



WIN SHARE

# 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)



## 2015 Interim Report 二零一五年 中期報告

\* For identification purposes only  
僅供識別

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# Corporate Information

## LEGAL NAME OF THE COMPANY

新華文軒出版傳媒股份有限公司

## COMPANY NAME IN ENGLISH

XINHUA WINSHARE PUBLISHING  
AND MEDIA CO., LTD.\*

## LEGAL REPRESENTATIVE

Mr. Gong Cimin

## BOARD OF DIRECTORS

### Executive Directors

Mr. Gong Cimin (*Chairman*)

Mr. Luo Yong

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 (*Chairlady*)

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

## COMPANY SECRETARY

Mr. You Zugang

## AUTHORISED REPRESENTATIVES

Mr. Luo Jun

Mr. You Zugang

\* For identification purpose only



## Corporate Information (continued)

### **ALTERNATE AUTHORISED REPRESENTATIVE**

Ms. Wong Wai Ling

### **INTERNATIONAL AUDITOR**

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

### **PRC AUDITOR**

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

### **HONG KONG LEGAL ADVISOR**

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

### **REGISTERED OFFICE IN THE PRC**

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

### **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

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

### **PRINCIPAL BANKERS**

The Industrial and Commercial Bank of China  
China Construction Bank

### **HONG KONG H SHARES REGISTRAR**

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

### **COMPANY WEBSITE**

<http://www.winshare.com.cn>

### **STOCK CODE**

00811



# Interim Condensed Consolidated Statement of Profit or Loss

		Six months ended 30 June	
	Notes	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
<b>Revenue</b>	4	<b>2,418,955</b>	2,182,451
Cost of sales		<b>(1,451,481)</b>	(1,290,837)
<b>Gross profit</b>		<b>967,474</b>	891,614
Other income and gains	4	<b>187,141</b>	140,506
Selling and distribution expenses		<b>(509,282)</b>	(462,050)
Administrative expenses		<b>(257,583)</b>	(222,246)
Other expenses		<b>(66,199)</b>	(47,910)
Share of loss of associates		<b>(1,647)</b>	(1,982)
Share of profit of joint ventures		<b>1,499</b>	3,900
Finance income, net	6	<b>4,332</b>	4,067
<b>Profit before tax</b>		<b>325,735</b>	305,899
Income tax expense	7	<b>(1,137)</b>	(928)
<b>Profit for the Period</b>	5	<b>324,598</b>	304,971
Profit (loss) for the Period attributable to:			
Owners of the Company		<b>343,736</b>	321,889
Non-controlling interests		<b>(19,138)</b>	(16,918)
		<b>324,598</b>	304,971
<b>EARNINGS PER SHARE</b>			
– Basic (RMB)	9	<b>0.30</b>	0.28



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

	Six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
<b>Profit for the Period</b>	<b>324,598</b>	304,971
<b>Other comprehensive income:</b>		
<b>Item that will not be reclassified to profit or loss:</b>		
Effect of income tax exemption from year 2014 to year 2018	–	(6,476)
<b>Item that may be subsequently reclassified to profit or loss:</b>		
Fair value gain on available-for-sale investment	<b>783,314</b>	56,088
Other comprehensive income for the Period	<b>783,314</b>	49,612
<b>Total comprehensive income for the Period</b>	<b>1,107,912</b>	354,583
Total comprehensive income attributable to:		
Owners of the Company	<b>1,127,050</b>	371,501
Non-controlling interests	<b>(19,138)</b>	(16,918)
	<b>1,107,912</b>	354,583



# Interim Condensed Consolidated Statement of Financial Position

	Notes	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	10	1,575,291	1,447,282
Prepaid lease payments for land use rights		262,096	263,438
Investment properties		39,674	40,834
Goodwill		500,994	504,301
Other intangible assets		78,484	71,631
Interests in associates		225,972	227,618
Interest in joint ventures		421,796	418,797
Available-for-sale investments	11	2,593,018	1,578,112
Deferred tax assets		33,201	34,089
Long-term prepayments		153,140	199,570
Long-term trade receivable		22,288	28,574
Entrusted loan		120,000	120,000
<b>Total non-current assets</b>		<b>6,025,954</b>	4,934,246
<b>Current assets</b>			
Trade and bills receivables	12	829,087	596,741
Prepayments, deposits and other receivables		309,253	468,288
Inventories		1,217,707	1,308,768
Available-for-sale investment	11	61,995	100,000
Short-term investments		75,000	94,892
Pledged bank deposits and restricted cash		29,693	48,253
Cash and short-term bank deposits		1,412,325	1,358,503
<b>Total current assets</b>		<b>3,935,060</b>	3,975,445
<b>Current liabilities</b>			
Interest-bearing bank borrowings	13	35,000	50,000
Trade and bills payables	14	2,124,518	2,109,602
Deposits received, other payables and accruals		855,542	885,325
Dividends payable		311,787	–
Tax liabilities		1,263	1,201
<b>Total current liabilities</b>		<b>3,328,110</b>	3,046,128
<b>Net current assets</b>		<b>606,950</b>	929,317
<b>Total assets less current liabilities</b>		<b>6,632,904</b>	5,863,563



## Interim Condensed Consolidated Statement of Profit Financial Position (continued)

	<b>30 June 2015 (Unaudited) RMB'000</b>	31 December 2014 (Audited) RMB'000
<b>Capital and reserves</b>		
Issued capital	<b>1,135,131</b>	1,135,131
Reserves	<b>5,465,147</b>	4,338,097
Proposed dividends	-	340,539
Equity attributable to owners of the Company	<b>6,600,278</b>	5,813,767
Non-controlling interests	<b>(9,887)</b>	7,104
<b>Total equity</b>	<b>6,590,391</b>	5,820,871
<b>Non-current liabilities</b>		
Deferred tax liabilities	<b>42,513</b>	42,692
<b>Total non-current liabilities</b>	<b>42,513</b>	42,692
<b>Total equity and non-current liabilities</b>	<b>6,632,904</b>	5,863,563





## Interim Condensed Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company									
	Issued capital RMB'000	Share premium RMB'000	Capital reserves RMB'000	Statutory			Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
				surplus reserve	Revaluation reserve	Proposed dividends				
				RMB'000	RMB'000	RMB'000				
<b>As at 1 January 2015</b>	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
Profit for the period	-	-	-	-	-	-	343,736	343,736	(19,138)	324,598
Other comprehensive income for the period	-	-	-	-	783,314	-	-	783,314	-	783,314
Total comprehensive income for the period	-	-	-	-	783,314	-	343,736	1,127,050	(19,138)	1,107,912
Final dividend for 2014	-	-	-	-	-	(340,539)	-	(340,539)	-	(340,539)
Dividends to non-controlling equity holders	-	-	-	-	-	-	-	-	(103)	(103)
Investment in subsidiaries from non-controlling equity holders	-	-	-	-	-	-	-	-	2,250	2,250
<b>30 June 2015 (Unaudited)</b>	1,135,131	1,708,203	25,334	413,786	1,679,246	-	1,638,578	6,600,278	(9,887)	6,590,391

	Attributable to equity holders of the Company									
	Issued capital RMB'000	Share premium RMB'000	Capital reserves RMB'000	Statutory			Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
				surplus reserve	Revaluation reserve	Proposed dividends				
				RMB'000	RMB'000	RMB'000				
<b>As at 1 January 2014</b>	1,135,131	1,708,203	28,914	353,409	643,677	340,539	1,061,192	5,271,065	33,621	5,304,686
Profit for the period	-	-	-	-	-	-	321,889	321,889	(16,918)	304,971
Other comprehensive income for the period	-	-	-	-	49,612	-	-	49,612	-	49,612
Total comprehensive income for the period	-	-	-	-	49,612	-	321,889	371,501	(16,918)	354,583
Final dividend for 2013	-	-	-	-	-	(340,539)	-	(340,539)	-	(340,539)
<b>30 June 2014 (Unaudited)</b>	1,135,131	1,708,203	28,914	353,409	693,289	-	1,383,081	5,302,027	16,703	5,318,730



## Interim Condensed Consolidated Statement of Cash Flows

	<b>Six months ended 30 June</b>	
	<b>2015 (Unaudited) RMB'000</b>	2014 (Unaudited) RMB'000
Net cash inflow (outflow) from operating activities	<b>298,224</b>	187,093
Net cash outflow from investing activities	<b>(272,797)</b>	(89,176)
Net cash outflow from financing activities	<b>(41,605)</b>	(48,597)
Net increase (decrease) in cash and cash equivalents	<b>(16,178)</b>	49,320
Cash and cash equivalents at beginning of period	<b>1,321,173</b>	1,396,482
Cash and cash equivalents at end of period	<b>1,304,995</b>	1,445,802
Analysis of balances of cash and cash equivalents:		
Cash and short-term bank deposits	<b>1,412,325</b>	1,481,939
Non-pledged time deposits with original maturity of more than three months when acquired	<b>(107,330)</b>	(36,137)
	<b>1,304,995</b>	1,445,802



# Notes to the Interim Condensed Consolidated Financial Statements

## 1. CORPORATE INFORMATION

Xinhua Winshare Publishing and Media Co., Ltd.\* (the “**Company**”) was established in the People’s Republic of China (the “**PRC**”) on 11 June 2005 as a joint stock limited company as part of the reorganisation of Sichuan Xinhua Publishing Group Co., Ltd.\* (四川新華發行集團有限公司) (“**Sichuan Xinhua Publishing Group**”). Details of the information of establishing the joint stock limited company are set out in the Company’s prospectus dated 16 May 2007 (the “**Prospectus**”).

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

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

The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in publishing and trading of publications and related products in the PRC.

In the opinion of the directors of the Company (the “**Directors**”), the parent company of the Company is Sichuan Xinhua Publishing Group, a state-owned enterprise established in the PRC. Sichuan Xinhua Publishing Group is a wholly-owned subsidiary of Sichuan Development (Holding) Co., Ltd.\* (四川發展(控股)有限責任公司) (“**Sichuan Development**”). Sichuan Development is wholly-owned by the State-owned Assets Supervision and Administration Commission of the Sichuan Provincial Government (四川省國有資產監督管理委員會) (the “**SASAC of Sichuan**”), the Company is beneficially controlled by SASAC of Sichuan.



# Notes to the Interim Condensed Consolidated Financial Statements (continued)

## 2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2015 (the “**Period**”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and with International Accounting Standard (“**IAS**”) 34, *Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2014.

### 2.1 PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the interim condensed consolidated financial statements are the same as those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2014, except as described below.

#### ***Application of new and revised International Financial Reporting Standards***

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

Amendments to IAS 19	<i>Defined Benefit Plans: Employee Contributions</i>
Amendments to IFRSs	<i>Annual Improvements to IFRSs 2010-2012 Cycle</i>
Amendments to IFRSs	<i>Annual Improvements to IFRSs 2011-2013 Cycle</i>

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



# Notes to the Interim Condensed Consolidated Financial Statements (continued)

## 3. SEGMENT INFORMATION

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

The Group's reportable and operating segments under IFRS 8 are as follows:

Publication:	Publishing of publications including books, periodicals, audio-visual products and digital products; provision of printing services and supply of printing materials
Distribution:	Distribution of textbooks and supplementary materials to schools and students, and the provision of primary and secondary school digitalized education services; retailing, distribution and online sales of publications business
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

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

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

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

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

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

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



## Notes to the Interim Condensed Consolidated Financial Statements (continued)

### 3. SEGMENT INFORMATION *(Continued)*

The following is an analysis of the Group's revenue and results by reportable and operating segments for the six months ended 30 June 2015 and six months ended 30 June 2014:

#### Six months ended 30 June 2015

	Publication (Unaudited) RMB'000	Distribution (Unaudited) RMB'000	Others (Unaudited) RMB'000	Consolidated (Unaudited) RMB'000
<b>Revenue and other income</b>				
Sales to external customers	122,409	2,286,891	9,655	2,418,955
Inter-segment sales	489,475	–	15	489,490
Other income	46,033	68,366	11,643	126,042
	<b>657,917</b>	<b>2,355,257</b>	<b>21,313</b>	<b>3,034,487</b>
Elimination of inter-segment revenue and other income				(489,490)
				<b>2,544,997</b>
<b>Results</b>				
Segment results	113,361	168,750	(11,162)	270,949
Elimination of inter-segment results				21,127
Unallocated income and gains				2,735
Unallocated expenses				(36,849)
Gains on short-term investments				3,378
Gains on disposal of available-for-sale investments				4,061
Dividends from available-for-sale investments				60,334
<b>Profit before tax</b>				<b>325,735</b>



## Notes to the Interim Condensed Consolidated Financial Statements (continued)

### 3. SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2014

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



## Notes to the Interim Condensed Consolidated Financial Statements (continued)

### 3. SEGMENT INFORMATION *(Continued)*

The following is an analysis of the Group's assets by reportable and operating segments as at 30 June 2015 and 31 December 2014:

	Publication RMB'000	Distribution RMB'000	Others RMB'000	Consolidated RMB'000
<b>Segment assets</b>				
<b>As at 30 June 2015 (Unaudited)</b>				
Segment assets	3,536,754	4,769,913	767,645	9,074,312
Elimination of inter-segment assets				(2,284,967)
Unallocated assets				3,171,669
<b>Total assets</b>				<b>9,961,014</b>
<b>As at 31 December 2014 (Audited)</b>				
Segment assets	4,372,052	4,744,852	837,093	9,953,997
Elimination of inter-segment assets				(3,346,521)
Unallocated assets				2,302,215
<b>Total assets</b>				<b>8,909,691</b>





## Notes to the Interim Condensed Consolidated Financial Statements (continued)

### 4. REVENUE, OTHER INCOME AND GAINS

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

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

	Six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
<b>Revenue</b>		
Sales of goods	<b>2,418,955</b>	2,182,451
<b>Other income and gains</b>		
Government grants	<b>46,704</b>	27,460
Gross rental income	<b>9,284</b>	7,599
Commission income	<b>24,137</b>	26,129
Gains on short-term investments	<b>3,378</b>	1,476
Gains on disposal of available-for-sale investments	<b>4,061</b>	–
Dividends from available-for-sale investments	<b>60,334</b>	55,264
Others	<b>39,243</b>	22,578
Total other income and gains	<b>187,141</b>	140,506

## Notes to the Interim Condensed Consolidated Financial Statements (continued)

### 5. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Depreciation and amortisation	66,794	56,570
Recognition of lease prepayments for land use rights	3,519	3,026
Loss (gain) on disposal of items of property, plant and equipment, net	(13,566)	142
Minimum lease payments under operating lease on properties	50,344	47,338
Impairment of trade and other receivables	20,026	12,886
Write-down of inventories to net realisable value	23,514	19,689
Staff costs (including Directors' and supervisors' emoluments)		
Wages, salaries and other employee benefits	293,578	262,875
Post-employment pension scheme contribution	48,627	46,066
	<b>342,205</b>	308,941
Cost of inventories sold	<b>1,451,481</b>	1,290,837

### 6. FINANCE INCOME, NET

	Six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Bank interest income	5,033	6,663
Interest expense on bank borrowings, wholly repayable within five years	(1,558)	(2,596)
Interest income on long-term receivable	857	–
	<b>4,332</b>	4,067



## Notes to the Interim Condensed Consolidated Financial Statements (continued)

### 7. INCOME TAX EXPENSE (CREDIT)

The Group is subject to income tax on an independent legal entity basis on profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. The Group is not liable for income tax in Hong Kong as it did not have any assessable income arising in Hong Kong. Under the prevailing PRC income tax law, except for certain preferential treatment available to the Company and certain subsidiaries, the Group is subject to corporate income tax at a rate of 25% on their respective taxable income.

	Six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Current income tax	828	1,688
Deferred income tax	309	(760)
	<b>1,137</b>	928

In November 2014, the Ministry of Finance and the State Administration of Taxation jointly issued the Circular Cai Shui [2014] No. 84 (the “**Circular**”), pursuant to which an entity qualified as a cultural enterprise or transformed from a cultural public institution to a culture enterprise is exempted from enterprise income tax from 1 January 2014 to 31 December 2018.

Pursuant to the Circular, the Company and fifteen subsidiaries qualified as cultural enterprises were granted income tax exemptions for the Period.

### 8. DIVIDENDS

The board of Directors (the “**Board**”) of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

### 9. EARNINGS PER SHARE

For the six months ended 30 June 2015, the calculation of basic earnings per share is based on the net profit attributable to owners of the Company of approximately RMB343,736,000 (for the six months ended 30 June 2014: RMB321,889,000) and the weighted average number of ordinary shares of 1,135,131,000 in issue during the six months ended 30 June 2015 (six months ended 30 June 2014: 1,135,131,000 shares).

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

## Notes to the Interim Condensed Consolidated Financial Statements (continued)

### 10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group newly acquired property, plant and equipment at a total cost of RMB197,032,000 (six months ended 30 June 2014: RMB106,484,000).

During the Period, property, plant and equipment with a net book value of RMB5,219,000 (six months ended 30 June 2014: RMB1,191,000) were disposed.

### 11. AVAILABLE-FOR-SALE INVESTMENTS

	<b>30 June 2015 (Unaudited) RMB'000</b>	31 December 2014 (Audited) RMB'000
Listed equity investments, at fair value ( <i>note i</i> )	<b>1,820,487</b>	1,036,775
Unlisted investments:		
Private equity funds, at fair value ( <i>note ii</i> )	<b>271,194</b>	40,000
Trust product, at fair value	<b>61,995</b>	100,000
Unlisted equity investments, at cost less impairment losses ( <i>note iii</i> )	<b>501,337</b>	501,337
<b>Total</b>	<b>2,655,013</b>	1,678,112
<b>Analysed for reporting purposes as:</b>		
Current assets	<b>61,995</b>	100,000
Non-current assets	<b>2,593,018</b>	1,578,112

Notes:

*i* As at 30 June 2015, the Group's listed equity investments represent investment in Anhui Xinhua Media Co., Ltd.\* (安徽新華傳媒股份有限公司) ("Wan Xin Media") amounting to RMB1,817,970,000 (31 December 2014: RMB1,035,854,000) and investment in Jiangsu Youli Investment Holding Co., Ltd.\* (江蘇友利投資控股股份有限公司) amounting to RMB2,517,000 (31 December 2014: RMB921,000).

*ii* As at 30 June 2015, the Group's investment in private equity funds represent investment in CITIC Buyout Investment Fund (Shenzhen) (Limited Partnership) with a carrying amount of RMB40,000,000 (31 December 2014: RMB40,000,000), Qingdao Jinshi Zhixin Investment Center (Limited Partnership) amounting to RMB150,768,000 (31 December 2014: Nil), Winshare Hengxin (Shenzhen) Equity Investment Fund (Limited Partnership) amounting to RMB70,000,000 (31 December 2014: Nil), and Taizhou Xinheng Zhongrun Investment Fund (Limited Partnership) amounting to RMB10,426,000 (31 December 2014: Nil).

*iii* As at 30 June 2015, the unlisted equity investments principally included investment in Bank of Chengdu Co., Ltd.\* (成都銀行股份有限公司) ("Bank of Chengdu") amounting to RMB240,000,000 (31 December 2014: RMB240,000,000) and investment in Chengdu Institute of Sichuan International Studies University (四川外國語大學成都學院) amounting to RMB260,000,000 (31 December 2014: RMB260,000,000).



## Notes to the Interim Condensed Consolidated Financial Statements (continued)

### 12. TRADE AND BILLS RECEIVABLES

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

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

	<b>30 June 2015 (Unaudited) RMB'000</b>	31 December 2014 (Audited) RMB'000
Within 3 months	<b>422,028</b>	468,923
3 to 6 months	<b>285,884</b>	56,436
6 months to 1 year	<b>87,972</b>	48,374
1 to 2 years	<b>22,695</b>	12,376
Over 2 years	<b>10,508</b>	10,632
	<b>829,087</b>	596,741

### 13. INTEREST-BEARING BANK BORROWINGS

As at 30 June 2015, interest-bearing bank borrowings represented two borrowings that amounted to RMB35,000,000 (secured by prepaid lease prepayments for land use rights and properties), which were granted by Bank of Chengdu to Sichuan Xinhua Colour Printing Co., Ltd.\* (四川新華彩色印務有限公司), a subsidiary of the Company.



## Notes to the Interim Condensed Consolidated Financial Statements (continued)

### 14. TRADE AND BILLS PAYABLES

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

The following is an aged analysis of trade and bills payables, presented based on the invoice date at 30 June 2015:

	<b>30 June 2015 (Unaudited) RMB'000</b>	31 December 2014 (Audited) RMB'000
Within 3 months	<b>914,544</b>	724,984
3 to 6 months	<b>359,240</b>	470,640
6 months to 1 year	<b>380,308</b>	457,397
1 to 2 years	<b>209,325</b>	312,164
Over 2 years	<b>261,101</b>	144,417
	<b>2,124,518</b>	2,109,602

As at 30 June 2015, the Group's bills payable amounted to RMB18,120,000 (31 December 2014: RMB76,420,000).

### 15. PLEDGE OF ASSETS

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

	<b>30 June 2015 (Unaudited) RMB'000</b>	31 December 2014 (Audited) RMB'000
Lease prepayment for land use rights	<b>28,130</b>	28,469
Property, plant and equipment	<b>32,677</b>	34,101
Pledged bank deposits for bills payable	<b>5,620</b>	24,234
	<b>66,427</b>	86,804



## Notes to the Interim Condensed Consolidated Financial Statements (continued)

### 16. OPERATING LEASE

#### (A) The Group as lessee

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

As at 30 June 2015, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	<b>30 June 2015 (Unaudited) RMB'000</b>	31 December 2014 (Audited) RMB'000
Within one year	<b>72,929</b>	86,158
In the second to fifth years, inclusive	<b>100,613</b>	97,794
Over five years	<b>3,697</b>	7,152
	<b>177,239</b>	191,104

#### (B) The Group as lessor

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

As at 30 June 2015, the Group had contracted with tenants for the following future minimum lease payments:

	<b>30 June 2015 (Unaudited) RMB'000</b>	31 December 2014 (Audited) RMB'000
Within one year	<b>11,008</b>	11,489
In the second to fifth years, inclusive	<b>16,781</b>	18,223
After five years	<b>3,356</b>	4,478
	<b>31,145</b>	34,190



## Notes to the Interim Condensed Consolidated Financial Statements (continued)

### 17. COMMITMENTS

#### Capital commitments

As at 30 June 2015, the Group had the following capital commitments, principally for the construction and acquisition of items of property, plant and equipment:

	<b>30 June 2015 (Unaudited) RMB'000</b>	31 December 2014 (Audited) RMB'000
Property, plant and equipment:		
Contracted, but not provided for	<b>363,705</b>	420,676
Authorised, but not contracted for	<b>498,848</b>	515,638
	<b>862,553</b>	936,314

#### Investment commitments

As at 30 June 2015, the Group had the following investment commitments, principally for investment to establish a subsidiary and invest in private equity funds:

	<b>30 June 2015 (Unaudited) RMB'000</b>	31 December 2014 (Audited) RMB'000
Investment to establish a subsidiary:		
Contracted, but not provided for	–	50,000
Investment to private equity funds:		
Contracted, but not provided for	<b>190,000</b>	260,000



## Notes to the Interim Condensed Consolidated Financial Statements (continued)

### 18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 June 2015 RMB'000	31 December 2014 RMB'000				
Listed equity securities classified as available-for-sale investments in the statement of financial position	1,820,487	1,036,775	Level 1	Quoted bid prices in an active market	N/A	N/A
Investment in unlisted private equity fund classified as available-for-sale investment in the statement of financial position	271,194	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 available-for-sale investment in the statement of financial position	61,995	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.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the interim condensed consolidated financial statements approximate to their fair values as at 30 June 2015.



## Notes to the Interim Condensed Consolidated Financial Statements (continued)

### 18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

#### Reconciliation of Level 3 fair value measurements

	Available-for-sale financial asset RMB'000
As at 1 January 2015	140,000
Purchase	293,189
Disposal	(100,000)
As at 30 June 2015	333,189

### 19. RELATED PARTY TRANSACTIONS

#### (A) Significant related party transactions

The Group had the following significant transactions with their related parties during the Period and for the six months ended 30 June 2014.

	Six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Sichuan Xinhua Publishing Group:		
Sales of merchandise	34	183
Rental income	672	672
Rental expenses	17,843	17,843
Purchase of services	4,139	3,106
Purchase of merchandise	-	27
Render of printing services	4	-
Sichuan Publication Group Company Limited ("SPG"):		
Sales of merchandise	-	306
Sales of equipments	-	812
Rental and property management fee expenses	6,999	8,352
Purchase of printing services	-	5,325
Purchase of other services	7	-
Associates:		
Purchase of merchandise	6,423	12,029
Interest income on entrusted loans	1,819	1,297
Joint venture:		
Purchase of merchandise	-	412
Interest income on entrusted loans	3,731	5,091

## Notes to the Interim Condensed Consolidated Financial Statements (continued)

### 19. RELATED PARTY TRANSACTIONS (Continued)

#### (B) Balances with related parties

	<b>30 June 2015 (Unaudited) RMB'000</b>	31 December 2014 (Audited) RMB'000
Trade and other receivables:		
Trade receivables due from associates of the Group*	<b>6,610</b>	6,968
Other receivables due from SPG	<b>316</b>	20
Entrusted loan due from a joint venture of the Group	<b>120,000</b>	120,000
Entrusted loan due from an associate of the Group	<b>44,200</b>	44,200
Trade and other payables:		
Trade payables due to SPG	–	16
Trade payables due to a joint venture	<b>113</b>	179
Trade payables due to associates of the Group	<b>6,537</b>	13,121
Other payables due to Sichuan Xinhua Publishing Group	<b>14,407</b>	14,407
Other payables due to SPG	<b>1,747</b>	167

\* As at 31 December 2014 and 30 June 2015, a bad debt provision of RMB3,325,230.65 was provided against the balance.

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

	<b>For the six months ended 30 June 2015 (Unaudited) RMB'000</b>	2014 (Unaudited) RMB'000
Short term employee benefits	<b>1,723</b>	1,699
Total emoluments paid to key management personnel	<b>1,723</b>	1,699

### 20. EVENT AFTER THE END OF THE INTERIM PERIOD

On 21 August 2015, the interim condensed consolidated financial statements for the six months ended 30 June 2015 were approved and authorised for issue by the Board.



# Management Discussion and Analysis

## INDUSTRY OVERVIEW

In order to promote the cultural industry as a pillar of national economy and enhance the overall strength and international influence of the cultural industry, in recent years, the state has released a series of intensive reform policies and measures including continuous financial support and tax incentives to the cultural industry, taking various measures to organize reading events and expediting the development of “Internet +” to promote the integration of traditional media and new forms of media. These policies and measures have effectively invigorated the industry and have created favourable macroscopic conditions for the development of the entire industry.

With respect to the industry development, as the national reading rate continues to rise, the market demand is expected to grow continuously. Under such background, industry leaders possessing rich content resources and innovative development models are sure to have an advantage in the transformation and upgrade of the traditional publishing industry and industry integration.

## OPERATING RESULTS AND FINANCIAL REVIEW

During the Period, the Group achieved sales revenue of RMB2,419 million and profit of RMB325 million, representing an increase of 10.8% and 6.4% respectively as compared with the same period of 2014; profit attributable to the owners of the Company for the Period was RMB344 million; the basic earnings per share was RMB0.30.

### Revenue

During the Period, the Group recorded sales revenue of RMB2,419 million, representing an increase of 10.8% as compared with RMB2,182 million for the same period last year, which was mainly attributable to the growth in sales of the Education service business and Online sales business under the Group’s Distribution segment.

### Gross Profit margin

The consolidated gross profit margin of the Group for the Period was 40.0%, representing a decrease of 0.9 percentage point as compared with 40.9% in the same period last year, which was mainly attributable to the changes in the sales structure.

## Management Discussion and Analysis (continued)

### Segment Analysis

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

#### For the six months ended 30 June

	2015 RMB'000	2014 RMB'000	Change %	Percentage of segment sales to revenue before inter-segment sales elimination		Percentage of segment external sales to consolidated revenue	
				2015 %	2014 %	2015 %	2014 %
Publication segment							
External sales	122,409	180,951	(32.4)	4.2	7.2	5.1	8.3
Inter-segment sales	489,475	326,331	50.0	16.8	13.0		
<b>Total</b>	<b>611,884</b>	<b>507,282</b>	<b>20.6</b>	<b>21.0</b>	<b>20.2</b>		
Of which: Printing and materials supply	71,921	131,044	(45.1)	2.5	5.2		
Distribution segment							
External sales	2,286,891	2,000,448	14.3	78.7	79.8	94.5	91.7
Inter-segment sales	-	-	-	-	-		
<b>Total</b>	<b>2,286,891</b>	<b>2,000,448</b>	<b>14.3</b>	<b>78.7</b>	<b>79.8</b>		
Of which: Education service	1,541,085	1,392,258	10.7	53.0	55.5		
Retailing	282,970	309,054	(8.4)	9.7	12.3		
Commercial supermarket	83,579	74,604	12.0	2.9	3.0		
Online sales	338,298	200,295	68.9	11.6	8.0		
Other segments							
External sales	9,655	1,052	817.8	0.3	0.0	0.4	0.0
Inter-segment sales	15	-	-	-	-		
<b>Total</b>	<b>9,670</b>	<b>1,052</b>	<b>819.2</b>	<b>0.3</b>	<b>0.0</b>		
Revenue before inter-segment sales elimination	2,908,445	2,508,782	15.9	100.0	100.0		
Inter-segment sales elimination	(489,490)	(326,331)	50.0				
<b>Consolidated revenue</b>	<b>2,418,955</b>	<b>2,182,451</b>	<b>10.8</b>			<b>100.0</b>	<b>100.0</b>



## Management Discussion and Analysis (continued)

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

### For the six months ended 30 June

	2015		2014	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Publication segment (including inter-segment revenue)	<b>206,994</b>	<b>33.8</b>	152,819	30.1
Of which: Printing and materials supply	<b>2,103</b>	<b>2.9</b>	12,816	9.8
Distribution segment (including inter-segment revenue)	<b>733,466</b>	<b>32.1</b>	640,069	32.0
Of which: Education service	<b>556,811</b>	<b>36.1</b>	481,260	34.6
Retailing	<b>103,142</b>	<b>36.4</b>	110,499	35.8
Commercial supermarket	<b>23,028</b>	<b>27.6</b>	20,075	26.9
Online sales	<b>39,923</b>	<b>11.8</b>	24,151	12.1
Others segment (including inter-segment revenue)	<b>5,912</b>	<b>61.1</b>	276	26.2
Inter-segment revenue elimination	<b>21,102</b>	<b>N/A</b>	98,450	N/A
<b>Total</b>	<b>967,474</b>	<b>40.0</b>	891,614	40.9

### Publication segment

The Group's publication segment covers businesses including publishing of books, periodicals, audio-visual products and digital products; and provision of printing services and supply of materials.

During the Period, the Group continued to facilitate innovation in the operation and management mechanism of publishing, and actively guided the integration of the publication and distribution of public books. The synergies and mechanism between publication and distribution channels have basically been formed, and the development concept of utilizing the strong distribution channels of the Company to propel the development of publication is beginning to succeed.

During the Period, the publication segment recorded a revenue of RMB612 million (including inter-segment sales), of which revenue from external sales amounted to RMB122 million, representing a decrease of 32.4% as compared with RMB181 million in the corresponding period last year, which was mainly due to a decline in paper sales to external customers during the Period.

During the Period, the gross profit margin of the publication segment was 33.8%, representing an increase of 3.7 percentage points as compared with 30.1% in the same period last year, which was mainly due to a lower proportion of revenue from the paper sales to external customers which carries a lower profit margin.



## Management Discussion and Analysis (continued)

### *Distribution segment*

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

During the Period, the distribution segment recorded a revenue of RMB2,287 million, representing an increase of 14.3% as compared with RMB2,000 million in the same period last year, which was mainly attributable to the revenue growth in the education service business and online sales business.

During the Period, the gross profit margin of the distribution segment was 32.1%, which was substantially the same compared with 32.0% in the same period last year.

### **Education service**

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.

The Company employed effective measures such as optimizing product structure, adjusting marketing strategies, utilizing channel advantages to satisfy customer demands, further uncovering the potential of the supplementary material market, marketing digital education products and exploring the education equipment market to ensure the continued growth of the education service business.

During the Period, the education service business recorded a sales revenue of RMB1,541 million, representing an increase of 10.7% as compared with RMB1,392 million in the same period last year, which was mainly attributable to the continued increase in the sales of the supplementary materials and digital education products of the Group.

During the Period, the gross profit margin of the education service business was 36.1%, representing an increased of 1.5 percentage points compared with 34.6% in the same period last year, which was mainly attributable to the increased proportion of the sales of our own supplementary materials.

### **Retailing**

The retailing business includes the retail store business, the group-buying business, and the distribution business for colleges, secondary and vocational schools and public libraries.

During the Period, to cope with the impacts of e-commerce and digital publications on traditional publications retailing business, the Group placed business customers at the core of the retailing business and used reading services as an entry point. Through measures such as optimizing the functions of stores and providing value-added services, a cultural service brand with industry influence is established.

During the Period, retailing business recorded a sales revenue of RMB283 million, representing a decrease of 8.4% as compared with RMB309 million in the same period last year, which was mainly affected by the decrease in sales of the retail store business.



## Management Discussion and Analysis (continued)

During the Period, the gross profit margin of the retailing business was 36.4%, representing a slight increase compared with 35.8% in the same period last year.

### Commercial supermarket

The Group steadily pushed ahead the expansion of the commercial supermarket business and enhanced the sales performance by constantly optimizing the outlet distribution in different regions, actively trying innovative ways to run business, developing marketable products and optimizing the customer services by cooperation with the Company's publishing institutions. During the Period, the commercial supermarket business recorded a sales revenue of RMB84 million, representing an increase of 12.0% as compared with RMB75 million in the same period last year.

The commercial supermarket business recorded a gross profit margin of 27.6%, representing a slight increase as compared with 26.9% in the same period last year.

### Online sales

With the constant and rapid growth in the e-commerce market in China, the Group continued to strengthen the infrastructure of the online sales business, by expanding the sales channels and using innovative sales strategies to improve the merchandise organization and logistic delivery abilities of the E-commerce companies and extending the rapid development trend of the online sales business.

During the Period, the online sales business recorded a sales revenue of RMB338 million, representing an increase of 68.9% as compared with RMB200 million in the same period last year.

The gross profit margin of the online sales business was 11.8%, which was substantially the same as 12.1% in the same period last year.

### Other segment

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

During the Period, the other segment recorded a sales revenue of RMB9.67 million (including inter-segment sales), representing an increase of RMB8.62 million as compared with RMB1.05 million in the same period last year, which was mainly due to the increase from the revenue of logistics storage service and the income of the film & television programs business.

## Expenses and Costs

### *Selling and distribution expenses and administrative expenses*

During the Period, the Group's total selling and distribution expenses and administrative expenses were RMB767 million, representing an increase of 12.1% as compared with RMB684 million in the same period last year, mainly due to the following factors: firstly, the growth of the sales revenue had led to an increase in logistics and other relevant expenses; secondly, due to the integration of the printing business of the Group, Sichuan Xinhua Colour Printing Co., Ltd.\* (四川新華彩色印務有限公司), a subsidiary of the Company had to pay dismissal compensation to employees; thirdly, the increased scope of mergers had caused an increase in expenses.





## Management Discussion and Analysis (continued)

### *Other expenses*

Other expenses of the Group for the Period amounted to RMB66 million, representing an increase of RMB18 million as compared with RMB48 million in the same period last year, which was primarily due to the increase in the Group's provision during the Period.

### **Net Finance Income**

The net finance income of the Group for the Period amounted to RMB4.33 million, representing an increase of RMB0.26 million as compared with RMB4.07 million in the same period last year.

### **Profit**

The Group's profit for the Period amounted to RMB325 million, representing an increase of 6.4% as compared with RMB305 million in the corresponding period last year. The profit attributable to owners of the Company was RMB344 million, representing an increase of 6.8% from RMB322 million in the same period last year.

### **Earnings Per Share**

Earnings per share is calculated by dividing profits attributable to the owners of the Company for the Period by the weighted average number of ordinary shares in issue for the Period. The Group's earnings per share for the Period was RMB0.30, representing an increase of 6.8% from RMB0.28 in the corresponding period last year. Please refer to note 9 to the interim condensed consolidated financial statements for the calculation of earnings per share.

### **Liquidity and Financial Resources**

As at 30 June 2015, the Group had cash and short-term deposits of approximately RMB1,412 million, except the interest-bearing bank borrowings of RMB35 million of the Company's subsidiaries. The Company did not have any interest-bearing bank and other borrowings.

As at 30 June 2015, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 33.8%, representing a slight decrease as compared with 36.3% as at 30 June 2014. The Group's overall financial structure remained relatively stable.

### **Foreign Exchange Risk**

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



## Management Discussion and Analysis (continued)

### Working Capital Management

	<b>30 June 2015</b>	30 June 2014
Current ratio	<b>1.2</b>	1.3
Inventory turnover days	<b>158.8 days</b>	186.7 days
Trade receivables turnover days	<b>53.8 days</b>	57.2 days
Trade payables turnover days	<b>266.2 days</b>	286.2 days

As at 30 June 2015, the current ratio of the Group was 1.2, remaining substantially the same as compared with 1.3 as at 30 June 2014.

During the Period, the trade receivables turnover days were 53.8 days, similar to the trade receivables turnover days of 57.2 days in the same period last year. The inventory turnover days were 158.8 days, representing a decrease of 27.9 days as compared with the inventory turnover days of 186.7 days in the same period last year. The trade payables turnover days were 266.2 days, representing a decrease of 20 days as compared with 286.2 days in the same period last year, which was mainly due to lower inventory stock at the beginning of this year compared with the beginning of last year as affected by the start date of schools' spring semester, and the balance of payables at the beginning of the corresponding period being less than the corresponding period last year, thus reducing the number of turnover days of inventory and payables.

### Overview Of Material Investments, Acquisitions And Disposals

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

In order to enhance the market facing operating capability of the publishing business, the Company decided to inject RMB40 million into Sichuan Xinhua Online Network Co., Ltd.\* (四川新華在線網絡有限責任公司) for the marketing of publishing products and operating the copyright resource business, as well as exploration and implementation of the new media publishing business.

During the Period, the Company obtained the dividend income for 2014 of RMB26 million and RMB14.3336 million from its investees, the Chengdu Institute, Sichuan International Studies University and Wan Xin Media. In addition, the Bank of Chengdu held a shareholders' meeting on 16 June 2015, which determined the distribution of dividends for 2014. The Company will receive RMB20 million in the distribution.

In addition, the Company intends to transfer the 34% equity interest held in Chengdu Xinhui Industrial Co., Ltd.\* (成都鑫匯實業有限公司). The equity interest is still being listed for transfer according to PRC laws and regulations.

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



## Management Discussion and Analysis (continued)

### **FUTURE PROSPECTS**

As the state is creating a knowledgeable society and promoting the development of a full-fledged cultural industry in China, along with the rapid development of the cultural industry, the Group will strengthen the integration between internal publishing and distribution channels and promote the integrated development of traditional publishing and new media. It will also continue to optimise the market competitiveness, channel service capabilities and online sales capabilities of publications. The research development and marketing of digital education products will be strengthened, and the operating service capability of the cloud service platform will be enhanced. The establishment of the third party service platform created by integrating the publishing production and distribution chain will be expedited, while the innovation and transformation and upgrade of the businesses of the Group will be steadily implemented. The establishment of the logistics network and informatization will be expedited to enhance the efficiency of the logistics system. Advantageous cultural industry projects will be created through the use of capital measures.

Meanwhile, the Company will push ahead the listing and issuance of A shares according to the Group's development strategies to explore new financing channels.

### **PLEDGE OF ASSETS**

Please refer to note 15 to the interim condensed consolidated financial statements for details of the Group's pledge of assets as at 30 June 2015.

### **CONTINGENT LIABILITIES**

As at 30 June 2015, the Group had no contingent liabilities.

### **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2015, the Group had a total of 7,989 (31 December 2014: 8,259) employees.

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

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

The Company uses training as carrier to create a platform for demonstration and exchange of internal talents and discover the potential of human resources of the Company. It reinforces the training of reserve talents; through the use of internal training, external training, online learning, knowledge quizzes and other methods to effectively enhance the ability and quality of employees at all levels, ensuring the achievement of the annual strategic operational goals and continuous development of the Company.



## Other Information

### INTERESTS IN SHARE CAPITAL

As at 30 June 2015, 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
<b>Domestic shares</b>		
State-owned shares	639,857,900	56.37%
including		
(i) State-owned Shares held by Sichuan Xinhua Publishing Group ( <i>note 1</i> )	592,809,525	52.22%
(ii) State-owned Shares held by other promoters ( <i>note 2</i> )	47,048,375	4.15%
Social Legal Person Shares ( <i>note 3</i> )	53,336,000	4.70%
<b>H Shares</b>	441,937,100	38.93%
<b>Total Share Capital</b>	1,135,131,000	100%

Notes:

1. Sichuan Xinhua Publishing Group, the controlling shareholder of the Company, is a wholly-owned subsidiary of Sichuan Development. The de facto controller of Sichuan Development is SASAC of Sichuan.
2. Other promoters holding state-owned shares of the Company include SPG, Sichuan Daily Newspaper Group\* (四川日報報業集團) and Liaoning Publication Group Co., Ltd.\* (遼寧出版集團有限公司).
3. Social Legal Person Shares are held by Chengdu Hua Sheng (Group) Industry Co., Ltd.\* (成都市華盛(集團)實業有限公司) ("Hua Sheng Group"), a promoter of the Company.

## Other Information (continued)

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

As at 30 June 2015, so far as is known to the Directors and supervisors of the Company (“Supervisors”), the following persons (not being Directors, Supervisors or senior management of the Company) had, or were deemed to have interests or short positions in the shares, underlying shares and debentures of the Company which were required, pursuant to section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”), to be entered in the register required to be kept by the Company referred to therein:

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

Notes:

1. Sichuan Development is the controlling shareholder of Sichuan Xinhua Publishing Group and SPG. According to the SFO, Sichuan Development is deemed to indirectly hold 592,809,525 state-owned shares of the Company through Sichuan Xinhua Publishing Group and 31,051,927 state-owned shares through SPG, which are 623,861,452 stated-owned shares in total.
2. Hua Sheng Group pledged all the Company's shares it held.

Save as disclosed above, as at 30 June 2015, so far as is known to the Directors and Supervisors of the Company, no other person (not being a Director, Supervisor or senior management of the Company) had any interest or short position in the shares, underlying shares and debentures of the Company which were required, pursuant to section 336 of the SFO, to be entered in the register required to be kept by the Company referred to therein.

Apart from (i) Mr. Gong Cimin, the Chairman and Executive Director, who is the chairman of Sichuan Xinhua Publishing Group and SPG, (ii) Mr. Luo Jun, non-executive Director, who is a director of Sichuan Xinhua Publishing Group, and (iii) Mr. Zhao Junhuai, non-executive Director, who is the vice-chairman of Hua Sheng Group, as at 30 June 2015, none of the Directors of the Company held any positions as directors or were employed as employees in any company having interests or short positions which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.



## Other Information (continued)

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

So far as is known to the Directors, as at 30 June 2015, none of the Directors, Supervisors and chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

### **CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

The terms of the Directors of the third session of the Board of the Company and Supervisors of the Supervisory Committee of the Company expired in 2014. In March 2015, the Company convened an extraordinary general meeting to elect members to the fourth session of the Board and Supervisory Committee. The details for the changes of the Board, Supervisory Committee and Senior Management are set out in the 2014 Annual Report of the Company. There has been no change regarding the Directors, Supervisors and Senior Management of the Company since the date of the Company’s 2014 Annual Report.

### **CHANGES TO THE COMMITTEES UNDER THE BOARD**

There has been no change regarding the committees under the Board of the Company since the date of the Company’s 2014 annual report.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

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

### **SHARE APPRECIATION RIGHT INCENTIVE SCHEME**

During the six months ended 30 June 2015, the Share Appreciation Right Incentive Scheme was not yet in effect.

### **MATERIAL LITIGATION AND ARBITRATION**

During the six months ended 30 June 2015, the Company had not been involved in any litigation, arbitration or claims of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company.



## Other Information (continued)

### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

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

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

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

### **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (for the six months ended 30 June 2014: Nil).

### **AUDIT COMMITTEE**

The Company has established its audit committee ("**Audit Committee**") in compliance with the requirements under the Listing Rules with specific written terms of reference.

The Audit Committee has reviewed the Group's unaudited consolidated financial statements for the six months ended 30 June 2015 included in this interim report and has communicated and discussed the financial reporting issues of the Group with the management of the Company. The Audit Committee confirmed that the interim financial report of the Group has been prepared in accordance with the applicable accounting standards and requirements and have made appropriate disclosures accordingly.

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

Sichuan, the PRC, 21 August 2015



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