senior management officers of the Company that was in breach of laws and regulations and detrimental to the interests of the Company and its Shareholders as a whole in the course of performance of their duties.

(2) Financial position of the Company

The consolidated financial report of the Company for 2014 was audited by Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu CPA, its auditors for the Year, respectively according to international and PRC accounting standards, and the audited reports with unqualified opinion were issued. After reviewing the Consolidated Financial Report for 2014, the Supervisory Committee is of the view that the preparation of the financial report in this annual report was in compliance with the relevant requirements of the Accounting Standards for Enterprises and truly, objectively and accurately reflected the financial position and operating results of the Group for the Year.

(3) Connected transactions of the Company

The Supervisory Committee has supervised and verified the Company's connected transactions (including continuing connected transactions) during the year 2014, and is not aware of any connected transactions that were not conducted at fair prices and were against the interests of the Company and minority Shareholders.

(4) Acquisition and disposal of assets by the company and external investments

The Supervisory Committee has supervised the acquisition and disposal of assets and external investments conducted by the Company in 2014 and is not aware of any insider dealing or any act that was against the interests of Shareholders and would result in losses to the Company's assets in the acquisition and disposal of assets and material investment.

In 2015, the Supervisory Committee will continue to fulfil its supervisory and examination functions in compliance with the applicable laws, regulations and provisions of the Articles of Association and under the principle of full accountability to all the Shareholders and strive to safeguard the legal interests of the Company and Shareholders, taking an active role in regulating the operation and development of the Company.

By order of the Supervisory Committee
Xu Ping
Chairman

10 March 2015

Deloitte.
德勤

TO THE SHAREHOLDERS OF
XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.
(A joint stock limited company established in the People's Republic of China)

We have audited the consolidated financial statements of Xinhua Winshare Publishing and Media Co., Ltd. (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 61 to 162, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

10 March 2015

Consolidated Statement of Profit or Loss

For the year ended 31 December 2014

	NOTES	Year ended 31/12/2014 RMB'000	Year ended 31/12/2013 RMB'000
Revenue	6	**5,270,061**	5,135,074
Cost of sales and services		**(3,246,785)**	(3,106,174)
Gross profit		**2,023,276**	2,028,900
Other income and gains	8	**245,454**	251,091
Distribution and selling expenses		**(998,305)**	(984,392)
Administrative expenses		**(579,775)**	(587,177)
Other expenses		**(75,925)**	(118,577)
Share of (loss)/profit of associates		**(10,397)**	1,464
Share of profit of joint ventures		**3,533**	4,263
Finance income/(cost), net	9	**6,610**	(591)
Profit before tax		**614,471**	594,981
Income tax expense	10	**(1,192)**	(446)
Profit for the year	12	**613,279**	594,535
Profit for the year attributable to			
Owners of the Company		**634,566**	623,414
Non-controlling interests		**(21,287)**	(28,879)
		613,279	594,535
EARNINGS PER SHARE			
Basic (RMB)	15	**0.56**	0.55

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

	NOTES	Year ended 31/12/2014 RMB'000	Year ended 31/12/2013 RMB'000
Profit for the year		**613,279**	594,535
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 reclassified subsequently to profit or loss:			
Fair value gain on available-for-sale investments	23	**258,731**	130,249
Other comprehensive income for the year	11	**252,255**	130,249
Total comprehensive income for the year		**865,534**	724,784
Total comprehensive income attributable to:			
Owners of the Company		**886,821**	753,663
Non-controlling interests		**(21,287)**	(28,879)
		865,534	724,784

Consolidated Statement of Financial Position

At 31 December 2014

	NOTES	31/12/2014 RMB'000	31/12/2013 RMB'000
Non-current Assets			
Property, plant and equipment	16	**1,447,282**	1,288,295
Prepaid lease payments for land use rights	17	**263,438**	122,307
Investment properties	18	**40,834**	18,684
Goodwill	19	**504,301**	504,301
Other intangible assets	20	**71,631**	64,496
Interests in associates	21	**227,618**	40,851
Interests in joint ventures	22	**418,797**	434,068
Available-for-sale investments	23	**1,578,112**	1,283,779
Deferred tax assets	36	**34,089**	37,917
Long-term prepayments	24	**199,570**	164,336
Long-term trade receivable		**28,574**	–
Entrusted loan	25	**120,000**	120,000
		4,934,246	4,079,034
Current Assets			
Trade and bills receivables	26	**596,741**	668,433
Prepayments, deposits and other receivables	27	**468,288**	380,851
Inventories	28	**1,308,768**	1,399,151
Available-for-sale investment	23	**100,000**	–
Short-term investments	29	**94,892**	27,140
Pledged bank deposits and restricted cash	30	**48,253**	82,459
Cash and short-term deposits	30	**1,358,503**	1,485,040
		3,975,445	4,043,074
Assets classified as held for sale	31	**–**	126,673
		3,975,445	4,169,747
Current Liabilities			
Interest-bearing bank borrowings	37	**50,000**	65,000
Trade and bills payables	32	**2,109,602**	2,119,147
Deposits received, other payables and accruals	33	**885,325**	756,868
Tax liabilities		**1,201**	3,080
		3,046,128	2,944,095
Net Current Assets		**929,317**	1,225,652
Total Assets less Current Liabilities		**5,863,563**	5,304,686

Consolidated Statement of Financial Position

At 31 December 2014

	NOTES	31/12/2014 RMB'000	31/12/2013 RMB'000
Capital and Reserves			
Issued capital	34	**1,135,131**	1,135,131
Reserves	35	**4,338,097**	3,795,395
Proposed dividends	14	**340,539**	340,539
Equity attributable to owners of the Company		**5,813,767**	5,271,065
Non-controlling interests		**7,104**	33,621
Total Equity		**5,820,871**	5,304,686
Non-current Liabilities			
Deferred tax liabilities	36	**42,692**	–
		42,692	–
Total Equity and Non-current Liabilities		**5,863,563**	5,304,686

The consolidated financial statements on pages 61 to 162 were approved and authorised for issue by the board of directors on 10 March 2015 and are signed on its behalf by:

Gong Cimin
DIRECTOR

Yang Miao
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Attributable to owners of the Company									
	Issued capital RMB'000	Share premium RMB'000	Capital reserves RMB'000 (Note 35)	Statutory surplus reserve RMB'000 (Note 35)	Revaluation reserve RMB'000 (Note 35)	Proposed dividends RMB'000	Retained profits RMB'000 (Note 35)	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
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 year	–	–	–	–	–	–	623,414	623,414	(28,879)	594,535
Other comprehensive income for the year (note 11)	–	–	–	–	130,249	–	–	130,249	–	130,249
Total comprehensive income for the year	–	–	–	–	130,249	–	623,414	753,663	(28,879)	724,784
Final dividends for 2012	–	–	–	–	–	(340,539)	–	(340,539)	–	(340,539)
Dividends to non-controlling equity holders	–	–	–	–	–	–	–	–	(1,029)	(1,029)
Acquisition of non-controlling interests	–	–	37	–	–	–	–	37	(10,037)	(10,000)
Investment in subsidiaries from non-controlling equity holders	–	–	–	–	–	–	–	–	17,150	17,150
Appropriation to statutory surplus reserve	–	–	–	57,261	–	–	(57,261)	–	–	–
Proposed dividends for 2013	–	–	–	–	–	340,539	(340,539)	–	–	–
Disposal of subsidiaries	–	–	–	–	–	–	–	–	(32,906)	(32,906)
Deemed disposal of a subsidiary	–	–	–	–	–	–	–	–	(306,794)	(306,794)
At 31 December 2013	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
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 year							634,566	634,566	(21,287)	613,279
Other comprehensive income for the year (note 11)	–	–	–	–	252,255	–	–	252,255	–	252,255
Total comprehensive income for the year	–	–	–	–	252,255	–	634,566	886,821	(21,287)	865,534
Final dividends for 2013	–	–	–	–	–	(340,539)	–	(340,539)	–	(340,539)
Dividends to non-controlling equity holders	–	–	–	–	–	–	–	–	(130)	(130)
Acquisition of non-controlling interests	–	–	(3,580)	–	–	–	–	(3,580)	(5,100)	(8,680)
Appropriation to statutory surplus reserve	–	–	–	60,377	–	–	(60,377)	–	–	–
Proposed dividends for 2014	–	–	–	–	–	340,539	(340,539)	–	–	–
At 31 December 2014	1,135,131	1,708,203	25,334	413,786	895,932	340,539	1,294,842	5,813,767	7,104	5,820,871

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	NOTES	Year ended 31/12/2014 RMB'000	Year ended 31/12/2013 RMB'000
OPERATING ACTIVITIES			
Profit before tax		**614,471**	594,981
Adjustments for			
Finance (income)/costs, net	9	**(6,610)**	591
Interest income from entrusted loans		**(11,137)**	(3,433)
Gains on short-term investments	8	**(9,176)**	(7,156)
Amortisation of lease prepayments for land use rights	12 & 17	**7,257**	7,759
Amortisation of other intangible assets	12 & 20	**11,020**	9,774
Share of loss/(profit) of associates		**10,397**	(1,464)
Share of profit of joint ventures		**(3,533)**	(4,263)
Loss/(gain) on disposal of items of property, plant and equipment and investment properties	12	**267**	(3,715)
Depreciation	12	**104,202**	126,819
Dividends from available-for-sale investments	8	**(55,336)**	(50,994)
Gain on disposal of a subsidiary	8	**–**	(10,779)
Gain on disposal of associates	8	**–**	(3,380)
Gain on partial disposal of a joint venture	8 & 22	**(349)**	–
Loss/(gain) on deemed disposal of a subsidiary	12 & 47	**819**	(5,583)
Gain on liquidation of a subsidiary	8	**(95)**	–
Gain on acquisition of a subsidiary	46	**(586)**	–
Impairment loss on asset classified as held for sale	12	**–**	12,156
(Reversal of)/impairment loss of trade and other receivables	12	**(5,404)**	20,035
Write-down of inventories to net realisable value	12	**40,205**	40,601
Impairment loss of available-for-sale investment	12	**1,311**	–
Operating cash flows before movements in working capital		**697,723**	721,949
Increase in restricted cash		**(71)**	(387)
Decrease/(increase) in inventories		**52,121**	(461,419)
Decrease/(increase) in trade and bills receivables, including long-term trade receivable		**78,822**	(46,662)
Decrease in prepayments, deposits and other receivables		**32,850**	38,762
Increase in long-term value-added tax recoverables included in long-term prepayments		**(18,199)**	(57,958)
(Decrease)/increase in trade and bills payables		**(17,382)**	456,488
Increase/(decrease) in deposits received, other payables and accruals		**39,936**	(409,846)
Cash generated from operations		**865,800**	240,927
PRC enterprise income tax paid		**(5,719)**	(4,249)
Interest paid		**(5,512)**	(6,321)
NET CASH FROM OPERATING ACTIVITIES		**854,569**	230,357

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	NOTES	Year ended 31/12/2014 RMB'000	Year ended 31/12/2013 RMB'000
INVESTING ACTIVITIES			
Interest received		12,355	17,558
Interest income from entrusted loans received		11,137	3,433
Interest income from short-term investments	8	9,176	–
Dividends received from available-for-sale investments	8	55,336	50,994
Dividends received from an associate	21	2,360	1,120
Withdrawal of entrusted loans		34,000	–
Proceeds from disposal of items of property, plant and equipment and investment properties		4,427	25,645
Purchases of items of property, plant and equipment		(174,645)	(375,814)
Payments for acquisition of land use rights		(22,872)	(17,085)
Proceeds from disposal of other intangible assets		–	9
Purchases of other intangible assets		(17,921)	(11,322)
Decrease in non-pledged bank deposits with original maturity of more than three months		51,228	108,627
Capital contribution to associates		(72,847)	–
Net cash paid for business combination	46	(134,460)	(86,800)
Net cash received from disposal of subsidiaries		3,546	18,800
Deemed disposal of a subsidiary	47	(505)	(20,140)
Liquidation of subsidiaries		(3)	–
Proceeds from disposal of available-for-sale investment		4,000	–
Proceeds from disposal of associates		–	3,380
Proceeds from partial disposal of a joint venture		19,153	–
Decrease/(increase) in long-term prepayments		19,195	(44,000)
Purchase of available-for-sale investments		(140,000)	–
Withdrawal of pledged bank deposits		40,596	98,236
Placement of pledged bank deposits		(3,030)	(108,724)
Entrusted loans made to an associate		(34,000)	(10,200)
Proceeds from disposal of short-term investments		3,343,470	1,299,016
Purchase of short-term investments		(3,411,222)	(1,319,000)
NET CASH USED IN INVESTING ACTIVITIES		(401,526)	(366,267)

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	NOTES	Year ended 31/12/2014 RMB'000	Year ended 31/12/2013 RMB'000
FINANCING ACTIVITIES			
New interest-bearing bank borrowings raised		**50,000**	85,000
Repayments of interest-bearing bank borrowings		**(65,000)**	(88,000)
Repayments of borrowings to a related party		**(164,003)**	–
Dividends paid	14	**(340,539)**	(340,539)
Dividends paid to non-controlling equity holders		**(130)**	(1,029)
Acquisition of non-controlling interests	35	**(8,680)**	–
Repayments of borrowings to a non-controlling equity holders		**–**	(120,000)
Investment in subsidiaries from non-controlling equity holders		**–**	17,150
NET CASH USED IN FINANCING ACTIVITIES		**(528,352)**	(447,418)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(75,309)**	(583,328)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**1,396,482**	1,979,810
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by Cash and bank balances	30	**1,321,173**	1,396,482

1. GENERAL

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 reorganization (the "**Reorganization**") of Sichuan Xinhua Publishing Group. Details of the formation of the joint stock limited company are set out in the Prospectus.

On 30 May 2007, the Company's H shares ("**H Shares**") were listed on 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 Group is principally engaged in publishing and trading of publications and related products in the PRC. The details of the principal activities of the subsidiaries are set out in note 44.

In the opinion of 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. Sichuan Development is wholly owned by the SASAC of Sichuan, and therefore the Company is beneficially controlled by the SASAC of Sichuan.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"). In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the Companies Ordinance of Hong Kong.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of International Accounting Standards ("**IAS**") 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

(i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

(ii) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

(iii) Level 3 inputs are unobservable inputs for the asset or liability.

These financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company and its PRC subsidiaries and all values are rounded to the nearest thousand except when otherwise indicated.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted the following amendments and interpretation to standards issued by the IAS Board for the first time.

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-Int 21	Levies

The application of the amendments and interpretation to standards in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

New and revised standards and amendments issued but not yet effective

The Group has not early applied the following new and revised standards and amendments that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 14	Regulatory Deferral Accounts[2]
IFRS 15	Revenue from Contracts with Customers[3]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to IAS 1	Disclosure Initiative[5]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[5]
Amendments to IAS 27	Equity Method in Separate Financial Statements[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[5]
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle[6]
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for first annual IFRS financial statements beginning on or after 1 January 2016. IFRS 14 is not applicable to the Group as the Group is not a first-time adopter of IFRSs.
3 Effective for annual periods beginning on or after 1 January 2017.
4 Effective for annual periods beginning on or after 1 July 2014.
5 Effective for annual periods beginning on or after 1 January 2016.
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

Except as described below, the Directors do not anticipate that the application of the abovementioned new and revised standards, amendments and interpretations issued but not yet effective will have a material effect on the Group's consolidated financial statements.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

New and revised standards and amendments issued but not yet effective *(Continued)*

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("**FVTOCI**") measurement category for certain simple debt instruments.

Key requirements of IFRS 9 are described as follows:

- All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IFRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

New and revised standards and amendments issued but not yet effective *(Continued)*

IFRS 9 Financial Instruments *(Continued)*

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors anticipate that the adoption of IFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets. For example, the Group's unlisted available-for-sale ("**AFS**") equity investments are currently measured at costs less any identified impairment losses at the end of reporting period. After adoption of IFRS 9, these investments will be measured at fair value. The Group may make an irrecoverable election to present subsequent changes in the fair value of these investments in other comprehensive income, with only dividend income generally recognised in profit or loss. Regarding the Group's unlisted AFS equity investments, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed. The Group did not have any financial liabilities designated at fair value through profit or loss at 31 December 2014.

IFRS 15 Revenue from Contracts with Customers

In July 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

New and revised standards and amendments issued but not yet effective *(Continued)*

IFRS 15 Revenue from Contracts with Customers *(Continued)*

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Directors anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The Financial Information incorporates the financial statements of the Group and entities (including structured entities) controlled by the Group and its subsidiaries. Control is achieved when the Group:

(i) has power over the investee;

(ii) is exposed, or has rights, to variable returns from its involvement with the investee; and

(iii) has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specially, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains controls until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value except that deferred tax liabilities are recognised and measured in accordance with IAS 12 *Income Taxes*.

Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognised immediately in profit or loss as a bargain purchase gain.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash generating unit ("**CGU**") that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or portion thereof, is classified as held for sale, in which case it is accounted for under IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate equals or exceeds the Group's interest in that associate or venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate or joint venture.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates and joint ventures *(Continued)*

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continued to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes and investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified a held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with IAS 39 unless the retained interest continues to be associated or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

When a non-current asset ceases to be classified as held for sale, it is measured at the lower of:

(a) its carrying amount before the asset was classified as held for sale, adjusted for items that would have been recognized had the asset not been classified as held for sale, taking into account any impairment loss.

(b) its recoverable amount at the date of the decision not to sell.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when goods are delivered and all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales of goods that result in award credits for customers, under the Group's Membership Rewards Scheme, are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to the fair value of the awards for which they could be redeemed. Such consideration is not recognised as revenue at the time of the initial sale transaction – but is deferred and recognised as revenue when the award credits are redeemed and the Group's obligations have been fulfilled.

Revenue from distribution of film & television programs is recognised when the programs are telecast on media.

Commision and other service income are recognised when the underlying services are provided.

Tuition revenue for education and skill training programs and services is recognised proportionately as the instructions are delivered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

Property, plant and equipment

Property, plant and equipment (other than construction in progress) including buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Properties in the course of construction for production, supply or administrative purposes (classified as construction in progress) are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments for land use rights" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Renminbi) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate). For the year ended 31 December 2014, no exchange difference from translating foreign operations was recognised.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Impairment on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Production costs of television programs include costs of productions of television programs which have been completed and costs of productions which are still in production. The production costs are stated at the lower of cost less accumulated amortization and net realizable value. For television programs completed and on release, the related capitalised costs are amortised using the forecast-computation method, whereby these costs are amortised in the same ratio that current year's revenue bears to management's current estimate of remaining unrecognised ultimate revenue as of the beginning of the current fiscal year from the telecast of the television programs.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified into one of the two categories, including loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Loans and receivables

Loans and receivables (including entrusted loan, trade and bills receivables, deposits and other receivables and pledged bank deposits and restricted cash, cash and short-term deposits) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Equity securities held by the Group that are classified as AFS financial assets and are traded in an active market and debt instrument held by the Group that are classified as AFS financial asset are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on AFS instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

For AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

The Group's financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an AFS equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period of no more than 270 days, and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable or an other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

Impairment losses on AFS equity investments will not be reversed through profit or loss. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in revaluation reserve.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including interest-bearing bank borrowings, trade and bills payables, deposit received and other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Derecognition (Continued)

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Operating lease commitments – Group as lessee

The Group has entered into commercial property leases for some of its retailing business. In making the judgement of whether the property leases are finance leases or operating leases, the Directors considered the characteristics of finance leases as set out in IAS 17 *Leases*, in particular, whether the lease terms are for the major part of the economic life of the properties (even if title is not transferred) and at the inception of the lease, the present values of the minimum lease payments amount to at least substantially all of the fair value of the leased properties. Following detailed analysis, the Directors determined that the lessor retains all the significant risks and rewards of these properties and therefore accounted for the Group's property leases as operating leases.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Critical judgements in applying the entity's accounting policies *(Continued)*

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. In making the judgement of whether the property leases are finance leases or operating leases, the Directors considered the characteristics of finance leases as set out in IAS 17 *Leases*, in particular, whether the lease terms are for the major part of the economic life of the properties (even if title is not transferred) and at the inception of the lease, the present values of the minimum lease payments amount to at least substantially all of the fair value of the leased properties. Following detailed analysis, the Directors determined that the Group retained all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Directors considered whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under finance lease, the Group accounted for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. If the Group provides ancillary services to the occupants of a property, the property is treated as investment property if the services are insignificant to the arrangement as a whole. Judgement has been made on an individual property basis.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2014, the carrying amount of goodwill is RMB504,301,000 (31 December 2013: RMB504,301,000) and no impairment loss was recognised. Details of the recoverable amount calculation are disclosed in note 19.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Estimated impairment of other intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. As at 31 December 2014, the carrying amount of other intangible assets is RMB71,631,000 (net of impairment of RMB12,000,000) (31 December 2013: RMB64,496,000 net of impairment of RMB12,000,000).

Estimated impairment of trade and bills receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2014, the carrying amount of trade and bills receivables (including long-term trade receivable) is RMB625,315,000 (net of allowance for doubtful debts of RMB108,556,000 and allowance for sales returns of RMB8,628,000) (31 December 2013: carrying amount of RMB668,433,000 net of allowance for doubtful debts of RMB123,937,000 and allowance for sales returns of RMB8,377,000).

Estimated impairment of inventories

Determining whether inventories are impaired requires an estimation of its net realisable value. Net realisable value of inventories is the expected selling price in the ordinary course of business, less estimated costs to completion and selling expenses. These estimates are based on current market conditions and the historical experience of manufacturing and selling products of similar nature. These estimates could change significantly as a result of changes in customer preferences and competitor actions in response to severe competitions. The Group reassesses these estimates at the end of each reporting period. As at 31 December 2014, the carrying amount of inventories is RMB1,308,768,000 (net of accumulated write-down of inventories to net realisable value of RMB122,517,000) (31 December 2013: carrying amount of RMB1,399,151,000 after netting of accumulated write-down of inventories to net realisable value of RMB124,054,000).

6. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, services provided and distribution of television programs after deduction of relevant taxes and allowances for sale returns and trade discount, and after eliminations of all significant intra-group transactions. An analysis of the Group's revenue for the year is as follows:

	Year ended 31/12/2014 RMB'000	Year ended 31/12/2013 RMB'000
Sales of goods	**5,175,272**	5,009,387
Tuition revenue	**–**	123,965
Production and Distribution of film & television programs	**94,789**	1,722
	5,270,061	5,135,074

7. 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, and the provision of primary and secondary school digitalized education services; retailing, distribution and online sales of publications
Others:	Other business such as production and distribution of film & television programs and sales of artwork which do not separately meet the definition of a reportable segment

7. SEGMENT INFORMATION *(Continued)*

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable operating segments.

For the year ended 31 December 2014

	Publication RMB'000	Distribution RMB'000	Others RMB'000	Total RMB'000
REVENUE AND OTHER INCOME				
External sales and services	490,264	4,678,509	101,288	5,270,061
Inter-segment sales	1,033,591	–	50	1,033,641
Other income	82,809	118,260	8,030	209,099
Segment revenue	1,606,664	4,796,769	109,368	6,512,801
Eliminations				(1,033,641)
Group revenue and other income				5,479,160
Segment profit (loss)	258,882	364,707	(39,188)	584,401
Elimination of inter-segment results				46,955
Unallocated expenses				(92,765)
Unallocated income and gains				7,244
Unallocated interest income, net				4,124
Gains on short-term investments				9,176
Dividends from AFS investments				55,336
Profit before tax				614,471

7. SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

For the year ended 31 December 2013

	Publication RMB'000	Distribution RMB'000	Others RMB'000	Total RMB'000
REVENUE AND OTHER INCOME				
External sales and services	607,116	4,365,441	162,517	5,135,074
Inter-segment sales	1,271,389	–	22	1,271,411
Other income	77,333	96,734	8,174	182,241
Segment revenue	1,955,838	4,462,175	170,713	6,588,726
Eliminations				(1,271,411)
Group revenue and other income				5,317,315
Segment profit (loss)	394,337	252,036	(22,630)	623,743
Elimination of inter-segment results				(42,426)
Unallocated expenses				(73,563)
Unallocated income and gains				19,742
Unallocated interest income, net				9,335
Gains on short-term investments				7,156
Dividends from AFS investments				50,994
Profit before tax				594,981

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. 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 AFS 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 makers for the purposes of resources allocation and performance assessment.

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

7. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

31 December 2014

	Publication RMB'000	Distribution RMB'000	Others RMB'000	Total RMB'000
Assets and liabilities				
Segment assets	4,372,052	4,744,852	837,093	9,953,997
Elimination of intersegment assets				(3,346,521)
Unallocated assets				2,302,215
Total assets				8,909,691
Segment liabilities	1,793,945	3,991,557	508,945	6,294,447
Elimination of intersegment liabilities				(3,256,074)
Unallocated liabilities				50,447
Total liabilities				3,088,820

31 December 2013

	Publication RMB'000	Distribution RMB'000	Others RMB'000	Total RMB'000
Assets and liabilities				
Segment assets	3,946,944	4,063,580	646,201	8,656,725
Elimination of intersegment assets				(2,702,235)
Unallocated assets				2,294,291
Total assets				8,248,781
Segment liabilities	1,811,954	3,346,334	345,490	5,503,778
Elimination of intersegment liabilities				(2,564,833)
Unallocated liabilities				5,150
Total liabilities				2,944,095

7. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

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

Segment assets exclude short-term investments, AFS investments, deferred tax assets, asset classified as held for sale 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.

Other segment information

2014

	Publication RMB'000	Distribution RMB'000	Others RMB'000	Total RMB'000
Amounts included in the measure of segment profit of loss or segment assets:				
Additions to non-current assets (note)	8,794	164,171	71,092	244,057
Depreciation and amortisation	24,578	86,985	10,916	122,479
Impairment/(reversal of impairment) of trade and other receivables recognised in income statement	10,703	(16,102)	(5)	(5,404)
Loss on disposal of property, plant and equipment and investment properties	73	194	–	267
Write-down of inventories to net realisable value	1,888	28,700	9,617	40,205
Allocated interest income	(6,442)	(3,012)	(320)	(9,774)
Allocated interest expense	7,148	–	140	7,288
Interest in associates	–	50,721	176,897	227,618
Interest in joint ventures	–	111,884	306,913	418,797
Share of loss/(profit) of associates	100	13,736	(3,439)	10,397
Share of loss/(profit) of joint ventures	–	(4,782)	1,249	(3,533)

7. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

2013

	Publication RMB'000	Distribution RMB'000	Others RMB'000	Total RMB'000
Amounts included in the measure of segment profit of loss or segment assets:				
Additions to non-current assets (note)	8,147	126,337	312,909	447,393
Depreciation and amortisation	20,811	84,192	39,349	144,352
Impairment losses of trade and other receivables recognised in income statement	3,750	16,198	87	20,035
Gain on disposal of property, plant and equipment and investment properties	(2,402)	(1,313)	–	(3,715)
Write-down of inventories to net realisable value	1,694	38,907	–	40,601
Allocated interest income	(3,183)	(3,088)	(779)	(7,050)
Allocated interest expense	4,966	–	12,010	16,976
Interest in associates	–	3,011	37,840	40,851
Interest in joint ventures	–	107,102	326,966	434,068
Share of loss/(profit) of associates	–	379	(1,843)	(1,464)
Share of profit of joint ventures	–	(4,263)	–	(4,263)

Note: Non-current assets excluded financial instruments and deferred tax assets.

Geographical information

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.

Information about major customers

For the year ended 31 December 2014, the Group's revenue from one (2013: one) customer amounted to RMB677,946,000 (2013: RMB1,038,978,000), which is derived from the distribution segment. Except this one customer, the Group has not had any single external customer, the sales to whom amounted to 10% or more of the Group's revenues for the year ended 31 December 2013 and 2014.

8. OTHER INCOME AND GAINS

	Year ended 31/12/2014 RMB'000	Year ended 31/12/2013 RMB'000
Government grants (i)	**58,900**	40,319
Gross rental income (ii)	**16,600**	12,461
Commission income (iii)	**52,635**	47,141
Gains on short-term investments	**9,176**	7,156
Dividends from AFS investments		
listed investment	**12,536**	10,594
unlisted investments	**42,800**	40,400
	55,336	50,994
Gain on disposal of subsidiaries	**–**	10,779
Gain on liquidation of a subsidiary	**95**	–
Gain on disposal of an associate	**–**	3,380
Gain on partial disposal of a joint venture (note 22)	**349**	–
Gain on deemed disposal of a subsidiary	**–**	5,583
Others	**52,363**	73,278
	245,454	251,091

Notes:

(i) Details of the government grants are set out below:

	Year ended 31/12/2014 RMB'000	Year ended 31/12/2013 RMB'000
Government grants for compilation of publications (a)	**16,075**	6,878
Value-added tax ("**VAT**") refund (b)	**35,337**	26,407
Others	**7,488**	7,034
	58,900	40,319

(a) Various government grants have been received for compilation of publications in certain subjects. The government grants are recorded as other income when the related publications have been produced. Government grants received for which related compilation has not yet been undertaken are included in deferred income under deposits received, other payables and accruals in the consolidated statement of financial position.

(b) Pursuant to the effective VAT regulations in China, certain subsidiaries of the Company engaged in publishing business enjoyed VAT refund for sales of certain publications. Income from VAT refund is recognised in the period when it becomes receivable.

There are no unfulfilled conditions or contingencies relating to the government grants.

8. OTHER INCOME AND GAINS *(Continued)*

Notes: (Continued)

(ii) The rental income is analysed as follows:

	Year ended 31/12/2014 RMB'000	Year ended 31/12/2013 RMB'000
Gross rental income in respect of:		
Investment properties	**16,600**	12,461
Less: direct operating expenses	**(2,525)**	(2,172)
	14,075	10,289

(iii) The breakdown of commission income is as follows:

	Year ended 31/12/2014 RMB'000	Year ended 31/12/2013 RMB'000
Commission from concessionaire sales	**49,206**	42,959
Commission from agency services for printing	**3,429**	4,182
	52,635	47,141

9. FINANCE INCOME (COST), NET

	Year ended 31/12/2014 RMB'000	Year ended 31/12/2013 RMB'000
Bank interest income	**12,122**	16,385
Interest expense on bank borrowings wholly repayable within five years	**(5,512)**	(6,840)
Interest accretion of long-term financial liabilities	**–**	(10,136)
	(5,512)	(16,976)
	6,610	(591)

10. INCOME TAX EXPENSE

	Year ended 31/12/2014 RMB'000	Year ended 31/12/2013 RMB'000
Current tax:		
PRC Enterprise Income Tax	**3,874**	5,259
Deferred tax (note 36)	**(2,682)**	(4,813)
	1,192	446

The Group is subject to income tax on a separate 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 during the year. Under the prevailing PRC enterprise income tax law, except for certain preferential treatment available to the Company and certain subsidiaries, the Group is subject to enterprise income tax at a rate of 25% on their respective taxable income.

The tax charge for the year can be reconciled to the profit presented in the consolidated income statement as follows:

	Year ended 31/12/2014 RMB'000	%	Year ended 31/12/2013 RMB'000	%
Profit before tax	**614,471**		594,981	
Income tax at the PRC statutory income tax rate of 25%	**153,618**	**25.0**	148,745	25.0
Income not subject to tax	**(13,834)**	**(2.3)**	(12,749)	(2.1)
Expenses not deductible for tax purposes	**18,540**	**3.0**	22,263	3.7
Tax effect of changes in unrecognised deductible temporary difference	**851**	**0.1**	8,636	1.5
Tax losses not recognised	**21,614**	**3.5**	23,412	3.9
Tax concessions*	**(179,597)**	**(29.2)**	(189,861)	(31.9)
Tax charge at the Group's effective rate	**1,192**	**0.2**	446	0.1

10. INCOME TAX EXPENSE *(Continued)*

* In March 2009, the Ministry of Finance and the State Administration of Taxation jointly issued the Circular Cai Shui [2009] No. 34 (the "**Circular 1**"), 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.

In November 2014, the Ministry of Finance and the State Administration of Taxation jointly issued the Circular Cai Shui [2014] No. 84 (the "**Circular 2**"), 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 2014 to 31 December 2018.

Pursuant to the Circular 1 and Circular 2, the Company and fifteen subsidiaries qualified as cultural enterprises were granted income tax exemptions for the year ended 31 December 2013 and 2014.

11. OTHER COMPREHENSIVE INCOME

	Year ended 31/12/2014 RMB'000	Year ended 31/12/2013 RMB'000
Item that will not be reclassified to profit or loss:		
Effect of income tax exemption from year 2014 to year 2018 (note)	(6,476)	–
Item that may be reclassified subsequently to profit or loss:		
Fair value gain on AFS investment	258,765	130,249
Income tax	(34)	–
Other comprehensive income, net of income tax	252,255	130,249

Note: It represents the reversal of deferred tax assets arising from the revaluation of the Company's certain long-term assets upon the establishment of the Company due to the income tax exemption granted to the Company for year 2014 to year 2018.

12. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Year ended 31/12/2014 RMB'000	Year ended 31/12/2013 RMB'000
Depreciation for property, plant and equipment	101,846	125,115
Amortisation of prepaid lease payments for land use rights	7,257	7,759
Depreciation for investment properties	2,356	1,704
Amortisation of other intangible assets	11,020	9,774
Total depreciation and amortisation	122,479	144,352
Auditors' remuneration	4,160	3,850
Minimum lease payments under operating leases on properties	96,689	107,307
Loss/(gain) on disposal of items of property, plant and equipment and investment properties	267	(3,715)
Loss on deemed disposal of a subsidiary	819	–
(Reversal of)/impairment loss of trade and other receivables	(5,404)	20,035
Write-down of inventories to net realisable value	40,205	40,601
Impairment loss on AFS investment	1,311	–
Impairment loss on asset classified as held for sale	–	12,156
Staff costs:		
Directors' and supervisors' emoluments	2,495	3,253
Other staff costs		
Wages, salaries and other employee benefits	589,611	578,002
Post-employment pension scheme contributions	107,958	102,640
	697,569	680,642
	700,064	683,895
Cost of inventories sold	3,246,785	3,030,319
Foreign exchange loss/(gain)	1,229	(1,307)

13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

Details of the remuneration of the Directors and supervisors for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, are as follows:

	Group			
	Directors		Supervisors	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Fees	**1,230**	1,356	**350**	348
Other emoluments:				
Salaries and allowances	**99**	192	**418**	336
Performance related bonuses	**–**	406	**301**	332
Retirement benefit contributions	**–**	98	**97**	185
	–	696	**816**	853
Total	**1,329**	2,052	**1,166**	1,201

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year are as follows:

	2014	2013
	RMB'000	RMB'000
Mr. Mo Shihang*	**–**	87
Mr. Mak Wai Ho*	**239**	111
Mr. Chan Yuk Tong**	**–**	147
Mr. Han Xiaoming**	**–**	131
Mr. Han Liyan	**228**	208
Total	**467**	684

* Role as director commenced from July 2013.

** Role as director ceased from July 2013.

There were no other emoluments payable to the independent non-executive directors during the year (2013: nil).

13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

(b) Executive directors and non-executive directors

	Fees RMB'000	Salary and allowances RMB'000	Performance related bonuses RMB'000	Retirement benefit contributions RMB'000	Total remuneration RMB'000
2014					
Executive directors:					
Mr. Gong Cimin*	310	–	–	–	310
Mr. Luo Yong**	80	–	–	–	80
	390	–	–	–	390
Non-executive directors:					
Mr. Luo Jun*	100	21	–	–	121
Mr. Zhao Junhuai	110	15	–	–	125
Mr. Zhang Chengxing*	110	18	–	–	128
Mr. Zhang Peng**&*****	80	18	–	–	98
	400	72	–	–	472
Total	790	72	–	–	862

13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

(b) Executive directors and non-executive directors *(Continued)*

	Fees RMB'000	Salary and allowances RMB'000	Performance related bonuses RMB'000	Retirement benefit contributions RMB'000	Total remuneration RMB'000
2013					
Executive directors:					
Mr. Gong Cimin*	310	–	–	–	310
Mr. Zhao Miao***	–	–	–	–	–
Mr. Luo Yong	–	194	406	33	633
	310	194	406	33	943
Non-executive directors:					
Mr. Luo Jun*	100	15	–	–	115
Mr. Zhao Junhuai	105	18	–	–	123
Mr. Zhang Chengxing*	104	18	–	–	122
Mr. Zhang Peng**&****	53	12	–	–	65
	362	63	–	–	425
Total	672	257	406	33	1,368

* Except fees and certain allowances in 2013 and 2014, other emoluments of these directors were paid by Sichuan Xinhua Publishing Group. Mr. Gong Cimin is also the chief executive of the Company.

** Except fees and certain allowances in 2013 and 2014, other emoluments of this director were paid by SPG, a company 100% owned by Sichuan Development.

*** Role as director ceased from January 2013.

**** Role as director commenced from July 2013.

13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

(c) Supervisors

	Fees RMB'000	Salary and allowances RMB'000	Performance related bonuses RMB'000	Retirement benefit contributions RMB'000	Total remuneration RMB'000
2014					
Mr. Xu Yuzheng*	40	15	–	–	55
Ms. Lan Hong	–	112	99	39	250
Ms. Liu Nan	–	127	112	39	278
Mr. Fu Daiguo	70	15	–	–	85
Mr. Li Guangwei	70	18	–	–	88
Mr. Xu Ping**	90	21	–	–	111
Mr. Li Kun	40	9	–	–	49
Ms. Wang Jianping	–	86	90	19	195
Ms. Zhou Jing****	40	15	–	–	55
Total	350	418	301	97	1,166

	Fees RMB'000	Salary and allowances RMB'000	Performance related bonuses RMB'000	Retirement benefit contributions RMB'000	Total remuneration RMB'000
2013					
Mr. Xu Yuzheng*	40	15	–	–	55
Ms. Lan Hong	–	89	117	34	240
Ms. Liu Nan	–	101	131	34	266
Mr. Fu Daiguo	70	18	–	–	88
Mr. Li Guangwei	70	18	–	–	88
Mr. Xu Ping**	90	18	–	–	108
Ms. Tan Wei***	20	3	–	–	23
Mr. Li Kun	40	12	–	–	52
Ms. Wang Jianping	–	146	84	27	257
Ms. Zhou Jing****	18	6	–	–	24
Total	348	426	332	95	1,201

13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

(c) Supervisors *(Continued)*

* Except fees and certain allowances in 2013 and 2014, other emoluments of the supervisor were paid by Sichuan Xinhua Publishing Group.

** Except fees and certain allowances in 2013 and 2014, other emoluments of the supervisor were paid by SPG.

*** Role as supervisor ceased from July 2013.

**** Role as supervisor commenced from July 2013.

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the year (2013: nil).

The emoluments of each of the directors and supervisors for both years fell within the range of nil to HK$1,000,000 (equivalent to RMB792,000).

(d) Five highest paid employees

For the year ended 31 December 2014, the five highest paid employees comprise no director (2013: one).

Details of the remuneration of the five (2013: four) non-director and non-supervisor highest paid employees during the year are as follows:

	Group	
	2014	2013
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	1,042	591
Performance related bonuses	1,671	1,497
Retirement benefit contributions	195	137
	2,908	2,225

The emoluments of each of the above highest paid individuals for both years fell within the range of nil to HK$1,000,000 (equivalent to RMB792,000).

14. DIVIDENDS

	Year ended 31/12/2014 RMB'000	Year ended 31/12/2013 RMB'000
Dividends recognised as distribution during the year:		
2013 dividends – RMB30 cents per share (2013: 2012 dividends – RMB30 cents per share)	**340,539**	340,539

The dividends of RMB340,539,000 (tax inclusive), equivalent to RMB0.30 per share (tax inclusive) in respect of the year ended 31 December 2014 (dividends of RMB340,539,000 (tax inclusive), equivalent to RMB0.30 per share (tax inclusive) in respect of the year ended 31 December 2013) has been proposed by the Directors. The proposed distribution of the dividends for the Year is subject to approval by the shareholders of the Company (the "**Shareholders**") at the annual general meeting.

15. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year.

	2014 RMB'000	2013 RMB'000
Earnings:		
Profit for the year attributable to owners of the Company	**634,566**	623,414

	Number of shares 2014	2013
Shares:		
Weighted average number of ordinary shares in issue during the year	**1,135,131,000**	1,135,131,000

The Group had no potential ordinary shares in issue during the years presented.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Equipment and fixtures RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At 1 January 2013	1,451,156	97,914	117,760	479,123	188,670	2,334,623
Additions	8,836	7,335	10,604	26,679	321,532	374,986
Transfers from construction in progress	291,454	3,809	–	–	(295,263)	–
Transfer from investment properties	960	–	–	–	–	960
Disposals	(1,570)	(1,955)	(6,733)	(11,737)	(3,647)	(25,642)
Disposals of subsidiaries	–	(4,873)	(2,731)	(1,887)	–	(9,491)
Deemed disposal of a subsidiary (note 47(ii))	(704,190)	–	(5,570)	(47,735)	(52,648)	(810,143)
At 31 December 2013	1,046,646	102,230	113,330	444,443	158,644	1,865,293
Additions	10,240	5,478	5,059	37,123	145,364	203,264
Transfers from construction in progress	12,240	–	–	362	(12,602)	–
Transfer from investment properties	6,114	–	–	–	–	6,114
Acquired in a business combination (note 46)	91,401	–	1,200	41,072	223	133,896
Transfer to prepaid lease payments for land use rights	–	–	–	–	(76,989)	(76,989)
Disposals	(3,156)	(1,246)	(1,077)	(10,157)	–	(15,636)
Deemed disposal of a subsidiary (note 47(i))	–	–	–	(242)	–	(242)
At 31 December 2014	1,163,485	106,462	118,512	512,601	214,640	2,115,700
DEPRECIATION						
At 1 January 2013	(151,889)	(43,739)	(53,201)	(266,695)	–	(515,524)
Provided for the year	(66,849)	(11,670)	(13,359)	(33,237)	–	(125,115)
Transfer from investment properties	(80)	–	–	–	–	(80)
Eliminated on disposals	631	1,955	6,174	9,752	–	18,512
Disposals of subsidiaries	–	82	817	474	–	1,373
Deemed disposal of a subsidiary (note 47(ii))	40,565	–	457	2,814	–	43,836
At 31 December 2013	(177,622)	(53,372)	(59,112)	(286,892)	–	(576,998)
Provided for the year	(40,907)	(11,676)	(13,023)	(36,240)	–	(101,846)
Transfer from investment properties	(596)	–	–	–	–	(596)
Eliminated on disposals	156	–	907	9,879	–	10,942
Deemed disposal of a subsidiary (note 47(i))	–	–	–	80	–	80
At 31 December 2014	(218,969)	(65,048)	(71,228)	(313,173)	–	(668,418)
CARRYING VALUES						
At 31 December 2014	944,516	41,414	47,284	199,428	214,640	1,447,282
At 31 December 2013	869,024	48,858	54,218	157,551	158,644	1,288,295

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	2.5-10%
Leasehold improvements	12.5-20%
Motor vehicles	12.1-20%
Equipment and fixtures	9.7-20%

All of the Group's buildings are located in Mainland China on leasehold land under medium-term leases.

As at 31 December 2014, except for three (2013: three) properties with an aggregate net book value of approximately RMB299,665,000 (2013: RMB359,607,000), the Group has obtained the building ownership certificates. The Group is in the process of obtaining the building ownership certificates of the three (2013: three) properties.

As at 31 December 2014, certain of the Group's buildings amounting to RMB34,101,000 (31 December 2013: RMB36,950,000) were pledged as security for the Group's interest-bearing bank loans. Further details are set out in note 37.

17. PREPAID LEASE PAYMENTS FOR LAND USE RIGHTS

	31/12/2014 RMB'000	31/12/2013 RMB'000
Carrying amount at 1 January	**127,742**	229,026
Addition	**22,872**	17,085
Transfers from property, plant and equipment	**76,989**	–
Acquired in a business combination (note 46)	**52,077**	–
Deemed disposal of a subsidiary (note 47)	**–**	(110,610)
Charge to profit or loss during the year	**(7,257)**	(7,759)
Carrying amount at 31 December	**272,423**	127,742
Less: Current portion, included in prepayments, deposits and other receivables (note 27)	**(8,985)**	(5,435)
Non-current portion	**263,438**	122,307

The leasehold lands are held under medium-term leases and are situated in Mainland China.

As at 31 December 2014, the Group's land use rights amounting to RMB28,469,000 (31 December 2013: RMB29,147,000) were pledged as security for the Group's interest-bearing bank loans. Further details are set out in note 37.

18. INVESTMENT PROPERTIES

	RMB'000
COST	
At 1 January 2013	28,842
Transfer to property, plant and equipment	(960)
Disposal	(335)
At 31 December 2013	27,547
Acquired in a business combination (note 46)	30,024
Transfer to property, plant and equipment	(6,114)
At 31 December 2014	51,457
DEPRECIATION	
At 1 January 2013	(7,288)
Provided for the year	(1,704)
Transfer to property, plant and equipment	80
Disposal	49
At 31 December 2013	(8,863)
Provided for the year	(2,356)
Transfer to property, plant and equipment	596
At 31 December 2014	(10,623)
CARRYING VALUES	
At 31 December 2014	40,834
At 31 December 2013	18,684

The investment properties are located in Mainland China on leasehold land under medium-term leases.

18. INVESTMENT PROPERTIES *(Continued)*

The fair value of the Group's investment properties as at 31 December 2014 was RMB84,158,000 (31 December 2013: RMB45,055,000). The fair value has been arrived at based on a valuation performed by the Directors using the income approach where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for this type of properties. The market rentals are assessed by reference to the rentals achieved in the lettable units of the properties as well as other lettings of similar properties in the neighbourhood. The discount rate is determined by reference to the yields derived from analysing the sales transactions of similar commercial properties in the neighbourhood and adjusted to take into account the market expectation from property investors to reflect factors specific to the Group's investment properties. There has been no change from the valuation technique used in the prior year.

The above investment properties are depreciated on a straight-line basis at the following rates per annum:

Buildings	2.5-5%

19. GOODWILL

	2014 RMB'000	2013 RMB'000
COST		
At 1 January	**504,301**	506,368
Deemed disposal of a subsidiary (note 47(ii))	**–**	(2,067)
At 31 December	**504,301**	504,301
IMPAIRMENT		
At 1 January	**–**	–
At 31 December	**–**	–
CARRYING VALUES		
At 31 December	**504,301**	504,301

For the purpose of impairment testing, goodwill of RMB500,994,000 as at 31 December 2014 has been allocated to one cash generating unit, comprising three significant companies of the fifteen publishers acquired in one transaction in 2010 in the publication segment. The carrying amount of goodwill as at 31 December 2014 was as follow:

	31/12/2014 RMB'000
Goodwill	
– Publication (Three companies engaged in publication business – the Publication CGU)	**500,994**

19. GOODWILL *(Continued)*

The recoverable amount of the Publication CGU has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by the management covering a five-year period, and a discount rate of 15% (2013: 15%). The Publication CGU's cash flows beyond the five-year period are extrapolated using a nil to 2% (2013: nil to 2%) growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the Publication CGU's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the Publication CGU to exceed the aggregate recoverable amount of the Publication CGU.

20. OTHER INTANGIBLE ASSETS

	Computer software RMB'000	Distribution channel RMB'000	Others RMB'000	Total RMB'000
COST				
At 1 January 2013	62,109	44,944	5,454	112,507
Additions	11,322	–	–	11,322
Disposal of subsidiaries	(207)	–	–	(207)
Deemed disposal of a subsidiary (note 47(ii))	(340)	–	(20)	(360)
Disposal	(10)	–	–	(10)
At 31 December 2013	72,874	44,944	5,434	123,252
Additions	17,740	–	181	17,921
Acquired in a business combination (note 46)	234	–	–	234
At 31 December 2014	90,848	44,944	5,615	141,407
AMORTISATION AND IMPAIRMENT				
At 1 January 2013	(29,663)	(16,494)	(2,836)	(48,993)
Provided for the year	(6,191)	(3,161)	(422)	(9,774)
Disposal of subsidiaries	3	–	–	3
Deemed disposal of a subsidiary (note 47(ii))	6	–	1	7
Disposal	1	–	–	1
At 31 December 2013	(35,844)	(19,655)	(3,257)	(58,756)
Provided for the year	(7,556)	(3,161)	(303)	(11,020)
At 31 December 2014	(43,400)	(22,816)	(3,560)	(69,776)
CARRYING VALUES				
At 31 December 2014	47,448	22,128	2,055	71,631
At 31 December 2013	37,030	25,289	2,177	64,496

20. OTHER INTANGIBLE ASSETS *(Continued)*

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Software	3-10 years
Distribution Channels	10 years
Others (including trademarks and patents)	10 years

For the year ended 31 December 2014, the CGU associated to the distribution channels was loss-making. Management assessed the recoverable amount of the distribution channels as at 31 December 2014.

The recoverable amount of the distribution channels has been determined based on a value in use calculation. The calculation uses cash flow projections from the CGUs associated to the distribution channels based on financial budgets approved by the management covering a ten-year period, and a discount rate of 16% (2013: 16%). Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the publication retailing business' past performance and management's expectations for the market development.

No impairment loss was recognised for the year ended 31 December 2014 (2013: nil).

21. INTERESTS IN ASSOCIATES

	31/12/2014 RMB'000	31/12/2013 RMB'000
Cost of unlisted investment in associates	**237,692**	54,697
Share of post-acquisition results, net of dividend received	**(28,163)**	(15,406)
Goodwill	**18,089**	1,560
	227,618	40,851

21. INTERESTS IN ASSOCIATES *(Continued)*

21.1 Details of each of the Group's material associates as at 31 December 2014 are as follows:

Name of entity	Form of entity	Place of incorporation/ registration	Principal place of operation	Paid-up capital	Proportion of nominal value of issued capital held by the Group 2014 %	2013 %	Principal activity
Ren Min Eastern	Incorporated	PRC	PRC	RMB30,000,000	**20**	20	Sale of publications
Sichuan Xin Wen newspaper and. Periodicals Distribution Co., Ltd.	Incorporated	PRC	PRC	RMB10,000,000	**39**	39	Sale of publications
Guizhou Xinhua	Incorporated	PRC	PRC	RMB120,000,000	**45**	45	Sale of publications
Ming Bo	Incorporated	PRC	PRC	RMB70,000,000	**27.2**	27.2	Technology development
Winshare Pre-school	Incorporated	PRC	PRC	RMB30,000,000	**34**	34	Commercial service and development of real property
The Commercial Press (Chengdu) Co., Ltd.	Incorporated	PRC	PRC	RMB4,000,000	**49**	49	Sales of publications
Shanghai Jingjie Information Technology Co., Ltd.	Incorporated	PRC	PRC	RMB7,500,000	**42**	42	Computer technology development and service
Chongqing Yunhan	Incorporated	PRC	PRC	RMB100,000,000	**50**	–	Network distribution of publications
Chengdu Winshare Equity Investment Funds Management Co., Ltd.*	Incorporated	PRC	PRC	RMB17,600,000	**45.45**	–	Investment management and consultation
Education and Science Forum (note 47)	Incorporated	PRC	PRC	RMB250,000	**40**	100	Education and science forum magazine
Chengdu Xinhui (note 31)	Incorporated	PRC	PRC	RMB100,000,000	**34**	34	Development of properties holding

* Newly established or acquired during the year ended 31 December 2014.

21. INTERESTS IN ASSOCIATES *(Continued)*

21.1 Details of each of the Group's material associates as at 31 December 2014 are as follows: *(Continued)*

All of the above associates have been accounted for using the equity method in the consolidated financial statements.

In April 2014, Winshare Online, a subsidiary of the Company, entered into an agreement with three shareholders of Chongqing Yunhan invested RMB51,333,000 to acquire 50% equity interests in Chongqing Yunhan. The difference of RMB16,529,000, being the excess of consideration paid and the fair value of the net assets owned was accounted for as goodwill included in interests in associate in the consolidated financial statements.

Chongqing Yunhan incurred losses of RMB7,239,000 from the date of acquisition to 31 December 2014. Management assessed the recoverable amount of Chongqing Yunhan as at 31 December 2014.

The recoverable amount of Chongqing Yunhan has been determined based on a value in use calculation. The calculation uses cash flow projections from the CGUs associated to Chongqing Yunhan based on financial budgets approved by the management of Chongqing Yunhan covering a ten-year period, and a discount rate of 15%. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the past performance of Chongqing Yunhan and management's expectations for the market development.

The Group's receivable and payable balances with the associates are disclosed in notes 26, 27, 32, 33 and 43(b), respectively.

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

Ming Bo

	31/12/2014 RMB'000	31/12/2013 RMB'000
Current assets	**67,842**	59,575
Non-current assets	**43,625**	26,056
Current liabilities	**(7,786)**	(1,715)
Non-current liabilities	**(35,917)**	(34,520)
	67,764	49,396

21. INTERESTS IN ASSOCIATES *(Continued)*

21.1 Details of each of the Group's material associates as at 31 December 2014 are as follows: *(Continued)*

Ming Bo *(Continued)*

	Year ended 31/12/2014 RMB'000	Year ended 31/12/2013 RMB'000
Revenue	**41,499**	21,203
Profit and total comprehensive income for the year	**18,368**	1,400
Dividends received from the associate during the year	**–**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in Ming Bo recognised in the consolidated financial statements:

	31/12/2014 RMB'000	31/12/2013 RMB'000
Net assets of the associate	**67,764**	49,396
Proportion of the Group's ownership interest in Ming Bo	**18,432**	13,436
Carrying amount of the Group's interest in Ming Bo	**18,432**	13,436

Ren Min Eastern

	31/12/2014 RMB'000	31/12/2013 RMB'000
Current assets	**80,389**	62,951
Non-current assets	**4,173**	3,947
Current liabilities	**(36,289)**	(21,604)
	48,273	45,294

21. INTERESTS IN ASSOCIATES *(Continued)*

21.1 Details of each of the Group's material associates as at 31 December 2014 are as follows: *(Continued)*

Ren Min Eastern *(Continued)*

	Year ended 31/12/2014 RMB'000	Year ended 31/12/2013 RMB'000
Revenue	**78,190**	71,735
Profit and total comprehensive income for the year	**14,779**	12,684
Dividends received from the associate during the year	**2,360**	1,120

Reconciliation of the above summarised financial information to the carrying amount of the interest in Ren Min Eastern recognised in the consolidated financial statements:

	31/12/2014 RMB'000	31/12/2013 RMB'000
Net assets of the associate	**48,273**	45,294
Proportion of the Group's ownership interest in Ren Min Eastern	**9,655**	9,059
Carrying amount of the Group's interest in Ren Min Eastern	**9,655**	9,059

Chongqing Yunhan

	31/12/2014 RMB'000	31/12/2013 RMB'000
Current assets	**2,670**	N/A
Non-current assets	**84,041**	N/A
Current liabilities	**(4,341)**	N/A
Non-current liabilities	**(20,000)**	N/A
	62,370	N/A

21. INTERESTS IN ASSOCIATES *(Continued)*

21.1 Details of each of the Group's material associates as at 31 December 2014 are as follows: *(Continued)*

Chongqing Yunhan *(Continued)*

	Year ended 31/12/2014 RMB'000	Year ended 31/12/2013 RMB'000
Revenue	4,484	N/A
Loss and total comprehensive income for the year	(10,280)	N/A
Dividends received from the associate during the year	–	N/A

Reconciliation of the above summarised financial information to the carrying amount of the interest in Chongqing Yunhan recognised in the consolidated financial statements:

	31/12/2014 RMB'000	31/12/2013 RMB'000
Net assets of the associate	62,370	N/A
Proportion of the Group's ownership interest in Chongqing Yunhan	31,185	N/A
Goodwill	16,529	N/A
Carrying amount of the Group's interest in Chongqing Yunhan	47,714	N/A

21. INTERESTS IN ASSOCIATES *(Continued)*

21.1 Details of each of the Group's material associates as at 31 December 2014 are as follows: *(Continued)*

Aggregate information of associates that are not individually material

	Year ended 31/12/2014 RMB'000	Year ended 31/12/2013 RMB'000
The Group's share of loss (note)	**(14,730)**	(1,454)
Aggregate carrying amount of the Group's interests in these associates	**150,257**	16,796
Goodwill	**1,560**	1,560

Unrecognised share of losses of associates

	31/12/2014 RMB'000	31/12/2013 RMB'000
The unrecognised share of loss of associates for the year	(472)	(11,836)

Cumulative share of loss of associates

	Year ended 31/12/2014 RMB'000	Year ended 31/12/2013 RMB'000
Cumulative share of loss of associates	**(5,696)**	(15,338)

Note: Pursuant to the resolution of the shareholders' meeting of Guizhou Winshare, it was deregistered and liquidated on 31 July 2013, the liquidation date. The Company and Guizhou Xinhua Bookstore (Group) Co., Ltd., the other shareholder of Guizhou Winshare, made capital contribution of RMB10,114,000.00 and RMB37,886,000.00, respectively, the difference below previously agreed investment amount. The Company paid the capital contribution RMB10,114,000.00 in December 2014 and received outstanding trade receivable due from Guizhou Winshare of RMB26,676,678.28. As Guizhou Winshare still had a net liability after receiving the capital contribution, the capital contribution of RMB10,114,000.00 made by the Company was recorded as investment loss for the year 2014.

22. INTERESTS IN JOINT VENTURES

	31/12/2014 RMB'000	31/12/2013 RMB'000
Cost of unlisted investments in joint ventures	**375,621**	394,231
Share of post-acquisition results	**12,441**	9,102
Goodwill	**30,735**	30,735
	418,797	434,068

22.1 Details of material joint ventures

As at 31 December 2014 and 2013, the Group had interests in the following joint ventures:

Name of entity	Form of entity	Place of incorporation/ registration	Principal place of operation	Paid-up capital	Proportion of nominal value of issued capital held by the Group 2014 %	2013 %	Principal activity
Hainan Publishing	Incorporated	PRC	PRC	RMB76,000,000	50	50	Publishing and wholesaling of publications and related Publications
Sichuan Wenzhuo	Incorporated	PRC	PRC	RMB158,000,000	48	51	School education business
Yaxinshengxiang	Incorporated	PRC	PRC	RMB0	45	–	Education technology promotion and education consulting

In December 2013, the articles of association of Sichuan Wenzhuo was revised with immediate effect. Pursuant to the revised articles of association of Sichuan Wenzhuo, all shareholders' resolutions can only be passed with at least two thirds votes and the Company holds 51% votes. Therefore, the Company lost control over Sichuan Wenzhuo and accounted for Sichuan Wenzhuo as a joint venture as at 31 December 2013.

In May 2014, the Company proposed to dispose of its 3% equity interest in Sichuan Wenzhuo at a consideration of RMB19,153,000 to SPG. The proposed disposal was subsequently approved by the SASAC of Sichuan and other statutory authorities in June 2014. Upon the completion of the transaction, the Company and Zhuotai Industry hold 48% and 49% equity interests in Sichuan Wenzhuo respectively. Pursuant to the articles of association of Sichuan Wenzhuo, all shareholders' resolutions can only be passed with at least two thirds votes. Therefore, Sichuan Wenzhuo is still under joint control of the Company and Zhuotai Industry and is accounted as a joint venture of the Company. The disposal resulted in a gain of RMB349,000, being the excess of consideration received and the carrying value of the equity interests disposed.

As at 31 December 2014, Yaxinshengxiang was still at starting stage and has not carried out any business since April 2014.

22. INTERESTS IN JOINT VENTURES *(Continued)*

22.1 Details of material joint ventures *(Continued)*

Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRSs.

Hainan Publishing

	31/12/2014 RMB'000	31/12/2013 RMB'000
Current assets	**243,210**	276,078
Non-current assets	**75,446**	26,168
Current liabilities	**(115,724)**	(114,258)
Non-current liabilities	**(40,634)**	(35,254)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**30,125**	36,024
Current financial liabilities (excluding trade and other payables)	**–**	(8,000)
Non-current financial liabilities (excluding trade and other payables)	**(27,500)**	(28,000)

	Year ended 31/12/2014 RMB'000	Year ended 31/12/2013 RMB'000
Revenue	**144,132**	125,967
Profit and total comprehensive income for the year	**9,564**	8,526
Dividends received from the joint venture during the year	**–**	–

22. INTERESTS IN JOINT VENTURES *(Continued)*

Hainan Publishing *(Continued)*

The above profit for the year includes the following:

	Year ended 31/12/2014 RMB'000	Year ended 31/12/2013 RMB'000
Depreciation and amortisation	**1,332**	1,837
Interest income	**123**	149
Interest expense	**38**	771
Income tax expense	**314**	65

Reconciliation of the above summarised financial information to the carrying amount of the interest in Hainan Publishing recognised in the consolidated financial statements:

	31/12/2014 RMB'000	31/12/2013 RMB'000
Net assets of the joint venture	**162,298**	152,734
Proportion of the Group's ownership interest in Hainan Publishing	**81,149**	76,367
Goodwill	**30,735**	30,735
Carrying amount of the Group's interest in Hainan Publishing	**111,884**	107,102

22. INTERESTS IN JOINT VENTURES *(Continued)*

Sichuan Wenzhuo

	31/12/2014 RMB'000	31/12/2013 RMB'000
Current assets	**76,633**	93,820
Non-current assets	**911,403**	877,270
Current liabilities	**(131,394)**	(117,370)
Non-current liabilities	**(233,134)**	(227,610)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**30,302**	20,140
Non-current financial liabilities (excluding trade and other payables)	**(120,000)**	(120,000)

	Year ended 31/12/2014 RMB'000	Year ended 31/12/2013 RMB'000
Revenue	**166,358**	N/A
Loss and total comprehensive Loss for the year	**(2,602)**	N/A
Dividends received from the joint venture during the year	**–**	–

22. INTERESTS IN JOINT VENTURES *(Continued)*

Sichuan Wenzhuo *(Continued)*

	Year ended 31/12/2014 RMB'000	Year ended 31/12/2013 RMB'000
Depreciation and amortisation	**37,946**	N/A
Interest income	**63**	N/A
Interest expense	**7,367**	N/A
Income tax expense	**1,953**	N/A

Reconciliation of the above summarized financial information to the carrying amount of the interest in Sichuan Wenzhuo recognised in the consolidated financial statements:

	31/12/2014 RMB'000	31/12/2013 RMB'000
Net assets of the joint venture	**623,508**	626,110
Proportion of the Group's ownership interest in Sichuan Wenzhuo	**299,284**	319,316
Effect of fair value adjustments on initial recognition of the joint venture	**7,628**	7,650
Carrying amount of the Group's interest in Sichuan Wenzhuo	**306,912**	326,966

23. AVAILABLE-FOR-SALE INVESTMENTS

	31/12/2014 RMB'000	31/12/2013 RMB'000
Listed equity investment, at fair value (note i)	**1,036,775**	777,226
Unlisted investments:		
Private equity fund, at fair value (note ii)	**40,000**	–
Trust product, at fair value (note iii)	**100,000**	–
Unlisted equity investments, at cost less impairment losses (note iv)	**501,337**	506,553
Total	**1,678,112**	1,283,779
Analysed for reporting purposes as:		
Current assets	**100,000**	–
Non-current assets	**1,578,112**	1,283,779

Notes:

i The Group's listed equity investment represents: (1) investment in Wan Xin Media, which accounts for 6.85% of the shareholding interest of Wan Xin Media. Wan Xin Media's shares were listed on the Shanghai Stock Exchange on 18 January 2010; (2) investment in Jiangsu Youli Investment Holding Co., Ltd. ("**Youli Holding**"), a company listed on the Shenzhen Stock Exchange, which accounts for 0.02% of the shareholding interest of Youli Holding.

As at 31 December 2014, the equity investment in Wan Xin Media and Youli Holding were stated at fair value, which were also their quoted market value of RMB1,035,854,000 (31 December 2013: RMB777,226,000) and RMB921,000 (31 December 2013: nil) respectively. During the Year, the fair value gain in respect of the Group's AFS investment in Wan Xin Media and Youli Holding recognised in other comprehensive income amounted to RMB258,628,000 (2013: RMB130,249,000) and RMB137,000 (2013: nil) respectively.

ii The Group's investment in private equity fund represents investment in CITIC Fund with a carrying amount of RMB40,000,000 (31 December 2013: nil). In January 2014, the Group made investment in CITIC Fund, represent 1% interests in CITIC Fund. The Group acts as a limited partner of CITIC Fund. The investment is measured at fair value. The fair value is determined based on discounted cash flow analysis. For details of fair value measurement, please refer to note 39.

iii The Group's investment in trust product represents trust product which underlying asset is working capital loan to Ping An International Financial Leasing Co., Ltd. with a carrying amount of RMB100,000,000 (31 December 2013: nil). The investment is measured at fair value. The investment has an expected annual return at rate of 7% and will be matured within one year. The fair value is determined based on discounted cash flow analysis. For details of fair value measurement, please refer to note 39.

iv As at 31 December 2014, the unlisted equity investments with a carrying amount of RMB501,337,000 (31 December 2013: RMB506,553,000) were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values can not be measured reliably. An impairment loss of RMB1,311,000 has been recognised in the consolidated statement of profit or loss for the year ended 31 December 2014 (2013: nil).

As at 31 December 2014, the Group does not intend to dispose of these investments in the near future.

24. LONG-TERM PREPAYMENTS

	31/12/2014 RMB'000	31/12/2013 RMB'000
Long-term prepayments (note i)	**123,413**	106,378
Input VAT recoverables (note ii)	**76,157**	57,958
	199,570	164,336

Notes:

(i) The balance mainly represented the prepayments made for construction projects and purchasing land use rights and properties.

(ii) The balance mainly represented input VAT that is expected to offset output VAT beyond one year from the end of the year.

25. ENTRUSTED LOAN

The balance represented an entrusted loan made by the Company to Sichuan Wenzhuo, a joint venture, through the China Construction Bank. The entrusted loan is secured by Zhuotai Industry's shareholding interests in Sichuan Wenzhuo, which bears interest at an annual rate of 6.15% and will mature in August 2016. The carrying amount of the entrusted loan approximated to its fair value as at 31 December 2014.

26. TRADE AND BILLS RECEIVABLES

	31/12/2014 RMB'000	31/12/2013 RMB'000
Bills receivables	**972**	33,249
Trade receivables	**712,953**	767,498
Less: Allowance for doubtful debts	**(108,556)**	(123,937)
Less: Allowance for sales returns	**(8,628)**	(8,377)
	596,741	668,433

The Group allows a credit period of no more than 270 days to its trade 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 which approximated the respective dates on which revenue was recognised.

26. TRADE AND BILLS RECEIVABLES *(Continued)*

	31/12/2014 RMB'000	31/12/2013 RMB'000
Within 3 months	**468,923**	496,754
3 to 6 months	**56,436**	99,982
6 months to 1 year	**48,374**	45,936
1 to 2 years	**12,376**	15,354
Over 2 years	**10,632**	10,407
	596,741	668,433

For new customers requesting credit from the Group, management evaluates the customers' credit quality and defines credit limits and credit terms for each new customer. The Group also seeks to maintain strict control over its outstanding receivables. 79% (31 December 2013: 78%) of the Group's trade receivables were neither past due nor impaired as at 31 December 2014, which is attributable to the implementation of above-mentioned policies.

Included in the Group's trade receivable balance are debtors which are past due as at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

	31/12/2014 RMB'000	31/12/2013 RMB'000
Overdue by:		
1-90 days	**19,086**	21,839
Above 90 days	**23,008**	25,761
Total	**42,094**	47,600

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary at this stage because there has not been a significant change in the credit quality of the individual debtors and the balances are considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

Included in the balance as at 31 December 2014 were trade receivables from SPG and associates of RMB0 (31 December 2013: RMB18,435,000), RMB0 (31 December 2013: RMB2,090,000) and RMB6,968,000 (31 December 2013: RMB33,287,000), respectively (note 43(b)).

26. TRADE AND BILLS RECEIVABLES *(Continued)*

Movement in the allowance for doubtful debts

	2014 RMB'000	2013 RMB'000
1 January	**123,937**	107,866
Charged for the year	**23,121**	21,270
Amount written off	**(4,530)**	(1,470)
Amount reversed	**(33,972)**	(3,729)
31 December	**108,556**	123,937

The Group performs impairment assessment individually for receivable balance over RMB5,000,000. For receivable less than RMB5,000,000, the Group categorises them into different groups according to their respective risk characteristics. Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of RMB17,641,000 (31 December 2013: RMB29,247,000), where the debtors have been in severe financial difficulties.

The Group does not hold any collateral over these balances.

26a. TRANSFERS OF FINANCIAL ASSETS

The Group has transferred bills receivables amounted to RMB7,643,000 (31 December 2013: RMB5,654,000) to its suppliers to settle its payables through endorsing the bills to its suppliers at 31 December 2014. In addition the Group has discounted bills receivables amounted to RMB10,000,000 (31 December 2013: RMB3,147,000) to banks at 31 December 2014. The Group has derecognised these bills receivables and the payables to suppliers in their entirety, as in the opinion of the Directors, the Group has transferred substantially all the risks and rewards of ownership of these bills to the suppliers and banks. The Group has limited exposure in respect of the settlement obligation of these bills receivable under relevant PRC rules and regulations should the issuing bank failed to settle the bills on maturity date. The Group considered the issuing banks of the bills are of good credit quality and the risk of non-settlement by the issuing banks on maturity is insignificant.

The maximum exposure to loss, which is same as the amount payable by the Group to the suppliers and banks in respect of the endorsed and discounted bills, should the issuing bank fail to settle the endorsed and discounted bills on maturity date amounted to RMB7,643,000 (31 December 2013: RMB5,654,000) and RMB10,000,000 (31 December 2013: RMB3,147,000) respectively at 31 December 2014.

All the bills receivables endorsed to suppliers of the Group have a maturity date of less than six months from the end of the reporting period.

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31/12/2014 RMB'000	31/12/2013 RMB'000
Deposits	**23,394**	34,055
Prepayments to suppliers	**70,363**	114,635
VAT refund receivables	**143,985**	92,210
VAT recoverables	**34,758**	39,895
Due from SPG (note 43(b))	**20**	538
Prepaid expenses	**–**	9,305
Loan receivables	**–**	3,500
Entrusted loan (i) (note 43(b))	**44,200**	44,200
Prepaid lease payments for land use rights (note 17)	**8,985**	5,435
Compensation receivable for relocation of properties (ii)	**118,389**	–
Other receivables (iii)	**24,194**	37,078
	468,288	380,851

Notes:

(i) The balance represents entrusted loans made by the Company to Chengdu Xinhui, an associate of the Company, through the Bank of Chengdu. The entrusted loans unsecured, bears interests at annual rates from 5.6% to 6.0% and are repayable within one year. The carrying amount of the entrusted loans approximated to its fair value as at 31 December 2014.

(ii) Pursuant to the relevant compensation agreement, Xinhua Printing will receive cash of RMB198,359,000 and properties with a fair value of RMB36,230,000 for the compensation of the removal. As at 31 December 2014, Xinhua Printing has received cash compensation of RMB79,970,000. The Company is expected to receive the rest of cash compensation of RMB118,389,000 in 2015 and properties compensation in 2018.

(iii) Other receivables

	31/12/2014 RMB'000	31/12/2013 RMB'000
Other receivables	**35,489**	42,929
Less: Provision for impairment	**(11,295)**	(5,851)
	24,194	37,078

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

Notes: (Continued)

(iii) Other receivables *(Continued)*

The movements in the provision for impairment of other receivables are as follows:

	31/12/2014 RMB'000	31/12/2013 RMB'000
At 1 January	**5,851**	4,378
Charged for the year	**6,078**	2,976
Amount written off	**–**	(1,021)
Liquidation of a subsidiary	**(3)**	–
Amount reversed	**(631)**	(482)
At 31 December	**11,295**	5,851

At 31 December 2014, other receivables that were neither past due nor impaired amounted to approximately RMB24,194,000 (31 December 2013: RMB37,078,000) relate to a large number of diversified debtors for whom there was no recent history of default.

28. INVENTORIES

	31/12/2014 RMB'000	31/12/2013 RMB'000
Raw materials	**146,163**	101,303
Working-in-process	**100,295**	107,788
Merchandise and Publications for resale	**1,017,013**	1,108,484
Production cost of television programs	**45,297**	81,576
	1,308,768	1,399,151

29. SHORT-TERM INVESTMENTS

As at 31 December 2014, the Group's short-term investments represented investments in structured financial products operated by banks and the Shanghai and Shenzhen Stock Exchange. These investments were principal-protected, with expected or fixed annual returns at rates from 3% to 8.8% with maturity of less than one year.

30. CASH AND SHORT-TERM DEPOSITS

	31/12/2014 RMB'000	31/12/2013 RMB'000
Cash and bank balances	**1,321,173**	1,396,482
Restricted cash	**24,019**	20,659
Pledged bank deposits for bills payable	**24,234**	61,800
Non-pledged bank deposits with original maturity of more than three months	**37,330**	88,558
	1,406,756	1,567,499
Less: Pledged bank deposits for bills payable	**(24,234)**	(61,800)
Restricted cash	**(24,019)**	(20,659)
	1,358,503	1,485,040

Bank balances, bank deposits, pledged bank deposits and restricted cash

At 31 December 2014, bank balances, bank deposits, pledged bank deposits and restricted cash carry interest at market rates which range from 0.35% to 3.3% (31 December 2013: 0.35% to 3.0%) per annum.

Pledged bank deposits represents deposits pledged to banks to secure the Group's bills payables with maturity ranging from 3 months to 6 months, and are therefore classified as current assets. The pledged bank deposits will be released upon the settlement of relevant bills payables.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at 31 December 2014 and 2013:

	31/12/2014 RMB'000	31/12/2013 RMB'000
Cash and short-term deposits	**1,358,503**	1,485,040
Non-pledged bank deposits with original maturity of more than three months	**(37,330)**	(88,558)
	1,321,173	1,396,482

31. ASSET CLASSIFIED AS HELD FOR SALE

In September 2013, the Company proposed to dispose of its 34% equity interest in 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. Accordingly, the interest in Chengdu Xinhui was classified as asset held for sale as at 31 December 2013. Up to 31 December 2014, the offer had not been accepted by any buyer and therefore the interest in Chengdu Xinhui was reclassified to interest in an associate.

32. TRADE AND BILLS PAYABLES

	31/12/2014 RMB'000	31/12/2013 RMB'000
Bills payable	**76,420**	184,394
Trade payables	**2,033,182**	1,934,753
	2,109,602	2,119,147

An aged analysis of the trade and bills payable as at the end of the reporting period, based on the invoice date, is as follows:

	31/12/2014 RMB'000	31/12/2013 RMB'000
Within 3 months	**724,984**	1,072,247
3 to 6 months	**470,640**	472,442
6 months to 1 year	**457,397**	257,951
1 to 2 years	**312,164**	133,897
Over 2 years	**144,417**	182,610
	2,109,602	2,119,147

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

Included in the balance as at 31 December 2014 were trade payables to SPG, joint ventures and associates of RMB16,000 (31 December 2013: RMB1,787,000), RMB179,000 (31 December 2013: RMB1,995,000) and RMB13,121,000 (31 December 2013: RMB7,324,000), respectively (note 43(b)).

As at 31 December 2014, the Group's bills payable of RMB76,420,000 (31 December 2013: RMB184,394,000) were secured by the Group's pledged bank deposits amounting to RMB24,234,000 (31 December 2013: RMB61,800,000) (note 30) and guarantees provided by the Company up to an amount of RMB125,000,000 (31 December 2013: RMB169,000,000).

33. DEPOSITS RECEIVED, OTHER PAYABLES AND ACCRUALS

	31/12/2014 RMB'000	31/12/2013 RMB'000
Accrued salaries, wages and benefits	**214,605**	195,790
Deposits	**53,002**	21,103
Advance from customers	**258,291**	272,951
Accrued operating expenses and other taxes	**115,123**	109,401
Due to Sichuan Xinhua Publishing Group (note 43(b))	**14,407**	14,407
Due to SPG (note 43(b))	**167**	589
Deferred government grants	**146,013**	95,846
Others	**83,717**	46,781
	885,325	756,868

The balances with Sichuan Xinhua Publishing Group and SPG are unsecured, interest-free and have no fixed terms of repayment.

34. ISSUED CAPITAL

	31/12/2014 RMB'000	31/12/2013 RMB'000
Issued and fully paid:		
693,194,000 domestic shares of RMB1.00 each	**693,194**	693,194
441,937,000 H Shares of RMB1.00 each	**441,937**	441,937
	1,135,131	1,135,131

35. RESERVES

The amounts of the Group's reserves and the movement therein for the current and prior years are presented in the consolidated statement of changes in equity.

(a) Capital reserves

The capital reserves of the Group as at 1 January 2014 mainly represent: i) the excess of capital contributions over registered capital by non-controlling equity holders of subsidiaries; ii) the excess of consideration over the par value of treasury shares issued during the year; and iii) difference between the amount of adjustment of non-controlling interests and the fair value of consideration paid in an acquisition of non-controlling interest.

In November 2014, the Company acquired 40% equity interests in Sichuan Winshare Art Investing & Managing Co., Ltd. from non-related parties with consideration of RMB8,680,000. The difference of RMB3,580,000 between carrying amount of the non-controlling interests acquired and consideration paid was recorded in capital reserves.

(b) Statutory surplus reserve

In accordance with the PRC Company Law and the respective companies' articles of association, the Company and its subsidiaries are required to appropriate 10% of the annual statutory profit after tax (after offsetting any prior years' losses, if any), determined in accordance with PRC Accounting Standard for Business Enterprises, to the statutory surplus reserve. When the balance of the reserve fund reaches 50% of each entity's registered capital, any further appropriation is optional. The statutory surplus reserve can be utilised to offset prior years' losses or to increase capital. However, the balance of the statutory surplus reserve must be maintained at a minimum of 25% of the registered capital after such uses.

(c) Revaluation reserve

Revaluation reserve mainly represents accumulated fair value gain on available-for-sale equity investments and deferred tax arising from the revaluation of certain long-term assets upon the restructuring of the Group and the establishment of the Company.

(d) Retained profits

As at 31 December 2014, the retained profits included statutory surplus reserves appropriated by the subsidiaries of the Company amounted to RMB36,309,000 (31 December 2013: RMB26,462,000).

36. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	31/12/2014 RMB'000	31/12/2013 RMB'000
Deferred tax assets	**34,089**	37,917
Deferred tax liabilities	**(42,692)**	–

The following are the major deferred tax liabilities and assets recognised and movements thereon during the year:

Deferred tax assets

	2014 RMB'000	2013 RMB'000
At 1 January	**49,019**	47,820
Credit to profit or loss	**1,832**	1,199
Effect of income tax exemption from year 2014 to year 2018	**(6,476)**	–
At 31 December	**44,375**	49,019
Provision in respect of:		
Revaluation of items of property, plant and equipment and lease prepayments for land use rights for tax purposes	**34,138**	40,614
Temporary difference arising from impairment of trade and other receivables	**5,217**	5,150
Temporary difference arising from write-down of inventories to net realisable value	**2,216**	1,960
Others	**2,804**	1,295
	44,375	49,019

36. DEFERRED TAXATION *(Continued)*

Deferred tax liabilities

	2014 RMB'000	2013 RMB'000
At 1 January	**(11,102)**	(17,879)
Acquired in a business combination (note 46)	**(42,692)**	–
Deemed disposal of a subsidiary (note 47(ii))	**–**	3,163
Credit to other comprehensive income	**(34)**	–
Credit to profit or loss	**850**	3,614
At 31 December	**(52,978)**	(11,102)
Provision in respect of:		
Fair value adjustments on items of property, plant and equipment and lease prepayments for land use rights for tax purposes	**(13,158)**	(11,102)
Deferred compensation for relocation of properties	**(39,665)**	–
Fair value changes on AFS investment	**(155)**	–
	(52,978)	(11,102)

As at 31 December 2014, the Group had unused tax losses of RMB298,964,000 (31 December 2013: RMB216,517,000) and deductible temporary differences of RMB58,154,000 (31 December 2013: RMB54,750,000). The Group's unused tax losses as at 31 December 2014 will expire in year 2015 to year 2019 if not utilised. No deferred tax asset has been recognised in relation to such tax losses and deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

37. INTEREST-BEARING BANK BORROWINGS

	Note	31/12/2014 RMB'000	31/12/2013 RMB'000
Bank loans – secured	(a)	35,000	40,000
Bank loans – unsecured	(b)	15,000	25,000
Total interest-bearing bank borrowings		50,000	65,000
Analysed into:			
Interest-bearing bank borrowings repayable:			
Within one year		50,000	65,000
Total interest-bearing bank borrowings		50,000	65,000
Less: Portion classified as current liabilities		(50,000)	(65,000)
Non-current portion		–	–

Notes:

(a) At 31 December 2014, the bank loans were secured by lands use rights and buildings of the Group amounting to RMB28,469,000 (31 December 2013: RMB29,147,000) and RMB34,101,000 (31 December 2013: RMB36,950,000), respectively.

(b) At 31 December 2013 and 2014, the bank loans were also secured by guarantees provided by the Company.

The exposure of the Group's floating borrowings and the contractual maturity dates are as follows:

	31/12/2014 RMB'000	31/12/2013 RMB'000
Floating rate borrowings		
Within one year	50,000	65,000

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	31/12/2014 RMB'000	31/12/2013 RMB'000
Effective interest rate:		
Floating rate borrowings	6.16% to 7.20%	6.60% to 7.80%

37. INTEREST-BEARING BANK BORROWINGS *(Continued)*

As at the end of the reporting period, the Group has the following undrawn borrowing facilities:

	31/12/2014 RMB'000	31/12/2013 RMB'000
Floating rate		
– expiring within one year	**46,000**	84,000
– expiring beyond one year	**9,000**	–

38. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from previous year.

The capital structure of the Group consists of net debt including bank and other borrowings, net of cash and cash equivalents and equity attributable to owners of the Company comprising issued equity, retained profits and other reserves.

The Directors review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

39. FINANCIAL INSTRUMENTS

39.1 Categories of financial instruments

	31/12/2014 RMB'000	31/12/2013 RMB'000
Financial assets		
Short-term investments	**94,892**	27,140
Loans and receivables (including pledged bank deposits and restricted cash and cash and short-term deposits)	**2,362,268**	2,475,302
AFS investments		
– Fair value	**1,176,775**	777,226
– Cost	**501,337**	506,553
Financial liabilities		
Amortised cost	**2,229,011**	2,224,740

39. FINANCIAL INSTRUMENTS *(Continued)*

39.2 Financial risk management objectives and polices

The Group's principal financial instruments comprise cash and short-term deposits, restricted cash, pledged bank deposits, trade and bills receivables, deposits and other receivables, short-term investments, AFS investments, entrusted loan, interest-bearing bank borrowings, trade and bills payables, deposits received and other payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets and liabilities such as trade and bills receivables, deposits and other receivables, trade and bills payables, deposits received and other payables which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to financial assets and financial liabilities are set out in note 4.

Foreign currency risk

The Group's businesses are principally located in the PRC and the Group's sales and purchases were mainly conducted in RMB. As at the end of the reporting period, all the Group's assets and liabilities were denominated in RMB, except for the cash and bank balances of RMB514,000 (2013: RMB852,000) denominated in Hong Kong dollar and United States dollar. The Directors consider that a reasonably possible change of 5% to 10% in the exchange rate between the Hong Kong dollar or United States dollar against the RMB would have no material impact on the Group's profit or loss and the Group's equity.

Interest rate risk

The Group is exposed to fair value interest rate risk relates primarily to fixed rate borrowings. The Group's policy is to maintain short-term borrowings at prevailing market rates so as to minimise the fair value interest risk. As at 31 December 2014, the Group had no non-current borrowing.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and a financial guarantee provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

The Group's credit risk is primarily attributable to entrusted loan, trade and bills receivables, deposits and other receivables, short-term investments and bank deposits.

39. FINANCIAL INSTRUMENTS *(Continued)*

39.2 Financial risk management objectives and polices *(Continued)*

Credit risk *(Continued)*

The Group has concentration of credit risk on liquid funds which are deposited with several banks. However, the credit risk on bank balances is limited because the counterparties are banks with good reputation.

The Group also has concentration of credit risk in respect of entrusted loans to a joint venture and an associate and trade receivables from related parties of the Group as set out in note 43(b). The Group monitors the exposure to credit risk on an ongoing basis. In order to minimise the credit risk, the management reviews the recoverability of the entrusted loans and trade receivables to ensure that follow-up action is taken timely. In this regard, management concludes the exposure to bad debt is significantly reduced.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of its financial instruments, financial assets and liabilities and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the utilisation of interest-bearing bank borrowings. The Group's financing activities are managed centrally by maintaining an adequate level of cash and short-term deposits to finance the Group's operations. The Group also ensures the availability of bank credit facilities to address any short-term funding requirements.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Interest rate %	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31/12/2014 RMB'000
2014								
Interest-bearing borrowings								
– floating rates	6.16 to 7.20	–	–	52,051	–	–	52,051	50,000
Trade and bills payables	–	913,978	1,142,934	52,690	–	–	2,109,602	2,109,602
Other payables	–	14,574	53,002	1,833	–	–	69,409	69,409
		928,552	1,195,936	106,574	–	–	2,231,062	2,229,011

39. FINANCIAL INSTRUMENTS *(Continued)*

39.2 Financial risk management objectives and polices *(Continued)*

Liquidity risk *(Continued)*

	Interest rate %	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31/12/2013 RMB'000
2013								
Interest-bearing bank borrowings								
– floating rates	6.60 to 7.80	–	–	67,513	–	–	67,513	65,000
Trade and bills payables		574,458	1,447,164	97,525	–	–	2,119,147	2,119,147
Other payables		14,996	21,103	4,494	–	–	40,593	40,593
		589,454	1,468,267	169,532	–	–	2,227,253	2,224,740

The table above includes both interest and principal cash flows.

Other price risk

The Group is exposed to equity price risk through its listed AFS equity investment in Wan Xin Media and Youli Holding (note 23). The Directors monitor the equity price of Wan Xin Media and Youli Holding on a regular basis. As at 31 December 2014, the Group recognised an accumulated gain of RMB849,541,000 (31 December 2013: RMB590,810,000) from its investment in Wan Xin Media and Youli Holding directly in equity.

If the equity price had been 5% higher/lower (2013: 5% higher/lower), accumulated other comprehensive income at 31 December 2014 would have increased/decreased by RMB51,839,000 (31 December 2013: increase/decrease by RMB38,861,000).

39. FINANCIAL INSTRUMENTS *(Continued)*

39.3 Fair value measurement of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

(i) Fair value of the Group's financial assets are measured at fair value on a recurring basis

The Group's listed AFS equity investments 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:

Financial assets	Fair value as at 31/12/2014 RMB'000	Fair value as at 31/12/2013 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationships of unobservable input(s) to fair value
Listed equity securities classified as AFS investments in the statement of financial position	1,036,775	777,226	Level 1	Quoted bid prices in an active market	N/A	N/A
Investment in unlisted private equity fund classified as AFS investment 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.
Investment in trust product classified as AFS investment of financial position	100,000	–	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.

39. FINANCIAL INSTRUMENTS *(Continued)*

39.3 Fair value measurement of financial instruments *(Continued)*

(i) Fair value of the Group's financial assets are measured at fair value on a recurring basis *(Continued)*

Reconciliation of Level 3 fair value measurements

	RMB'000
At 1 January 2014	–
Purchase	140,000
At 31 December 2014	140,000

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values. The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

40. OPERATING LEASES

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	31/12/2014 RMB'000	31/12/2013 RMB'000
Within one year	**86,158**	74,139
In the second to fifth year, inclusive	**97,794**	121,154
Over five years	**7,152**	11,049
	191,104	206,342

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

40. OPERATING LEASES *(Continued)*

The Group as lessor

Property rental income earned during the year was RMB16,600,000 (2013: RMB12,461,000).

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	31/12/2014 RMB'000	31/12/2013 RMB'000
Within one year	**11,489**	9,179
In the second to fifth year, inclusive	**18,223**	19,147
After five years	**4,478**	8,135
	34,190	36,461

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

41. COMMITMENTS

Capital commitments

The Group had the following capital commitments, principally for the construction and acquisition of items of property, plant and equipment, at the end of the reporting period:

	31/12/2014 RMB'000	31/12/2013 RMB'000
Property, plant and equipment:		
Contracted, but not provided for	**420,676**	120,780
Authorised, but not contracted for	**515,638**	952,625
	936,314	1,073,425

41. COMMITMENTS *(Continued)*

Investment commitments

The Group had the following investment commitments, principally for an investment to establish a subsidiary at the end of the reporting period:

	31/12/2014 RMB'000	31/12/2013 RMB'000
Investment to establish a subsidiary:		
Contracted, but not provided for	**50,000**	51,333
Investment to private equity fund:		
Contracted, but not provided for	**260,000**	100,000

42. RETIREMENT BENEFITS PLANS

The Group's employees in the PRC are covered by various defined contribution pension schemes regulated by the relevant municipal and provincial governments in the PRC pursuant to which the municipal and provincial governments undertake to assume the post-employment pension obligations payable to all existing and retired employees.

The aggregate contributions of the Group to post-employment pension schemes for the year ended 31 December 2014 were approximately RMB107,958,000 (2013: RMB102,640,000).

43. RELATED PARTY TRANSACTIONS

(a) Save as disclosed in note 46, the Group had the following material transactions with related parties during the year:

	Notes	Year ended 31/12/2014 RMB'000	Year ended 31/12/2013 RMB'000
Sichuan Xinhua Publishing Group:			
Sales of merchandise	(i)	186	96,969
Rental income	(iii)	1,344	1,344
Rental expenses	(iv)	35,687	35,943
Interest expense		–	655
Purchase of services	(ii)	9,614	14,500
Purchase of merchandise	(ii)	27	–
SPG:			
Sales of merchandise	(i)	2,772	15,662
Sales of equipment	(i)	1,602	4,520
Render of printing services	(ii)	–	10
Rental and property management fee	(v)	15,898	16,586
Purchase of publications	(ii)	–	8,978
Purchase of printing services	(ii)	5,361	17,552
Purchase of other services	(ii)	85	83
Associates*:			
Sales of merchandise	(i)	–	3,924
Purchase of merchandise	(ii)	32,403	23,724
Interest income on entrusted loans		2,178	3,433
Joint ventures*:			
Purchase of merchandise	(ii)	486	2,859
Interest income on entrusted loans	25	8,959	–
Disposal of interest in an associate		–	3,380

43. RELATED PARTY TRANSACTIONS *(Continued)*

(a) Save as disclosed in note 46, the Group had the following material transactions with related parties during the year: *(Continued)*

Notes:

(i) The sales to related parties were made according to the prices and conditions offered to the major customers of the Group.

(ii) The purchase prices of merchandise and services were based on mutually agreed terms.

(iii) Pursuant to a property lease agreement entered into between the Company and Sichuan Xinhua Publishing Group dated 29 April 2007, the annual rental is at a fixed amount of RMB1,344,000.

(iv) The rental expenses for bookstores and offices were charged based on mutually agreed terms at fixed annual rates. The rental expense charged by Sichuan Xinhua Publishing Group amounted to RMB35,687,000 (2013: RMB35,943,000) during the year.

(v) The rental and property management fee for leased office buildings were charged based on mutually agreed terms at a fixed annual rate. The rental expense charged by SPG amounted to RMB15,898,000 (2013: RMB16,586,000) during the year.

* Except for the transactions with associates and joint ventures, all of the related party transactions above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(b) Purchase equity interests in Xinhua Printing.

Please refer to note 46 for the details.

43. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Balances with related parties:

	Notes	31/12/2014 RMB'000	31/12/2013 RMB'000
Trade and other receivables:			
Trade receivables due from Sichuan Xinhua Publishing Group	26	**0**	18,435
Trade receivables due from SPG	26	**0**	2,090
Trade receivables due from associates of the Group	26	**6,968**	33,287
Other receivables due from SPG	27	**20**	538
Entrusted loan due from a joint venture of the Group	25	**120,000**	120,000
Entrusted loans due from associates of the Group	27(i)	**44,200**	44,200
Trade and other payables:			
Trade payables due to SPG	32	**16**	1,787
Trade payables due to a joint venture	32	**179**	1,995
Trade payables due to associates of the Group	32	**13,121**	7,324
Other payables due to Sichuan Xinhua	33	**14,407**	14,407
Other payables due to SPG	33	**167**	589

Except for the non-current entrusted loan of RMB120,000,000 (note 25) and an entrusted loan of RMB44,200,000 included in prepayments, deposits and other receivables (note 27), the above balances are unsecured, interest-free and have no fixed terms of repayment.

(d) Compensations to key management personnel of the Group are as follows:

	Year ended 31/12/2014 RMB'000	Year ended 31/12/2013 RMB'000
Short-term employee benefits	**5,745**	6,422

44. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Place/Country of incorporation or registration/ operations	Paid up issued/ registered ordinary share capital	Proportion ownership interest held by the Company 2014 %	2013 %	Principal activities
Sichuan Xinhua Online Network Co., Ltd.	PRC	RMB10,000,000	**100**	100	Internet publication and computer service
Beijing Xinhua Wenxuan Advertising Co., Ltd.	PRC	RMB13,000,000	**81.54**	81.54	Provision of advertising services and sale of publications and newspapers
Sichuan Xinhua Wenxuan Media Co., Ltd.	PRC	RMB5,700,000	**70**	70	Sale of publications and provision of conference and exhibition services
Sichuan Xinhua Shang Paper Co., Ltd.	PRC	RMB15,000,000	**51**	51	Sale of printing related Publications
Beijing Huaxia Shengxuan Book Co., Ltd.	PRC	RMB15,000,000	**51**	51	Sale of publications manufacture
Sichuan Xinhua Colour Printing Co., Ltd.	PRC	RMB100,000,000	**65**	65	Provision of publication printing service
Sichuan Winshare Education Technology Co., Ltd.	PRC	RMB40,000,000	**100**	100	Sale of textbook elated Publications
Sichuan People's Education Times Xinhua Audio and Video Co., Ltd.	PRC	RMB2,000,000	**80**	80	Sale of audio and video Publication
Winshare Online	PRC	RMB30,000,000	**75**	75	Sale of Publication on internet
Huaying Winshare	PRC	RMB160,770,000	**100**	100	Movie related investments
Sichuan Winshare Art Investing & Managing Co., Ltd.	PRC	RMB20,000,000	**100**	60	Art exhibition service and art related Publications investment

44. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Continued)*

Name of subsidiary	Place/Country of incorporation or registration/ operations	Paid up issued/ registered ordinary share capital	Proportion ownership interest held by the Company 2014 %	2013 %	Principal activities
Sichuan People's Publishing House Co., Ltd.	PRC	RMB10,000,000	**100**	100	Publishing and wholesaling of publications and related Publications
Sichuan Publication Printing Co., Ltd.	PRC	RMB50,000,000	**100**	100	Publishing and wholesaling of publications and related Publications
Sichuan Education Publishing House Co., Ltd.	PRC	RMB10,000,000	**100**	100	Publishing and wholesaling of publications and related Publications
Sichuan Youth and Children's Publishing House Co., Ltd.	PRC	RMB10,000,000	**100**	100	Publishing and wholesaling of publications and related Publications
Sichuan Science & Technology Publishing House Co., Ltd.	PRC	RMB4,000,000	**100**	100	Publishing and wholesaling of publications and related Publications
Sichuan Literature & Art Publishing House Co., Ltd.	PRC	RMB5,000,000	**100**	100	Publishing and wholesaling of publications and related Publications
Sichuan Fine Arts Publishing House Co., Ltd.	PRC	RMB4,250,000	**100**	100	Publishing and wholesaling of publications and related Publications
Sichuan Lexicographical Publishing House Co., Ltd.	PRC	RMB2,000,000	**100**	100	Publishing and wholesaling of publications and related Publications

44. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Continued)*

Name of subsidiary	Place/Country of incorporation or registration/ operations	Paid up issued/ registered ordinary share capital	Proportion ownership interest held by the Company 2014 %	2013 %	Principal activities
Sichuan Bashu Publishing House Co., Ltd.	PRC	RMB2,000,000	**100**	100	Publishing and wholesaling of publications and related Publications
Sichuan Tiandi Publishing House Co., Ltd.	PRC	RMB2,000,000	**100**	100	Publishing and wholesaling of publications and related Publications
Sichuan Digital Publishing & Media Co., Ltd.	PRC	RMB10,000,000	**100**	100	Publishing and wholesaling of publications
Sichuan Pictorial Co., Ltd.	PRC	RMB1,500,000	**100**	100	Publishing and wholesaling of publications and related Publications
Sichuan Readers' Journal Press Co., Ltd.	PRC	RMB1,500,000	**100**	100	Publishing and wholesaling of publications and related Publications
Sichuan Printing Material Co., Ltd.	PRC	RMB30,000,000	**100**	100	Provision of printing related materials
Sichuan Wenchuan Logistics Co., Ltd.	PRC	RMB100,000,000	**100**	100	Warehousing and logistics services
Beijing Shu Chuan Xinhua Bookstore Book Distribution Co., Ltd.	PRC	RMB2,000,000	**82.5**	82.5	Inactive company
Xinhua Winshare Commercial Chain (Beijing) Co., Ltd.	PRC	RMB129,300,000	**51**	51	Sale of publication and related Publications
Washington Winshare Media, Inc.	US	US$300,000	**90**	90	Trade of copyright in International Publishing

44. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Continued)*

Name of subsidiary	Place/Country of incorporation or registration/ operations	Paid up issued/ registered ordinary share capital	Proportion ownership interest held by the Company 2014 %	2013 %	Principal activities
Sichuan Vivi Bride Magazine Co., Ltd.	PRC	RMB2,000,000	100	100	Sale of publication and related Publications
Winshare Vivi Advertising (Chengdu) Co., Ltd.	PRC	RMB7,500,000	53	53	Provision of advertising service
Winshare Education Technology and Equipment Co., Ltd.	PRC	RMB3,000,000	87	87	Provision of software development service
Winshare Investment Co., Ltd.*	PRC	RMB100,000,000	100	–	Investment
Sichuan Xinhua Printing Co., Ltd.	PRC	RMB20,160,000	100	–	Provision of publication printing service
Winshare International Cultural Promotion Co., Ltd.*	PRC	–	100	–	Organizing culture and art communication activities, and provision of business consulting, conference and exhibition services

* Newly established or acquired during the year ended 31 December 2014.

None of the subsidiaries have issued any debt securities at the end of the year.

44. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Continued)*

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiary of the Group that has material non-controlling interests at 31 December 2014:

Name of subsidiary	Place of incorporation and principle place of business	Proportion of ownership interest and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
				Year ended	Year ended		
		31/12/2014	31/12/2013	31/12/2014	31/12/2013	31/12/2014	31/12/2013
				RMB'000	RMB'000	RMB'000	RMB'000
Xinhua Colour Printing	PRC	35%	35%	(631)	168	29,718	30,349

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Xinhua Colour Printing	31/12/2014 RMB'000	31/12/2013 RMB'000
Current assets	86,329	89,275
Non-current assets	94,568	102,507
Current liabilities	(95,988)	(105,071)
Equity attributed to owners of the Company	55,191	56,362
Non-controlling interests	29,718	30,349

44. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Continued)*

	Year end 31/12/2014 RMB'000	Year end 31/12/2013 RMB'000
Revenue	**91,871**	99,648
Expense	**93,673**	99,168
(Loss)/profit for the year	**(1,802)**	480
(Loss)/profit attributable to owners of the Company	**(1,171)**	312
(Loss)/profit attributable to the non-controlling interest	**(631)**	168
(Loss)/profit for the year	**(1,802)**	480
Dividends paid to non-controlling interests	**–**	–
Net cash inflow/(outflow) from operating activities	**8,514**	(281)
Net cash outflow from investing activities	**(643)**	(6,584)
Net cash (outflow)/inflow from financing activities	**(7,304)**	15,034
Net cash inflow	**567**	8,169

45. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	31/12/2014 RMB'000	31/12/2013 RMB'000
Non-current Assets			
Property, plant and equipment		**916,679**	847,184
Prepaid lease payments for land use rights		**73,443**	77,741
Investment properties		**3,226**	3,631
Other intangible assets		**18,280**	22,087
Investments in subsidiaries		**2,030,577**	1,778,238
Investments in associates		**192,243**	52,057
Investments in joint ventures		**406,162**	424,966
Available-for-sale investments		**1,576,962**	1,283,551
Deferred tax assets		**34,138**	40,614
Long-term prepayments		**468,995**	414,635
Long-term trade receivable		**28,574**	–
Entrusted loan		**120,000**	120,000
		5,869,279	5,064,704
Current Assets			
Trade and bill receivables		**175,619**	153,082
Prepayments, deposits and other receivables		**245,175**	227,602
Due from subsidiaries		**1,561,628**	984,984
Inventories		**928,553**	1,066,695
Short-term investments		**–**	5,000
Cash and short-term deposits		**752,418**	918,666
		3,663,393	3,356,029
Assets classified as held for sale		**–**	126,673
		3,663,393	3,482,702
Current Liabilities			
Trade and bills payables		**1,494,966**	1,334,859
Deposits received, other payables and accruals		**496,278**	460,156
Due to subsidiaries		**1,872,079**	1,608,348
		3,863,323	3,403,363
Net Current (Liabilities)/Assets		**(199,930)**	79,339
Total Assets less Current Liabilities		**5,669,349**	5,144,043
Capital and Reserves			
Issued capital	34	**1,135,131**	1,135,131
Reserves		**4,193,679**	3,668,373
Proposed dividends	14	**340,539**	340,539
Total Equity		**5,669,349**	5,144,043
Total Equity and Non-current Liabilities		**5,669,349**	5,144,043

45. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Movement in reserves

	Share premium RMB'000	Capital reserves RMB'000	Statutory surplus reserve RMB'000	Revaluation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2013	1,708,203	33,514	294,422	502,479	774,883	3,313,501
Profit for the year	–	–	–	–	565,162	565,162
Other comprehensive income for the year	–	–	–	130,249	–	130,249
Total comprehensive income for the year	1,708,203	33,514	294,422	632,728	1,340,045	4,008,912
Proposed dividends for 2013	–	–	–	–	(340,539)	(340,539)
Appropriation to statutory surplus reserve	–	–	57,261	–	(57,261)	–
At 31 December 2013	1,708,203	33,514	351,683	632,728	942,245	3,668,373
At 1 January 2014	**1,708,203**	**33,514**	**351,683**	**632,728**	**942,245**	**3,668,373**
Profit for the year	**–**	**–**	**–**	**–**	**613,693**	**613,693**
Other comprehensive income for the year	**–**	**–**	**–**	**252,152**	**–**	**252,152**
Total comprehensive income for the year	**1,708,203**	**33,514**	**351,683**	**884,880**	**1,555,938**	**4,534,218**
Proposed dividends for 2014	**–**	**–**	**–**	**–**	**(340,539)**	**(340,539)**
Appropriation to statutory surplus reserve	**–**	**–**	**60,377**	**–**	**(60,377)**	**–**
At 31 December 2014	**1,708,203**	**33,514**	**412,060**	**884,880**	**1,115,022**	**4,193,679**

Capital reserve of the Company represents the excess of cash consideration received from promoters other than Sichuan Xinhua Publishing Group over the par value of ordinary shares issued upon the establishment of the Company.

46. BUSINESS COMBINATION

On 10 April 2014, the Company and SPG entered into an equity transfer agreement by which the Company agreed to acquire the entire equity interests of Sichuan Xinhua Printing from SPG at an aggregate cash consideration of RMB168,599,000. The acquisition was completed on 1 August 2014. Upon the completion of the acquisition, Sichuan Xinhua Printing has become a wholly-owned subsidiary of the Group. Sichuan Xinhua Printing principally engaged in operation of printing publications.

Assets acquired and liabilities recognised at the date of acquisition:

	Notes	RMB'000
Property, plant and equipment	16	133,896
Prepaid lease payments for land use right	17	52,077
Investment properties	18	30,024
Other intangible assets	20	234
Other non-current assets		36,230
Trade receivables		26,866
Prepayments, deposits and other receivables		121,283
Available-for-sale investments		784
Inventories		1,943
Restricted cash		3,289
Cash and short-term deposits		34,139
Trade and bills payables		(8,357)
Deposits received, other payables and accruals (note)		(220,531)
Deferred tax liabilities	36	(42,692)
Net assets acquired		169,185
Gain arising on acquisition		(586)
Consideration transferred		168,599

The fair value of the trade receivables and other receivables as at the date of acquisition amounted to RMB26,866,000 and RMB118,790,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB28,500,000 and RMB118,907,000, respectively, of which trade receivables of RMB1,634,000 and other receivables of RMB117,000 were expected to be uncollectible.

The Group incurred transaction costs of RMB689,000 for this acquisition. These transaction costs had been expensed and were included in other expenses in the consolidated income statement for the year ended 31 December 2014.

Note: Included in the balance were amounts due to SPG of RMB164,003,000, which was repaid in December 2014.

46. BUSINESS COMBINATION *(Continued)*

Net cash outflow on acquisition of a subsidiary:

	RMB'000
Consideration paid in cash	168,599
Less: cash and short-term deposits acquired	(34,139)
	134,460

Impact of acquisitions on the results of the Group

Included in the profit for the year is loss of RMB8,010,000 attributable to Xinhua Printing. Revenue for the year includes RMB3,129,000 in respect of Xinhua Printing.

Had the business combination been effected at 1 January 2014, the revenue of the Group would have been RMB5,289,862,000, and the profit for the year would have been RMB612,527,000.

47. DEEMED DISPOSAL OF A SUBSIDIARY

i. Deemed disposal of Education and Science Forum

In November 2014, an independent third party made capital injection of RMB150,000 to Education and Science Forum which resulted in the Group's equity interests in Education and Science Forum decreased from 100% to 40%. Therefore, the Group lost control over Education and Science Forum and accounted for Education and Science Forum as an associate as at 31 December 2014.

	Notes	RMB'000
Consideration received:		
Cash received		–
Analysis of assets and liabilities over which control was lost:		
Property, plant and equipment	16	162
Trade receivables		2,014
Prepayments, deposits and other receivables		340
Cash and short-term deposits		505
Trade and bills payables		(520)
Deposits received, other payables and accruals		(1,582)
Net assets disposed of		919
Gain on disposal of a subsidiary:		
Consideration received		–
Net assets disposed of		919
Fair value of retained equity interests		100
Loss on disposal		(819)
Net cash outflow arising on disposal:		
Cash consideration		–
Less: cash and short-term deposits disposed		505
Net cash outflow arising on disposal		(505)

47. DEEMED DISPOSAL OF A SUBSIDIARY *(Continued)*

ii. Deemed disposal of Sichuan Wenzhuo

In December 2013, the Articles of Association of Sichuan Wenzhuo was revised with immediate effect. Pursuant to the revised Articles of Association, all shareholders' resolutions can only be passed with at least two thirds votes and the Company holds 51% votes. Therefore, the Company lost control over Sichuan Wenzhuo and accounted Sichuan Wenzhuo as a joint venture as at 31 December 2013.

The net assets of Sichuan Wenzhuo, at the date of the deemed disposal, are as follows:

	Sichuan Wenzhuo RMB'000
Consideration received:	
Cash received	–
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	766,307
Prepaid lease payments	110,610
Other intangible assets	353
Trade receivables	22,670
Prepayments, deposits and other receivables	46,853
Inventories	4,157
Bank balances and cash	20,140
Trade and bills payables	(5,031)
Deposits received, other payables and accruals	(112,339)
Other borrowings	(120,000)
Other payables	(104,447)
Deferred tax liabilities	(3,163)
Net assets disposed of	626,110
Gain on disposal of a subsidiary:	
Consideration received	–
Net assets disposed of	(626,110)
Non-controlling interests	306,794
Fair value of retained equity interests	326,966
Goodwill	(2,067)
Gain on disposal	5,583
Net cash outflow arising on disposal:	
Cash consideration	–
Less: cash and short-term deposits disposed	(20,140)
Net cash outflow arising on disposal	(20,140)

48. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2014, the Group had the following significant events:

Proposed dividend

A meeting of the Board of Directors of the Company was held on 10 March 2015, in which a dividend of approximately RMB340,539,000 (tax inclusive) in total, equivalent to RMB0.30 per share (tax inclusive), was proposed in respect of the Year.

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,
Cheng Bei, Chengdu, Sichuan
Postal Code: 610081

四川省成都市城北商貿大道文軒路6號
郵政編碼：610081

Website 網址: www.winshare.com.cn