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)

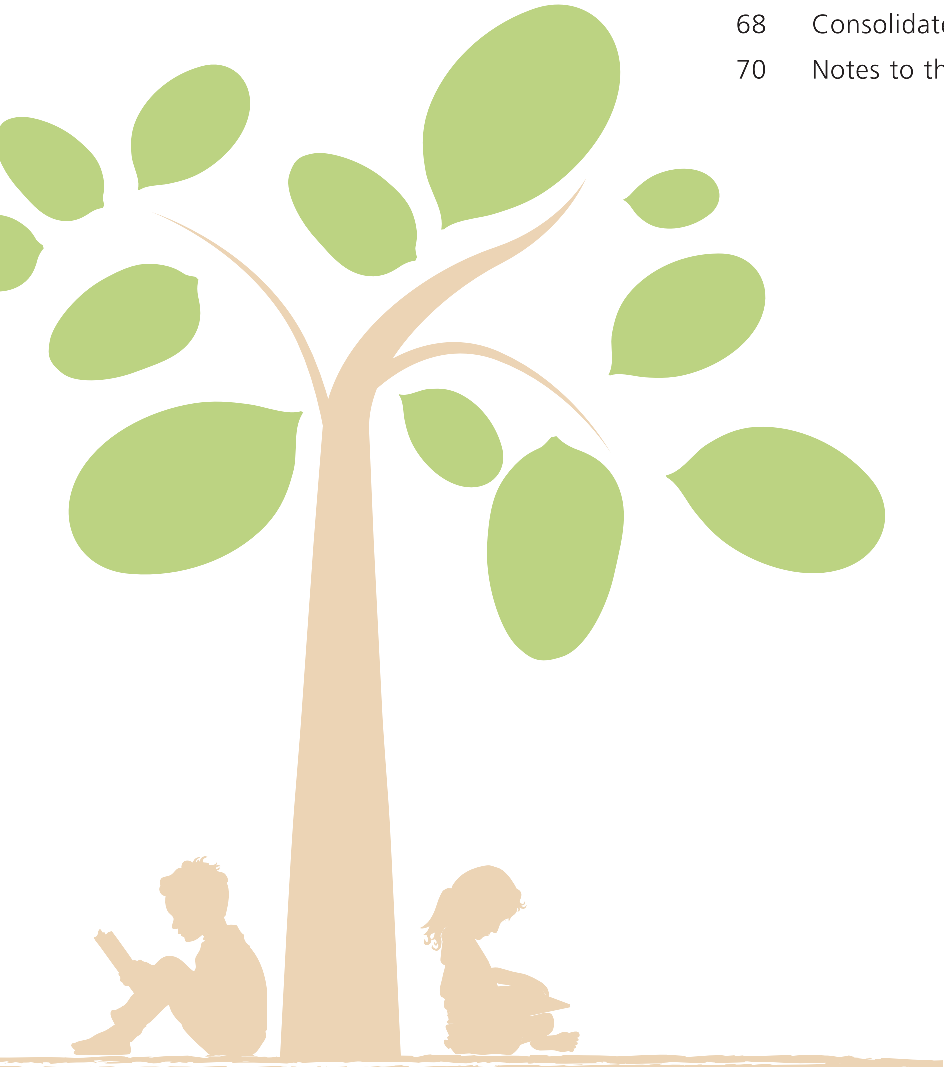
(Stock Code 股份代號：00811)

2015 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. He Zhiyong

BOARD OF DIRECTORS

Executive Directors

Mr. He Zhiyong *(Chairman)*
Mr. Luo Yong
Mr. Yang Miao

Non-Executive Directors

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

Independent Non-Executive Directors

Mr. Chan Yuk Tong
Mr. Han Liyan
Ms. Xiao Liping

BOARD COMMITTEES

Strategy and Investment Planning Committee

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

Audit Committee

Mr. Chan Yuk Tong *(Chairman)*
Mr. Han Liyan
Mr. Zhang Peng

Remuneration and Review Committee

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

Nomination Committee

Ms. Xiao Liping *(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. Li Xu
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
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222 Yan An Road East
Shanghai
China

HONG KONG LEGAL ADVISER

Li & Partners
22nd Floor, World-wide House
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Central
Hong Kong

REGISTERED OFFICE IN THE PRC

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People's South Road, Qingyang District
Chengdu, Sichuan
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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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
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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				
	2011	2012	2013	2014 (restated)	**2015**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Revenue	4,485,577	4,592,137	5,135,074	5,278,641	**5,582,574**
Profit before tax	514,636	577,857	594,981	617,871	**622,890**
Income tax expense	(1,367)	(1,377)	(446)	(1,192)	**(2,790)**
Profit for the year	513,269	576,480	594,535	616,679	**620,100**
Non-controlling interests	9,125	52,891	28,879	21,287	**32,350**
Profit for the year attributable to owners of the Company	522,394	629,371	623,414	637,966	**652,450**
Earnings per share – Basic (RMB)	0.46	0.56	0.55	0.56	**0.57**

ASSETS AND LIABILITIES

	As at 31 December				
	2011	2012	2013	2014 (restated)	**2015**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Total assets	7,629,342	8,663,447	8,248,781	8,948,206	**10,655,015**
Total liabilities	(2,861,416)	(3,409,427)	(2,944,095)	(3,094,754)	**(3,522,244)**
	4,767,926	5,254,020	5,304,686	5,853,452	**7,132,771**
Equity attributable to owners of the Company	4,579,748	4,857,904	5,271,065	5,846,348	**7,164,139**
Non-controlling interests	188,178	396,116	33,621	7,104	**(31,368)**
	4,767,926	5,254,020	5,304,686	5,853,452	**7,132,771**

Chairman's Statement

He Zhiyong
Chairman

DEAR SHAREHOLDERS,

On behalf of the board of directors (the "Board") of Xinhua Winshare Publishing and Media Co., Ltd.* (the "Company"), I am pleased to present to the shareholders ("Shareholder(s)") the annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015 (the "Year").

In 2015, following the new strategic planning, the Group capitalised on its own strengths, effectively coped with the changing industry polices and intensifying market competition, and strived to explore and build integrated operating models for principal publishing and media businesses as well as innovative and dynamic management mechanisms for the publishing business. Focusing on its publishing and media businesses, the Group tapped into the synergies arising from "business operations + capital operations", implemented the growth strategy of integrating the traditional publishing business with the online new business and pushed ahead the profound integration and upgrade of its principal businesses. The Group gradually formed an industry development pattern featuring the synergistic development of business operations and capital operations of multi-cultural industry with publishing and media as core business segments. Accordingly, the Group's assets expanded increasingly and its operating efficiency continued to grow steadily, alongside with increasing market competitiveness and social influence.

In 2015, the Group recorded a revenue of RMB5,583 million, representing an increase of 5.76% over 2014, with net profit for the Year of RMB620 million, representing an increase of 0.55% over 2014. Profit attributable to owners of the Company was RMB652 million, whereas basic earnings per share amounted to RMB0.57, representing a slight increase over 2014.

Reviewing 2015, the Group continued to accelerate and push ahead the establishment of an innovative and dynamic operating mechanism for publishing and media business, adhered to unifying social benefits and economic benefits, and endeavoured to enhance the innovation and vitality of the publishing industry. The Group completed the strategic transformation of Zhongpan business and business restructuring, enhanced support of its own channels for publishing, realised the organic integration of publishing and channels, and published a series of feature publications and bestselling books with significant social benefits and great social and economic benefits, including *Zhan Dui* (《瞻對》). Given the Group's efforts to promote the development of the publishing business, it further cemented its influence in the industry.

Amid changing educational policies of the state, declining primary and secondary students, and other unfavourable conditions in 2015, the Group, while fully capitalising on the opportunities arising from the primary and secondary school market, endeavoured to change and innovate the concepts of operations and services by integrating platform resources with technologies, optimising workflows and service processes and building a business model of combining offline subscription channels and online cloud service platform. The Group also actively promoted the development of multiple patterns for education services and stabilised sales of textbooks and supplementary materials. The educational service business grew steadily during the Year.

Chairman's Statement

In 2015, the Group focused on the users of its Retail Business starting from reading service. The Group endeavoured to improve the network distribution of physical retail stores to build a reading service brand. While enhancing customer service and operating capability, the branding effect of cultural services with industry influence was further extended. At the same time, the Group's Online Sales Business continued to grow rapidly through the optimisation of the supply chain, expansion of sales channels, refinement of the chain business model for online channels, increased marketing efforts and increased marketing service capabilities. Sales revenue amounted to RMB866 million in the Year, representing an increase of 72.1% over last year

In 2015, the Group built an industry pattern that features the synergistic development of business operations and capital operations of multi-cultural industry riding on the publishing and media businesses as core business segments. The Group further reinforced the development of the risk management system for capital operations. As the interaction between different sectors of the Group's principal businesses and their development has been taking shape, this has laid a solid foundation for the enhancement of the Group's overall performance. The initial public offering of A shares (the "**A Shares IPO**") of the Company also progressed in an orderly manner and the application was approved by the Issuance Examination Committee of China Securities Regulatory Commission ("**CSRC**") in January 2016, marking a milestone progress in the A Shares IPO.

Meanwhile, in 2015, the Group continued to optimise business support and management service platforms, to facilitate business development and enhance synergistic support capabilities. The operational and support capabilities of its ancillary platforms, namely procurement, logistics, IT and printing of publications, were further enhanced.

Looking forward, as the state steps up its efforts in promoting cultural reform, revitalising the state's cultural development and facilitating the transition in the traditional publishing industry to the emerging business model, the Group will push ahead and implement the "two strategic transformations" riding on its principal businesses of publishing and media as core business segments based on the new strategic planning and growth objectives. First, we will accelerate the transformation from a provider engaging in single business of publishing to a whole industry chain and integrated publishing and media provider. The Group will fully capitalise on the advantages of its existing sales network and service network and focus on "publishing good books" in propelling the reform of publishing system. The Group will publish more content cultural products with social benefits and economic benefits and social influence to enhance the market competitiveness of its principal businesses. Second, we strive to transform from a traditional cultural industry group to a modern integrated cultural medial group. Adhering to the "service-oriented" operating principle, the Group will promote the implementation of a two-wing strategy comprising "traditional business + Internet" and "physical operations + capital operations". Seizing the state's strategic growth opportunities from "Internet+", the Group will, via the online new business, integrate cultural resources, expand multicultural businesses and foster strong cultural industry projects to facilitate the synergistic development of traditional businesses and emerging businesses for promoting steady growth of operating results. Riding on the opportunities arising from the Company's A Shares IPO, the Group will capitalise on the advantages arising from being the only listed enterprise in China with "A+H" dual platform, allowing a traditional publisher to integrate capital in an innovative way. This will further expand the Group's social influence in the industry and allow the Group to further enhance its core competitiveness and sustainable development capabilities and achieve leapfrog development.

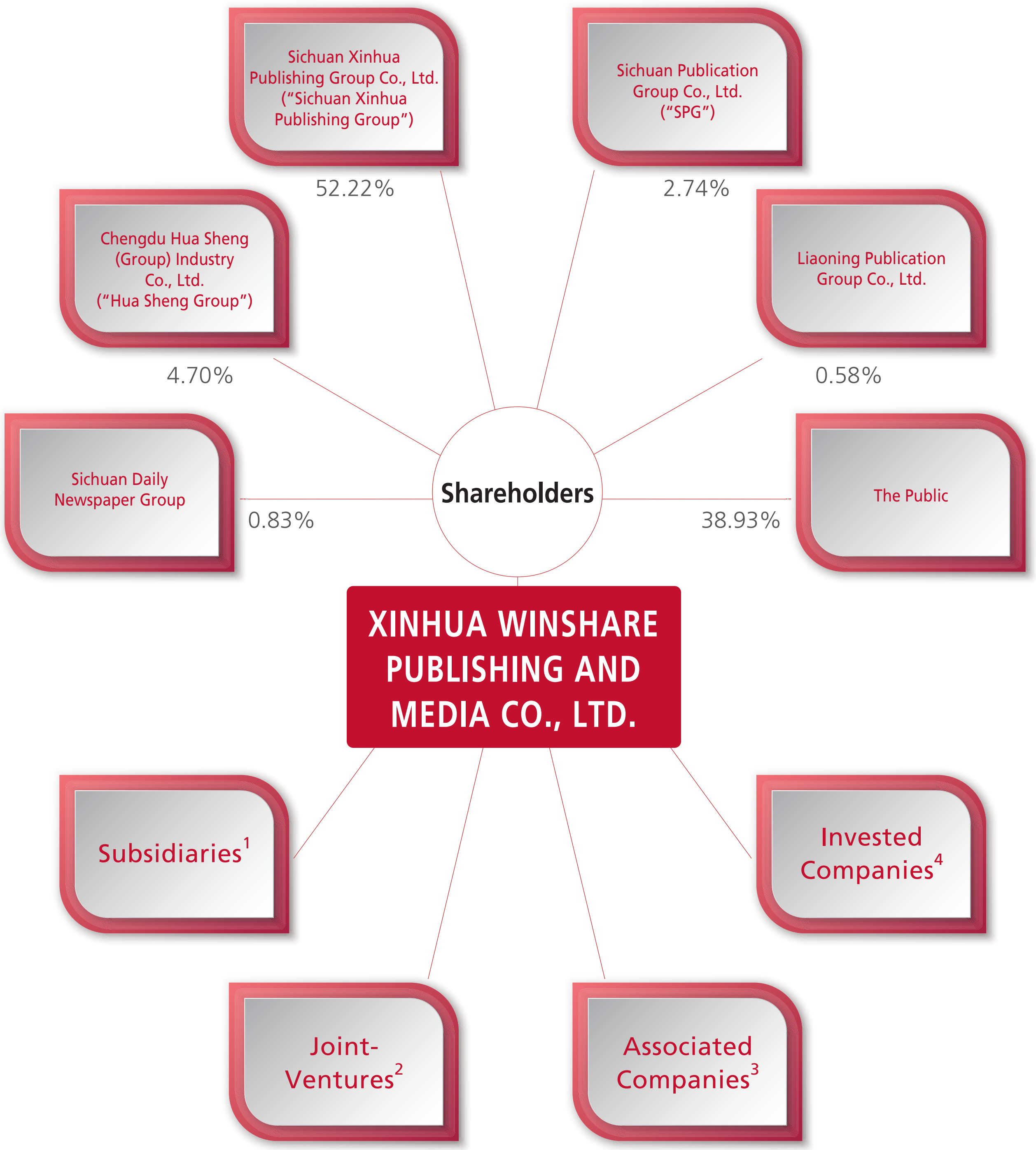
Looking into 2016, the Board will, with the joint efforts of the management team and all of the employees, follow through development targets set at shareholders' meetings and work with diligence, to repay the trust of and bring good investment returns to all the Shareholders.

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.

He Zhiyong
Chairman

29 March 2016

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) ("**Xinhua Online**")	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) ("**Wenchuan Logistics**")	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) ("**Sichuan Xinhua Printing**")	100.00	
21	Winshare Investment Co., Ltd. (文軒投資有限公司) ("**Winshare Investment**")	100.00	

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	
23	Winshare Quan Media (Beijing) Culture Communication Co., Ltd. (文軒全媒(北京)文化傳播有限公司)	100.00	Established in June 2015.
24	Sichuan Winshare Music Culture Communication Co., Ltd. (四川文軒音樂文化傳播有限公司)	100.00	Established in March 2015.
25	Beijing Aerospace Cloud Education Technology Co., Ltd. (北京航天雲教育科技有限公司)	70.00	Established in April 2015.
26	Sichuan Xinhua Culture Communication Co., Ltd. (四川新華文化傳播有限責任公司) ("**Sichuan Culture Communication**")	100.00	In December 2015, the Company acquired 97.95% equity interest in Sichuan Culture Communication and the shareholding of the Company increased from 2.05% to 100%.
27	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	
28	Washington Winshare Media, Inc. (華盛頓文軒媒體發展有限公司)	90.00	
29	Sichuan Winshare Education Technological Equipment Co., Ltd. (四川文軒教育技術裝備有限公司) ("**Education Equipment**")	100.00	In October 2015, the Company acquired 13% equity interest in Education Equipment and the shareholding of the Company increased from 87% to 100%.
30	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	
31	Beijing Xinhua Wenxuan Advertising Co., Ltd. (北京新華文軒廣告有限公司)	81.54	
32	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	
33	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	
34	Sichuan Xinhua Winshare Media Co., Ltd. (四川新華文軒傳媒有限公司) ("**Winshare Media**")	70.00	
35	Sichuan Xinhua Colour Printing Co., Ltd. (四川新華彩色印務有限公司) ("**Xinhua Colour Printing**")	65.00	
36	Winshare VIVI Advertising Media (Chengdu) Co., Ltd. (文軒薇薇廣告傳媒(成都)有限公司)	53.00	
37	Sichuan Xinhua Shang Paper Co., Ltd. (四川新華商紙業有限公司) ("**Xinhua Shang Paper**")	51.00	
38	Beijing Huaxia Shengxuan Book Co., Ltd. (北京華夏盛軒圖書有限公司) ("**Huaxia Shengxuan**")	100.00	In December 2015, the Company acquired 49% equity interest in Huaxia Shengxuan and the shareholding of the Company increased from 51% to 100%.
39	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 Winshare Zhuotai Investment Co., Ltd. (四川文軒卓泰投資有限公司) ("**Sichuan Wenzhuo**")	48.00	
3	Sichuan Fudou Technology Co., Ltd. (四川福豆科技有限公司) ("**Fu Dou**")	38.50	Sichuan Winshare Education Technology Co., Ltd owns 38.5% equity interest in such company.
4	Sichuan Yaxinshengxiang Education Technology Co., Ltd. (四川亞新盛翔教育科技有限公司) ("**Yaxin Shengxiang**")	45.00	

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	Chongqing Yunhan Internet and Media Co., Ltd. (重慶雲漢網絡傳媒有限責任公司) ("**Chongqing Yunhan**")	50.00	Winshare Online owns 50% 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	Chengdu Xinhui Industrial Co., Ltd. (成都鑫匯實業有限公司) ("**Chengdu Xinhui**")	34.00	
6	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	
7	Ming Bo Education Technology Holdings Co., Ltd. (明博教育科技股份有限公司) ("**Ming Bo**")	27.20	
8	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	
9	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	Sichuan Education Publishing House Co., Ltd. owns 40% equity interest in such company.
10	Chengdu Winshare Equity Investment Funds 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.

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	

Management Discussion and Analysis

INDUSTRY OVERVIEW

In recent years, the state has promulgated a series of policies and support measures to promote the cultural industry as a pillar industry contributing to the domestic economy, foster the news and publication industry and strengthen the cultural development of China, which include the development of the socialism-based arts and literature industry and support to quality publications; promotion of nationwide reading to foster a literate society; establishment of a modern public cultural service system to enhance the development of fundamental public cultural service facilities; efforts to accelerate the "Internet +" development and more funding allocated for the integration of traditional media and emerging media; digital transformation and upgrade to build a new Online-to-Offline (O2O) model for publication contents. These policies and measures have laid a solid foundation for the sustainable development of the publishing and media industry.

Benefiting from continuously favourable cultural development policies in the PRC and the steady growth in the demand for cultural consumption among citizens, the publishing and media industry maintains a growing trend, alongside with the integrated development between digital publishing and traditional publishing. With the acceleration of the transformation and upgrade of physical stores and rapid growth of E-commerce, the pattern of O2O integration is prominent. Publishing enterprises' efforts to expand their businesses into overseas markets have borne fruit with increasing international influence. Given frequent capital operation activities, capital has become an important means to promoting the development of the publishing industry. Under this background, leading enterprises with extensive content resources and complete industry chain are set to seize more business opportunities in the course of development.

OPERATING RESULTS AND FINANCIAL REVIEW

During the Year, the Company acquired 97.95% equity interest in Sichuan Culture Communication, from Sichuan Xinhua Publishing Group. As the acquisition constitutes a business consolidation under common control, the annual results for 2014 and the relevant financial figures of the financial position as at 31 December 2014 have been restated as a result of adoption of merger accounting.

During the Year, the Group achieved a sales revenue of RMB5,583 million and profit for the Year of RMB620 million, representing an increase of 5.76% and 0.55% respectively as compared with year 2014. The profit attributable to the owners of the Company was RMB652 million. The basic earnings per share was RMB0.57.

Revenue

During the Year, the Group recorded sales revenue of RMB5,583 million, up by 5.76% as compared with RMB5,279 million in the same period last year, which was mainly attributable to the growth of online sales business and education service business of the Group.

Gross Profit Margin

The consolidated gross profit margin of the Group for the Year was 38.1%, representing a slight decrease as compared with 38.4% in the same period last year.

Segment Analysis

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

				Percentage of segment revenue	
	2015	2014	Change	**2015**	2014
	RMB'000	RMB'000 (restated)	%	**%**	% (restated)
Publication segment					
Segment revenue	**1,637,573**	1,523,855	7.5	**100.0**	100.0
Of which: Education related products	**1,129,275**	961,385	17.5	**69.0**	63.1
Public books	**241,906**	230,553	4.9	**14.8**	15.1
Printing and materials supply	**248,825**	308,039	(19.2)	**15.2**	20.2
Distribution segment					
Segment revenue	**5,146,004**	4,678,509	10.0	**100.0**	100.0
Of which: Education service	**3,425,680**	3,311,390	3.5	**66.6**	70.8
Retailing	**597,173**	668,271	(10.6)	**11.6**	14.3
Commercial supermarket	**161,269**	145,493	10.8	**3.1**	3.1
Online sales	**865,629**	502,995	72.1	**16.8**	10.8
Other businesses					
Revenue	**40,285**	111,227	(63.8)	**100.0**	100.0
Revenue before inter-segment sales elimination	**6,823,862**	6,313,591	8.1		
Inter-segment sales elimination	**(1,241,288)**	(1,034,950)			
Consolidated revenue	**5,582,574**	5,278,641	5.8		

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:

	2015		2014	
	Gross profit RMB'000	**Gross profit margin %**	Gross profit RMB'000 (restated)	Gross profit margin % (restated)
Publication segment	**521,178**	**31.8**	449,012	29.5
Of which: Education related products	**430,071**	**38.1**	339,394	35.3
Public books	**70,481**	**29.1**	76,710	33.3
Printing and materials supply	**13,899**	**5.6**	29,938	9.7
Distribution segment	**1,631,691**	**31.7**	1,522,829	32.5
Of which: Education service	**1,290,426**	**37.7**	1,169,003	35.3
Retailing	**216,635**	**36.3**	241,475	36.1
Commercial supermarket	**54,435**	**33.8**	52,345	36.0
Online sales	**68,798**	**7.9**	55,603	11.1
Other businesses	**11,314**	**28.1**	10,255	4.5
Inter-segment revenue	**(36,547)**	**N/A**	45,540	N/A
Total	**2,127,636**	**38.1**	2,027,636	38.4

Publication segment

The Group's publication segment covers businesses including publishing of books, periodicals, audio-visual products and digital products, etc.; provision of printing services; and supply of materials. In 2015, the Group introduced a new publishing structure and pushed ahead the reform of internal business reform to drive the development of the publication business by capitalising on the Company's strong channel capabilities and launched a large number of quality publications with social and economic benefits, thus enhancing the social influence of "Winshare Publishing".

During the Year, the publication segment recorded a revenue of RMB1,638 million (including inter-segment sales), representing an increase of 7.5% as compared with RMB1,524 million in the same period last year, mainly attributable to the increase in revenue from education related products, offset by the larger decrease in revenue from printing and materials supply as compared with that in the same period last year due to the decrease in sales of paper to external customers.

During the Year, the gross profit margin of the publication segment was 31.8%, representing an increase of 2.3 percentage points as compared with 29.5% in the same period last year, partly due to the decrease in production costs of education related products as a result of the Group's increased cost control efforts and partly due to the decrease in percentage of external sales revenue to segment revenue of paper which has a lower gross profit margin.

Distribution segment

The Group's distribution segment covers the centralised purchasing, delivery and distribution of textbooks and supplementary materials to schools and students; retailing, distribution, and online sales of publications business, etc.

During the Year, the distribution segment recorded a revenue of RMB5,146 million, representing an increase of 10.0% as compared with RMB4,679 million in the same period last year, mainly attributable to the sales growth of online sales business and education service business.

During the Year, the gross profit margin of the distribution segment was 31.7%, which was slightly decreased as compared with 32.5% in the same period last year, primarily due to the change in sales structure.

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 digitalised education services for primary and secondary schools.

Through optimising the sales structure, enhancing quality of service and further expansion of channels, the Group achieved continuous growth of the Company's education service business. Given falling number of users (i.e. number of students), the Group further sought user demand, provided more comprehensive services for customers and expanded the market share of supplementary materials. With the state's increased deployment of resources to the digitalised education service sector, the Group endeavoured to build the all-in-one quality education and digitalised education resource management platform and education service cloud platform by leveraging on its channel and product strengths to further expand market share to provide a comprehensive solution for school education. This has made the digitalised education products the new growth driver of the Company's sales revenue.

During the Year, the education service business recorded a sales revenue of RMB3,426 million, representing an increase of 3.5% as compared with RMB3,311 million in the same period last year, which was mainly attributable to the sales increase in supplementary materials and digitalised education products.

During the Year, the gross profit margin of the education service business was 37.7%, representing an increase of 2.4 percentage points as compared with 35.3% in the same period last year, which was mainly attributable to a higher proportion of revenue from sales of supplementary materials.

Retailing

The retailing business includes the retail store business, group-buying business, etc.

During the Year, the Group continued to propel the transformation and upgrade of retail stores and expanded the network vertically starting from reading service, thus creating a reading service integrated solution through users. As the opportunities arising from state's efforts to promote nationwide reading, the Group explored new business models of community bookstore, campus bookstore and theme bookstore. At the same time, following the state's "Internet +" strategic plan, the Group kicked off the "smart book city" project to drive the sales of books.

During the Year, the retailing business recorded a sales revenue of RMB597 million, representing a decrease of 10.6% as compared with RMB668 million in the same period last year, which was mainly due to the decrease in sales of retail stores as a result of the impacts of online sales.

During the Year, the gross profit margin of the retailing business was 36.3%, substantially the same as compared with 36.1% in the same period last year.

Commercial supermarket

The Group steadily pushed ahead the expansion of the commercial supermarket business by continuously optimising the network distribution in various regions and product structure regions so as to enhance the level of operations and management. During the Year, the commercial supermarket business recorded a sales revenue of RMB161 million, up by 10.8% as compared with RMB145 million in the same period last year.

The commercial supermarket business recorded a gross profit margin of 33.8%, down by 2.2 percentage points as compared with 36.0% in the same period last year, which was mainly due to the adjustment of marketing strategy.

Online sales

The Group strived to increase sales by expanding the online sales channels, optimising the supply chain, enhancing the merchandise operating capabilities, accelerating the development of mobile terminal and logistic system and strengthening external strategic cooperation, which effectively ensured the rapid development of the online sales business.

During the Year, the online sales business recorded a sales revenue of RMB866 million, up by 72.1% as compared with RMB503 million in the same period last year.

The online sales business recorded a gross profit margin of 7.9%, down by 3.2 percentage points as compared with 11.1% in the same period last year, mainly due to the increase in online sales discounts rate.

Other businesses

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

During the Year, the other businesses recorded a sales revenue of RMB40 million (including inter-segment sales), down by 63.8% as compared with RMB111 million in the same period last year, mainly due to the decrease in revenue from the distribution of film and television programs business.

EXPENSES AND COSTS

Selling and distribution expenses and administrative expenses

During the Year, the total of the sales and distribution expenses and administrative expenses of the Group was RMB1,716 million, representing an increase of RMB136 million as compared with RMB1,580 million in the corresponding period last year, mainly due to the increase in labour costs, the increase in logistics and the relevant expenses as a result of the growth of sales revenue and the increase in expenses caused by newly-added subsidiaries.

Other expenses

Other expenses of the Group for the Year amounted to RMB122 million, which increased by RMB46 million as compared with RMB76 million in the same period last year, mainly due to the increase in provision.

NET FINANCE INCOME

The net finance income of the Group for the Year amounted to RMB10.77 million, up by RMB4.12 million as compared with RMB6.65 million in the same period last year, mainly due to the decrease in the interests on loans from subsidiaries.

PROFIT

The Group's profit for the Year amounted to RMB620 million, substantially the same as compared with RMB617 million in the corresponding period last year. The profit attributable to the owners of the Company was RMB652 million, slightly increased from RMB638 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 RMB0.57, slightly increased from RMB0.56 in the corresponding period last year. Please refer to note 15 to the consolidated financial statements of this annual report for the calculation of earnings per share.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, the Group had cash and short-term deposits of approximately RMB1,902 million. The Group did not have any interest-bearing bank and other borrowings as at the end of the Year.

As at 31 December 2015, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 33.1%, as compared with 34.6% as at 31 December 2014. The Group's overall financial structure remained relatively stable.

CONTINGENT LIABILITIES

As at 31 December 2015, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 31 December 2015, other than the Group's pledged deposits of RMB3.20 million, the Group did not have any other assets under pledge or guarantee.

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 2015	31 December 2014
Current ratio	**1.3**	1.3
Inventory turnover days	**146.5 days**	152.2 days
Trade and bills receivables turnover days	**41.0 days**	43.8 days
Trade and bills payables turnover days	**245.7 days**	237.7 days

As at 31 December 2015, the current ratio of the Group was 1.3, which was the same as 1.3 as at 31 December 2014.

During the Year, inventory turnover days, trade and bills receivables turnover days and trade and bills payables turnover days were 146.5 days, 41.0 days and 245.7 days respectively.

OVERVIEW OF MATERIAL INVESTMENTS

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.

Xinhua Online was terminated in 2010. To enhance the market-oriented operating capabilities of the publishing business, the Company decided to inject capital of RMB40 million into Xinhua Online for sales and marketing of publications and operation of copyright resources and for exploring and fulfilling new media and publishing business.

In order to integrate the resources of the Group's internal media and advertising business, diversify the Group's advertising business mix and expand the Group's advertising business, during the Year, the Company invested approximately RMB44,620,000 to acquire 97.95% equity interest in Sichuan Culture Communication held by Sichuan Xinhua Publishing Group. Upon completion of the acquisition, Sichuan Culture Communication has become a wholly-owned subsidiary of the Company.

In 2014, the Company acquired 100% equity interest in Sichuan Xinhua Printing from SPG at RMB168.60 million. Upon completion of the acquisition, the Company restructured and optimised the existing printing business resources with the printing business resources of Sichuan Xinhua Printing, and injected RMB80 million into Sichuan Xinhua Printing during the Year. Currently, the integration work with Sichuan Xinhua Printing has been completed basically. Pursuant to the relevant compensation agreements entered into between Sichuan Xinhua Printing and the government during the period of acquisition in 2014, Sichuan Xinhua Printing is entitled to receive cash of RMB199,930,000 and properties with a fair value of RMB36,230,000 for the compensation of the removal from its operating premises. As at 31 December 2015, Sichuan Xinhua Printing has received cash compensation of RMB195,930,000. The Company is expected to receive the rest of cash compensation in 2016 and properties compensation in 2018. In 2015, such company recorded a turnover of RMB67 million, representing an increase of 142.83% as compared with that in the previous year.

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 has originally undertaken to invest RMB100 million in CITIC Buyout Investment Fund (Shenzhen) (Limited Partnership) ("**CITIC Buyout Fund**"). During the Year, the Company made a payment of RMB40 million according to the relevant agreement. As at 31 December 2015, the Company made total investments amounting to RMB80 million. Subsequent capital contributions shall be made according to the relevant agreement.

During the Year, the Company received dividend income for 2014 of RMB26 million, RMB20 million and RMB14.33 million respectively from its investees, namely Chengdu Institute of Sichuan International Studies University, Bank of Chengdu and Wan Xin Media.

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

MAJOR RISKS AND UNCERTAINTIES FACED BY THE GROUP

The financial conditions, operating results and business growth of the Group are subject to a number of risks and uncertainties, mainly including policy risks, market and operational risks.

(i) Risks associated with changes in the state taxation preferential policies

The publishing and distribution sectors are an integral part of the cultural industry, which have long received support from state policies and enjoy preferential policies formulated by the state in areas of finance and taxation. The Company simultaneously enjoys the enterprise income tax and value-added tax benefits. In the event that the state does not continue to promulgate relevant preferential tax policies after the expiry of the preferential tax policies currently enjoyed by the Company, the financial condition and operation results of the Company may be adversely affected.

(ii) Risks associated with cross-region development

The state has promulgated policies to encourage and support more competent local news and publication enterprises to carry out cross-region and cross-industry resource integration. The Company actively promotes cross-region integration. However, the Company is subject to factors such as the overall economic condition and industry development in China and whether the reserve and management capabilities of qualified management personnel are in line with the business growth in the course of the Company's actual operations in the area of cross-region development. These uncertainties may affect the successful launch of the Company's cross-region expansion strategies, thus the actual growth of the operating results may fall short of pre-set targets, and the operations of the Company may be adversely affected accordingly.

(iii) **Risks associated with digital publishing technologies**

The digital publishing sector has become the mainstream development trend for strategic emerging sectors and the publishing sector in news publishing. The Company also endeavours to transform to digital publishing. However, given the development of digital publishing technologies, in the event the Company is unable to replicate and apply the advanced digital technologies and push ahead its development of new media featuring content production network and digital communication, the Company will face increasingly more setbacks from digital publishing media amid intensifying competition in the future, causing an adverse effect on the digital publishing and operations of the Company.

(iv) **Risks associated with irregular market competition**

Given the increasing marketisation of the publishing and distribution industry, the industry faces an improvement in overall operating level as well as intensifying market competition. There are some irregular behaviours amid current market competition. The existence of these behaviours has increased the operating pressure on the Company, which may cause considerable disturbance to the normal operations of the Company for a certain period of time to come.

Save as mentioned above, there may be other risks and uncertainties which are not known to the Group, or which may not be material now but could become material in the future.

FUTURE PROSPECTS

The year 2016 is the first year under the Thirteenth Five-Year Plan and a crucial year for industry integration and development. Integration, innovation and development have become the key targets and tasks of the publishing industry under the new normal economy. With the state's cultural development and continuous efforts to promote cultural reform, the Group will endeavour to push ahead and implement the "two strategic transformations" riding on its principal businesses of publishing and media as core business segments and in adherence to the new strategic plans and growth objectives. The Group will also strive to build a modern service-oriented integrated cultural and media group to facilitate the synergistic development of traditional businesses and emerging businesses. At the same time, the Group will enhance its profitability and sustainability to achieve steady growth of operating results.

The Company has actively propelled A Shares IPO according to the Group's growth strategies. In January 2016, the listing application was approved by the Issuance Examination Committee of CSRC, marking a milestone progress in the A Shares IPO. In 2016, the Company will continue to steadily push ahead the issuance and listing of A shares and secure the dual listing status in both mainland China and Hong Kong (i.e. both the A+H markets) to fully capitalise on gaining access to the international and domestic capital markets. Taking an innovative approach in integrating the real operations and capital operations, the Company aim to achieve leapfrog development of the Group.

In 2016, the Company will focus on implementation of the following strategies:

1. Innovate the operating system of the publishing segment and strengthen the coordination between the Company's publishing segment and the channels, focus on quality content resources and introduce a new publishing structure based on content resources operations so as to foster its publishing strengths and branding, strengthen international exchange and cooperation and promote expansion of businesses into overseas markets;

2. Endeavour to build a vertically integrated cultural service network and accumulate value-added reading service resources, create a reading service brand with niche market and a cultural service brand with industry influence, promote the "smart book city" to strengthen the O2O business integration;

3. Push ahead the optimisation of sales structure, consolidate and maintain the growth of the textbook business, accelerate the promotion of the digitalised education platform; maintain its strengths in the area of digitalised education service by leveraging on its own R&D products to expand business nationwide; optimise and innovate educational equipment products to gradually become a new sales growth point;

4. Endeavour to optimise the E-commerce business model, expand the online sales channels, enhance the users' shopping experience, strengthen the development of digital library, optimise product features to enhance operating capabilities of merchandise, improve the industry chain platform and propel the development of the publication synergistic trade platform to steadily realise innovation of the Group's E-commerce business;

5. Carry out restructuring and upgrade of traditional businesses via the Internet, continue to facilitate construction of the logistics network and ERP information system, improve and enhance the Group's logistics service capabilities and information technology support and management capabilities; and

6. Fully capitalise on the platform of capital operations in seeking social resources and nurture dominant cultural projects to achieve integration between external resources and the Group's business segments in an effort to form a two-wheel driven business pattern comprising real industries and financial capital.

Report of the Directors

The Board hereby submit their report, together with the audited financial statements of the Group for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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.

Further discussion and analysis on the relevant businesses stipulated in Schedule 5 of the Hong Kong Companies Ordinance (Cap. 622 of the Laws of Hong Kong) (the "**Companies Ordinance**"), including the discussion on principal risks and uncertainties faced by the Group and future business growth direction are set out in the section headed Management Discussion and Analysis, which forms part of this Report of the Directors, on pages 19 to 21 of this annual report.

FINANCIAL POSITION AND RESULTS

The financial position of the Group as at 31 December 2015 and the results of the Group for the year ended 31 December 2015 are set out on pages 63 to 66 of this annual report.

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.

DIVIDEND

As the Company is actively pushing ahead the progress of the A Shares IPO and the same has entered the crucial phase, the final dividend for the year ended 31 December 2015, if declared, may include holders of A shares upon listing of A shares, the Board shall make an announcement in respect of the proposed dividend for the year ended 31 December 2015 as appropriate in due course (in any event no later than 29 April 2016) and the proposed dividend for the year ended 31 December 2015 is subject to the approval by the shareholders at the forthcoming annual general meeting of the Company intended to be held on 17 May 2016 (the "**2015 AGM**").

In order to ascertain the Shareholders who are entitled to attend 2015 AGM, 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 2015 AGM:

Deadline for lodging transfer documents	4:30 p.m. on Friday, 15 April 2016
Closure of register of members of the Company	From Sunday, 17 April 2016 to Tuesday, 17 May 2016 (both days inclusive)
Record date	Tuesday, 17 May 2016
Date of convening of the 2015 AGM	Tuesday, 17 May 2016

In order to attend and vote at the 2015 AGM, 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, Jinniu District, 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 17 May 2016 will be entitled to attend and vote at the 2015 AGM.

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 2015 are set out in note 33 to the consolidated financial statements for the Year.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2015, the sales to five largest customers of the Group accounted for less than 30% of the total turnover of the Group.

For the year ended 31 December 2015, the five largest suppliers of the Group accounted for less than 30% of the total purchases of the Group.

The Group maintains steady development relationship with each of the customers and suppliers. The business of the Group does not rely on any individual customers or suppliers which may cause any material impact on the Group.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES

Particulars of the Company's principal subsidiaries, joint ventures and associated companies (including the principal businesses of these companies) are set out in notes 41, 22 and 21 to the consolidated financial statements in this annual report respectively.

CHARITABLE DONATIONS

During the Year, the total charitable donations and other donations of the Group amounted to approximately RMB14.49 million (2014: RMB12.60 million).

COMPLIANCE WITH LAWS AND REGULATIONS

During the Year, to the knowledge of the Company, the Group had complied with the relevant laws and regulations that have a material impact on the business of the Group in all material aspects and there were no circumstances of material breach or non-compliance of applicable laws and regulations.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group endeavours to achieve long-term sustainable development in the environment and community where the Group operates. As a cultural enterprise, the Group actively contribute to the community and engage in public welfare activities in addition to striving for good performance to foster credibility and build a good corporate image. Besides, the Group will act in an environmentally responsible way and strive to comply with the relevant environmental laws and regulations. All the textbooks produced by the Group adopt "green printing", including the use of environmentally friendly raw materials such as paper, ink and hot glue. Utilising new technologies and new processes, the Group has achieved zero emission of pollutants prior to printing and minimise environmental pollution. In addition, the Group also adopts effective measures to achieve efficient utilisation of resources and reduce wastage. These measures mainly include the launch of a synergistic office platform, reduction of paper usage and utility savings, etc.

CONNECTED TRANSACTIONS

Non-Exempted Connected Transaction

During the Year, the Company has strictly complied with the requirements specified under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") in respect of its connected transactions. Details of the relevant connected transactions are as follows:

Acquisition of 97.95% equity interest in Sichuan Culture Communication

On 10 November 2015, the Company entered into the equity transfer agreement with Sichuan Xinhua Publishing Group to acquire 97.95% equity interest in Sichuan Culture Communication by Sichuan Xinhua Publishing Group at a consideration of approximately RMB44.62 million. Sichuan Xinhua Publishing Group, which is interested in 52.22% equity interests in the Company, is the controlling shareholder (as defined in the Listing Rules) and promoter of the Company. As such, Sichuan Xinhua Publishing Group is the connected person of the Company under Chapter 14A of the Listing Rules. Such acquisition has been approved 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) ("**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 completed in December 2015 and was consolidated with the financial statements of the Group. Please refer to the announcement of the Company dated 10 November 2015 for details of the acquisition 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. Given that the agreement expired on 31 December 2015, on 23 November 2015, the Company and Sichuan Xinhua Publishing Group renewed the lease agreement in connection with the leasing of certain buildings from Sichuan Xinhua Publishing Group during the period from 1 January 2016 to 31 December 2018. Please refer to the announcements of the Company dated 20 December 2012 and 23 November 2015 for details of the above lease agreement.

For the year ended 31 December 2015, the rental payment made by the Group to Sichuan Xinhua Publishing Group pursuant to the above leasing agreement amounted to RMB35,800,000.

(ii) 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. Taking into consideration that after the "Western China Cultural Products Logistics Centre" was put into use in 2014, the area and scope with respect to the property management services provided by Huang Peng Property to the Group was expanded. 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. Given that the Property Management Agreement expired on 31 December 2015, on 23 November 2015, the Company and Huang Peng Property renewed the agreement in connection with the provision of property management services to the Company during the period from 1 January 2016 to 31 December 2018. Please refer to the announcements of the Company dated 20 December 2012, 17 November 2014 and 23 November 2015 for details of the Property Management Agreement and the revision of the annual caps.

For the year ended 31 December 2015, RMB7,896,000 in total was paid to Huang Peng Property by the Group in respect of the property management services provided according to the above Property Management Agreement.

2. Transaction with with SPG and its subsidiaries

SPG 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**") and Sichuan Xinhua Publishing Group, controlling shareholder of the Company is a wholly-owned subsidiary of Sichuan Development. According to Chapter 14A of the Listing Rules, SPG is a connected person of the Company.

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 2015, the rental and property management fees paid by the Group to SPG according to the above Lease Framework Agreement amounted to RMB17,338,000 in total.

3. 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 person 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. Given that the agreement expired on 31 December 2015, on 23 November 2015, the Company and Winshare Online renewed the agreement in connection with the purchase of the publications during the period from 1 January 2016 to 31 December 2018. The renewed agreement and the transactions contemplated thereunder were approved by the independent shareholders on 18 February 2016. Please refer to the announcements dated 20 December 2012 and 23 November 2015 and the circulars dated 9 January 2013 and 7 January 2016 of the Company for details of the above Publications Purchase Agreement.

For the year ended 31 December 2015, the payment made by Winshare Online to the Company according to the above Publications Purchase Agreement amounted to RMB747,771,000 (tax inclusive) 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 (as defined in the Listing Rules); and

(3) on the terms of the respective transaction agreements, which 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 2015, the Group had a total of 7,914 (31 December 2014: 8,259) employees.

The Company endeavours to safeguard the legal interests of its 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 2015, the Group made post-retirement plan contributions and corporate annuity scheme aggregate contributions of RMB110.26 million (2014: RMB108.16 million as restated) for its employees. Details of such schemes are set out in note 39 to the consolidated financial statements in this annual report.

The Group attaches great important to the growth and development of employees and endeavours to provide training and opportunities for exchange to help them enhance their professional skills and expand their areas of expertise. The Group 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 integrated competencies of its staff at all levels through featured seminars, e-learning, position skill competition and knowledge quizzes as well as industry enterprise sharing sessions so as to safeguard the achievement of strategic operating objectives for the year and the sustainable development of the Company. During the Year, 7,681 employees participated in training.

SHARE CAPITAL

As at 31 December 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
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 2015, so far as is known to the Directors ("**Director(s)**") and Supervisors ("**Supervisor(s)**") 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
Seafarer Capital Partners, LLC	26,559,500	Investment manager	H Shares	6.01%	2.34%	Long position
Edgbaston Investment Partners Limited	22,528,000	Investment manager	H Shares	5.10%	1.98%	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 of the Company through SPG, which are 623,861,452 state-owned 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 2015, so far as is known to the Directors and Supervisors, 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. He Zhiyong, the Chairman and executive Director of the Company, who is the director and president of Sichuan Xinhua Publishing Group; (ii) Mr. Luo Jun, the non-executive Director, who is the director and vice president 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 2015, none of the Directors 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 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 of Hong Kong Limited (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 are aware, as at the latest practicable date prior to the issue 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.

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 Corporate Governance Code ("**CG Code**") and Corporate Governance Report 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 are as follows:

Executive Directors

Mr. Gong Cimin (resigned on 29 December 2015)
Mr. He Zhiyong (appointed on 29 December 2015)
Mr. Luo Yong
Mr. Yang Miao (appointed on 6 March 2015)

Non-Executive Directors

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

Independent Non-Executive Directors

Mr. Mak Wai Ho (resigned on 18 February 2016)
Mr. Chan Yuk Tong (appointed on 18 February 2016)
Mr. Han Liyan
Mr. Mo Shixing (retired on 6 March 2015)
Ms. Xiao Liping (appointed on 6 March 2015)

Supervisors

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

Independent Supervisors

Mr. Li Guangwei (retired on 6 March 2015)
Mr. Fu Daiguo (resigned on 18 February 2016)
Mr. Li Xu (appointed on 18 February 2016)
Ms. Liu Mixia (appointed on 6 March 2015)

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of the Directors, Supervisors and senior management of the Company are set out in the section headed "Profile of Directors, Supervisors and Senior Management" in this annual report.

CHANGE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The term of office for the Directors of the Board and the Supervisory Committee ("**Supervisory Committee**") of the Company for the third session expired in 2014. At the extraordinary general meeting of the Company held in March 2015, members of the Board and Supervisory Committee for the fourth session were elected. Details of the change of session for the Board and Supervisory Committee and the change of senior management are set out in the annual report of the Company for 2014. Since the date of the annual report of the Company for 2014 and up to the date of this annual report, details of the changes relating to Directors, Supervisors and senior management of the Company are set out below:

A. Change of Directors

Mr. Gong Cimin resigned from the office of executive Director of the Board of the Company and Chairman due to advancing age with effect from 29 December 2015. On the same date, Mr. He Zhiyong was appointed as executive Director of the Company as passed at the extraordinary general meeting of the Company by way of resolution and Mr. He Zhiyong was elected as Chairman of the Board for the fourth session as passed at the 11th meeting of the fourth session of the Board in 2015 for a term commencing on 29 December 2015 and ending upon the expiry of the current session of the Board.

Mr. Mak Wai Ho resigned as independent non-executive Director of the Board of the Company and chairman of audit committee as he needed to devote more time to his other business and personal engagements with effect from 18 February 2016. On the same date, Mr. Chan Yuk Tong was appointed as independent non-executive Director of the Company as passed at the extraordinary general meeting of the Company by way of resolution for a term commencing on 18 February 2016 and ending upon the expiry of the current session of the Board.

B. Change of Supervisors

Mr. Fu Daiguo resigned as independent Supervisor of the Supervisory Committee of the Company as he needed to devote more time to his personal engagements with effect from 18 February 2016. On the same date, Mr. Li Xu was appointed as independent Supervisor of the Company as passed at the extraordinary general meeting of the Company by way of resolution for a term commencing on 18 February 2016 and ending upon the expiry of the current session of the Supervisory Committee.

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, the special committees of the new session of the Board and its composition were considered and resolved at the first meeting of the fourth session of the Board in 2015; details of which are set out in the annual report of the Company for 2014. Since the date of the annual report of the Company for 2014 and up to the date of this annual report, details of the changes relating to the special committees of the Board are set out below:

On 18 February 2016, the Board unanimously agreed to appoint Mr. Chan Yuk Tong as chairman of the Audit Committee under the Board of the Company for a term commencing on 18 February 2016 and ending upon the expiry of the current session of the Board.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

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

PERMITTED INDEMNITY PROVISION

During the Year, subject to applicable laws, the Company has taken out and maintained appropriate directors, supervisors and senior management liability insurance coverage against the liabilities that may be incurred by the Directors, Supervisors and senior management of the Company upon executing and performing their duties.

DIRECTORS' AND SUPERVISORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the Year, none of the Directors and Supervisors had any direct or indirect material interest in any transactions, arrangements or 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.

COMPETING BUSINESS INTERESTS

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.

As at the date of this annual report, to the knowledge of the Directors, none of the 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.

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 7 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	7

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

On 29 September 2015, a civil complaint was filed by the Company with the People's Court of Qingyang District, Chengdu, requesting the court to order Beijing Jinhuangxuan Culture Development Co., Ltd* (北京金煌軒文化發展有限公司) ("**Beijing Jinhuangxuan**") to make payment of receivables, default payment and interests totalling RMB8,109,300 to the Company in accordance with the Settlement Agreement entered into between the Company and Beijing Jinhuangxuan on 11 December 2013 as a result of the disputes on book purchase and sale. The People's Court of Qingyang District, Chengdu accepted the request of the above lawsuit by the Company on 8 October 2015. Currently, the lawsuit is being processed. The Company and the PRC lawyers consider that the amount involved in the above lawsuit has no material adverse effect on the financial conditions of the Company.

Save as disclosed above, during the Year, 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 Rules 3.21 and 3.22 of 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, risk management,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

There is no significant event after the reporting period of the Group.

AUDITORS

At the annual general meeting of the Company held on 13 May 2015, it was approved that Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu Certified Public Accountants LLP ("**Deloitte Touche Tohmatsu CPA**") were re-appointed as the international and PRC auditors of the Company respectively for the year 2015, and the Board was authorised to determine and approve their remunerations.

The consolidated financial statements for 2015 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 2015 AGM of the Company, and shall be eligible for re-appointment at the 2015 AGM. Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu CPA are also the international and domestic auditors of the Company for 2013 and 2014.

By order of the Board
He Zhiyong
Chairman

29 March 2016

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 Listing Rules, the Board has taken actions and measures to continuously strengthen the development of the corporate governance system of the Company and persistently improve the corporate governance work 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 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 CG Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

BOARD

Responsibilities and Division of Work

The Board 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. He Zhiyong 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 material/relevant relationship among the respective Directors, the Chairman and General Manager.

Composition of the Board

The fourth session of the Board of the Company currently comprises 9 Directors, including 3 executive Directors, Mr. He Zhiyong (Chairman, appointed on 29 December 2015 to take over the duties of Mr. Gong Cimin who resigned on 29 December 2015), Mr. Luo Yong and Mr. Yang Miao, 3 non-executive Directors, Mr. Luo Jun, Mr. Zhang Peng and Mr. Zhao Junhuai and 3 independent non-executive Directors, Mr. Chan Yuk Tong (appointed on 18 February 2016 to take over the duties of Mr. Mak Wai Ho who resigned on 18 February 2016), Mr. Han Liyan and Ms. Xiao Liping. 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.

During the Year, details of the changes of Directors are set out in the section "Report of the Directors" in this annual report.

The biographical details of the Directors 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 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 considers that the Directors dedicated sufficient time and efforts to fulfil their duties as directors during the Year.

Directors' Training and Continuing Professional Development

Upon appointment of the Directors, the Company will provide them with an induction guideline folder comprising the relevant statutory and regulatory systems, terms of reference of the Board, duties of the Directors, corporate and industry information and other governance documents to assist them in performing the duties of the Directors.

The Company attaches great importance to the continuing development and improvement of Directors' knowledge and skills, as well as monitors and actively organises the Directors to participate in the corporate governance trainings and seminars to improve their professional development. At the same time, the Company also, from time to time, provides the Directors with monthly updates on the business, operating conditions and prospects of the Company and the latest developments and changes of the listing and regulatory rules to ensure that its contribution to the Board remains informed and relevant and to better fulfil their duties as Directors.

During the Year, the Company engaged an intermediary to carry out the special training named "Environmental, Social and Governance Reporting Guide" for its Directors, Supervisors and other related personnel to allow them to understand and recognise the duties and responsibilities when establishing appropriate and effective risk management and internal control systems in respect of environment, society and governance. Individual records of the Directors who have attended training are as follows:

Name	Training	Reading Materials
Gong Cimin *(former Chairman)**	–	✓
He Zhiyong *(Chairman)*	✓	✓
Luo Yong	✓	✓
Yang Miao	✓	✓
Luo Jun	✓	✓
Zhang Peng	✓	✓
Zhao Junhuai	✓	✓
Han Liyan	✓	✓
Mak Wai Ho	✓	✓
Xiao Liping	✓	✓
Zhang Chengxing**	–	✓
Mo Shixing**	–	✓

* Mr. Gong Cimin resigned on 29 December 2015. Accordingly, he did not attend the training of the Company held on 29 December 2015.

** Mr. Zhang Chengxing and Mr. Mo Shixing retired on 6 March 2015. Accordingly, they did not attend the training of the Company held during the year.

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 and senior management.

Board Meetings

During the Year, the Board for the third session convened a total of two Board meetings, of which one was attended in person and one was held by way of written resolutions. The Board meetings reviewed resolutions regarding the candidates for directorship of the fourth session of the Board and amendments to the Articles of Association were considered. The Board for the fourth session convened a total of 11 Board meetings, of which eight were attended in person and three were held by way of written resolutions. The Board meetings reviewed resolutions regarding the A share listing and relevant matters, continuing connected transactions, engagement of auditors, 2014 annual results, 2015 interim results and equity acquisition, 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.

The attendance of the Directors at the Board meetings and general meetings during the Year is as follows:

Attendance of members of the Board at Board meetings

Name	Attendance in person/ Number of meetings requiring attendance	Attendance by director proxy	Attendance rate
Executive Directors			
Gong Cimin *(former Chairman) Note 1*	12/12	0	100%
He Zhiyong *(Chairman) Note 2*	1/1	0	100%
Luo Yong	11/13	2	85%
Yang Miao *Note 3*	10/11	1	91%
Non-Executive Directors			
Luo Jun	12/13	1	92%
Zhang Chengxing *Note 4*	2/2	0	100%
Zhang Peng	10/13	3	77%
Zhao Junhuai	13/13	0	100%
Independent Non-executive Directors			
Han Liyan	13/13	0	100%
Mo Shixing *Note 5*	2/2	0	100%
Mak Wai Ho	11/13	2	85%
Xiao Liping *Note 6*	11/11	0	100%

Notes:

1. Mr. Gong Cimin resigned as executive Director and Chairman of the Company on 29 December 2015.

2. Mr. He Zhiyong was appointed as executive Director and Chairman of the Company on 29 December 2015.

3. Mr. Yang Miao was appointed as executive Director of the Company on 6 March 2015.

4. Mr. Zhang Chengxing retired as non-executive Director of the Company on 6 March 2015.

5. Mr. Mo Shixing retired as independent non-executive Director and relevant positions of the Company on 6 March 2015.

6. Ms. Xiao Liping was appointed as independent non-executive Director of the Company on 6 March 2015.

Attendance of members of the Board at general meetings

Name	Attendance in person/ Number of meetings requiring attendance	Attendance rate
Executive Directors		
Gong Cimin *(former Chairman) Note 1*	4/5	80%
He Zhiyong *(Chairman) Note 2*	–	–
Luo Yong	2/5	40%
Yang Miao *Note 3*	2/2	100%
Non-Executive Directors		
Luo Jun	5/5	100%
Zhang Chengxing *Note 4*	3/3	100%
Zhang Peng	2/5	40%
Zhao Junhuai	5/5	100%
Independent Non-executive Directors		
Han Liyan	5/5	100%
Mo Shixing *Note 5*	3/3	100%
Mak Wai Ho	4/5	80%
Xiao Liping *Note 6*	2/2	100%

Notes:

1. Mr. Gong Cimin resigned as executive Director and Chairman of the Company on 29 December 2015.

2. Mr. He Zhiyong was appointed as executive Director and Chairman of the Company on 29 December 2015.

3. Mr. Yang Miao was appointed as executive Director of the Company on 6 March 2015.

4. Mr. Zhang Chengxing retired as non-executive Director of the Company on 6 March 2015.

5. Mr. Mo Shixing retired as independent non-executive Director and relevant positions of the Company on 6 March 2015.

6. Ms. Xiao Liping was appointed as independent non-executive Director of the Company on 6 March 2015.

BOARD COMMITTEES

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.

During the Year, the Board convened two meetings of the Strategy and Investment Planning Committee, three meetings of the Audit Committee, five meetings of the Remuneration and Review Committee and six meetings of the Nomination Committee. The attendance of the members of individual committees under the Board during the Year is as follows:

Name	Strategy and Investment Planning Committee	Audit Committee	Remuneration and Review Committee	Nomination Committee
Executive Directors				
Gong Cimin *(former Chairman) Note 1*	N/A	N/A	N/A	N/A
He Zhiyong *(Chairman) Note 2*	N/A	N/A	N/A	N/A
Luo Yong	N/A	N/A	N/A	N/A
Yang Miao *Note 3*	2/2	N/A	N/A	N/A
Non-Executive Directors				
Luo Jun	N/A	N/A	4/5	6/6
Zhang Chengxing *Note 4*	N/A	N/A	N/A	N/A
Zhang Peng	N/A	3/3	N/A	N/A
Zhao Junhuai	2/2	N/A	N/A	N/A
Independent Non-executive Directors				
Han Liyan	2/2	3/3	5/5	6/6
Mo Shixing *Note 5*	N/A	N/A	1/1	1/1
Mak Wai Ho	N/A	3/3	N/A	N/A
Xiao Liping *Note 6*	N/A	N/A	4/4	5/5

Notes:

1. Mr. Gong Cimin resigned as executive Director and Chairman of the Company on 29 December 2015.

2. Mr. He Zhiyong was appointed as executive Director and Chairman of the Company on 29 December 2015.

3. Mr. Yang Miao was appointed as executive Director of the Company on 6 March 2015.

4. Mr. Zhang Chengxing retired as non-executive Director of the Company on 6 March 2015.

5. Mr. Mo Shixing retired as independent non-executive Director and relevant positions of the Company on 6 March 2015.

6. Ms. Xiao Liping was appointed as independent non-executive Director and other relevant positions of the Company on 6 March 2015.

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 fourth session comprises 3 Directors, members being Mr. Zhao Junhuai, Mr. Han Liyan and Mr. Yang Miao. 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, at which the resolution regarding the Equity Investment Planning of the Company for 2015 was considered and approved, and constructive recommendations were made in respect of future strategic development and equity investment of the Company.

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; (6) to perform the corporate governance responsibilities; and (7) to review and perform the risk management duties, etc.

The Audit Committee of the Board for the fourth session comprises 3 Directors, current members being Mr. Chan Yuk Tong, Mr. Han Liyan and Mr. Zhang Peng. Mr. Chan Yuk Tong, an independent non-executive Director, is a professional accountant (appointed as an independent non-executive Director of the Company since 18 February 2016) and acts as chairman of the committee. All members of the Audit Committee are non-executive Directors, among whom Mr. Chan Yuk Tong and Mr. Han Liyan are independent non-executive Directors, and Mr. Zhang Peng is a non-executive Director. Mr. Mak Wai Ho resigned as an independent non-executive Director of the Company and chairman of the Audit Committee on 18 February 2016.

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 2014 annual results, 2015 interim results, A Shares IPO related financial report, internal control issues of the Company, auditor's engagement and review of the Company's compliance with the CG Code, amendment to the Working Rules for the Audit Committee under the Board of Xinhua Winshare Publishing and Media Co., Ltd. ("**Working Rules for the Audit Committee**") etc, to submit its recommendations to the Board, playing a positive role in helping the Board's decision-making.

The Board has designated the function of corporate governance and the function to review risk management and internal control systems to the Audit Committee to strengthen the internal control and risk management of the Company with a view to enhancing the overall corporate governance level of the Company. In 2015, 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 stated and implemented the Audit Committee's and the management's respective duties of risk management pursuant to the amendment to the CG Code on risk management and internal control and the amendment to the Working Rules for the Audit Committee, which effectively facilitated the enhancement of internal control and risk management standard 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, risk management and internal control systems 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 fourth session comprises 3 Directors, current members being Mr. Han Liyan, Ms. Xiao Liping 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 Ms. Xiao Liping are independent non-executive Directors.

During the Year, the Remuneration and Review Committee of the Board for the third session convened a total of one meeting. All committee members signed all written resolutions. The meeting mainly considered the resolutions regarding the remuneration of operating management team for 2014. The Remuneration and Review Committee of the Board for the fourth session convened a total of four meetings. Apart from one meeting where Mr. Han Liyan was appointed by Mr. Luo Jun to vote on his behalf, all committee members attended the meetings in person and signed all written resolutions. The meetings mainly considered the Administrative Measures of Remuneration for the Operating Management Team of Xinhua Winshare Publishing and Media Co., Ltd., and the Amendment to the Administrative Measures of Performance Assessment for the Operating Management Team of Xinhua Winshare Publishing and Media Co., Ltd., etc.

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 fourth session comprises three Directors, members being Ms. Xiao Liping, Mr. Han Liyan and Mr. Luo Jun. Ms. Xiao Liping, an independent non-executive Director, is the chairman of the committee. All members of the Nomination Committee are non-executive Directors, among whom Ms. Xiao Liping and Mr. Han Liyan are independent non-executive Directors.

During the Year, the Nomination Committee of the Board for the third session convened a total of 1 meeting. All committee members attended the meetings in person. The meeting mainly considered the resolutions regarding the nomination of candidates for directorship of the fourth session of the Board. The Nomination Committee of the Board for the fourth session convened a total of five meetings. All committee members attended the meetings in person and signed all written resolutions. The meetings mainly considered the resolutions regarding the proposed appointment of senior management of the Company, review of the execution of the Board Diversity Policy, organisational structure and formulation of the Board, etc.

BOARD DIVERSITY

Pursuant to the Listing Rules regarding the requirements on board diversity, the Board 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, 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 and the adjustment to the members of the Board, 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 according to the requirements of the Listing Rules, and considered that the members of the Board 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 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 continuously 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.

Mr. Mak Wai Ho, Mr. Han Liyan and Ms. Xiao Liping, the 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 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 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. Sichuan Development is defacto controlled by 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 and the Company's self-established website.

During the Year, the Company had convened 1 annual general meeting, 2 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 2014 Annual Report, Profit Distribution Proposal for 2014, the A Shares IPO and relevant matters, Auditor's Engagement, and the Amendments to the Articles of Association, 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 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 fourth session of the Supervisory Committee comprises 6 members, including 2 Supervisors recommended by Shareholders, 2 independent Supervisors and 2 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 fourth 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 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 6 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 and Risk Management

The Board is responsible for establishing a comprehensive risk management and internal control system and implementing its performance evaluation, and reviewing the risk management and 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 separately established an internal audit function – the audit department, which is responsible for auditing, and has established an internal control work leadership team and an internal control (joint) work team to comprehensively guide, organise and implement the internal control work of the Company, the departments said above are responsible for evaluating, inspecting and following-up on the effectiveness of internal control of the Group on a half-yearly basis. In addition a discipline inspection office and a legal department are in place to handle matters on complaints reporting; to check economic contracts in advance and to provide professional assistance afterwards when disputes arise, respectively.

During the Year, the Company actively adopted targeted internal control measures, endeavoured to strengthen the development of internal control system and enhanced the risk management and internal control capability. The Company continues to engage intermediaries to assist the Company in the optimisation of the internal control system; the Company established the three lines of defence in internal control to integrate internal control measures into the ordinary and usual course of operation and management, thus ensuring the completeness and effectiveness of internal control of the Company with respect to key authorities, material matters and key segments. The Company also built a mechanism to prevent the conflict of interests and process various reported issues to form a multi-angle and multi-layered internal control system. In addition, the Company strictly examined the legality and validity of economic contracts to safeguard the legal interests of the Company.

The amendments relating to risk management and internal control under the CG Code shall be effective for accounting periods beginning in or after 2016. The Company approved the amendment to the Working Rules for the Audit Committee at the Board meeting held on 29 December 2015. The Company's ongoing duties are to review the effectiveness and adequacy of the risk management and internal control systems to comply with the requirements of such amendments under the Listing Rules.

During the Year, the Board had reviewed the effectiveness of the internal control and risk management systems 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 13 May 2015, the shareholders of the Company approved the re-engagement of Deloitte Touche Tohmatsu as the Company's international auditor for 2015 and Deloitte Touche Tohmatsu CPA as the Company's PRC auditor for 2015. 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 (2014: RMB2.86 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 RMB1.35 million (2014: RMB900,000) and the audit fee in connection with the acquisition amounting to RMB336,000 (2014: RMB400,000) 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.

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 2015.

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.

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 satisfy the A share listing requirements, the Company has amended the Articles of Association (existing version) and the Articles of Association (A share version) during the Year. The resolutions regarding the Amendments to the Articles of Association were considered and approved at the extraordinary general meeting held on 6 March 2015 and approved or authorized by the relevant regulatory authorities or registration with the relevant regulatory authorities. Please refer to the circular of the Company dated 19 January 2015 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 2015, the Company maintained routine contact with domestic and overseas investors through telephone, mail and investors' company visit, and disclosed the operating and growth conditions and 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

He Zhiyong, born in June 1960, currently Chairman and executive Director of the Company; director, president and party committee member of Sichuan Xinhua Publishing Group. Mr. He served as associate professor, deputy department head and professor of the Economic and Trade Department at Southwestern University of Finance and Economics; executive vice president at Southwestern University of Finance and Economics; deputy head of Sichuan Provincial Press and Publication (Copyright) Bureau; editor-in-chief and deputy head of the management committee of Sichuan Publication Group; party secretary and head of the management committee of Sichuan Periodical Press Group. He has been the director, president and party committee member of Sichuan Xinhua Publishing Group since September 2015. On 29 December 2015, he was appointed as Chairman of the fourth session of the Board of the Company. Mr. He holds a doctorate degree in Economics from Southwestern University of Finance and Economics and enjoys special government subsidy granted by the State Council.

Luo Yong (羅勇), born in March 1963, currently executive Director of the Company and chairman and 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 and deputy secretary to party committee of SPG; and president of SPG. Mr. Luo was general manager of the Company from July 2008 to December 2013. He has been chairman and party secretary of SPG since September 2015. 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. 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., Sichuan Xinhua Haiyi Cultural Development Co., Ltd. (四川新華海頤文化發展有限公司), Sichuan Guanghan Sanxingdui Qushanyuan Cultural Ltd. (四川廣漢市三星堆瞿上園文化有限公司), Shudian Investment Co., Ltd., Sichuan Xinhua International Hotel Co., Ltd. (四川新華國際酒店有限責任公司) and Chengdu Huang Peng Property Co., Ltd. (成都皇鵬物業有限責任公司); 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). 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 of the Company from May 2006 to July 2008. 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).

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; and director of Sichuan Wenhan International Trading Company (四川文瀚國際貿易有限公司). 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 and chairman of Sichuan Aikexing Education Technology Co., Ltd. (四川愛科行教育科技有限責任公司). 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).

Profile of Directors, Supervisors and Senior Management

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.

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).

Chan Yuk Tong, born in June 1962, currently independent non-executive Director of the Company; and independent non-executive director of FDG Electric Vehicles Limited (stock code: 729.HK), Ground Properties Company Limited (stock code: 989.HK) and Kam Hing International Holdings Limited (stock code: 2307.HK), which are companies listed in Hong Kong. Mr. Chan worked at Ernst & Young from November 1988 and was promoted to audit principal in 1994. He joined G2000 (Apparel) Limited in 2000 and served as finance director and sales director, respectively. He also served as director or independent non-executive director of a number of listed companies in both China and Hong Kong. During the last three years, he was an independent non-executive director of Ausnutria Dairy Corporation Ltd. (stock code: 1717.HK), BYD Electronic (International) Company Limited (stock code: 285.HK), Daisho Microline Holdings Limited (stock code: 567.HK), Global Sweeteners Holdings Limited (stock code: 3889.HK) and Trauson Holdings Company Limited (already delisted, stock code: 325.HK). Mr. Chan was an independent non-executive Director from April 2006 to July 2013, during which he had been the chairman, a member of the Audit Committee and a member of the remuneration committee of the Company. He was re-appointed as independent non-executive Director of the Company from 18 February 2016. Mr. Chan obtained a Bachelor's degree in Commerce from the University of Newcastle of Australia and a Master's degree in Business Administration from the Chinese University of Hong Kong. Mr. Chan is a practicing fellow member of the Hong Kong Institute of Certificate Public Accountants and a member of CPA Australia.

Mak Wai Ho (麥偉豪), born in July 1972, currently independent non-executive Director of the fourth session of the Board 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. Mr. Mak resigned on 18 February 2016.

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); and supervisor of Sichuan Xinhua Haiyi Hotel Management Co., Ltd. (四川新華海頤酒店管理有限責任公司). 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; 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.

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.

Wang Yan (王焱), born in September 1978, currently Supervisor, deputy head of the financial management centre of the Company and supervisor Wenchuan Logistics and Winshare Media. 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 served as Supervisor 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 Xu, born in December 1962, currently independent Supervisor of the Company and the partner of Sichuan Tianhua Accounting Firm* (四川天華會計師事務所有限公司) and Sichuan Zhongtianhua Asset Appraisal Co., Ltd* (四川中天華資產評估有限公司) respectively. Mr. Li was a lecturer of the School of Business Administration of Southwest University of Finance and Economics, the legal representative and the general manager of Sichuan Tianhua Accounting Firm* and Sichuan Zhongtianhua Asset Appraisal Co., Ltd*. He was also the fourth session committee member of the Chinese Institute of Certified Public Accountants, a mentor of master students of the School of Accounting of Southwest University of Finance and Economics, a committee member and the chief committee member of the Education and Training Committee of Sichuan Institute of Certified Public Accountants. He has been independent Supervisor of the Company since 18 February 2016. Mr. Lee obtained a Bachelor's degree in Economics from Sichuan Institute of Finance and a Master's degree in Economics from the Faculty of Business Administration of Southwestern University of Finance and Economics.

Fu Daiguo (傅代國), born in October 1964, currently independent Supervisor of the fourth session of the Supervisory Committee of the Company; professor and deputy dean of the Western Business School, Southwestern University of Finance and Economics (西南財經大學). 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), Sichuan Chuanrun Co., Ltd. (四川川潤股份有限公司, listed on Shenzhen Stock Exchange, stock code: 002272) and 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 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. Mr. Fu resigned on 18 February 2016.

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 served as independent Supervisor of the Company since 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; director of Education Equipment; director of Ren Min Eastern and Hainan Publishing. 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 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 Huaxia Shengxuan; 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 Winshare Media, chairman of Winshare VIVI Advertising Media (Chengdu) Co., Ltd. (文軒薇薇廣口傳媒（成都）有限公司); director of Sichuan VIVI Bride Magazine Co., (四川薇薇新娘雜誌有限公司); and chairman of the editorial professional committee of Sichuan Publishers Association (四川省出版工作者協會). 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 Yaxinshengxiang. 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 Supervisory Committee

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 6 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 including the Resolution regarding the Amendment to the Rules of Procedure for the Supervisory Committee of the Company, the Resolution regarding the Nomination of Candidates for Supervisorship of the Fourth Session of the Supervisory Committee of the Company, the Resolution regarding the Election of Xu Ping as Chairman to the Supervisory Committee of the Company, the Report of Supervisory Committee for 2014, the Audited Consolidated Financial Report for 2014, the Profit Distribution Proposal for 2014, the Annual Report for 2014, the Unaudited Consolidated Financial Report for the six months ended 30 June 2015 and the financial reports relating to the A Shares IPO of the Company were considered and approved at the meetings of the Supervisory Committee.

At the meeting of the Supervisory Committee held on 12 January 2015, Mr. Xu Ping, Mr. Xu Yuzheng, Mr. Fu Daiguo and Ms. Liu Mixia were elected as candidates for supervisorship of the fourth session of the Supervisory Committee and the resolution was approved at the extraordinary general meeting of the Company held on 6 March 2015. They, together with Ms. Lan Hong and Ms. Wang Yan, being employee representative Supervisors elected via the employee representative meeting, comprise the fourth session of the Supervisory Committee of the Company. At the first meeting of Supervisory Committee for the fourth session in 2015, Mr. Xu Ping was elected as chairman to the Supervisory Committee.

At each of the meetings of the Supervisory Committee, the Supervisory Committee carefully considered the reporting on the operating results, financial condition and the management condition of the Company 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 the year 2014 and the six months ended 30 June 2015; detailedly discussed in respect of the problems raised during the reporting and communication; addressed the key issues including the financial condition, operational management, the Company's internal control system development and risk management; and issued guiding opinions. 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 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 some subsidiaries of the Company to study the improvement of their operating conditions with a view to understanding and grasping 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 2015

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

During the year 2015, the Company operated and regulated its management in accordance with the laws. Its operating results were fair and true, with a continuously improved and strengthened 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 2015 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 2015, 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 2015, 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 2015 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 2016, 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

29 March 2016

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 63 to 164, which comprise the consolidated statement of financial position as at 31 December 2015, 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 financial position of the Group as at 31 December 2015, and of its financial performance 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

29 March 2016

Consolidated Statement of Profit or Loss

For the year ended 31 December 2015

	NOTES	Year ended 31/12/2015 RMB'000	Year ended 31/12/2014 RMB'000 (restated)
Revenue	6	**5,582,574**	5,278,641
Cost of sales		**(3,454,938)**	(3,251,005)
Gross profit		**2,127,636**	2,027,636
Other income and gains	8	**313,288**	246,454
Distribution and selling expenses		**(1,064,258)**	(999,875)
Administrative expenses		**(651,633)**	(580,198)
Other expenses		**(121,653)**	(75,941)
Share of profit (loss) of associates		**4,555**	(10,385)
Share of profit of joint ventures		**4,188**	3,533
Finance income, net	9	**10,767**	6,647
Profit before tax		**622,890**	617,871
Income tax expense	10	**(2,790)**	(1,192)
Profit for the year	12	**620,100**	616,679
Profit for the year attributable to			
Owners of the Company		**652,450**	637,966
Non-controlling interests		**(32,350)**	(21,287)
		620,100	616,679
EARNINGS PER SHARE			
Basic (RMB)	15	**0.57**	0.56

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	NOTE	Year ended 31/12/2015 RMB'000	Year ended 31/12/2014 RMB'000 (restated)
Profit for the year		**620,100**	616,679
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:			
Available-for-sale ("**AFS**") investments:			
Changes in fair value		**1,077,192**	258,765
Reclassification adjustments for gain included in the consolidated statement of profit or loss – gain on disposal		**(5,372)**	–
Income tax relating to items that may be reclassified subsequently		**(18,075)**	(34)
		1,053,745	258,731
Other comprehensive income for the year, net of income tax	11	**1,053,745**	252,255
Total comprehensive income for the year		**1,673,845**	868,934
Total comprehensive income attributable to:			
Owners of the Company		**1,706,195**	890,221
Non-controlling interests		**(32,350)**	(21,287)
		1,673,845	868,934

Consolidated Statement of Financial Position

At 31 December 2015

	NOTES	**31/12/2015 RMB'000**	31/12/2014 RMB'000 (restated)	1/1/2014 RMB'000 (restated)
Non-current Assets				
Property, plant and equipment	16	**1,607,412**	1,457,950	1,300,417
Prepaid lease payments for land use rights	17	**257,693**	263,438	122,307
Investment properties	18	**40,480**	40,834	18,684
Goodwill	19	**500,994**	504,301	504,301
Other intangible assets	20	**79,818**	72,043	64,496
Interests in associates	21	**224,460**	227,874	41,602
Interests in joint ventures	22	**426,280**	418,797	434,068
Available-for-sale investments	23	**2,949,030**	1,577,692	1,283,359
Deferred tax assets	34	**33,212**	34,089	37,917
Long-term prepayments	24	**137,205**	199,570	164,336
Long-term trade receivable	26	**23,145**	28,574	–
Entrusted loan	25	**–**	120,000	120,000
		6,279,729	4,945,162	4,091,487
Current Assets				
Trade and bills receivables	26	**653,154**	599,792	668,673
Prepayments, deposits and other receivables	27	**297,252**	468,303	381,189
Inventories	28	**1,464,179**	1,308,768	1,399,151
Available-for-sale investments	23	**31,672**	100,000	–
Short-term investments		**–**	94,892	27,140
Pledged bank deposits and restricted cash	29	**27,341**	48,253	82,459
Cash and short-term deposits	29	**1,901,688**	1,383,036	1,505,192
		4,375,286	4,003,044	4,063,804
Assets classified as held for sale		**–**	–	126,673
		4,375,286	4,003,044	4,190,477
Current Liabilities				
Bank borrowings		**–**	50,000	65,000
Trade and bills payables	30	**2,541,060**	2,109,661	2,119,147
Deposits received, other payables and accruals	31	**919,224**	891,200	760,870
Tax liabilities		**30,586**	1,201	3,080
		3,490,870	3,052,062	2,948,097
Net Current Assets		**884,416**	950,982	1,242,380
Total Assets less Current Liabilities		**7,164,145**	5,896,144	5,333,867

Consolidated Statement of Financial Position

At 31 December 2015

	NOTES	31/12/2015 RMB'000	31/12/2014 RMB'000 (restated)	1/1/2014 RMB'000 (restated)
Capital and Reserves				
Issued capital	32	**1,135,131**	1,135,131	1,135,131
Reserves	33	**6,029,008**	4,370,678	3,824,576
Proposed dividends	14	**–**	340,539	340,539
Equity attributable to owners of the Company		**7,164,139**	5,846,348	5,300,246
Non-controlling interests		**(31,368)**	7,104	33,621
Total Equity		**7,132,771**	5,853,452	5,333,867
Non-current Liabilities				
Deferred tax liabilities	34	**31,374**	42,692	–
		31,374	42,692	–
Total Equity and Non-current Liabilities		**7,164,145**	5,896,144	5,333,867

The consolidated financial statements on pages 63 to 164 were approved and authorised for issue by the board of directors on 29 March 2016 and are signed on its behalf by:

He Zhiyong
DIRECTOR

Yang Miao
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to owners of the Company									
	Issued capital RMB'000	Share premium RMB'000	Capital reserves RMB'000 (Note 33)	Statutory surplus reserve RMB'000 (Note 33)	Revaluation reserve RMB'000 (Note 33)	Proposed dividends RMB'000	Retained profits RMB'000 (Note 33)	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2014 as original stated	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
Effect of business combination under common control (note 33)	–	–	20,104	494	–	–	8,583	29,181	–	29,181
At 1 January 2014 as restated	1,135,131	1,708,203	49,018	353,903	643,677	340,539	1,069,775	5,300,246	33,621	5,333,867
Profit for the year as restated	–	–	–	–	–	–	637,966	637,966	(21,287)	616,679
Other comprehensive income for the year (note 11)	–	–	–	–	252,255	–	–	252,255	–	252,255
Total comprehensive income for the year as restated	–	–	–	–	252,255	–	637,966	890,221	(21,287)	868,934
Final dividends for 2013	–	–	–	–	–	(340,539)	–	(340,539)	–	(340,539)
Dividends to non-controlling equity holders	–	–	–	–	–	–	–	–	(130)	(130)
Acquisition of non-controlling interests	–	–	(581)	–	–	–	(2,999)	(3,580)	(5,100)	(8,680)
Appropriation to statutory surplus reserve	–	–	–	60,717	–	–	(60,717)	–	–	–
Proposed dividends for 2014	–	–	–	–	–	340,539	(340,539)	–	–	–
At 31 December 2014 as restated	1,135,131	1,708,203	48,437	414,620	895,932	340,539	1,303,486	5,846,348	7,104	5,853,452
At 1 January 2015 as restated	**1,135,131**	**1,708,203**	**48,437**	**414,620**	**895,932**	**340,539**	**1,303,486**	**5,846,348**	**7,104**	**5,853,452**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**652,450**	**652,450**	**(32,350)**	**620,100**
Other comprehensive income for the year (note 11)	**–**	**–**	**–**	**–**	**1,053,745**	**–**	**–**	**1,053,745**	**–**	**1,053,745**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**1,053,745**	**–**	**652,450**	**1,706,195**	**(32,350)**	**1,673,845**
Final dividends for 2014	**–**	**–**	**–**	**–**	**–**	**(340,539)**	**–**	**(340,539)**	**–**	**(340,539)**
Dividends to non-controlling equity holders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(103)**	**(103)**
Acquisition of non-controlling interests (note 41)	**–**	**–**	**(5,663)**	**–**	**–**	**–**	**2,414**	**(3,249)**	**(10,519)**	**(13,768)**
Investment in a subsidiary from non-controlling equity holder	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,500**	**4,500**
Acquisition of a subsidiary under common control (note 33)	**–**	**–**	**(44,616)**	**–**	**–**	**–**	**–**	**(44,616)**	**–**	**(44,616)**
Appropriation to statutory surplus reserve	**–**	**–**	**–**	**68,221**	**–**	**–**	**(68,221)**	**–**	**–**	**–**
Proposed dividends for 2015	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
At 31 December 2015	**1,135,131**	**1,708,203**	**(1,842)**	**482,841**	**1,949,677**	**–**	**1,890,129**	**7,164,139**	**(31,368)**	**7,132,771**

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	NOTES	**Year ended 31/12/2015 RMB'000**	Year ended 31/12/2014 RMB'000 (restated)
OPERATING ACTIVITIES			
Profit before tax		**622,890**	617,871
Adjustments for			
Finance income, net	9	**(10,767)**	(6,647)
Interest income from entrusted loans		**(10,659)**	(11,137)
Gain on short-term investments	8	**(7,640)**	(9,672)
Amortisation of lease prepayments for land use rights	12 & 17	**7,691**	7,257
Amortisation of other intangible assets	12 & 20	**12,500**	11,038
Share of (profit)/loss of associates		**(4,555)**	10,385
Share of profit of joint ventures		**(4,188)**	(3,533)
(Gain)/loss on disposal of items of property, plant and equipment	12	**(18,455)**	267
Loss on disposal of items of other intangible assets	12	**8**	–
Depreciation	12	**119,962**	105,974
Dividends from available-for-sale investments	8	**(60,334)**	(55,336)
Gain on disposal of available-for-sale investments	8	**(5,372)**	–
Gain on disposal of an associate	8	**(37)**	(172)
Gain on partial disposal of a joint venture	8	**–**	(349)
Loss on deemed disposal of a subsidiary	12 & 44	**–**	819
Gain on liquidation of a subsidiary	8	**–**	(95)
Gain on acquisition of a subsidiary	8 & 43	**–**	(586)
Impairment/(reversal of impairment) loss of trade and other receivables	12	**13,565**	(5,388)
Write-down of inventories to net realisable value	12	**63,791**	40,205
Impairment loss of available-for-sale investment	12	**–**	1,311
Impairment loss of goodwill	12	**3,307**	–
Operating cash flows before movements in working capital		**721,707**	702,212
Increase in restricted cash		**(122)**	(71)
(Increase)/decrease in inventories		**(219,202)**	52,121
(Increase)/decrease in trade and bills receivables, including long-term trade receivable		**(63,010)**	75,927
Decrease in prepayments, deposits and other receivables		**132,977**	33,167
Decrease/(increase) in long-term value-added tax recoverables included in long-term prepayments		**10,539**	(18,199)
Increase/(decrease) in trade and bills payables		**431,399**	(17,323)
(Decrease)/increase in deposits received, other payables and accruals		**(8,435)**	41,567
Cash generated from operations		**1,005,853**	869,401
PRC enterprise income tax paid		**(1,921)**	(5,719)
Interest paid		**(2,105)**	(5,512)
NET CASH FROM OPERATING ACTIVITIES		**1,001,827**	858,170

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	NOTES	Year ended 31/12/2015 RMB'000	Year ended 31/12/2014 RMB'000 (restated)
INVESTING ACTIVITIES			
Interest received		**12,718**	12,397
Interest income from entrusted loans received		**10,659**	11,137
Dividends received from available-for-sale investments	8	**60,334**	55,336
Dividends received from an associate	21	**2,520**	2,360
Withdrawal of entrusted loans		**44,200**	34,000
Proceeds from disposal of items of property, plant and equipment		**129,246**	4,427
Purchases of items of property, plant and equipment		**(176,075)**	(174,653)
Payments for acquisition of land use rights		**(1,907)**	(22,872)
Proceeds from disposal of other intangible assets		**47**	–
Purchases of other intangible assets		**(20,330)**	(18,351)
(Increase)/decrease in non-pledged bank deposits with original maturity of more than three months		**(40,000)**	51,228
Capital contribution to associates		**–**	(72,847)
Capital contribution to a joint venture		**(3,295)**	–
Net cash paid for business combination	43	**–**	(134,460)
Net cash received from disposal of subsidiaries		**–**	4,226
Deemed disposal of a subsidiary	44	**–**	(505)
Liquidation of subsidiaries		**–**	(3)
Proceeds from disposal of available-for-sale investment		**209,672**	4,000
Proceeds from disposal of associates	21	**5,486**	–
Proceeds from partial disposal of a joint venture		**–**	19,153
Increase in long-term prepayments		**–**	19,195
Purchase of available-for-sale investments		**(435,490)**	(140,000)
Withdrawal of pledged bank deposits		**21,034**	40,596
Placement of pledged bank deposits		**–**	(3,030)
Entrusted loans made to an associate		**–**	(34,000)
Proceeds from disposal of short-term investments		**825,232**	3,384,142
Purchase of short-term investments		**(722,700)**	(3,442,222)
NET CASH USED IN INVESTING ACTIVITIES		**(78,649)**	(400,746)
FINANCING ACTIVITIES			
New interest-bearing bank borrowings raised		**–**	50,000
Repayments of interest-bearing bank borrowings		**(50,000)**	(65,000)
Repayments of borrowings to a related party		**–**	(164,003)
Dividends paid	14	**(340,539)**	(340,539)
Purchase of a subsidiary under common control		**(44,616)**	–
Dividends paid to non-controlling equity holders		**(103)**	(130)
Acquisition of non-controlling interests	33	**(13,768)**	(8,680)
Investment in a subsidiary from non-controlling equity holder		**4,500**	–
NET CASH USED IN FINANCING ACTIVITIES		**(444,526)**	(528,352)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**478,652**	(70,928)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**1,345,706**	1,416,634
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by Cash and bank balances	29	**1,824,358**	1,345,706

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

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 reorganisation of Sichuan Xinhua Publishing Group. Details of the formation of the joint stock limited company are set out in the Company's prospectus dated 16 May 2007 (the "**Prospectus**").

On 30 May 2007, the Company's H shares ("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 41.

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 SASAC of Sichuan, the Company is beneficially controlled by 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.

The provisions of the new Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new Companies Ordinance. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor Companies Ordinance or Listing Rules but not under the new Companies Ordinance or amended Listing Rules are not disclosed in these consolidated financial statements.

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.

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

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 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*.

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.

Combination of the equity interests in Sichuan Xinhua Culture Communication Co., Ltd.

In December 2015, the Company acquired from Sichuan Xinhua Publishing Group the 97.95% equity interests in Sichuan Culture Communication, which is engaged in the advertising, convention and exhibition services, for a total cash consideration of approximately RMB44,616,000. Before the acquisition, the Company held 2.05% equity interests in Sichuan Culture Communication and after the completion of the acquisition, Sichuan Culture Communication became a wholly owned subsidiary of the Company.

The aforesaid transaction was regarded as a business combination under common control as the Company and Sichuan Culture Communication are all under the control of Sichuan Xinhua Publishing Group both before and after the acquisition. The consolidated financial statements for the year ended 31 December 2014 have been restated as a result of adoption of merger accounting for the above business combinations under common control. Details of relevant statements of adjustments for the common control combination on the Group's results for the year ended 31 December 2014 and the financial position as at 31 December 2014 and 1 January 2014 are set out below.

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

Combination of the equity interests in Sichuan Xinhua Culture Communication Co., Ltd. *(Continued)*

For the year ended 31 December 2014:

	As original stated RMB'000	Acquired subsidiary RMB'000	Eliminations RMB'000	As restated RMB'000
Revenue	5,270,061	9,891	(1,311)	5,278,641
Profit before tax	614,471	3,400	–	617,871
Income tax expense	(1,192)	–	–	(1,192)
Profit for the year	613,279	3,400	–	616,679

As at 31 December 2014:

	As original stated RMB'000	Acquired subsidiary RMB'000	Eliminations RMB'000	As restated RMB'000
Non-current assets	4,934,246	11,336	(420)	4,945,162
Current assets	3,975,445	27,599	–	4,003,044
Current liabilities	3,046,128	5,934	–	3,052,062
Net current assets	929,317	21,665	–	950,982
Total assets less current liabilities	5,863,563	33,001	(420)	5,896,144
Capital and reserves				
Issued share capital	1,135,131	420	(420)	1,135,131
Reserves	4,338,097	32,581	–	4,370,678
Proposed dividends	340,539	–	–	340,539
Equity attributable to owners of the Company	5,813,767	33,001	(420)	5,846,348
Non-controlling interests	7,104	–	–	7,104
Total equity	5,820,871	33,001	(420)	5,853,452
Non-current liabilities	42,692	–	–	42,692
Total equity and non-current liabilities	5,863,563	33,001	(420)	5,896,144

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

Combination of the equity interests in Sichuan Xinhua Culture Communication Co., Ltd. *(Continued)*

As at 1 January 2014:

	As original stated RMB'000	Acquired subsidiary RMB'000	Eliminations RMB'000	As restated RMB'000
Non-current assets	4,079,034	12,873	(420)	4,091,487
Current assets	4,169,747	20,730	–	4,190,477
Current liabilities	2,944,095	4,002	–	2,948,097
Net current assets	1,225,652	16,728	–	1,242,380
Total assets less current liabilities	5,304,686	29,601	(420)	5,333,867
Capital and reserves				
Issued share capital	1,135,131	420	(420)	1,135,131
Reserves	3,795,395	29,181	–	3,824,576
Proposed dividends	340,539	–	–	340,539
Equity attributable to owners of the Company	5,271,065	29,601	(420)	5,300,246
Non-controlling interests	33,621	–	–	33,621
Total equity	5,304,686	29,601	(420)	5,333,867
Non-current liabilities	–	–	–	–
Total equity and non-current liabilities	5,304,686	29,601	(420)	5,333,867

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted the following amendments to IFRSs issued by the International Accounting Standards Board for the first time in the current year:

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

The application of the amendments to IFRSs 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.

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 to IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[2]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
Amendments to IAS 1	Disclosure Initiative[3]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[3]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[3]
Amendments to IAS 27	Equity Method in Separate Financial Statements[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[3]
Amendments to IAS 7	Disclosure Initiative[5]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[5]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after 1 January 2016.
4 Effective for annual periods beginning on or after a date to be determined.
5 Effective for annual periods beginning on or after 1 January 2017.

Except as described below, the Directors do not anticipate that the application of the abovementioned new and revised standards and amendments to IFRSs 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 IAS 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 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. Furthermore, the application of IFRS9 may result in early recognition of credit losses based on the expected loss model in relation to the Group's financial assets measured at amortised costs, 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 2015.

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.

IFRS 16 Leases

IFRS 16 – Lease was issued by International Accounting Standards Board in January 2016. It will be effective for annual periods beginning on or after January 1, 2019. This new standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

A lessee is required to recognize a right-of-use asset and a lease liability at the commencement of lease arrangement. Right-of-use asset includes the amount of initial measurement of lease liability, any lease payment made to the lessor at or before the lease commencement date, estimated cost to be incurred by the lessee for dismantling or removing the underlying assets from and restoring the site, as well as any other initial direct cost incurred by the lessee. Lease liability represents the present value of the lease payments. Subsequently, depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of IAS 16 – Property, Plant and Equipment, while lease liability will be increased by the interest accrual, which will be charged to profit or loss, and deducted by lease payments.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As set out in note 37, total operating lease commitment of the Group in respect of leased premises as at 31 December 2015 amounted to RMB288,088,000, the Directors do not expect the adoption of IFRS 16 as compared with the current accounting policy would result in significant impact on the Group's results but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

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.

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. 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combination not involving entities under common control

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.

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Goodwill

Goodwill arising on an acquisition of a business not under common control is carried at cost as established at the date of the acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill *(Continued)*

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 on a pro-rata basis on 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.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

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. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates and joint ventures *(Continued)*

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 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.

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 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.

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. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when goods are delivered, at which time 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 television programs is recognised when the television programs are telecast on television.

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

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).

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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.

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.

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.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the Group accounts for such property in accordance with the policy stated above up to the date of change in use and then measures the carrying amount of such property in accordance with the policy stated under property, plant and equipment. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use and then measures the carrying amount of such property in accordance with the policy stated above.

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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.

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).

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

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 state-managed retirement benefit schemes and other defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries and other short-term employee benefits in the period the related services is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that services.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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.

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.

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. 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.

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, on the same basis as intangible assets that are acquired separately.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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.

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 amortisation and net realisable 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

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.

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 measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale ("AFS") financial assets are non-derivatives that are either designated as available-for-sale or are 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.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured 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).

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

Where an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not 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. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

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.

Financial liabilities

The Group's financial liabilities including bank borrowings, trade and bills payables, deposit received and other payables are subsequently measured at amortised cost, using the effective interest method.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

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 for amounts it may have to pay.

On derecognition of a financial asset, 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.

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 lessee

The Group has entered into commercial property leases for some of its retailing businesses. 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.

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment properties. 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.

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 recoverable amount of the CGUs to which goodwill has been allocated, which is the higher of fair value less costs of disposal and value in use. 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 or when there is a downward revision of future cashflows due to changes in facts and circumstances, a material impairment loss may arise. As at 31 December 2015, the carrying amount of goodwill is RMB500,994,000 (net of accumulated impairment loss of RMB3,307,000) (31 December 2014: RMB504,301,000). Details of the recoverable amount calculation are disclosed in note 19.

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.

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

Key sources of estimation uncertainty *(Continued)*

Estimated impairment of other intangible assets *(Continued)*

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 2015, the carrying amount of other intangible assets is RMB79,818,000 (net of accumulated impairment loss of RMB12,000,000) (31 December 2014: RMB72,043,000 as restated, net of accumulated impairment loss 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. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2015, the carrying amount of trade and bills receivables (including long-term trade receivable) is RMB676,299,000 (net of allowance for doubtful debts of RMB127,809,000 and allowance for sales returns of RMB7,771,000) (31 December 2014: carrying amount of RMB628,366,000 as restated, net of allowance for doubtful debts of RMB108,813,000 and allowance for sales returns of RMB8,628,000).

Estimated net realisable value of inventories

The Group's inventories are measured at the lower of cost and 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 2015, the carrying amount of inventories is RMB1,464,179,000 (net of accumulated write-down of inventories to net realisable value of RMB134,256,000) (31 December 2014: carrying amount of RMB1,308,768,000 as restated after net of accumulated write-down of inventories to net realisable value of RMB122,517,000).

6. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of sales 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 31/12/2015 RMB'000	Year ended 31/12/2014 RMB'000 (restated)
Sales of goods	**5,557,210**	5,175,454
Revenue from distribution of television programs	**18,231**	94,789
Income from leasing of advertising billboards	**7,133**	8,398
	5,582,574	5,278,641

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; retailing, distribution and online sales of publications

The Group is also engaged in other businesses such as production and distribution of film and television programmes, rendering of advertising services and sales of artwork, each of which is an operating business but does not separately meet the definition of a reportable segment. The relevant financial information of these operating businesses is grouped and presented as "Others" in the tables below.

7. SEGMENT INFORMATION *(Continued)*

Segment revenues and results

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

For the year ended 31 December 2015

	Publication RMB'000	Distribution RMB'000	Subtotal RMB'000	Others RMB'000	Total RMB'000
REVENUE AND OTHER INCOME					
External sales and services	396,300	5,146,004	5,542,304	40,270	5,582,574
Inter-segment sales	1,241,273	–	1,241,273	15	1,241,288
Segment revenue	1,637,573	5,146,004	6,783,577	40,285	6,823,862
Eliminations					(1,241,288)
Group revenue					5,582,574
Other income	98,655	135,070	233,725	18,932	252,657
Segment profit (loss)	313,305	394,979	708,284	(63,783)	644,501
Elimination of inter-segment results					(36,200)
Unallocated expenses					(67,540)
Unallocated income and gains					3,250
Unallocated interest income, net					5,533
Income on short term investments					7,640
Gains on disposal of AFS investments					5,372
Dividends from AFS investments					60,334
Profit before tax					622,890

7. SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

For the year ended 31 December 2014

	Publication RMB'000	Distribution RMB'000	Subtotal RMB'000	Others RMB'000 (restated)	Total RMB'000 (restated)
REVENUE AND OTHER INCOME					
External sales and services	490,264	4,678,509	5,168,773	109,868	5,278,641
Inter-segment sales	1,033,591	–	1,033,591	1,361	1,034,952
Segment revenue	1,523,855	4,678,509	6,202,364	111,229	6,313,593
Eliminations					(1,034,952)
Group revenue					5,278,641
Other income	82,809	118,260	201,069	8,030	209,099
Segment profit (loss)	258,882	364,707	623,589	(36,284)	587,305
Elimination of inter-segment results					46,955
Unallocated expenses					(92,765)
Unallocated income and gains					7,244
Unallocated interest income, net					4,124
Income on short-term investments					9,672
Dividends from AFS investments					55,336
Profit before tax					617,871

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, net and other income and expense, dividend income from AFS investments and income on short term investments. 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 2015

	Publication RMB'000	Distribution RMB'000	Subtotal RMB'000	Others RMB'000	Total RMB'000
Assets and liabilities					
Segment assets	4,024,450	5,456,231	9,480,681	745,519	10,226,200
Elimination of inter-segment assets					(3,140,233)
Unallocated assets					3,569,048
Total assets					10,655,015
Segment liabilities	1,414,803	4,422,907	5,837,710	663,084	6,500,794
Elimination of inter-segment liabilities					(3,013,721)
Unallocated liabilities					35,171
Total liabilities					3,522,244

7. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

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

31 December 2014

	Publication RMB'000	Distribution RMB'000	Subtotal RMB'000	Others RMB'000 (restated)	Total RMB'000 (restated)
Assets and liabilities					
Segment assets	4,372,052	4,744,852	9,116,904	875,608	9,992,512
Elimination of inter-segment assets					(3,346,521)
Unallocated assets					2,302,215
Total assets					8,948,206
Segment liabilities	1,793,945	3,991,557	5,785,502	514,879	6,300,381
Elimination of inter-segment liabilities					(3,256,074)
Unallocated liabilities					50,447
Total liabilities					3,094,754

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.

7. SEGMENT INFORMATION *(Continued)*

Other segment information

2015

	Publication RMB'000	Distribution RMB'000	Subtotal 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)	6,624	268,699	275,323	23,811	299,134
Depreciation and amortisation	28,061	96,032	124,093	16,060	140,153
Impairment/(reversal of impairment) of trade and other receivables recognised in profit or loss	16,237	(2,750)	13,487	78	13,565
Gain on disposal of property, plant and equipment	5,365	13,090	18,455	–	18,455
Write-down of inventories to net realisable value	22,727	13,655	36,382	27,409	63,791
Allocated interest income	(1,613)	(5,378)	(6,991)	(348)	(7,339)
Allocated interest expense	25	2,080	2,105	–	2,105
Interest in associates	–	49,303	49,303	175,157	224,460
Interest in joint ventures	–	118,021	118,021	308,259	426,280
Share of loss/(profit) of associates	–	1,418	1,418	(5,973)	(4,555)
Share of profit of joint ventures	–	(2,842)	(2,842)	(1,346)	(4,188)

7. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

2014

	Publication RMB'000	Distribution RMB'000	Subtotal RMB'000	Others RMB'000 (restated)	Total RMB'000 (restated)
Amounts included in the measure of segment profit of loss or segment assets:					
Additions to non-current assets (note)	8,794	164,171	172,965	71,840	244,805
Depreciation and amortisation	24,578	86,985	111,563	12,706	124,269
Impairment/(reversal of impairment) of trade and other receivables recognised in profit or loss	10,703	(16,102)	(5,399)	11	(5,388)
Gain on disposal of property, plant and equipment	73	194	267	–	267
Write-down/(reversal of write-down) of inventories to net realisable value	1,888	28,700	30,588	9,617	40,205
Allocated interest income	(6,442)	(3,012)	(9,454)	(357)	(9,811)
Allocated interest expense	7,148	–	7,148	140	7,288
Interest in associates	–	50,721	50,721	177,153	227,874
Interest in joint ventures	–	111,884	111,884	306,913	418,797
Share of loss/(profit) of associates	100	13,736	13,836	(3,451)	10,385
Share of (profit)/loss of joint ventures	–	(4,782)	(4,782)	1,249	(3,533)

Note: Non-current assets exclude 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 2015, the Group's revenue from one (2014: one) customer amounted to RMB601,779,000 (2014: RMB677,946,000), 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 2015 and 2014.

8. OTHER INCOME AND GAINS

	Year ended 31/12/2015 RMB'000	Year ended 31/12/2014 RMB'000 (restated)
Government grants (i)	**82,871**	59,232
Gross rental income (ii)	**21,541**	16,600
Commission income (iii)	**54,205**	52,635
Income on short-term investments	**7,640**	9,672
Dividends from AFS investments	**60,334**	55,336
Gain on acquisition of a subsidiary (note 43)	**–**	586
Gain on liquidation of a subsidiary	**–**	95
Gain on disposal of an associate	**37**	172
Gain on partial disposal of a joint venture	**–**	349
Gain on disposal of AFS investments	**5,372**	–
Gain/(loss) on disposal of items of property, plant and equipment	**18,455**	(267)
Others	**62,833**	52,044
	313,288	246,454

Notes:

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

	Year ended 31/12/2015 RMB'000	Year ended 31/12/2014 RMB'000 (restated)
Government grants for compilation of publications (a)	**19,159**	16,075
Value-added tax ("VAT") refund (b)	**34,011**	35,337
Others	**29,701**	7,820
	82,871	59,232

(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 31/12/2015 RMB'000	Year ended 31/12/2014 RMB'000
Gross rental income in respect of:		
Investment properties	**21,541**	16,600
Less: direct operating expenses	**(3,001)**	(2,525)
	18,540	14,075

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

	Year ended 31/12/2015 RMB'000	Year ended 31/12/2014 RMB'000
Commission from concessionaire sales	**51,287**	49,206
Commission from agency services for printing	**2,918**	3,429
	54,205	52,635

9. FINANCE INCOME, NET

	Year ended 31/12/2015 RMB'000	Year ended 31/12/2014 RMB'000 (restated)
Bank interest income	**12,872**	12,159
Interest expense on bank borrowings	**(2,105)**	(5,512)
	10,767	6,647

10. INCOME TAX EXPENSE

	Year ended 31/12/2015 RMB'000	Year ended 31/12/2014 RMB'000
Current tax:		
PRC Enterprise Income Tax	**31,306**	3,874
Deferred tax (note 34)	**(28,516)**	(2,682)
	2,790	1,192

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.

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 sixteen subsidiaries qualified as cultural enterprises were granted enterprise income tax exemptions for the years ended 31 December 2014 to 2018.

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

	Year ended 31/12/2015 RMB'000	Year ended 31/12/2014 RMB'000 (restated)
Profit before tax	**622,890**	617,871
Income tax at the PRC statutory income tax rate of 25%	**155,723**	154,468
Income not subject to tax	**(15,083)**	(13,834)
Expenses not deductible for tax purposes	**19,334**	18,540
Tax effect of changes in unrecognised deductible temporary difference	**(2,858)**	851
Tax losses not recognised	**25,917**	21,614
Tax exemptions	**(180,243)**	(180,447)
Tax charge at the Group's effective rate	**2,790**	1,192

11. OTHER COMPREHENSIVE INCOME

	Year ended 31/12/2015 RMB'000	Year ended 31/12/2014 RMB'000
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:		
Available-for-sale investments:		
Changes in fair value	**1,077,192**	258,765
Reclassification adjustments for gain included in the consolidated statement of profit or loss – gain on disposal	**(5,372)**	–
Income tax relating to items that maybe reclassified subsequently	**(18,075)**	(34)
Other comprehensive income, net of income tax	**1,053,745**	252,255

12. PROFIT FOR THE YEAR

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

	Year ended 31/12/2015 RMB'000	Year ended 31/12/2014 RMB'000 (restated)
Depreciation for property, plant and equipment	**117,598**	103,618
Depreciation for investment properties	**2,364**	2,356
Amortisation of prepaid lease payments for land use rights	**7,691**	7,257
Amortisation of other intangible assets	**12,500**	11,038
Total depreciation and amortisation	**140,153**	124,269
Auditors' remuneration	**4,546**	4,160
Minimum lease payments under operating leases on properties	**101,366**	96,798
(Gain)/loss on disposal of items of property, plant and equipment	**(18,455)**	267
Loss on disposal of other intangible assets	**8**	–
Loss on deemed disposal of a subsidiary	**–**	819
Impairment/(reversal of impairment) loss of trade and other receivables	**13,565**	(5,388)
Write-down of inventories to net realisable value	**63,791**	40,205
Impairment loss on AFS investment	**–**	1,311
Impairment loss of goodwill	**3,307**	–
Employee benefits expense	**764,881**	702,460
Cost of inventories recognised as an expense	**3,451,713**	3,247,780
Foreign exchange loss	**1,854**	1,229

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 applicable Listing Rules and CO, are as follows:

	Directors		Supervisors	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Fees	691	1,230	159	350
Other emoluments:				
Salaries and allowances	348	99	341	418
Performance related bonuses	374	–	163	301
Retirement benefit contributions	44	–	91	97
	766	99	595	816
Total	1,457	1,329	754	1,166

(a) Independent non-executive directors

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

	Fees RMB'000	Salary and allowances RMB'000	Performance related bonuses RMB'000	Retirement benefit contributions RMB'000	Total remuneration RMB'000
2015					
Mr. Mak Wai Ho	230	9	–	–	239
Mr. Han Liyan	210	24	–	–	234
Mr. Mo Shihang*	–	–	–	–	–
Mr. Xiao Liping**	–	–	–	–	–
	440	33	–	–	473

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

(a) Independent 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
2014					
Mr. Mak Wai Ho	230	9	–	–	239
Mr. Han Liyan	210	18	–	–	228
Mr. Mo Shihang*	–	–	–	–	–
	440	27	–	–	467

* Role as independent non-executive director ceased from March 2015.

** Role as independent non-executive director commenced from March 2015.

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

There were no other emoluments payable to the independent non-executive directors during the year (2014: 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
2015					
Executive directors:					
Mr. He Zhiyong (Chief executive)*/****	–	–	–	–	–
Mr. Gong Cimin**/****	**158**	–	–	–	**158**
Mr. Luo Yong***	–	–	–	–	–
Mr. Yang Miao	–	**291**	**374**	**44**	**709**
	158	**291**	**374**	**44**	**867**
Non-executive directors:					
Mr. Zhang Chengxing*****	–	–	–	–	–
Mr. Luo Jun****	–	–	–	–	–
Mr. Zhang Peng***	–	–	–	–	–
Mr. Zhao Junhuai	**93**	**24**	–	–	**117**
	93	**24**	–	–	**117**
Total	**251**	**315**	**374**	**44**	**984**

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
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

* Role as executive director and Chairman commenced from December 2015.

** Role as executive director and Chairman ceased from December 2015.

*** Except for fees and certain allowances in 2014, other emoluments of this director were paid by SPG, a company 100% owned by Sichuan Development. Pursuant to relevant regulation, this director does not receive any emolument from the Company in 2015.

**** Except for fees and certain allowances in 2014 and 2015, other emoluments of this director were paid by Sichuan Xinhua Publishing Group.

***** Role as director ceased from March 2015.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

The non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

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
2015					
Mr. Xu Ping****	**–**	**–**	**–**	**–**	**–**
Mr. Xu Yuzheng***	**–**	**–**	**–**	**–**	**–**
Ms. Lan Hong	**–**	**130**	**94**	**44**	**268**
Ms. Liu Nan*	**–**	**36**	**–**	**11**	**47**
Ms. Wang Jianping*	**–**	**–**	**–**	**–**	**–**
Mr. Fu Daiguo	**70**	**15**	**–**	**–**	**85**
Mr. Li Guangwei*	**15**	**6**	**–**	**–**	**21**
Mr. Li Kun*	**8**	**–**	**–**	**–**	**8**
Ms. Zhou Jing*	**8**	**9**	**–**	**–**	**17**
Ms. Liu Mixia**	**58**	**18**	**–**	**–**	**76**
Ms. Wang Yan**	**–**	**127**	**69**	**36**	**232**
Total	**159**	**341**	**163**	**91**	**754**

	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

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

(c) Supervisors *(Continued)*

* Role as supervisor ceased from March 2015.

** Role as supervisor commenced from March 2015.

*** Except for fees and certain allowances in 2014, other emoluments of the supervisor were paid by Sichuan Xinhua Publishing Group. Pursuant to relevant regulation, this supervisor does not receive any emolument from the Company in 2015.

**** Except for fees and certain allowances in 2014, other emoluments of the supervisor were paid by SPG. Pursuant to relevant regulation, this supervisor does not receive any emolument from the Company in 2015.

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the year (2014: 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 RMB837,400).

(d) Five highest paid employees

The five highest paid employees of the Group during the year included one (2014: none) director, details of whose remuneration are set out above. Details of the remuneration for the year of the remaining four (2014: five) highest paid employees who are neither a director nor a supervisor of the Company are as follows:

	2015	2014
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**986**	1,042
Performance related bonuses	**1,325**	1,671
Retirement benefit contributions	**176**	195
	2,487	2,908

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 RMB837,780).

14. DIVIDENDS

	Year ended 31/12/2015 RMB'000	Year ended 31/12/2014 RMB'000
Dividends recognised as distribution during the year:		
2014 dividends – RMB30 cents per share (tax inclusive) (2014: 2013 dividends – RMB30 cents per share (tax inclusive))	**340,539**	340,539

As the Company is actively pushing ahead the progress of the A Shares IPO and the same has entered the crucial phase, the final dividend for the year ended 31 December 2015, if declared, may include holders of A shares upon listing of A shares, the Board shall make an announcement in respect of the proposed dividend for the year ended 31 December 2015 as appropriate in due course and the proposed dividend for the year ended 31 December 2015 is subject to the approval by the shareholders at the forthcoming 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.

	2015 RMB'000	2014 RMB'000 (restated)
Earnings:		
Profit for the year attributable to owners of the Company	**652,450**	637,966

	Number of shares	
	2015	2014
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. Therefore, there was no diluted impact on earnings per share attributable to the owners of the Company.

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 2014 as original stated	1,046,646	102,230	113,330	444,443	158,644	1,865,293
Effect of business combination under common control	–	–	595	17,852	–	18,447
At 1 January 2014 as restated	1,046,646	102,230	113,925	462,295	158,644	1,883,740
Additions	10,240	5,478	5,059	37,441	145,364	203,582
Transfers from construction in progress	12,240	–	–	362	(12,602)	–
Transfer from investment properties	6,114	–	–	–	–	6,114
Acquired in a business combination (note 43)	91,401	–	1,200	41,072	223	133,896
Reclassified 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 44)	–	–	–	(242)	–	(242)
At 31 December 2014 as restated	1,163,485	106,462	119,107	530,771	214,640	2,134,465
Additions	127,411	5,712	9,389	16,442	117,943	276,897
Transfers from construction in progress	98,174	1,768	–	50	(99,992)	–
Disposals	(4,837)	–	(11,928)	(69,906)	–	(86,671)
Transfer to investment properties	(2,238)	–	–	–	–	(2,238)
At 31 December 2015	1,381,995	113,942	116,568	477,357	232,591	2,322,453
DEPRECIATION						
At 1 January 2014 as original stated	(177,622)	(53,372)	(59,112)	(286,892)	–	(576,998)
Effect of business combination under common control	–	–	(307)	(6,018)	–	(6,325)
At 1 January 2014 as restated	(177,622)	(53,372)	(59,419)	(292,910)	–	(583,323)
Provided for the year	(40,907)	(11,676)	(13,142)	(37,893)	–	(103,618)
Transfer from investment properties	(596)	–	–	–	–	(596)
Eliminated on disposals	156	–	907	9,879	–	10,942
Deemed disposal of a subsidiary (note 44)	–	–	–	80	–	80
At 31 December 2014 as restated	(218,969)	(65,048)	(71,654)	(320,844)	–	(676,515)
Provided for the year	(48,057)	(12,380)	(13,727)	(43,434)	–	(117,598)
Eliminated on disposals	1,448	–	10,819	66,577	–	78,844
Transfer to investment properties	228	–	–	–	–	228
At 31 December 2015	(265,350)	(77,428)	(74,562)	(297,701)	–	(715,041)
CARRYING VALUES						
At 31 December 2015	1,116,645	36,514	42,006	179,656	232,591	1,607,412
At 31 December 2014 as restated	944,516	41,414	47,453	209,927	214,640	1,457,950
At 1 January 2014 as restated	869,024	48,858	54,506	169,385	158,644	1,300,417

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 2015, except for eleven (31 December 2014: eight) properties with an aggregate net book value of approximately RMB265,848,000 (31 December 2014: RMB354,079,000), the Group has obtained the building ownership certificates. The Group is in the process of obtaining the building ownership certificates of the eleven (2014: eight) properties.

17. PREPAID LEASE PAYMENTS FOR LAND USE RIGHTS

	31/12/2015 RMB'000	31/12/2014 RMB'000
Carrying amount at 1 January	**272,423**	127,742
Addition	**1,907**	22,872
Reclassified from property, plant and equipment	**–**	76,989
Acquired in a business combination (note 43)	**–**	52,077
Charge to profit or loss during the year	**(7,691)**	(7,257)
Carrying amount at 31 December	**266,639**	272,423
Less: Current portion, included in prepayments, deposits and other receivables (note 27)	**(8,946)**	(8,985)
Non-current portion	**257,693**	263,438

18. INVESTMENT PROPERTIES

	RMB'000
COST	
At 1 January 2014	27,547
Acquired in a business combination (note 43)	30,024
Transfer to property, plant and equipment	(6,114)
At 31 December 2014	51,457
Transfer from property, plant and equipment	2,238
At 31 December 2015	53,695
DEPRECIATION	
At 1 January 2014	(8,863)
Provided for the year	(2,356)
Transfer to property, plant and equipment	596
At 31 December 2014	(10,623)
Provided for the year	(2,364)
Transfer from property, plant and equipment	(228)
At 31 December 2015	(13,215)
CARRYING VALUES	
At 31 December 2015	40,480
At 31 December 2014	40,834

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

The fair value of the Group's investment properties as at 31 December 2015 was RMB103,070,000 (31 December 2014: RMB84,158,000). 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

	2015 RMB'000	2014 RMB'000
COST		
At 1 January & 31 December	**504,301**	504,301
IMPAIRMENT		
At 1 January	**–**	–
Impairment loss recognised in the year	**(3,307)**	–
At 31 December	**(3,307)**	–
CARRYING VALUES		
At 31 December	**500,994**	504,301

During the year ended 31 December 2015, as the management of the Group determined to significantly reduce its paper trading business, the Group recognised an impairment loss of RMB3,307,000 (2014: nil) in relation to goodwill of RMB3,307,000 arising from the acquisition of Sichuan Xinhua Shang Paper Co., Ltd., which is included in the publication segment. Sichuan Xinhua Shang Paper Co., Ltd. did not have any significant non-current assets as at 31 December 2015.

For the purpose of impairment testing, goodwill of RMB500,994,000 as at 31 December 2015 has been allocated to one cash generating unit, comprising three companies of the fifteen publishers acquired in one transaction in 2010 in the publication segment (the "Publication CGU"). Management assessed the recoverable amount of the Publication CGU as at 31 December 2015 and determined that there was no impairment of goodwill in relation to the Publication CGU.

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% (2014: 15%). The Publication CGU's cash flows beyond the five-year period are extrapolated using a nil to 2% (2014: 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 2014	72,874	44,944	5,434	123,252
Additions	18,170	–	181	18,351
Acquired in a business combination (note 43)	234	–	–	234
At 31 December 2014 as restated	91,278	44,944	5,615	141,837
Additions	18,697	–	1,633	20,330
Disposals	(74)	–	–	(74)
At 31 December 2015	109,901	44,944	7,248	162,093
AMORTISATION AND IMPAIRMENT				
At 1 January 2014	(35,844)	(19,655)	(3,257)	(58,756)
Provided for the year	(7,574)	(3,161)	(303)	(11,038)
At 31 December 2014 as restated	(43,418)	(22,816)	(3,560)	(69,794)
Provided for the year	(8,812)	(3,161)	(527)	(12,500)
Eliminated on disposals	19	–	–	19
At 31 December 2015	(52,211)	(25,977)	(4,087)	(82,275)
CARRYING VALUES				
At 31 December 2015	57,690	18,967	3,161	79,818
At 31 December 2014 as restated	47,860	22,128	2,055	72,043
At 1 January 2014	37,030	25,289	2,177	64,496

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

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For the year ended 31 December 2015

21. INTERESTS IN ASSOCIATES

	31/12/2015 RMB'000	31/12/2014 RMB'000 (restated)
Cost of unlisted investments in associates	**250,696**	256,156
Share of post-acquisition results, net of dividend received	**(26,236)**	(28,282)
	224,460	227,874

21.1 Details of each of the Group's principal associates as at 31 December 2015 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 2015 %	2014 %	Principal activity
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	Limited company	PRC	PRC	RMB30,000,000	**20**	20	Sale of publications
Sichuan Xin Wen Newspaper and Periodicals Distribution Co., Ltd.*	Limited company	PRC	PRC	RMB10,000,000	**–**	39	Sale of publications
Guizhou Xinhua Winshare Co., Ltd.	Limited company	PRC	PRC	RMB120,000,000	**45**	45	Sale of publications
Ming Bo Education & Technology Co., Ltd.	Limited company	PRC	PRC	RMB75,000,000	**27.2**	27.2	Technology development
Sichuan Winshare Pre-school Educational Management Co., Ltd.	Limited company	PRC	PRC	RMB30,000,000	**34**	34	Commercial service and development of real property
The Commercial Press (Chengdu) Co., Ltd.	Limited company	PRC	PRC	RMB4,000,000	**49**	49	Sales of publications
Shanghai Jingjie Information Technology Co., Ltd.	Limited company	PRC	PRC	RMB7,500,000	**42**	42	Computer technology development and service
Chongqing Yunhan Internet and Media Co., Ltd.	Limited company	PRC	PRC	RMB100,000,000	**50**	50	Network distribution of publications
Chengdu Winshare Equity Investment Funds Management Co., Ltd.	Limited company	PRC	PRC	RMB17,600.000	**45.45**	45.45	Investment management and consultation
Sichuan Education and Science Forum Magazine Press Co., Ltd.	Limited company	PRC	PRC	RMB250,000	**40**	40	Education and science forum magazine
Chengdu Xinhui Industrial Co., Ltd.	Limited company	PRC	PRC	RMB100,000,000	**34**	34	Development of properties holding

21. INTERESTS IN ASSOCIATES *(Continued)*

21.1 Details of each of the Group's principal associates as at 31 December 2015 are as follows: *(Continued)*

* The Group's interests in Sichuan Xin Wen Newspaper and Periodicals Distribution Co., Ltd. ("Xin Wen") were disposed to Sichuan Daily Newspaper Group in December 2015 at a cash consideration of RMB5,486,000, resulting in a gain of RMB37,000, being the excess of the consideration received over the Group's proportionate interests in Xin Wen and associated goodwill upon disposal.

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 to acquire 50% equity interests in Chongqing Yunhan by way of capital injection to Chongqing Yunhan of RMB51,333,000. The difference of RMB16,529,000, being the excess of consideration paid and the fair value of the net assets acquired after capital injection was accounted for as goodwill included in interests in associate in the consolidated financial statements.

Chongqing Yunhan incurred loss of RMB2,478,000 in 2015 (from the date of acquisition to 31 December 2014: RMB10,280,000). Management assessed the recoverable amount of Chongqing Yunhan as at 31 December 2015 and determined that there is no impairment of goodwill in relation to Chongqing Yunhan.

The recoverable amount of Chongqing Yunhan has been determined based on a value in use calculation. The value in use of Chongqing Yunhan attributable to the Group as at 31 December 2015 has been determined based on the present value of estimated future cash flows of the Group to be generated from its interests in Chongqing Yunhan. 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% (2014: 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, 30, 31 and 40(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.

21. INTERESTS IN ASSOCIATES *(Continued)*

21.1 Details of each of the Group's principal associates as at 31 December 2015 are as follows: *(Continued)*

Ming Bo

	31/12/2015 RMB'000	31/12/2014 RMB'000
Current assets	**71,561**	67,842
Non-current assets	**49,499**	43,625
Current liabilities	**(4,045)**	(7,786)
Non-current liabilities	**(34,804)**	(35,917)
	82,211	67,764

	Year ended 31/12/2015 RMB'000	Year ended 31/12/2014 RMB'000
Revenue	**44,575**	41,499
Profit and total comprehensive income for the year	**14,447**	18,368
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:

	31/12/2015 RMB'000	31/12/2014 RMB'000
Net assets of the associate	**82,211**	67,764
Proportion of the Group's ownership interest in Ming Bo	**22,361**	18,432
Carrying amount of the Group's interest in Ming Bo	**22,361**	18,432

21. INTERESTS IN ASSOCIATES *(Continued)*

21.1 Details of each of the Group's principal associates as at 31 December 2015 are as follows: *(Continued)*

Ren Min Eastern

	31/12/2015 RMB'000	31/12/2014 RMB'000
Current assets	**77,764**	80,389
Non-current assets	**3,084**	4,173
Current liabilities	**(28,458)**	(36,289)
	52,390	48,273

	Year ended 31/12/2015 RMB'000	Year ended 31/12/2014 RMB'000
Revenue	**75,423**	78,190
Profit and total comprehensive income for the year	**16,717**	14,779
Dividends received from the associate during the year	**2,520**	2,360

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

	31/12/2015 RMB'000	31/12/2014 RMB'000
Net assets of the associate	**52,390**	48,273
Proportion of the Group's ownership interest in Ren Min Eastern	**10,478**	9,655
Carrying amount of the Group's interest in Ren Min Eastern	**10,478**	9,655

21. INTERESTS IN ASSOCIATES *(Continued)*

21.1 Details of each of the Group's principal associates as at 31 December 2015 are as follows: *(Continued)*

Chongqing Yunhan

	31/12/2015 **RMB'000**	31/12/2014 RMB'000
Current assets	**4,270**	2,670
Non-current assets	**78,852**	84,041
Current liabilities	**(3,230)**	(4,341)
Non-current liabilities	**(20,000)**	(20,000)
	59,892	62,370

	Year ended **31/12/2015** **RMB'000**	From 31/3/2014 to 31/12/2014 RMB'000
Revenue	**4,431**	4,484
Loss and total comprehensive loss for the year	**(2,478)**	(10,280)
Dividends received from the associate during the year	**–**	–

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

	31/12/2015 **RMB'000**	31/12/2014 RMB'000
Net assets of the associate	**59,892**	62,370
Proportion of the Group's ownership interest in Chongqing Yunhan	**29,946**	31,185
Goodwill	**16,529**	16,529
Carrying amount of the Group's interest in Chongqing Yunhan	**46,475**	47,714

21. INTERESTS IN ASSOCIATES *(Continued)*

21.2 Aggregate information of associates that are not individually material

	Year ended 31/12/2015 RMB'000	Year ended 31/12/2014 RMB'000 (restated)
The Group's share of loss	**(1,478)**	(14,718)
Aggregate carrying amount of the Group's interests in these associates	**145,146**	150,514
Goodwill	**–**	1,560

	31/12/2015 RMB'000	31/12/2014 RMB'000
The unrecognised share of loss of associates for the year	**(96)**	(472)

	Year ended 31/12/2015 RMB'000	Year ended 31/12/2014 RMB'000
Cumulative unrecognised share of loss of associates	**(5,792)**	(5,696)

22. INTERESTS IN JOINT VENTURES

	31/12/2015 RMB'000	31/12/2014 RMB'000
Cost of unlisted investments in joint ventures	**409,651**	406,356
Share of post-acquisition results	**16,629**	12,441
	426,280	418,797

22. INTERESTS IN JOINT VENTURES *(Continued)*

22.1 Details of joint ventures

As at 31 December 2015 and 2014, 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 2015 %	2014 %	Principal activity
Hainan Publishing House Co., Ltd.	Limited company	PRC	PRC	RMB76,000,000	**50**	50	Publishing and wholesaling of publications and related Publications
Sichuan Winshare Zhuotai Investment Co., Ltd.	Limited company	PRC	PRC	RMB158,000,000	**48**	48	School education business
Sichuan Yaxinshongxiang Education Technology Co., Ltd.	Limited company	PRC	PRC	RMB0	**45**	45	Education technology promotion and education consulting
Sichuan Fu Dou Science and Technology Co., Ltd.*	Limited company	PRC	PRC	RMB6,941,500	**38.5**	–	Sale and maintenance of education software

* Newly established during the year ended 31 December 2015.

Pursuant to the articles of association of Fu Dou, the resolutions on financial and operating policies, such as the approval of financial budget and final account and the distribution of profits or loss, can only be passed with at least two thirds of votes and the Company holds 38.5% votes. Therefore, Fu Dou is jointly controlled by the Company and another shareholder and is classified as a joint venture of the Group.

In May 2014, the Company proposed to dispose of its 3% equity interest in Wenzhuo at a consideration of RMB19,153,000 to SPG. The disposal was subsequently approved by the SASAC of Sichuan and other statutory authorities in June 2014. Upon the completion of the transaction in December 2014, the Company and Sichuan Zhuotai Industry Co., Ltd. ("**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 under joint control of the Company and Zhuotai Industry and is accounted as a joint venture of the Company.

22. INTERESTS IN JOINT VENTURES *(Continued)*

22.1 Details of 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	**31/12/2015 RMB'000**	31/12/2014 RMB'000
Current assets	**189,456**	243,210
Non-current assets	**120,841**	75,446
Current liabilities	**(95,724)**	(115,724)
Non-current liabilities	**(41,366)**	(40,634)
The above amounts of assets and liabilities include the following: Cash and cash equivalents	**21,959**	30,125
Current financial liabilities (excluding trade and other payables)	**–**	–
Non-current financial liabilities (excluding trade and other payables)	**(26,000)**	(27,500)

	Year ended 31/12/2015 RMB'000	Year ended 31/12/2014 RMB'000
Revenue	**139,537**	144,132
Profit and total comprehensive income for the year	**10,909**	9,564
Dividends received from the joint venture during the year	**–**	–

22. INTERESTS IN JOINT VENTURES *(Continued)*

22.1 Details of joint ventures *(Continued)*

The above profit for the year includes the following:

	Year ended 31/12/2015 RMB'000	Year ended 31/12/2014 RMB'000
Depreciation and amortisation	**1,308**	1,332
Interest income	**61**	123
Interest expense	**3,317**	38
Income tax expense	**213**	314

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

	31/12/2015 RMB'000	31/12/2014 RMB'000
Net assets of the joint venture	**173,207**	162,298
Proportion of the Group's ownership interest in Hainan Publishing	**86,604**	81,149
Goodwill	**30,735**	30,735
Carrying amount of the Group's interest in Hainan Publishing	**117,339**	111,884

22. INTERESTS IN JOINT VENTURES *(Continued)*

22.1 Details of joint ventures *(Continued)*

Sichuan Wenzhuo	**31/12/2015 RMB'000**	31/12/2014 RMB'000
Current assets	**98,631**	76,633
Non-current assets	**898,074**	911,403
Current liabilities	**(130,832)**	(131,394)
Non-current liabilities	**(239,162)**	(233,134)
The above amounts of assets and liabilities include the following: Cash and cash equivalents	**45,388**	30,302
Non-current financial liabilities (excluding trade and other payables)	**(120,000)**	(120,000)

	Year ended 31/12/2015 RMB'000	Year ended 31/12/2014 RMB'000
Revenue	**149,326**	166,358
Profit (loss) and total comprehensive income (loss) for the year	**3,203**	(2,602)
Dividends received from the joint venture during the year	**–**	–

22. INTERESTS IN JOINT VENTURES *(Continued)*

	Year ended 31/12/2015 RMB'000	Year ended 31/12/2014 RMB'000
Depreciation and amortisation	**33,055**	37,946
Interest income	**104**	63
Interest expense	**7,629**	7,367
Income tax expense	**2,996**	1,953

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

	31/12/2015 RMB'000	31/12/2014 RMB'000
Net assets of the joint venture	**626,711**	623,508
Proportion of the Group's ownership interest in Wenzhuo	**300,821**	299,284
Effect of fair value adjustments on initial recognition of the joint venture	**7,438**	7,629
Carrying amount of the Group's interest in Wenzhuo	**308,259**	306,913

22.2 Summarised information of Fu Dou that is not considered individually material

	Year ended 31/12/2015 RMB'000	Year ended 31/12/2014 RMB'000
The Group's share of loss and total comprehensive loss	**(2,613)**	–

23. AVAILABLE-FOR-SALE INVESTMENTS

	31/12/2015 RMB'000	31/12/2014 RMB'000
Listed equity investments, at fair value (note i)	**2,038,384**	1,036,775
Unlisted investments:		
Investment funds, at fair value (note ii)	**409,729**	40,000
Trust products, at fair value (note iii)	**31,672**	100,000
Unlisted equity investments, at cost less impairment losses (note iv)	**500,917**	500,917
Total	**2,980,702**	1,677,692
Analysed for reporting purposes as:		
Current assets	**31,672**	100,000
Non-current assets	**2,949,030**	1,577,692

Notes:

(i) The Group's listed equity investments represent: (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. * (江蘇友利投資控股股份有限公司) ("Youli Holding"), a listed company on the Shenzhen Stock Exchange, which accounts for 0.02% of the shareholding interest of Youli Holding.

As at 31 December 2015, the equity investments in Wan Xin Media and Youli Holding were stated at fair value, which are also their quoted market value of RMB2,036,713,000 (31 December 2014: RMB1,035,854,000) and RMB1,671,000 (31 December 2014: RMB921,000), respectively. During the current year, the fair value gain in respect of the Group's available-for-sale equity investment in Wan Xin Media and Youli Holding recognised in other comprehensive income amounted to RMB1,000,859,000 (2014: gain of RMB258,628,000) and RMB750,000 (2014: gain of RMB137,000) respectively.

(ii) As at 31 December 2015, the Group's investments investment funds represent investment in CITIC Buyout Fund of RMB76,984,000 (31 December 2014: RMB40,000,000), Qingdao Jinshi Zhixin Investment Center (Limited Partnership) of RMB150,768,000 (31 December 2014: nil), Winshare Hengxin (Shenzhen) Equity Investment Fund (Limited Partnership) ("Winshare Hengxin") of RMB143,535,000 (31 December 2014: nil), and Taizhou Xinheng Zhongrun Investment Fund (Limited Partnership) of RMB38,442,000 (31 December 2014: nil). The investments are measured at fair value. The fair value is determined based on the annual reports of the funds where their investment portfolios are measured at fair value. Details of fair value measurement are set out in note 36.

As at 31 December 2015, the Group is committed to make additional investments of RMB20,000,000 and RMB100,000,000 to CITIC Buyout Fund and Winshare Hengxin, respectively.

(iii) As at 31 December 2015, the Group's investments in trust products represent debt investments for a trust product of CITIC Trust Co., Ltd. of RMB23,672,000 (31 December 2014: nil) and a trust product of China Foreign Economy and Trade Trust Co., Ltd. of RMB8,000,000 (31 December 2014: nil). As at 31 December 2014, the Group's investments in trust product represent a debt investment for a trust product of Ping An International Financial Leasing Co., Ltd. of RMB100,000,000. The investments are measured at fair value. The fair value is determined based on discounted cash flow analysis. The details of fair value measurement are set out in note 36.

(iv) As at 31 December 2015, the unlisted equity investments with carrying amounts of RMB500,917,000 (31 December 2014: RMB500,917,000) were stated at cost less impairment losses 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.

24. LONG-TERM PREPAYMENTS

	31/12/2015 RMB'000	31/12/2014 RMB'000
Long-term prepayments (note i)	**71,587**	123,413
Input VAT recoverables (note ii)	**65,618**	76,157
	137,205	199,570

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 are expected to offset output VAT beyond one year from the end of the reporting period.

25. ENTRUSTED LOAN

The balance represented an entrusted loan made by the Company to Sichuan Wenxuan Zhuotai Investment Co., Ltd.* (四川文軒卓泰投資有限公司) ("Sichuan Wenzhuo"), a joint venture, through China Construction Bank. The entrusted loan is secured by the Zhuotai Industry's shareholding interests in Sichuan Wenzhuo, bears interest at an annual rate of 6.15% and will mature in August 2016. The balance is classified as a current asset and is included in prepayments, deposits and other receivables as of 31 December 2015. The carrying amount of the entrusted loan approximated to its fair value as at 31 December 2015.

26. TRADE AND BILLS RECEIVABLES AND LONG-TERM TRADE RECEIVABLE

	31/12/2015 RMB'000	31/12/2014 RMB'000 (restated)
Bills receivables	**873**	972
Trade receivables	**787,861**	716,261
Less: Allowance for doubtful debts	**(127,809)**	(108,813)
Less: Allowance for sales returns	**(7,771)**	(8,628)
	653,154	599,792

26. TRADE AND BILLS RECEIVABLES AND LONG-TERM TRADE RECEIVABLE *(Continued)*

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.

	31/12/2015 RMB'000	31/12/2014 RMB'000 (restated)
Within 3 months	**500,957**	471,948
3 to 6 months	**68,606**	56,462
6 months to 1 year	**42,397**	48,374
1 to 2 years	**30,715**	12,376
Over 2 years	**10,479**	10,632
	653,154	599,792

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. 77% (31 December 2014: 79%) of the Group's trade receivables were neither past due nor impaired as at 31 December 2015, which is attributable to the implementation of above-mentioned policies.

Included in the balance as at 31 December 2015 were trade receivables from Sichuan Xinhua Publishing Group, SPG and associates of nil (31 December 2014: RMB884,000), nil (31 December 2014: RMB5,000) and RMB2,097,000 (31 December 2014: RMB6,968,000), respectively (note 40(b)).

Movement in the allowance for doubtful debts

	2015 RMB'000	2014 RMB'000 (restated)
At 1 January	**108,813**	124,110
Charged for the year	**22,234**	23,205
Reversal of amount/(amount written off)	**3,919**	(4,530)
Amount reversed	**(7,157)**	(33,972)
At 31 December	**127,809**	108,813

26. TRADE AND BILLS RECEIVABLES AND LONG-TERM TRADE RECEIVABLE *(Continued)*

Movement in the allowance for doubtful debts *(Continued)*

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 RMB17,922,000 (31 December 2014: RMB17,641,000), where the debtors have been in severe financial difficulties.

The Group does not hold any collateral over these balances.

Long-term trade receivable

The maturity profile of the long-term trade receivable of the Group as at 31 December 2015 is as follows:

	31/12/2015 RMB'000	31/12/2014 RMB'000
Within one year	**7,144**	7,144
In the second to fifth years, inclusive	**23,145**	28,574
Long-term trade receivable	**30,289**	35,718
Analysed for reporting purpose as:		
Current asset	**7,144**	7,144
Non-current asset	**23,145**	28,574

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31/12/2015 RMB'000	31/12/2014 RMB'000 (restated)
Deposits	**24,175**	23,407
Prepayments to suppliers	**60,073**	70,382
VAT refund receivables	**–**	143,985
VAT recoverables	**39,702**	34,758
Due from SPG (note 40(b))	**–**	20
Entrusted loan (note 40(b))	**120,000**	44,200
Prepaid lease payments for land use rights (note 17)	**8,946**	8,985
Compensation receivable for relocation of properties (i)	**4,000**	118,389
Interest receivables	**167**	13
Other receivables (ii)	**40,189**	24,164
	297,252	468,303

Notes:

(i) Pursuant to the relevant compensation agreements in 2014, as at 31 December 2014,Sichuan Xinhua Printing is entitled to receive cash of RMB119,955,000 and properties with a fair value of RMB36,230,000 as compensation for the removal of its operating premises. In 2015, Sichuan Xinhua Printing has received cash compensation of RMB115,955,000. Sichuan Xinhua Printing is expected to receive the rest of cash compensation of RMB4,000,000 in 2016 and properties compensation in 2018. The properties compensation of RMB36,230,000 is included in long-term prepayments in the consolidated statement of financial position.

(ii) Other receivables

	31/12/2015 RMB'000	31/12/2014 RMB'000 (restated)
Other receivables	**49,926**	35,477
Less: Provision for impairment	**(9,737)**	(11,313)
	40,189	24,164

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

Notes: (Continued)

(ii) Other receivables *(Continued)*

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

	31/12/2015 RMB'000	31/12/2014 RMB'000 (restated)
At 1 January	**11,313**	5,937
Charged for the year	**34**	6,078
Amount written off	**(64)**	–
Liquidation of a subsidiary	**–**	(3)
Amount reversed	**(1,546)**	(699)
At 31 December	**9,737**	11,313

At 31 December 2015, other receivables that were neither past due nor impaired amounted to approximately RMB40,189,000 (31 December 2014: RMB24,164,000 as restated) relate to a large number of diversified debtors for whom there was no recent history of default.

28. INVENTORIES

	31/12/2015 RMB'000	31/12/2014 RMB'000
Raw materials	**107,116**	146,163
Work-in-process	**123,652**	100,295
Merchandise and publications for resale	**1,226,371**	1,017,013
Production costs of film and television programs	**7,040**	45,297
	1,464,179	1,308,768

29. CASH AND SHORT-TERM DEPOSITS

	31/12/2015 RMB'000	31/12/2014 RMB'000 (restated)
Cash and bank balances	**1,824,358**	1,345,706
Restricted cash	**24,141**	24,019
Pledged bank deposits for bills payable	**3,200**	24,234
Non-pledged bank deposits with original maturity of more than three months	**77,330**	37,330
	1,929,029	1,431,289
Less: Pledged bank deposits for bills payable	**(3,200)**	(24,234)
Restricted cash	**(24,141)**	(24,019)
	1,901,688	1,383,036

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

At 31 December 2015, bank balances, bank deposits, pledged bank deposits and restricted cash carry interest at market rates which range from 0.30% to 1.95% (31 December 2014: 0.35% to 3.3%) 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 2015 and 2014:

	31/12/2015 RMB'000	31/12/2014 RMB'000 (restated)
Cash and short-term deposits	**1,901,688**	1,383,036
Non-pledged bank deposits with original maturity of more than three months	**(77,330)**	(37,330)
	1,824,358	1,345,706

30. TRADE AND BILLS PAYABLES

	31/12/2015 RMB'000	31/12/2014 RMB'000 (restated)
Bills payable	**3,200**	76,420
Trade payables	**2,537,860**	2,033,241
	2,541,060	2,109,661

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:

	31/12/2015 RMB'000	31/12/2014 RMB'000 (restated)
Within 3 months	**805,606**	725,043
3 to 6 months	**594,869**	470,640
6 months to 1 year	**468,740**	457,397
1 to 2 years	**473,617**	312,164
Over 2 years	**198,228**	144,417
	2,541,060	2,109,661

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

Included in the balance as at 31 December 2015 were trade payables to SPG, joint ventures and associates of nil (31 December 2014: RMB16,000), RMB2,007,000 (31 December 2014: RMB179,000) and RMB9,193,000 (31 December 2014: RMB13,121,000), respectively (note 40(b)).

As at 31 December 2015, the Group's bills payable of RMB3,200,000 (31 December 2014: RMB76,420,000) were secured by the Group's pledged bank deposits amounting to RMB3,200,000 (31 December 2014: RMB24,234,000).

31. DEPOSITS RECEIVED, OTHER PAYABLES AND ACCRUALS

	31/12/2015 RMB'000	31/12/2014 RMB'000 (restated)
Accrued salaries, wages and benefits	**233,953**	215,400
Deposits	**59,526**	53,080
Advance from customers	**240,527**	258,707
Accrued operating expenses and other taxes	**88,859**	115,123
Due to Sichuan Xinhua Publishing Group (note 40(b))	**–**	14,428
Due to SPG (note 40(b))	**744**	167
Deferred government grants	**164,070**	149,775
Others	**131,545**	84,520
	919,224	891,200

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

32. ISSUED CAPITAL

	31/12/2015 RMB'000	31/12/2014 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

33. 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) difference between the amount of adjustment of non-controlling interests and the fair value of consideration paid in an acquisition of non-controlling interest; and iii) the effect of business combination under common control.

In November 2014, the Company acquired 40% equity interests in Sichuan Winshare Art Investing & Managing Co., Ltd., a subsidiary of the Company, from non-related parties with consideration of RMB8,680,000. As a result of the transaction, there was a decrease in non-controlling interests of RMB5,100,000 and a decrease in equity attributable to owners of the Company of RMB3,580,000 (including decrease in capital reserve of RMB581,000 and decrease in retained profits of RMB2,999,000) for the year ended 31 December 2014.

In October 2015, the Company acquired 13% equity interests in Winshare Education Technology and Equipment Co., Ltd., a subsidiary of the Company, from non-related parties with consideration of RMB190,000. As a result of the transaction, there was a decrease in non-controlling interests of RMB152,000 and a decrease in equity attributable to owners of the Company of RMB38,000 (including increase in capital reserve of RMB200,000 and decrease in retained profits of RMB238,000) for the year ended 31 December 2015.

In December 2015, the Company acquired 49% equity interests in Beijing Huaxia Shengxuan Book Co., Ltd., a subsidiary of the Company, from non-related parties with consideration of RMB13,578,000. As a result of the transaction, there was a decrease in non-controlling interests of RMB10,367,000 and a decrease in equity attributable to owners of the Company of RMB3,211,000 (including decrease in capital reserve of RMB5,863,000 and increase in retained profits of RMB2,652,000) for the year ended 31 December 2015.

Acquisition of a subsidiary under common control during the year ended 31 December 2015 arose from the transfer of 97.95% of equity interest in Sichuan Culture Communication to the Group for a cash consideration of RMB44,616,000.

33. RESERVES *(Continued)*

(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 2015, the retained profits included statutory surplus reserves appropriated by the subsidiaries of the Company amounted to RMB48,219,000 (31 December 2014: RMB36,309,000).

34. 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:

	31/12/2015 RMB'000	31/12/2014 RMB'000
Deferred tax assets	**33,212**	34,089
Deferred tax liabilities	**(31,374)**	(42,692)

34. DEFERRED TAXATION *(Continued)*

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

Deferred tax assets

	2015 RMB'000	2014 RMB'000
At 1 January	**44,375**	49,019
(Debit) credit to profit or loss	**(1,891)**	1,832
Effect of income tax exemption from year 2014 to year 2018	**–**	(6,476)
At 31 December	**42,484**	44,375
Provision in respect of:		
Revaluation of items of property, plant and equipment and lease prepayments for land use rights for tax purposes	**34,138**	34,138
Temporary difference arising from impairment of trade and other receivables	**3,446**	5,217
Temporary difference arising from write-down of inventories to net realisable value	**2,227**	2,216
Others	**2,673**	2,804
	42,484	44,375

34. DEFERRED TAXATION *(Continued)*

Deferred tax liabilities

	2015 RMB'000	2014 RMB'000
At 1 January	**(52,978)**	(11,102)
Acquired in a business combination (note 43)	**–**	(42,692)
Debit to other comprehensive income	**(18,075)**	(34)
Credit to profit or loss	**30,407**	850
At 31 December	**(40,646)**	(52,978)
Provision in respect of:		
Fair value adjustments on items of property, plant and equipment and lease prepayments for land use rights for tax purposes	**(12,059)**	(13,158)
Deferred compensation for relocation of properties	**(10,357)**	(39,665)
Fair value changes on AFS investments	**(18,230)**	(155)
	(40,646)	(52,978)

As at 31 December 2015, the Group had unused tax losses of RMB395,985,000 (31 December 2014: RMB298,964,000) and deductible temporary differences of RMB53,446,000 (31 December 2014: RMB58,154,000). The Group's unused tax losses as at 31 December 2015 will expire in year 2016 to year 2020 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.

35. 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 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 as well as the issue of new debt or the redemption of existing debt.

36. FINANCIAL INSTRUMENTS

36.1 Categories of financial instruments

	31/12/2015 RMB'000	31/12/2014 RMB'000 (restated)
Financial assets		
Short-term investments	–	94,892
Loans and receivables (including pledged bank deposits and restricted cash and cash and short-term deposits)	**2,793,859**	2,389,848
AFS investments		
– Fair value	**2,479,785**	1,176,775
– Cost	**500,917**	500,917
Financial liabilities		
Amortised cost	**2,863,299**	2,457,362

36.2 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, AFS investments, entrusted loan, 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 market risk (currency risk, interest rate risk, and other price 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.

Market risk

(i) 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 RMB2,831,000 (2014: RMB514,000) denominated in Hong Kong dollar, United States dollar and euro. 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.

36. FINANCIAL INSTRUMENTS *(Continued)*

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

Market risk *(Continued)*

(ii) *Interest rate risk*

The Group is not exposed to significant interest rate risk at 31 December 2015 as the Group had no interest-bearing borrowings as at 31 December 2015.

(iii) *Other price risk*

The Group is exposed to equity price risk through its listed AFS equity investments 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 2015, the Group recognised an accumulated gain of RMB1,850,963,000 (31 December 2014: RMB849,541,000) from its investments in Wan Xin Media and Youli Holding directly in equity.

If the equity price had been 5% higher/lower (2014: 5% higher/lower), accumulated other comprehensive income before tax at 31 December 2015 would have increased/decreased by RMB101,919,000 (31 December 2014: increase/decrease by RMB51,839,000).

As at the date of this report, the closing price of Wan Xin Media and Youli Holding were RMB23.73 per share and RMB12.90 per share, respectively, representing 27.39% depreciation and 3.78% appreciation compared to their respective closing price as at 31 December 2015.

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 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.

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 and high credit ratings.

The Group also has concentration of credit risk in respect of entrusted loans to a joint venture as set out in note 40(b) and trade receivables from an external customer. 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 to ensure that follow-up action is taken timely. In this regard, management concludes the exposure to bad debt is significantly reduced.

36. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	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 31/12/2015 RMB'000
2015								
Trade and bills payables	–	1,140,585	1,397,275	3,200	–	–	2,541,060	2,541,060
Other payables	–	212,783	59,526	49,930	–	–	322,239	322,239
		1,353,368	1,456,801	53,130	–	–	2,863,299	2,863,299

	Interest rate %	On demand RMB'000 (restated)	Less than 3 months RMB'000 (restated)	3 to less than 12 months RMB'000 (restated)	1 to 5 years RMB'000	5 years RMB'000	Total undiscounted cash flows RMB'000 (restated)	Carrying amount at 31/12/2014 RMB'000 (restated)
2014 (restated)								
Bank borrowings								
– floating rates	6.16 to 7.20	–	–	52,051	–	–	52,051	50,000
Trade and bills payables	–	913,978	1,142,993	52,690	–	–	2,109,661	2,109,661
Other payables	–	229,584	53,080	15,037	–	–	297,701	297,701
		1,143,562	1,196,073	119,778	–	–	2,459,413	2,457,362

The table above includes both interest and principal cash flows.

36. FINANCIAL INSTRUMENTS *(Continued)*

36.3 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 December 2015 RMB'000	Fair value as at 31 December 2014 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	**2,038,384**	1,036,775	Level 1	Quoted bid prices in an active market	N/A	N/A
Investment in unlisted private equity funds classified as AFS investments	**409,729**	40,000	level 3	Based on the fair value of underlying investment portfolios reported by fund manager	N/A	N/A
Investment in trust products classified as AFS investments	**31,672**	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

36. FINANCIAL INSTRUMENTS *(Continued)*

36.3 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

	2015 **RMB'000**	2014 RMB'000
At 1 January	**140,000**	–
Reclassification adjustments for gain included in the consolidated statement of profit or loss – gain on disposal	**(5,372)**	–
Gain recognised in other comprehensive income	**75,583**	–
Purchase	**435,490**	140,000
Disposal	**(204,300)**	–
At 31 December	**441,401**	140,000

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

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements at amortised cost approximate their fair values.

37. 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:

	31/12/2015 **RMB'000**	31/12/2014 RMB'000 (restated)
Within one year	**106,643**	86,272
In the second to fifth year, inclusive	**177,725**	97,907
Over five years	**3,720**	7,152
	288,088	191,331

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 ten years.

37. OPERATING LEASES *(Continued)*

The Group as lessor

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

	31/12/2015 RMB'000	31/12/2014 RMB'000
Within one year	**11,342**	11,489
In the second to fifth year, inclusive	**13,972**	18,223
After five years	**2,704**	4,478
	28,018	34,190

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

38. 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:

	31/12/2015 RMB'000	31/12/2014 RMB'000
Property, plant and equipment:		
Contracted, but not provided for	**364,235**	420,676

39. 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 2015 were approximately RMB110,262,000 (2014: RMB108,159,000 as restated).

40. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties during the year:

	Notes	Year ended 31/12/2015 RMB'000	Year ended 31/12/2014 RMB'000 (restated)
Sichuan Xinhua Publishing Group:			
Sales of merchandise	(i)	**246**	246
Rental income	(iii)	**1,344**	1,344
Rental expenses	(iv)	**35,800**	35,800
Purchase of services	(ii)	**8,582**	8,303
Purchase of merchandise	(ii)	**–**	27
Purchase of printing services	(ii)	**4**	–
SPG*:			
Sales of merchandise	(i)	**453**	2,772
Sales of equipment	(i)	**–**	1,602
Rental and property management fee	(v)	**17,338**	15,898
Purchase of printing services	(ii)	**–**	5,361
Purchase of other services	(ii)	**323**	85
Associates**:			
Purchase of merchandise	(ii)	**34,313**	32,403
Interest income on entrusted loans		**3,176**	2,178
Joint ventures**:			
Purchase of merchandise	(ii)	**2,585**	486
Interest income on entrusted loans		**7,483**	8,959

* SPG is a related party of the Company as Mr. Luo Yong, the chairman of the board of directors of SPG, is an executive director of the Company.

40. RELATED PARTY TRANSACTIONS *(Continued)*

(a) 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 RMB35,800,000 (2014: RMB35,800,000) 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 RMB17,338,000 (2014: RMB15,898,000) 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, and complied with the disclosure requirements in Chapter 14A of the Listing Rules.

(b) Balances with related parties:

	Notes	31/12/2015 RMB'000	31/12/2014 RMB'000 (restated)
Trade and other receivables:			
Trade receivables due from Sichuan Xinhua Publishing Group	26	–	884
Trade receivables due from SPG	26	–	5
Trade receivables due from associates of the Group	26	**2,097**	6,968
Other receivables due from SPG	27	–	20
Entrusted loan due from a joint venture of the Group	25 & 27	**120,000**	120,000
Entrusted loans due from associates of the Group	27	–	44,200
Trade and other payables:			
Trade payables due to SPG	30	–	16
Trade payables due to a joint venture	30	**2,007**	179
Trade payables due to associates of the Group	30	**9,193**	13,121
Other payables due to Sichuan Xinhua Publishing Group	31	–	14,428
Other payables due to SPG	31	**744**	167

Except for the current entrusted loan of RMB120,000,000 (note 25), the above balances are unsecured, interest-free and have no fixed terms of repayment.

40. RELATED PARTY TRANSACTIONS *(Continued)*

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

	Year ended 31/12/2015 RMB'000	Year ended 31/12/2014 RMB'000
Short-term employee benefits	**5,067**	5,414
Retirement benefit contributions	**399**	331
	5,466	5,745

(d) Transactions with other government-related entities in the PRC

Apart from transactions with parent company and its affiliates (note 40(a)), the Group has collectively, but not individually significant transactions with other government-related entities, which include but are not limited to the following:

– Sales and purchases of goods, properties and other assets

– Rendering and receiving services

– Depositing and borrowing money

– Use of public utilities

These transactions are conducted in the ordinary course of the Group's business on terms comparable to the terms of transactions with other entities that are not government-related. The Group prices its services and products based on government-regulated standards, where applicable, or based on commercial negotiations. The Group has also established its procurement policies and approval processes for purchases of products and services, which do not depend on whether the counterparties are government-related entities or not.

The directors believe the above information provides meaningful disclosure of related party transactions.

41. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Form of entity	Place/ Country of incorporation or registration/ operations	Paid up issued/ registered ordinary share capital	Proportion ownership interest held by the Company 2015 %	2014 %	Principal activities
Sichuan Xinhua Online Network Co., Ltd.	Limited company	PRC	RMB50,000,000	**100**	100	Internet publication and computer service
Beijing Xinhua Wenxuan Advertising Co., Ltd.	Limited company	PRC	RMB13,000,000	**81.54**	81.54	Provision of advertising services and sale of publications and newspapers
Sichuan Xinhua Winshare Media Co., Ltd.	Limited company	PRC	RMB5,700,000	**70**	70	Sale of publications and provision of conference and exhibition services
Sichuan Xinhua Shang Paper Co., Ltd.	Limited company	PRC	RMB15,000,000	**51**	51	Sale of printing related Publications
Beijing Huaxia Shengxuan Book Co., Ltd.	Limited company	PRC	RMB15,000,000	**100**	51	Sale of publications manufacture
Sichuan Xinhua Colour Printing Co., Ltd.	Limited company	PRC	RMB100,000,000	**65**	65	Provision of publication printing service
Sichuan Winshare Education Technology Co., Ltd.	Limited company	PRC	RMB40,000,000	**100**	100	Sale of textbook elated Publications
Sichuan People's Education Times Xinhua Audio and Video Co., Ltd.	Limited company	PRC	RMB2,000,000	**80**	80	Sale of audio and video Publication
Sichuan Winshare Online E-commerce Co., Ltd.	Limited company	PRC	RMB30,000,000	**75**	75	Sale of Publication on internet
Beijing Huaying Winshare Movie & Culture Co., Ltd.	Limited company	PRC	RMB160,770,000	**100**	100	Movie related investments
Sichuan Winshare Arts Investment and Management Co., Ltd.	Limited company	PRC	RMB20,000,000	**100**	100	Art exhibition service and art related Publications investment

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

Name of subsidiary	Form of entity	Place/ Country of incorporation or registration/ operations	Paid up issued/ registered ordinary share capital	Proportion ownership interest held by the Company 2015 %	2014 %	Principal activities
Sichuan People's Publishing House Co., Ltd.	Limited company	PRC	RMB10,000,000	**100**	100	Publishing and wholesaling of publications and related publications
Sichuan Publication Printing Co., Ltd.	Limited company	PRC	RMB50,000,000	**100**	100	Publishing and wholesaling of publications and related publications
Sichuan Education Publishing House Co., Ltd.	Limited company	PRC	RMB10,000,000	**100**	100	Publishing and wholesaling of publications and related publications
Sichuan Youth and Children's Publishing House Co., Ltd.	Limited company	PRC	RMB10,000,000	**100**	100	Publishing and wholesaling of publications and related publications
Sichuan Science & Technology Publishing House Co., Ltd.	Limited company	PRC	RMB4,000,000	**100**	100	Publishing and wholesaling of publications and related publications
Sichuan Literature & Art Publishing House Co., Ltd.	Limited company	PRC	RMB5,000,000	**100**	100	Publishing and wholesaling of publications and related publications
Sichuan Fine Arts Publishing House Co., Ltd.	Limited company	PRC	RMB4,250,000	**100**	100	Publishing and wholesaling of publications and related publications
Sichuan Lexicographical Publishing House Co., Ltd.	Limited company	PRC	RMB2,000,000	**100**	100	Publishing and wholesaling of publications and related publications

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

Name of subsidiary	Form of entity	Place/ Country of incorporation or registration/ operations	Paid up issued/ registered ordinary share capital	Proportion ownership interest held by the Company 2015 %	2014 %	Principal activities
Sichuan Bashu Publishing House Co., Ltd.	Limited company	PRC	RMB2,000,000	**100**	100	Publishing and wholesaling of publications and related publications
Sichuan Tiandi Publishing House Co., Ltd.	Limited company	PRC	RMB2,000,000	**100**	100	Publishing and wholesaling of publications and related publications
Sichuan Digital Publishing & Media Co., Ltd.	Limited company	PRC	RMB10,000,000	**100**	100	Publishing and wholesaling of publications
Sichuan Pictorial Co., Ltd.	Limited company	PRC	RMB1,500,000	**100**	100	Publishing and wholesaling of publications and related publications
Sichuan Readers' Journal Press Co., Ltd.	Limited company	PRC	RMB1,500,000	**100**	100	Publishing and wholesaling of publications and related publications
Sichuan Printing Materials Co., Ltd.	Limited company	PRC	RMB30,000,000	**100**	100	Provision of printing related materials
Sichuan Wenchuan Logistics Co., Ltd.	Limited company	PRC	RMB100,000,000	**100**	100	Warehousing and logistics services
Xinhua Winshare Commercial Chain (Beijing) Co., Ltd.	Limited company	PRC	RMB129,300,000	**51**	51	Sale of publication and related publications
Washington Winshare Media, Inc.	Limited company	US	US$300,000	**90**	90	Provision of advertising service
Sichuan VIVI Bride Magazine Co., Ltd.	Limited company	PRC	RMB2,000,000	**100**	100	Sale of publication and related publications

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

Name of subsidiary	Form of entity	Place/ Country of incorporation or registration/ operations	Paid up issued/ registered ordinary share capital	Proportion ownership interest held by the Company 2015 %	2014 %	Principal activities
Winshare VIVI Advertising Media (Chengdu) Co., Ltd.	Limited company	PRC	RMB7,500,000	**53**	53	Provision of advertising service
Winshare Education Technological Equipment Co., Ltd.	Limited company	PRC	RMB3,000,000	**100**	87	Provision of software development service
Winshare Investment Co., Ltd.	Limited company	PRC	RMB100,000,000	**100**	100	Investment
Sichuan Xinhua Printing Co., Ltd.	Limited company	PRC	RMB100,160,000	**100**	100	Provision of publication printing service
Winshare International Cultural Communication Co., Ltd.*	Limited company	PRC	RMB50,000,000	**100**	N/A	Organising events of cultural art Communication
Winshare Quan Media (Beijing) Culture Communication Co., Ltd.*	Limited company	PRC	RMB10,000,000	**100**	N/A	Organising events of cultural art Communication
Sichuan Winshare Music Culture Communication Co., Ltd.*	Limited company	PRC	RMB10,000,000	**100**	N/A	Business service and music instrument sales
Beijing Aerospace Cloud Education Technology Co., Ltd.*	Limited company	PRC	RMB15,000,000	**70**	N/A	Computer software development and system service
Sichuan Xinhua Culture Communication Co., Ltd.*	Limited company	PRC	RMB20,523,700	**100**	2.05%	Rental of outdoor advertising spaces and advertise agency

* Newly established or merged during the year ended 31 December 2015.

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

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

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

The table below shows details of non-wholly-owned subsidiary of the Company that has material non-controlling interests at 31 December 2015:

Name of subsidiary	Place of incorporation and principle place of business	Proportion of ownership interest and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		31/12/2015	31/12/2014	**Year ended 31/12/2015 RMB'000**	Year ended 31/12/2014 RMB'000	**31/12/2015 RMB'000**	31/12/2014 RMB'000
Sichuan Xinhua Colour Printing Co., Ltd.	PRC	**35%**	35%	**(6,204)**	(631)	**23,514**	29,718
Sichuan Winshare Online E-Commerce Co., Ltd.	PRC	**25%**	25%	**(3,752)**	(3,780)	**(16,296)**	(12,544)
Xinhua Winshare Commercial Chain (Beijing) Co., Ltd.	PRC	**49%**	49%	**(8,769)**	(12,686)	**(40,744)**	(31,975)

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Xinhua Colour Printing	31/12/2015 RMB'000	31/12/2014 RMB'000
Current assets	**19,039**	86,329
Non-current assets	**63,693**	94,568
Current liabilities	**(15,549)**	(95,988)
Equity attributed to owners of the Company	**43,669**	55,191
Non-controlling interests	**23,514**	29,718

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

41.1 Details of non-wholly owned subsidiaries that have material non-controlling interests *(Continued)*

	Year end 31/12/2015 RMB'000	Year end 31/12/2014 RMB'000
Revenue	**52,483**	91,871
Expense	**(70,209)**	(93,673)
Loss for the year	**(17,726)**	(1,802)
Loss attributable to owners of the Company	**(11,522)**	(1,171)
Loss attributable to the non-controlling interest	**(6,204)**	(631)
Loss for the year	**(17,726)**	(1,802)
Dividends paid to non-controlling interests	**–**	–
Net cash (outflow) inflow from operating activities	**(21,424)**	8,514
Net cash inflow (outflow) from investing activities	**30,102**	(643)
Net cash outflow from financing activities	**(36,536)**	(7,304)
Net cash (outflow) inflow	**(27,858)**	567

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

41.1 Details of non-wholly owned subsidiaries that have material non-controlling interests *(Continued)*

Winshare Online	31/12/2015 RMB'000	31/12/2014 RMB'000
Current assets	**300,207**	213,247
Non-current assets	**50,852**	52,014
Current liabilities	**(415,615)**	(312,887)
Non-current liabilities	**(629)**	(2,550)
Equity attributed to owners of the Company	**(48,889)**	(37,632)
Non-controlling interests	**(16,296)**	(12,544)

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

41.1 Details of non-wholly owned subsidiaries that have material non-controlling interests *(Continued)*

	Year end 31/12/2015 RMB'000	Year end 31/12/2014 RMB'000
Revenue	**857,703**	505,140
Expense	**(872,711)**	(520,259)
Loss for the year	**(15,008)**	(15,119)
Loss attributable to owners of the Company	**(11,256)**	(11,339)
Loss attributable to the non-controlling interest	**(3,752)**	(3,780)
Loss for the year	**(15,008)**	(15,119)
Dividends paid to non-controlling interests	**–**	–
Net cash inflow from operating activities	**37,488**	84,653
Net cash inflow (outflow) from investing activities	**3,198**	(50,772)
Net cash inflow (outflow)	**40,686**	(33,881)

Winshare Commercial	**31/12/2015 RMB'000**	31/12/2014 RMB'000
Current assets	**158,282**	154,596
Non-current assets	**22,691**	26,130
Current liabilities	**(211,355)**	(193,212)
Equity attributed to owners of the Company	**10,362**	19,489
Non-controlling interests	**(40,744)**	(31,975)

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

41.1 Details of non-wholly owned subsidiaries that have material non-controlling interests *(Continued)*

	Year end 31/12/2015 RMB'000	Year end 31/12/2014 RMB'000
Revenue	**163,321**	147,489
Expense	**(181,217)**	(173,377)
Loss for the year	**(17,896)**	(25,889)
Loss attributable to owners of the Company	**(9,127)**	(13,203)
Loss attributable to the non-controlling interest	**(8,769)**	(12,686)
Loss for the year	**(17,896)**	(25,889)
Dividends paid to non-controlling interests	**–**	–
Net cash outflow from operating activities	**(1,615)**	(7,792)
Net cash inflow (outflow) from investing activities	**1,211**	(858)
Net cash outflow	**(404)**	(8,650)

41.2 Change in ownership interest in subsidiaries

During the year, the Group acquired of 13% and 49% of equity interests in Education Equipment and Huaxia Shengxuan respectively, increasing its equity interests in these two subsidiaries to 100%, respectively. The difference of RMB3,249,000 between carrying amount of the non-controlling interests acquired and consideration paid was debited to capital reserve.

42. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	31/12/2015 RMB'000	31/12/2014 RMB'000
Non-current Assets			
Property, plant and equipment		**1,088,861**	916,679
Prepaid lease payments for land use rights		**69,914**	73,443
Investment properties		**2,820**	3,226
Other intangible assets		**16,210**	18,280
Investments in subsidiaries		**2,235,555**	2,030,577
Investments in associates		**189,937**	192,243
Investments in joint ventures		**412,963**	406,162
Available-for-sale investments		**2,614,385**	1,576,962
Deferred tax assets		**34,138**	34,138
Long-term prepayments and other receivables		**422,656**	468,995
Long-term trade receivable		**23,145**	28,574
Entrusted loan		**–**	120,000
		7,110,584	5,869,279
Current Assets			
Trade and bill receivables		**175,310**	175,619
Prepayments, deposits and other receivables		**65,070**	245,175
Due from subsidiaries		**1,326,297**	1,561,628
Inventories		**1,195,726**	928,553
Cash and short-term deposits		**1,165,068**	752,418
		4,047,471	3,663,393
Current Liabilities			
Trade and bills payables		**1,906,697**	1,494,966
Deposits received, other payables and accruals		**537,111**	496,278
Due to subsidiaries		**1,712,858**	1,872,078
		4,156,666	3,863,323
Net Current Liabilities		**(109,195)**	(199,930)
Total Assets less Current Liabilities		**7,001,389**	5,669,349
Capital and Reserves			
Issued capital	32	**1,135,131**	1,135,131
Reserves		**5,866,258**	4,193,679
Proposed dividends	14	**–**	340,539
Total Equity		**7,001,389**	5,669,349
Total Equity and Non-current Liabilities		**7,001,389**	5,669,349

42. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Movement in the Company's reserves

	Share premium RMB'000	Capital reserves RMB'000	Statutory surplus reserve RMB'000	Revaluation reserve RMB'000	Proposed dividends RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2014	1,708,203	33,514	351,683	632,728	340,539	942,245	4,008,912
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	340,539	1,555,938	4,874,757
Final dividends for 2013	–	–	–	–	(340,539)	–	(340,539)
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	340,539	1,155,022	4,534,218
At 1 January 2015	**1,708,203**	**33,514**	**412,060**	**884,880**	**340,539**	**1,155,022**	**4,534,218**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**687,386**	**687,386**
Other comprehensive income for the year	**–**	**–**	**–**	**999,519**	**–**	**–**	**999,519**
Total comprehensive income for the year	**1,708,203**	**33,514**	**412,060**	**1,884,399**	**340,539**	**1,842,408**	**6,221,123**
Final dividends for 2014	**–**	**–**	**–**	**–**	**(340,539)**	**–**	**(340,539)**
Appropriation to statutory surplus reserve	**–**	**–**	**68,221**	**–**	**–**	**(68,221)**	**–**
Acquisition of a subsidiary under common control	**–**	**(14,326)**	**–**	**–**	**–**	**–**	**(14,326)**
At 31 December 2015	**1,708,203**	**19,188**	**480,281**	**1,884,399**	**–**	**1,774,187**	**5,866,258**

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.

43. 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 Company. 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	34	(42,692)
Net assets acquired		169,185
Gain arising on acquisition	8	(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.

43. 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 Sichuan Xinhua Printing. Revenue for the year includes RMB3,129,000 in respect of Sichuan Xinhua Printing.

Had the business combination been effected at 1 January 2014, the revenue of the Group would have been RMB5,298,709,000 as restated, and the profit for the year would have been RMB615,931,000 as restated.

44. DEEMED DISPOSAL OF A SUBSIDIARY

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.

	Note	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)

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