



WINSHARE

# 新華文軒出版傳媒股份有限公司

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

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

(Stock Code 股份代號 : 00811)

## INTERIM REPORT 2016 中期報告



Education  
Service



Electronic  
Commerce



Publication  
System

Retailing  
System



Commercial  
Supermarket

Cultural  
Other



# Contents

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Definitions	2
Corporate Information	4
Interim Condensed Consolidated Statement of Profit or Loss	6
Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	7
Interim Condensed Consolidated Statement of Financial Position	8
Interim Condensed Consolidated Statement of Changes in Equity	10
Interim Condensed Consolidated Statement of Cash Flows	11
Notes to the Interim Condensed Consolidated Financial Statements	12
Management Discussion and Analysis	32
Other Information	42

# Definitions

A Share(s)	Renminbi-denominated ordinary share(s) of the Company of RMB1.00 each, all of which are issued in China, subscribed in Renminbi and listed on the Shanghai Stock Exchange
A Share Issue	on 8 August 2016, the Company's A Shares were listed on the Shanghai Stock Exchange whereby 98,710,000 A Shares were issued to the public at the price of RMB7.12 per share and existing 693,193,900 Domestic Shares were converted into A Shares
Articles of Association	the articles of association of the Company (as amended from time to time)
Audit Committee	the audit committee under the Board of the Company
Bank of Chengdu	Bank of Chengdu Co., Ltd* (成都銀行股份有限公司)
Board	the board of directors of the Company
China or PRC	the People's Republic of China (for the purpose of this interim report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
CITIC Buyout Fund	CITIC Buyout Investment Fund (Shenzhen) (Limited Partnership)
Company	Xinhua Winshare Publishing and Media Co., Ltd.* (新華文軒出版傳媒股份有限公司)
Director(s)	the director(s) of the Company
Domestic Share(s)	the domestic share(s) of the Company
Group	the Company and its subsidiaries
H Share(s)	overseas listed foreign share(s) of the Company with a nominal value of RMB1.00 each, all of which are issued in Hong Kong, subscribed in Hong Kong dollars and listed on the Stock Exchange
Hua Sheng Group	Chengdu Hua Sheng (Group) Industry Co., Ltd.* (成都市華盛(集團)實業有限公司)
IAS	International Accounting Standards
IFRSs	International Financial Reporting Standards and amendments
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Ming Bo	Ming Bo Education Technology Holdings Co., Ltd.* (明博教育科技股份有限公司)
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
Period	for the six months ended 30 June 2016

## Definitions (continued)

Prospectus	the H-share prospectus
RMB	Renminbi, lawful currency of China
SASAC of Sichuan	State-owned Assets Supervision and Administration Commission of the Sichuan Provincial Government (四川省政府國有資產監督管理委員會)
SFO	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
Shanghai Stock Exchange	the Shanghai Stock Exchange
Shareholder(s)	the shareholder(s) of the company
Sichuan Culture Communication	Sichuan Xinhua Culture Communication Co., Ltd.* (四川新華文化傳播有限責任公司)
Sichuan Development	Sichuan Development (Holding) Co., Ltd.* (四川發展(控股)有限責任公司)
Sichuan Wenzhuo	Sichuan Winshare Zhuotai Investment Co., Ltd.* (四川文軒卓泰投資有限公司)
Sichuan Xinhua Publishing Group	Sichuan Xinhua Publishing Group Co., Ltd.* (四川新華發行集團有限公司)
SPG	Sichuan Publication Group Co., Ltd.* (四川出版集團有限責任公司)
Stock Exchange	The Stock Exchange of Hong Kong Limited
Supervisor(s)	the supervisor(s) of the Company
Supervisory Committee	the committee of Supervisors of the Company
Tibet Winshare Venture	Tibet Winshare Venture Investment Fund Partnership Enterprise (Limited Partnership)* (西藏文軒創業投資基金合夥企業(有限合夥))
Wan Xin Media	Anhui Xinhua Media Co., Ltd.* (安徽新華傳媒股份有限公司)
Winshare Hengxin	Winshare Hengxin (Shenzhen) Equity Investment Fund Partnership Enterprise (Limited Partnership)* (文軒恒信(深圳)股權投資基金合夥企業(有限合夥))
Winshare Investment	Winshare Investment Co., Ltd.* (文軒投資有限公司)
Winshare Online	Sichuan Winshare Online E-commerce Co., Ltd.* (四川文軒在線電子商務有限公司)

# 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 (*Chairlady*)  
Mr. Han Liyan  
Mr. Luo Jun

## SUPERVISORY COMMITTEE

### Supervisors

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

### Independent Supervisors

Mr. Li Xu  
Ms. Liu Mixia

# Corporate Information (continued)

## COMPANY SECRETARY

Mr. You Zugang

## AUTHORISED REPRESENTATIVES

Mr. Luo Jun

Mr. You Zugang

## ALTERNATE AUTHORISED REPRESENTATIVE

Ms. Wong Wai Ling

## INTERNATIONAL AUDITOR

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

## PRC AUDITOR

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

## HONG KONG LEGAL ADVISOR

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

## REGISTERED OFFICE IN THE PRC

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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## PRINCIPAL BANKERS

The Industrial and Commercial Bank of China  
China Construction Bank

## HONG KONG H SHARES REGISTRAR

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

## COMPANY WEBSITE

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

## STOCK CODE

00811

# Interim Condensed Consolidated Statement of Profit or Loss

	Notes	Six months ended 30 June	
		2016 (Unaudited) RMB'000	2015 (Unaudited) (Restated) RMB'000
<b>Revenue</b>	4	<b>2,658,759</b>	2,421,234
Cost of sales		<b>(1,599,734)</b>	(1,453,195)
<b>Gross profit</b>		<b>1,059,025</b>	968,039
Other income and gains	4	<b>155,239</b>	187,469
Selling and distribution expenses		<b>(553,716)</b>	(509,701)
Administrative expenses		<b>(263,873)</b>	(258,225)
Other expenses		<b>(57,402)</b>	(66,201)
Share of loss of associates		<b>(3,800)</b>	(1,647)
Share of profit of joint ventures		<b>2,959</b>	1,499
Finance income, net	6	<b>6,559</b>	4,352
<b>Profit before tax</b>		<b>344,991</b>	325,585
Income tax expense	7	<b>(4,774)</b>	(1,137)
<b>Profit for the Period</b>	5	<b>340,217</b>	324,448
Profit (loss) for the Period attributable to:			
Owners of the Company		<b>352,614</b>	343,589
Non-controlling interests		<b>(12,397)</b>	(19,141)
		<b>340,217</b>	324,448
<b>EARNINGS PER SHARE</b>			
– Basic (RMB)	9	<b>0.31</b>	0.30

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

	<b>Six months ended 30 June</b>	
	<b>2016</b> <b>(Unaudited)</b> <b>RMB'000</b>	2015 (Unaudited) (Restated) RMB'000
<b>Profit for the Period</b>	<b>340,217</b>	324,448
<b>Item that may be subsequently reclassified to profit or loss:</b>		
<b>Available-for-sale investments:</b>		
Changes in fair value	<b>(601,643)</b>	783,713
Reclassification adjustments for gain included in the consolidated statement of profit or loss		
– gain on disposal	<b>(1,070)</b>	–
Income tax relating to items that may be reclassified subsequently	<b>6,718</b>	(399)
Other comprehensive income (loss) for the Period	<b>(595,995)</b>	783,314
<b>Total comprehensive income (loss) for the Period</b>	<b>(255,778)</b>	1,107,762
Total comprehensive income (loss) attributable to:		
Owners of the Company	<b>(243,381)</b>	1,126,903
Non-controlling interests	<b>(12,397)</b>	(19,141)
	<b>(255,778)</b>	1,107,762



# Interim Condensed Consolidated Statement of Financial Position

	Notes	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	10	<b>1,676,977</b>	1,607,412
Prepaid lease payments for land use rights		<b>254,131</b>	257,693
Investment properties		<b>39,276</b>	40,480
Goodwill		<b>500,994</b>	500,994
Other intangible assets		<b>79,537</b>	79,818
Interests in associates		<b>245,061</b>	224,460
Interests in joint ventures		<b>431,039</b>	426,280
Available-for-sale investments	11	<b>2,386,767</b>	2,949,030
Deferred tax assets		<b>32,958</b>	33,212
Long-term prepayments		<b>140,388</b>	137,205
Long-term trade receivable		<b>19,702</b>	23,145
<b>Total non-current assets</b>		<b>5,806,830</b>	6,279,729
<b>Current assets</b>			
Trade and bills receivables	13	<b>937,374</b>	653,154
Prepayments, deposits and other receivables		<b>351,134</b>	297,252
Inventories		<b>1,262,124</b>	1,464,179
Available-for-sale investment	11	<b>87,095</b>	31,672
Short-term investments	12	<b>670,000</b>	–
Pledged bank deposits and restricted cash		<b>28,572</b>	27,341
Cash and short-term bank deposits		<b>1,118,791</b>	1,901,688
<b>Total current assets</b>		<b>4,455,090</b>	4,375,286
<b>Current liabilities</b>			
Trade and bills payables	14	<b>2,481,629</b>	2,541,060
Deposits received, other payables and accruals		<b>870,433</b>	919,224
Tax liabilities		<b>838</b>	30,586
<b>Total current liabilities</b>		<b>3,352,900</b>	3,490,870
<b>Net current assets</b>		<b>1,102,190</b>	884,416
<b>Total assets less current liabilities</b>		<b>6,909,020</b>	7,164,145

# Interim Condensed Consolidated Statement of Financial Position (continued)

	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
<b>Capital and reserves</b>		
Issued capital	<b>1,135,131</b>	1,135,131
Reserves	<b>5,785,627</b>	6,029,008
Equity attributable to owners of the Company	<b>6,920,758</b>	7,164,139
Non-controlling interests	<b>(36,396)</b>	(31,368)
<b>Total equity</b>	<b>6,884,362</b>	7,132,771
<b>Non-current liabilities</b>		
Deferred tax liabilities	<b>24,658</b>	31,374
<b>Total non-current liabilities</b>	<b>24,658</b>	31,374
<b>Total equity and non-current liabilities</b>	<b>6,909,020</b>	7,164,145

# Interim Condensed Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company								Total equity RMB'000
	Issued capital RMB'000	Share premium RMB'000	Capital reserves RMB'000	Statutory		Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	
				surplus reserve RMB'000	Revaluation reserve RMB'000				
<b>At 1 January 2016</b>	1,135,131	1,708,203	(1,842)	482,841	1,949,677	1,890,129	7,164,139	(31,368)	7,132,771
Profit for the period	-	-	-	-	-	352,614	352,614	(12,397)	340,217
Other comprehensive income for the period	-	-	-	-	(595,995)	-	(595,995)	-	(595,995)
Total comprehensive income for the period	-	-	-	-	(595,995)	352,614	(243,381)	(12,397)	(255,778)
Dividends to non-controlling equity holders	-	-	-	-	-	-	-	(131)	(131)
Investment in subsidiaries from non-controlling equity holders	-	-	-	-	-	-	-	7,500	7,500
<b>30 June 2016 (Unaudited)</b>	1,135,131	1,708,203	(1,842)	482,841	1,353,682	2,242,743	6,920,758	(36,396)	6,884,362

	Attributable to equity holders of the Company								Total equity RMB'000	
	Issued capital RMB'000	Share premium RMB'000	Capital reserves RMB'000	Statutory		Proposed dividends RMB'000	Retained profits RMB'000	Total RMB'000		Non-controlling interests RMB'000
				surplus reserve RMB'000	Revaluation reserve RMB'000					
<b>At 1 January 2015 as original stated</b>	1,135,131	1,708,203	25,334	413,786	895,932	340,539	1,294,842	5,813,767	7,104	5,820,871
<b>Effect of business combination under common control</b>	-	-	23,103	834	-	-	8,644	32,581	-	32,581
<b>At 1 January 2015 as restated</b>	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 period (restated)	-	-	-	-	-	-	343,589	343,589	(19,141)	324,448
Other comprehensive income for the period	-	-	-	-	783,314	-	-	783,314	-	783,314
Total comprehensive income for the period	-	-	-	-	783,314	-	343,589	1,126,903	(19,141)	1,107,762
Final dividend for 2014	-	-	-	-	-	(340,539)	-	(340,539)	-	(340,539)
Dividends to non-controlling equity holders	-	-	-	-	-	-	-	-	(103)	(103)
Investment in subsidiaries from non-controlling equity holders	-	-	-	-	-	-	-	-	2,250	2,250
<b>30 June 2015 (Unaudited)</b>	1,135,131	1,708,203	48,437	414,620	1,679,246	-	1,647,075	6,632,712	(9,890)	6,622,822

# Interim Condensed Consolidated Statement of Cash Flows

	<b>Six months ended 30 June</b>	
	<b>2016 (Unaudited) RMB'000</b>	2015 (Unaudited) (Restated) RMB'000
Net cash inflow from operating activities	<b>93,838</b>	301,543
Net cash outflow from investing activities	<b>(848,786)</b>	(274,402)
Net cash inflow (outflow) from financing activities	<b>19,381</b>	(41,606)
Net decrease in cash and cash equivalents	<b>(735,567)</b>	(14,465)
Cash and cash equivalents at beginning of period	<b>1,824,358</b>	1,345,706
Cash and cash equivalents at end of period	<b>1,088,791</b>	1,331,241
Analysis of balances of cash and cash equivalents:		
Cash and short-term bank deposits	<b>1,118,791</b>	1,438,571
Non-pledged time deposits with original maturity of more than three months when acquired	<b>(30,000)</b>	(107,330)
	<b>1,088,791</b>	1,331,241

# Notes to the Interim Condensed Consolidated Financial Statements

## 1. CORPORATE INFORMATION

The Company was established in 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 information of establishing the joint stock limited company are set out in the Company's Prospectus dated 16 May 2007.

On 30 May 2007, the Company's H Shares were listed on the Stock Exchange and 406,340,000 H Shares, consisting of 369,400,000 new H Shares and 36,940,000 H Shares converted from 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 Domestic Shares were issued to the public as a result of the partial exercise of the over-allotment option as detailed in the Prospectus.

On 8 August 2016, the Company's A Shares were listed on the Shanghai Stock Exchange whereby 98,710,000 A Shares were issued to the public at the price of RMB7.12 per share and existing 693,193,900 Domestic Shares were converted into A Shares. Upon the A Share Issue, the total number of issued shares of the Company was 1,233,841,000 shares (comprising 441,937,100 H Shares and 791,903,900 A Shares).

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 parent company of the Company is Sichuan Xinhua Publishing Group, a state-owned enterprise established in the PRC. Sichuan Xinhua Publishing Group is a wholly-owned subsidiary of Sichuan Development. Sichuan Development is wholly-owned by the SASAC of Sichuan, the Company is beneficially controlled by the SASAC of Sichuan.

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

## 2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the Period have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Listing Rules and with IAS 34, *Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2015.

### 2.1 COMBINATION OF THE EQUITY INTERESTS IN SICHUAN XINHUA CULTURE COMMUNICATION CO., LTD.\*

In December 2015, the Company acquired from Sichuan Xinhua Publishing Group 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 interim condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2015 has been restated as a result of adoption of merger accounting for the above business combinations under common control.

### 2.2 PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the interim condensed consolidated financial statements are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2015, except as described below.

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

## 2. BASIS OF PREPARATION *(Continued)*

### 2.2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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

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

Amendments to IFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to IAS 1	<i>Disclosure Initiative</i>
Amendments to IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to IFRSs	<i>Annual Improvements to IFRSs 2012-2014 Cycle</i>
Amendments to IAS 16 and IAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to IAS 27	<i>Equity Method in Separate Financial Statements</i>
Amendments to IFRS 10, IFRS 12 and IAS 28	<i>Investment Entities: Applying the Consolidation Exception</i>

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

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

## 3. SEGMENT INFORMATION

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

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

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

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

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

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

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

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

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

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



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

## 3. SEGMENT INFORMATION *(Continued)*

The following is an analysis of the Group's revenue and results by reportable and operating segments for the six months ended 30 June 2016 and six months ended 30 June 2015:

### Six months ended 30 June 2016

	Publication (Unaudited) RMB'000	Distribution (Unaudited) RMB'000	Subtotal (Unaudited) RMB'000	Others (Unaudited) RMB'000	Consolidated (Unaudited) RMB'000
<b>Revenue and other income</b>					
External sales and services	157,812	2,491,018	2,648,830	9,929	2,658,759
Inter-segment sales	343,203	–	343,203	6,436	349,639
Segment revenue	501,015	2,491,018	2,992,033	16,365	3,008,398
Eliminations					(349,639)
Group revenue					2,658,759
Other income	55,720	60,285	116,005	6,781	122,786
Segment profit (loss)	103,668	161,642	265,310	(12,285)	253,025
Elimination of inter-segment results					77,082
Unallocated expenses					(29,057)
Unallocated income and gains					2,168
Gains on short-term investments					1,407
Gains on disposal of available-for-sale investments					1,070
Dividends from available-for-sale investments					39,296
<b>Profit before tax</b>					344,991

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

## 3. SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2015 (Restated)

	Publication (Unaudited) RMB'000	Distribution (Unaudited) RMB'000	Subtotal (Unaudited) RMB'000	Others (Unaudited) RMB'000	Consolidated (Unaudited) RMB'000
<b>Revenue and other income</b>					
External sales and services	122,409	2,286,891	2,409,300	11,934	2,421,234
Inter-segment sales	489,475	–	489,475	15	489,490
Segment revenue	611,884	2,286,891	2,898,775	11,949	2,910,724
Eliminations					(489,490)
Group revenue					2,421,234
Other income	46,033	68,366	114,399	11,643	126,042
Segment profit (loss)	113,361	168,750	282,111	(11,590)	270,521
Elimination of inter-segment results					21,127
Unallocated expenses					(36,849)
Unallocated income and gains					2,735
Gains on short-term investments					3,656
Gains on disposal of available-for-sale investments					4,061
Dividends from available-for-sale investments					60,334
<b>Profit before tax</b>					325,585

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

## 3. SEGMENT INFORMATION *(Continued)*

The following is an analysis of the Group's assets by reportable and operating segments as at 30 June 2016 and 31 December 2015:

	Publication RMB'000	Distribution RMB'000	Subtotal RMB'000	Others RMB'000	Consolidated RMB'000
<b>Segment assets</b>					
<b>As at 30 June 2016 (Unaudited)</b>					
Segment assets	3,644,681	5,575,419	9,220,100	812,504	10,032,604
Elimination of inter-segment assets					(2,780,084)
Unallocated assets					3,009,400
<b>Total assets</b>					<b>10,261,920</b>
<b>As at 31 December 2015 (Audited)</b>					
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
<b>Total assets</b>					<b>10,655,015</b>

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

## 4. REVENUE, OTHER INCOME AND GAINS

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

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

	<b>Six months ended 30 June</b>	
	<b>2016 (Unaudited) RMB'000</b>	2015 (Unaudited) (Restated) RMB'000
<b>Revenue</b>		
Sales of goods	<b>2,658,108</b>	2,417,003
Revenue from distribution of television programs	<b>154</b>	2,589
Income from leasing of advertising billboards	<b>497</b>	1,642
<b>Total revenue</b>	<b>2,658,759</b>	2,421,234
<b>Other income and gains</b>		
Government grants	<b>48,853</b>	47,454
Gross rental income	<b>12,200</b>	9,284
Commission income	<b>23,478</b>	24,137
Gains on short-term investments	<b>1,407</b>	3,656
Gains on disposal of available-for-sale investments	<b>1,070</b>	4,061
Dividends from available-for-sale investments	<b>39,296</b>	60,334
Others	<b>28,935</b>	38,543
<b>Total other income and gains</b>	<b>155,239</b>	187,469

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

## 5. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) (Restated) RMB'000
Depreciation and amortisation	62,411	66,922
Recognition of lease prepayments for land use rights	3,562	3,519
Loss (gain) on disposal of items of property, plant and equipment, net	758	(13,566)
Minimum lease payments under operating lease on properties	50,813	50,314
Impairment of trade and other receivables	26,749	20,026
Write-down of inventories to net realisable value	16,091	23,514
Staff costs (including Directors' and supervisors' emoluments)		
Wages, salaries and other employee benefits	316,790	294,292
Post-employment pension scheme contribution	55,753	48,731
	<b>372,543</b>	343,023
Cost of inventories sold	<b>1,598,878</b>	1,452,401

## 6. FINANCE INCOME, NET

	Six months ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) (Restated) RMB'000
Bank interest income	5,900	5,053
Interest expense on bank borrowings, wholly repayable within five years	–	(1,558)
Interest income on long-term receivable	659	857
	<b>6,559</b>	4,352

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

## 7. INCOME TAX EXPENSE

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

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

	Six months ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) (Restated) RMB'000
Current income tax	4,518	828
Deferred income tax	256	309
	<b>4,774</b>	1,137

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 income tax exemptions for the Period.

## 8. DIVIDENDS

The Board has not recommended the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

## 9. EARNINGS PER SHARE

For the six months ended 30 June 2016, the calculation of basic earnings per share is based on the net profit attributable to owners of the Company of approximately RMB352,614,000 (for the six months ended 30 June 2015 (restated): RMB343,589,000) and the weighted average number of ordinary shares of 1,135,131,000 in issue during the six months ended 30 June 2016 (six months ended 30 June 2015: 1,135,131,000 shares).

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

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

## 10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group newly acquired property, plant and equipment at a total cost of RMB124,078,000 (six months ended 30 June 2015 (restated): RMB197,084,000).

During the Period, property, plant and equipment with a net book value of RMB2,531,000 (six months ended 30 June 2015 (restated): RMB5,219,000) were disposed.

## 11. AVAILABLE-FOR-SALE INVESTMENTS

	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
Listed equity investment, at fair value (note i)	<b>1,455,922</b>	2,038,384
Unlisted investments:		
Private equity funds, at fair value (note ii)	<b>429,928</b>	409,729
Trust product, at fair value (note iii)	<b>87,095</b>	31,672
Unlisted equity investments, at cost less impairment losses (note iv)	<b>500,917</b>	500,917
<b>Total</b>	<b>2,473,862</b>	2,980,702
<b>Analysed for reporting purposes as:</b>		
Current assets	<b>87,095</b>	31,672
Non-current assets	<b>2,386,767</b>	2,949,030

Notes:

- i As at 30 June 2016, the Group's listed equity investment represents investment in Wan Xin Media amounting to RMB1,454,644,000 (31 December 2015: RMB2,036,713,000) and investment in Jiangsu Youli Investment Holding Co., Ltd.\* (江蘇友利投資控股股份有限公司) amounting to RMB1,278,000 (31 December 2015: RMB1,671,000).
- ii As at 30 June 2016, the Group's investment in private equity funds represent investment in CITIC Buyout Fund with a carrying amount of RMB103,212,000 (31 December 2015: RMB76,984,000), Qingdao Jinshi Zhixin Investment Center (Limited Partnership) amounting to RMB151,218,000 (31 December 2015: RMB150,768,000), Winshare Hengxin amounting to RMB145,433,000 (31 December 2015: RMB143,535,000) and Taizhou Xinheng Zhongrun Investment Fund (Limited Partnership) amounting to RMB30,065,000 (31 December 2015: RMB38,442,000).
- iii As at 30 June 2016, the Group's investment in private equity funds represent debt investments for a trust product of CITIC Trust Co., Ltd. of RMB87,095,000 (31 December 2015: RMB23,672,000). As at 31 December 2015, the other investment of the Group is a trust product of China Foreign Economy and Trade Trust Co., Ltd. of RMB8,000,000.
- iv As at 30 June 2016, the unlisted equity investments principally included investment in Bank of Chengdu amounting to RMB240,000,000 (31 December 2015: RMB240,000,000), investment in Chengdu Institute of Sichuan International Studies University amounting to RMB260,000,000 (31 December 2015: RMB260,000,000).

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

## 12. SHORT-TERM INVESTMENTS

As at 30 June 2016, the Group's short-term investments represented investments in structured financial products operated by banks. These investments have an expected or fixed annual returns at rates from 2.8% to 4.1% and were with maturity of less than six months.

## 13. TRADE AND BILLS RECEIVABLES

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

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

	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
Within 3 months	<b>529,914</b>	500,957
3 to 6 months	<b>313,148</b>	68,606
6 months to 1 year	<b>63,473</b>	42,397
1 to 2 years	<b>24,083</b>	30,715
Over 2 years	<b>6,756</b>	10,479
	<b>937,374</b>	653,154



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

## 14. TRADE AND BILLS PAYABLES

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

The following is an aged analysis of trade and bills payables, presented based on the invoice date at 30 June 2016:

	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
Within 3 months	<b>673,546</b>	805,606
3 to 6 months	<b>193,973</b>	594,869
6 months to 1 year	<b>630,567</b>	468,740
1 to 2 years	<b>752,982</b>	473,617
Over 2 years	<b>230,561</b>	198,228
	<b>2,481,629</b>	2,541,060

As at 30 June 2016, the Group's bills payable amounted to RMB4,400,000 (31 December 2015: RMB3,200,000).

## 15. PLEDGE OF ASSETS

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

	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
Pledged bank deposits for bills payable	<b>4,400</b>	3,200
	<b>4,400</b>	3,200

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

## 16. OPERATING LEASE

### (A) The Group as lessee

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

As at 30 June 2016, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
Within one year	<b>92,888</b>	96,023
In the second to fifth years, inclusive	<b>126,258</b>	144,980
Over five years	<b>4,484</b>	3,720
	<b>223,630</b>	244,723

### (B) The Group as lessor

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

As at 30 June 2016, the Group had contracted with tenants for the following future minimum lease payments:

	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
Within one year	<b>9,866</b>	11,792
In the second to fifth years, inclusive	<b>14,364</b>	15,510
After five years	<b>2,315</b>	2,704
	<b>26,545</b>	30,006

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

## 17. COMMITMENTS

### Capital commitments

As at 30 June 2016, the Group had the following capital commitments, principally for the construction and acquisition of items of property, plant and equipment:

	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
Property, plant and equipment:		
Contracted, but not provided for	<b>390,825</b>	364,235

## 18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

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

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

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

	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 June 2016 RMB'000	31 December 2015 RMB'000				
Financial assets						
Listed equity securities classified as available-for-sale investments in the statement of financial position	<b>1,455,922</b>	2,038,384	Level 1	Quoted bid prices in an active market	N/A	N/A

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

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 June 2016 RMB'000	31 December 2015 RMB'000				
Short term investments	285,000	–	Level 2	Discounted cash flow method – the key input is 3-months USD LIBOR rate or RMB SHIBOR rate	N/A	N/A
Investment in unlisted private equity funds classified as available-for-sale investment in the statement of financial position – CITIC Buyout Fund	103,212	76,984	Level 3	Market method and discounted cash flow method	P/E ratio, price-to-sales ratio, liquidity discount ratio and discount rate	The higher the P/E ratio and price-to-sales ratio, the higher the fair value.  The higher the liquidity discount ratio and discount rate, the lower the fair value.
Investment in unlisted private equity funds classified as available-for-sale investment in the statement of financial position – Qingdao Jinshi Zhixin Investment Center (Limited Partnership)	151,218	150,768	Level 3	Discounted cash flow method – the expected future cash flow is discounted to its present value at discount rate based on management's best estimates of expected future economic benefits and risks.	Expected future cash flow  Discount rate	The higher the expected future cash flow, the higher the fair value.  The higher the discount rate, the lower the fair value.
Investment in unlisted private equity funds classified as available-for-sale investment in the statement of financial position – Winshare Hengxin (Shenzhen) Equity Investment Fund (Limited Partnership)	145,433	143,535	Level 3	The adjusted quoted bid prices in an active market and  Discounted cash flow method	Liquidity discount ratio  Discount rate	The higher the liquidity discount ratio, the lower the fair value.  The higher the expected discount rate, the lower the fair value.
Investment in unlisted private equity funds classified as available-for-sale investment in the statement of financial position – Taizhou Xinheng Zhongrun Investment Fund (Limited Partnership)	30,065	38,442	Level 3	The adjusted quoted bid prices in an active market.	Liquidity discount ratio	The higher the liquidity discount ratio, the lower the fair value.

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

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 June 2016 RMB'000	31 December 2015 RMB'000				
Investment in trust product classified as available-for-sale investment in the statement of financial position	87,095	31,672	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.
Short term investments	385,000	–	Level 3	Discounted cash flow method – the expected future cash flow is discounted to its present value at discount rate based on management's best estimates of expected future economic benefits and risks.	Expected future cash flow Discount rate	The higher the expected future cash flow, the higher the fair value. The higher the discount rate, the lower the fair value.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the interim condensed consolidated financial statements approximate to their fair values as at 30 June 2016.

### Reconciliation of Level 3 fair value measurements

	Available-for-sale financial asset RMB'000
As at 1 January 2016	441,401
Reclassification adjustments for gain included in the consolidated statement of profit or loss – gain on disposal	(1,070)
Loss recognised in other comprehensive income	(19,182)
Purchase	636,924
Disposal	(156,050)
As at 30 June 2016	902,023

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

## 19. RELATED PARTY TRANSACTIONS

### (A) Significant related party transactions

The Group had the following significant transactions with their related parties during the Period and for the six months ended 30 June 2015.

	Six months ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) (restated) RMB'000
Sichuan Xinhua Publishing Group:		
Sales of merchandise	12	34
Rental income	640	672
Rental expenses	20,063	17,843
Purchase of services	4,267	4,094
Render of printing services	–	4
SPG:		
Rental and property management fee expenses	6,998	6,999
Purchase of other services	–	7
Associates:		
Purchase of merchandise	9,781	6,423
Interest income on entrusted loans	–	1,819
Joint venture:		
Purchase of merchandise	597	–
Interest income on entrusted loans	3,645	3,731

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

## 19. RELATED PARTY TRANSACTIONS (Continued)

### (B) Balances with related parties

	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
Trade and other receivables:		
Trade receivables due from Sichuan Xinhua Publishing Group	<b>12</b>	–
Trade receivables due from associates of the Group	<b>3,262</b>	2,097
Other receivables due from Sichuan Xinhua Publishing Group	<b>92</b>	–
Entrusted loan due from a joint venture of the Group	<b>120,000</b>	120,000
Trade and other payables:		
Trade payables due to a joint venture	<b>123</b>	2,007
Trade payables due to associates of the Group	<b>7,823</b>	9,193
Other payables due to Sichuan Xinhua Publishing Group	<b>20,697</b>	–
Other payables due to SPG	<b>1,441</b>	744
Other payables due to associates of the Group	<b>1,360</b>	–

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

	<b>For the six months ended 30 June</b>	
	<b>2016 (Unaudited) RMB'000</b>	2015 (Unaudited) RMB'000
Short term employee benefits	<b>1,713</b>	1,723
Total emoluments paid to key management personnel	<b>1,713</b>	1,723

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

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

### (a) A Share Issue

On 8 August 2016, the Company's A Shares were listed on the Shanghai Stock Exchange whereby 98,710,000 A Shares were issued to the public at the price of RMB7.12 per share and existing 693,193,900 Domestic Shares were converted into A Shares. Upon the A Share Issue, the total number of issued shares of the Company was 1,233,841,000 shares (comprising 441,937,100 H Shares and 791,903,900 A Shares).

### (b) Proposed disposals of an available-for-sale investment

A resolution of the Board was passed on 17 May 2016, pursuant to which, the Company proposed to dispose of its 24.3% equity interest in Chengdu Institute of Sichuan International Studies University through the public bidding process. As at the reporting date, the proposed disposal is subject to the approval of the SASAC of Sichuan and/or its legal statutory authorities.

### (c) Proposed disposals of investment in a joint venture

A resolution of the Board was passed on 19 August 2016, pursuant to which, the Company proposed to dispose of its 48% equity interest in Sichuan Wenzhuo, a joint venture of the Company, through the public bidding process. As at the reporting date, the proposed disposal is subject to the approval of the SASAC of Sichuan and/or its legal statutory authorities.

## 21. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

On 30 August 2016, the interim condensed consolidated financial statements for the six months ended 30 June 2016 were approved and authorized for issue by the Board.



# Management Discussion and Analysis

## INDUSTRY OVERVIEW

The year 2016 marks the first year of the “13th Five-Year Plan”. The CPC Central Committee has highlighted in the “Outline of the 13th Five-Year Plan” that its overall objective is to make the cultural industry as a pillar of the national economy by 2020. The press and publication sector has become a major driver of the cultural industry and its development is crucial to the prosperity of the entire cultural industry. Driven by the overall objective, the state has promoted the rapid development of the press and publication sector by taking a series of measures and benefiting from the effects of the policies, including the 20 ministries and commissions such as the Ministry of Finance’s collection of public-private partnership (“PPP”) projects relating to the cultural sector to encourage social capital flow to the cultural sector. State Administration of Press, Publication, Radio, Film and Television (“SARFT”) has promulgated the “top ten key” tasks of national reading and laws relating to national reading have been duly passed in Sichuan, being the first province in Western China with comprehensive reading legislation. 11 ministries and commissions including the CPC Central Committee’s Publicity Department, SARFT, National Development and Reform Commission and the Ministry of Finance jointly issued the Guiding Opinions Concerning the Development of Physical Bookstores (《關於支持實體書店發展的指導意見》) conducive to the development of physical bookstores. These policies and measures have played a key role in consolidating the position of the news and publication sector in the economy of China, creating favourable policy environment for the industry’s sustainable and healthy development.

In recent years, faced with the changing publication environment and intensifying market competition, publishing and media enterprises have taken a proactive approach to push ahead resource integration and accelerate the harmonic development and digital transformation and upgrade. While exploring the value of content resources to achieve full copyright operations based on quality intellectual property (“IP”) rights, these enterprises leveraged on the capital market to carry out transboundary merger and acquisition and reorganisation for diversified development and to increase competitiveness through strategic cooperation and network expansion.

## OPERATING RESULTS AND FINANCIAL REVIEW

During the Period, the Group achieved sales revenue of RMB2,659 million and profit of RMB340 million, representing an increase of 9.8% and 4.9% respectively as compared with the same period of 2015; profit attributable to the owners of the Company for the Period was RMB353 million; the basic earnings per share was RMB0.31.

### Revenue

During the Period, the Group recorded sales revenue of RMB2,659 million, representing an increase of 9.8% as compared with RMB2,421 million for the same period last year, which was mainly attributable to the growth of the education service business and online sales business under the Group’s Distribution segment.

### Gross Profit Margin

The consolidated gross profit margin of the Group for the Period was 39.8%, which was basically the same as compared with the gross profit margin of 40.0% in the same period last year.

# Management Discussion and Analysis (continued)

## Segment Analysis

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

### For the six months ended 30 June

	2016 RMB'000	2015 RMB'000 (restated)	Change %	Percentage of segment revenue	
				2016 %	2015 % (restated)
<b>Publication segment</b>					
Segment revenue	<b>501,015</b>	611,884	(18.1)	<b>100.0</b>	100.0
Of which: Education related products	<b>285,327</b>	405,850	(29.7)	<b>56.9</b>	66.3
Public books	<b>121,089</b>	121,533	(0.4)	<b>24.2</b>	19.9
Printing and materials supply	<b>82,106</b>	73,170	12.2	<b>16.4</b>	12.0
<b>Distribution segment</b>					
Segment revenue	<b>2,491,018</b>	2,286,891	8.9	<b>100.0</b>	100.0
Of which: Education service	<b>1,624,594</b>	1,541,085	5.4	<b>65.2</b>	67.4
Retailing	<b>273,504</b>	282,970	(3.3)	<b>11.0</b>	12.4
Commercial supermarket	<b>80,240</b>	83,579	(4.0)	<b>3.2</b>	3.7
Online sales	<b>451,435</b>	338,298	33.4	<b>18.1</b>	14.8
<b>Other businesses</b>					
Revenue	<b>16,365</b>	11,949	37.0	<b>100.0</b>	100.0
Revenue before inter-segment sales elimination	<b>3,008,398</b>	2,910,724	3.4		
Inter-segment sales elimination	<b>(349,639)</b>	(489,490)	(28.6)		
Consolidated revenue	<b>2,658,759</b>	2,421,234	9.8		

## Management Discussion and Analysis (continued)

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

### For the six months ended 30 June

	2016		2015	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000 (restated)	Gross profit margin % (restated)
<b>Publication segment</b>	<b>170,299</b>	<b>34.0</b>	206,994	33.8
Of which: Education related products	<b>119,292</b>	<b>41.8</b>	161,190	39.7
Public books	<b>36,250</b>	<b>29.9</b>	39,211	32.3
Printing and materials supply	<b>7,745</b>	<b>9.4</b>	2,114	2.9
<b>Distribution segment</b>	<b>804,710</b>	<b>32.3</b>	733,466	32.1
Of which: Education service	<b>605,926</b>	<b>37.3</b>	556,811	36.1
Retailing	<b>101,267</b>	<b>37.0</b>	103,142	36.4
Commercial supermarket	<b>27,886</b>	<b>34.8</b>	23,028	27.6
Online sales	<b>50,674</b>	<b>11.2</b>	39,923	11.8
<b>Others businesses</b>	<b>6,934</b>	<b>42.4</b>	6,477	35.6
Inter-segment revenue elimination	<b>77,082</b>	<b>N/A</b>	21,102	N/A
Total	<b>1,059,025</b>	<b>39.8</b>	968,039	40.0

### Publication segment

The Group's publication segment covers businesses including publishing of publications such as books, periodicals, audio-visual products and digital products; provision of printing services; and supply of materials. During the Period, the Group adjusted the appraisal system of internal publishing entities. At the same time, the Group endeavoured to increase its social influence by adopting an innovative publication model, pushing ahead key projects, developing quality books and comprehensively coordinating the resource channels, thus aligning the social benefits and economic benefits.

During the Period, the publication segment recorded a revenue of RMB501 million, representing a decrease of 18.1% as compared with RMB612 million in the corresponding period last year, which was mainly due to the beginning of schools' 2016 spring semester where revenue from the education related products were partially recognised in the prior year. Apart from this, the sales of public books remained the same as last year; whereas the sales of printing and materials supply increased by 12.2% as compared with the same period last year.

During the Period, the gross profit margin of the publication segment was 34.0%, which remained the same as compared with the gross profit margin of 33.8% in the same period last year.

# Management Discussion and Analysis (continued)

## *Distribution segment*

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

During the Period, the distribution segment recorded a revenue of RMB2,491 million, representing an increase of 8.9% as compared with RMB2,287 million in the same period last year, which was mainly attributable to the revenue growth in the education service business and online sales business.

During the Period, the gross profit margin of the distribution segment was 32.3%, which was substantially the same compared with 32.1% in the same period last year.

## **Education service**

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

During the Period, the Group adjusted the structure of the education service business in order to enhance professionalism, refined management and increase sales capabilities and service capabilities. At the same time, the Group fully utilised the opportunities arising from the state's policies for balanced development of education. Coupled with the Group's advantages in branding and capital, the Group further expanded the market share of textbooks and supplementary materials, digital education and education equipment via various channels.

During the Period, the education service business recorded a sales revenue of RMB1,625 million, representing an increase of 5.4% as compared with RMB1,541 million in the same period last year, which was mainly attributable to the continued increase in the sales of the supplementary materials and digital education business of the Group. In particular, the digital classroom business recorded a sales revenue of RMB107.38 million, representing an increase of 60.7% as compared with RMB66.80 million in the same period last year.

During the Period, the gross profit margin of the education service business was 37.3%, representing an increase of 1.2 percentage points compared with 36.1% in the same period last year, which was mainly attributable to the changes in sales structure.

## **Retailing**

The retailing business includes the retail store business and the group-buying business.

During the Period, the Group continued to structure the online reading service system vertically and horizontally and actively promoted the user-end upgrade of the smart book city and children's theme bookstore. While greatly expanding the institution business through overall reading service solutions, the Group kicked off and nurtured the emerging business of the cultural and creative sector to achieve harmonic operation of publications and non-publications as well as to achieve harmony in online and offline development.

During the Period, retailing business recorded a sales revenue of RMB274 million, representing a slight decrease as compared with RMB283 million in the same period last year.

## Management Discussion and Analysis (continued)

During the Period, the gross profit margin of the retailing business was 37.0%, representing a slight increase compared with 36.4% in the same period last year.

### Commercial supermarket

The Group continued to optimise the commercial supermarket's outlet distribution in different regions and strengthened product marketing. At the same time, capitalising on the commercial supermarket channels and customer resources, it worked with the internal publishers of the Group to develop books and worked with external entities to develop a variety of core commodities including stationeries and toys with a view to providing products and services in relation to children cultural reading and entertainment education.

During the Period, the commercial supermarket business recorded a sales revenue of RMB80.24 million, representing a decrease of RMB3.34 million as compared with RMB83.58 million in the same period last year.

The commercial supermarket business recorded a gross profit margin of 34.8%, representing an increase of 7.2 percentage points as compared with 27.6% in the same period last year, primarily due to the adjustment of the purchase model by the commercial supermarket segment during 2016, which increased the purchase classification of commodities and reduced the purchase costs, and the higher selling price as a result of the peak season in spring.

### Online sales

The Group strived to expand market share and increase sales by expanding the channel expansion capabilities and operating capabilities, increasing the merchandise organisation and service capabilities and establishing a logistics support system that accommodates the online sales nationwide, thus safeguarding the rapid development of online sales business.

During the Period, the online sales business continued to maintain fast growth momentum and recorded a sales revenue of RMB451 million, representing an increase of RMB113 million as compared with RMB338 million in the same period last year, the increase rate was 33.4%.

The gross profit margin of the online sales business was 11.2%, which was substantially the same as 11.8% in the same period last year.

### Other businesses

Other businesses of the Group covers production and distribution of film & television programs, sales of artwork, rendering of advertising services and logistics storage service.

During the Period, the other businesses recorded a sales revenue of RMB16.37 million, representing an increase of RMB4.42 million as compared with RMB11.95 million in the same period last year, which was mainly due to the increase from the revenue of logistics storage service.

# Management Discussion and Analysis (continued)

## Expenses and Costs

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

During the Period, the Group's total selling and distribution expenses and administrative expenses were RMB818 million, representing an increase of 6.5% as compared with RMB768 million in the same period last year, mainly due to the growth of the sales revenue which led to an increase in logistics and other relevant expenses and the growth of labour costs.

### *Other expenses*

Other expenses of the Group for the Period amounted to RMB57.40 million, representing a decrease of RMB8.80 million as compared with RMB66.20 million in the same period last year, which was primarily due to the decrease in the Group's provision during the Period.

## Net Finance Income

The net finance income of the Group for the Period amounted to RMB6.56 million, representing an increase of RMB2.21 million as compared with RMB4.35 million in the same period last year, mainly attributable to the absence of interest-bearing bank and other borrowings of the Group for the Period, where the interest expenses decreased from RMB1.56 million in the same period last year to nil.

## Profit

The Group's profit for the Period amounted to RMB340 million, representing an increase of 4.9% as compared with RMB324 million in the corresponding period last year. The profit attributable to owners of the Company was RMB353 million, representing an increase of 2.6% from RMB344 million in the same period last year.

## Earnings Per Share

Earnings per share is calculated by dividing profits attributable to the owners of the Company for the Period by the weighted average number of ordinary shares in issue for the Period. The Group's earnings per share for the Period was RMB0.31, which remained basically the same as compared with RMB0.30 in the corresponding period last year. Please refer to note 9 to the interim condensed consolidated financial statements for the calculation of earnings per share.

## Liquidity and Financial Resources

As at 30 June 2016, the Group had cash and short-term bank deposits of approximately RMB1,190 million. The Company did not have any interest-bearing bank and other borrowings.

As at 30 June 2016, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 32.9%, representing a slight decrease as compared with 33.1% as at 30 June 2015. The Group's overall financial structure remained relatively stable.

## Foreign Exchange Risk

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

# Management Discussion and Analysis (continued)

## Working Capital Management

	<b>30 June 2016</b>	30 June 2015
Current ratio	<b>1.3</b>	1.2
Trade receivables turnover days	<b>54.6 days</b>	53.8 days
Inventory turnover days	<b>155.5 days</b>	158.8 days
Trade payables turnover days	<b>286.5 days</b>	266.2 days

As at 30 June 2016, the current ratio of the Group was 1.3, remaining substantially the same as compared with 1.2 as at 30 June 2015.

During the Period, the trade receivables turnover days were 54.6 days, representing an increase of 0.8 day as compared with the trade receivables turnover days of 53.8 days in the same period last year. The inventory turnover days were 155.5 days, representing a decrease of 3.3 days as compared with the inventory turnover days of 158.8 days in the same period last year. The trade payables turnover days were 286.5 days, representing an increase of 20.3 days as compared with 266.2 days in the same period last year, which was mainly due to higher inventory stock at the beginning of this year compared with the beginning of last year as affected by the beginning of the school's spring semester, and the balance of payables at the beginning of the corresponding period being more than the corresponding period last year, thus extending the number of turnover days of payables.

## Overview of Material Investments and Acquisitions

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

To ensure the sustainable development of the e-commerce business of Winshare Online and the commencement of business of Publication & Distribution Supply Chain Coordination platform, during the Period, the Company and Sichuan Xinhua Publishing Group made a capital increase of RMB30 million to Winshare Online proportionate to their shareholdings. Of which, the Company increased investment of RMB22.50 million.

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 undertaken to invest RMB100 million in CITIC Buyout Fund. During the Period, the Company made a payment of RMB20 million according to the relevant agreement. As at 30 June 2016, the Company made total investments amounting to RMB100 million and all the capital contributions have been made as agreed.

In addition, during the Period, Winshare Investment, a subsidiary of the Company as limited partner: 1) made a capital increase of RMB20 million in Winshare Hengxin pursuant to the partnership agreement. As at 30 June 2016, Winshare Investment had made accumulated investment of RMB120 million, representing 62.5% of the total subscription capital of Winshare Hengxin; 2) invested RMB24.40 million in Tibet Winshare Venture pursuant to the partnership agreement, representing 56.43% of the total subscription capital of Tibet Winshare Venture.

# Management Discussion and Analysis (continued)

During the Period, the Company obtained the dividend income for 2015 of RMB16.20 million from its investee, Wan Xin Media. In addition, the Bank of Chengdu held a shareholders' meeting on 21 June 2016, which determined the distribution of cash dividends of RMB0.25 (tax inclusive) per share for 2015. The Company will receive investment income of RMB20 million in the distribution.

During the period, Ming Bo (an associate of the Company) was successfully listed on the New Third Board.

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

## ANALYSIS OF CORE COMPETITIVENESS

1. **Advantages on publishing resources:** The Company is a leading publishing and distribution enterprise in Southwest China with specialisation and marketised operation of publishing resources. Leverage on its professionalised operation and management model, coupled with cooperation between its eleven book and audio-visual product publishing units and thirteen periodical brands to specialise in content development, it has made a series of remarkable achievements in its respective professions and successively obtained a number of state publishing awards including ten "China Publishing Government Award" (中國出版政府獎), fifteen "National Outstanding Publication Award" (中國優秀出版物獎) and three "Central Propaganda Department Spiritual Civilisation Development 'Five Ones Project' Awards" (中宣部精神文明建設'五個一工程'獎).
2. **Advantages on channel and network:** Since its incorporation, the Company has been committed to channel development and built a sales network of books that "is based in Sichuan Province and with nationwide coverage". Currently, its major channels include subscription, retailing, commercial supermarket and online sales, representing all channels of the existing publishing and distribution sector. As to network coverage, the Company has built an intensive sales network in Sichuan Province and owned the largest book retail network in Sichuan Province. Nationwide sales outlets have also been set up in major cities outside Sichuan Province.
3. **Advantages on industry chain:** The Company has built a business structure based on publishing and distribution industry chain integration and continued to promote the "publishing – printing – distribution" whole industry chain operation featuring content resources. In order to achieve whole-process supervision and management regarding the planning, publication, production, purchase and logistics of books, the Company has established a range of professionalised platforms from production and printing, purchase, logistics to information. Through specialisation and scientific cooperation, the Company has achieved seamless coordination between platforms and fully capitalised on the synergies arising from the cooperation of the professionalised platforms with a view to maximising the effective development of copyright intellectual properties and to increasing the liquidity of content resources.



## Management Discussion and Analysis (continued)

4. Advantages on branding: The “Winshare” and “Xinhua Winshare” brands represent the inheritance and innovation of the “Xinhua Bookstore” brand. Since its establishment, the Company has endeavoured to develop a number of its own brands including “Winshare”, “Xinhua Winshare” and “Winxuan.com” and focused on “Winshare” as its core brand in the business segments namely subscription, retailing, distribution, e-commerce, audio-visual products, artwork, music and etc. “Winshare” is prominent and highly inclusive group brand and also a renowned brand in the publishing and media sector which has high recognition and influence nationwide. In addition to developing the parent brand “Winshare”, the Company also invests in a range of business, product and service sub-brands such as “Winxuan.com”, “You Class” digitalised classrooms and “Winshare Club” bookstores, thus establishing a stronger brand influence in their respective niche markets.
5. Advantages on digital transformation: In line with the rapid development of digitalisation, the Company, since its incorporation, has been actively exploring the ways of digital business transformation and has set foot early in the digital media sector. As to digital content generation, the Company strongly pushes ahead the digitalisation of traditional books and focuses on the implementation of individual book rich media publishing and the development of projects that qualify for digital publishing. As to channel expansion, the Company invests in the establishment of the e-commerce and sales platform featuring “Winxuan.com” and the e-book sales platform featuring “September Online” (九月網). In the recent two years, the Company has expedited the development of supply chain synergistic trading platform with focus on driving the transformation and upgrade of the entire publishing and distribution industry supply chain. As to digitalised education, the Company has built a digitalised education platform operating model which targets at the primary education sector and features the provision of education digitalised products and operating services in the course of transformation from traditional publishing and digital publishing, thus having a good market influence on the education digitalisation nationwide especially the Sichuan region.
6. Advantages on dual platform: The Company is the first and only publishing and media enterprise listed on the Stock Exchange with “A+H Shares” dual listing status. Through the “A+H Shares” markets, the Company can fully capitalise on the two capital markets internationally and domestically so as to promote the coordinated development of its physical operations and capital operations.

### FUTURE PROSPECTS

In the first year of the “13th Five-Year Plan”, while consolidating the strengths of its traditional businesses, the Group will endeavour to accelerate the transformation and upgrade of business and actively optimise the sector layout to achieve coordinated development of the industrial operations and capital operations with a view to building itself into the world’s influential integrated cultural service group. In this regard, the Group will focus on the implementation of the following strategies: Gather quality content resources to strengthen the coordination between contents and channels; Strengthen the construction of education cloud service platform to consolidate and expand the education service market; Shape the reading service brand to expand and consolidate the online sales channel, build a cultural service network with online and offline coverage and endeavour to enhance the service capabilities of the third party supply chain platform through optimising the transaction and marketing service functions; Push ahead the logistics network and digitalised development to enhance the Company’s operating and management capabilities; Position the great cultural sector to build a multi-level profitability model of the publishing sector and diversified sector interaction.

# Management Discussion and Analysis (continued)

## MATERIAL SUBSEQUENT EVENTS

On 8 August 2016, the Company's A Shares were listed on the Shanghai Stock Exchange whereby 98,710,000 A Shares were issued to the public at the price of RMB7.12 per share and existing 693,193,900 Domestic Shares were converted into A Shares. Upon the A Share Issue, the total number of issued shares of the Company was 1,233,841,000 shares (comprising 441,937,100 H Shares and 791,903,900 A Shares). Since then, the Company has become the first publishing and media enterprise with "A + H Shares" dual listing status in the PRC. The A Share Issue raised funds of a total of RMB702,815,200 and, after deducting issue expenses of RMB57,640,100, the net proceeds amounted to RMB645,175,100.

In March 2016, the Company kicked off the transfer of 48% equity interest held in Sichuan Wenzhuo. On 19 August 2016, the *Proposal regarding the Transfer of 48% Equity Interest Held in Sichuan Wenzhuo* was considered and approved by the Board of the Company, pursuant to which, it was agreed that the 48% equity interest in Sichuan Wenzhuo held by the Company shall be transferred by way of public auction at the bottom price of RMB423,529,400 on the equity exchange stated by the SASAC of Sichuan pursuant to the relevant requirements on administration of transfer of state-owned equity interests of enterprises. The proposed disposal is subject to the approval of the SASAC of Sichuan and/or its legal statutory authorities.

## PLEDGE OF ASSETS

Please refer to note 15 to the interim condensed consolidated financial statements for details of the Group's pledge of assets as at 30 June 2016.

## CONTINGENT LIABILITIES

As at 30 June 2016, the Group had no contingent liabilities.

## EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2016, the Group had a total of 7,582 (31 December 2015: 7,914) employees.

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

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

The Company uses training as carrier to create a platform for demonstration and exchange of internal talents and discover the potential of human resources of the Company. It reinforces the training of reserve talents; through the use of internal training, external training, online learning, knowledge quizzes and other methods to effectively enhance the ability and quality of employees at all levels, strengthen the nurturing of reserve talents so as to safeguard the sustainable development of the Company.

## Other Information

### INTERESTS IN SHARE CAPITAL

As at 30 June 2016, the total issued share capital of the Company was RMB1,135,131,000, divided into 1,135,131,000 shares of RMB1.00 each. On 8 August 2016, 98,710,000 A Shares of the Company were initially listed on the Shanghai Stock Exchange. The Domestic Shares held by the original promotor shareholders were converted into A Shares. Upon the A Share Issue, the total issued share capital of the Company was RMB1,233,841,000, divided into 1,233,841,000 shares (comprising 441,937,100 H Shares and 791,903,900 A Shares) of RMB1.00 each.

As at 30 June 2016, the interests in share capital were as follows:

<b>Class of shares</b>	<b>Number of shares</b>	<b>Approximate percentage of issued share capital of the Company</b>
<b>Domestic Shares</b>		
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%
<b>H Shares</b>	441,937,100	38.93%
<b>Total Share Capital</b>	1,135,131,000	100%

Notes:

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

## Other Information (continued)

### Interests in share capital as at 8 August 2016

Class of shares	Number of shares	Approximate percentage of issued share capital of the Company
<b>A Shares</b>		
State-owned shares	639,857,900	51.86%
including		
(i) State-owned Shares held by Sichuan Xinhua Publishing Group ( <i>note 1</i> )	592,809,525	48.05%
(ii) State-owned Shares held by other promoters ( <i>note 2</i> )	46,322,566	3.75%
(iii) State-owned Shares held by the National Council for Social Security Fund ( <i>note 3</i> )	725,809	0.06%
Social Legal Person Shares ( <i>note 4</i> )	53,336,000	4.32%
<b>Other A Shares</b>	98,710,000	8.00%
<b>H Shares</b>	441,937,100	35.82%
<b>Total Share Capital</b>	1,233,841,000	100%

Notes:

1. Sichuan Xinhua Publishing Group, the controlling shareholder of the Company, is a wholly-owned subsidiary of Sichuan Development. The de facto controller of Sichuan Development is SASAC of Sichuan.
2. Other promoters holding state-owned shares of the Company include SPG, Sichuan Daily Newspaper Group\* (四川日報報業集團) and Liaoning Publication Group Co., Ltd.\* (遼寧出版集團有限公司).
3. Upon the issuance and listing of A Shares, 479,034 shares, 145,162 shares and 101,613 shares held respectively by SPG, Sichuan Daily Newspaper Group\* (四川日報報業集團) and Liaoning Publication Group Co., Ltd.\* (遼寧出版集團有限公司) will be transferred to the National Council for Social Security Fund.
4. Social Legal Person Shares are held by Hua Sheng Group, a promoter of the Company.

## Other Information (continued)

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

As at 30 June 2016, so far as is known to the Directors and Supervisors, the following persons (not being Directors, Supervisors or senior management of the Company) had, or were deemed to have interests or short positions in the shares, underlying shares and debentures of the Company which were required, pursuant to section 336 of the 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 ( <i>note 1</i> )	623,861,452	Interests in controlled corporations	State-owned Shares	97.50%	54.96%	Long position
Sichuan Xinhua Publishing Group	592,809,525	Beneficial owner	State-owned Shares	92.65%	52.22%	Long position
Hua Sheng Group ( <i>note 2</i> )	53,336,000	Beneficial owner	Social Legal Person Shares	100%	4.70%	Long position
Edgbaston Investment Partners LLP	31,003,000	Investment manager	H Shares	7.02%	2.73%	Long position
Edgbaston Asian Equity Trust	26,908,000	Beneficial owner	H Shares	6.09%	2.37%	Long position
Seafarer Capital Partners, LLC	23,099,500	Investment manager	H Shares	5.23%	2.03%	Long position

Notes:

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

Save as disclosed above, as at 30 June 2016, so far as is known to the Directors and Supervisors of the Company, no other person (not being a Director, Supervisor or senior management of the Company) had any interest or short position in the shares, underlying shares and debentures of the Company which were required, pursuant to section 336 of the SFO, to be entered in the register required to be kept by the Company referred to therein.

## Other Information (continued)

Apart from (i) Mr. He Zhiyong, the Chairman and Executive Director, who is the chairman and president of Sichuan Xinhua Publishing Group, (ii) Mr. Luo Jun, non-executive Director, who is a 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 30 June 2016, none of the Directors of the Company held any positions as directors or were employed as employees in any company having interests or short positions which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

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

So far as is known to the Directors, as at 30 June 2016, 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, to be notified to the Company and the Stock Exchange.

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

As at 18 February 2016, Mr. Mak Wai Ho has resigned as the independent non-executive Director of the Board of the Company and the chairman of the Audit Committee. Mr. Chan Yuk Tong has been appointed as the independent non-executive Director of the Company for a term commencing on 18 February 2016 and ending on the expiry of the term of the current session of the Board.

As at 18 February 2016, Mr. Fu Daiguo has resigned as the independent Supervisor of the Supervisory Committee of the Company. Mr. Li Xu has been appointed as the independent Supervisor of the Company for a term commencing on 18 February 2016 and ending on the expiry of the term of the current session of the Supervisory Committee.

Save as disclosed above, during the Period, there has been no change regarding other Directors, Supervisors and senior management.

### **CHANGES IN DIRECTOR PARTICULARS**

From May 2015, Mr. Han Liyan has been appointed as independent director of Guangxi Liugong Machinery Co., Ltd.

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

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

## Other Information (continued)

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

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

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

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

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

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

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

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

### **INTERIM DIVIDEND**

The Board has not recommend the payment of an interim dividend for the six months ended 30 June 2016 (for the six months ended 30 June 2015: Nil).

### **AUDIT COMMITTEE**

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

The Audit Committee has reviewed the Group's unaudited consolidated financial statements for the six months ended 30 June 2016 included in this interim report and has communicated and discussed the financial reporting issues of the Group with the management of the Company. The Audit Committee confirmed that the interim financial report of the Group has been prepared in accordance with the applicable accounting standards and requirements and have made appropriate disclosures accordingly.

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

Sichuan, the PRC, 30 August 2016

\* *For identification purposes only*



WIN SHARE

## 新華文軒出版傳媒股份有限公司

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