



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)

(香港交易所股份代號 HKEX Stock Code : 00811 上海證券交易所股份代號 SSE Stock Code : 601811)



## 2017 Interim Report 中期報告

\* For identification purposes only  
僅供識別

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# Definitions

In this report, the following expressions shall have the meanings stated below unless the context otherwise requires:

## GLOSSARY

2016 AGM	the annual general meeting held by the Company on 25 May 2017
A Share(s)	Renminbi-denominated ordinary share(s) of the Company with a nominal value of RMB1.00 each, all of which are issued in China, subscribed in Renminbi and listed on the SSE
Audit Committee	the audit committee under the Board of the Company
Bank of Chengdu	Bank of Chengdu Co., Ltd.
Board	the board of directors of the Company
CG Code	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
Chengdu Hua Sheng	Chengdu Hua Sheng (Group) Industry Co., Ltd.
Chengdu Xinhui	Chengdu Xinhui Industrial Co., Ltd.
Company or Xinhua Winshare	Xinhua Winshare Publishing and Media Co., Ltd.* (新華文軒出版傳媒股份有限公司)
Deloitte Touche Tohmatsu CPA	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Director(s)	the director(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
Hong Kong	the Hong Kong Special Administrative Region of PRC
Huaying Winshare	Beijing Huaying Winshare Movie & TV Culture Co., Ltd.
Liaoning Publication Group	Liaoning Publication Group Co., Ltd.



## Definitions (continued)


Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and/or the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, as the case may be
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
NSSF	National Council for Social Security Fund – transfer account no.2 (轉特二戶)
Period or Reporting Period	the period from 1 January 2017 to 30 June 2017
PRC/State	the People's Republic of China (for the purpose of this report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
Prior Period	the period from 1 January 2016 to 30 June 2016
RMB	Renminbi, the lawful currency of China
RMB, RMB10,000 and RMB100 million	RMB, RMB10,000 and RMB100 million
SASAC of Sichuan	State-owned Assets Supervision and Administration Commission of the Sichuan Provincial Government
September Online	the digital content push platform under Winshare Online
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Sichuan Daily Newspaper	Sichuan Daily Newspaper Group
Sichuan Development	Sichuan Development (Holding) Co., Ltd.
Sichuan Wenzhuo	Sichuan Wenxuan Zhuotai Investment Co., Ltd.
Sichuan Xinhua Publishing Group	Sichuan Xinhua Publishing Group Co., Ltd.
SPG	Sichuan Publication Group Co., Ltd.
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
Strategy and Investment Planning Committee	the strategy and investment planning committee under the Board of the Company

## Definitions (continued)

Supervisor(s)	the supervisor(s) of the Company
Supervisory Committee	the supervisory committee of the Company
Wan Xin Media	Anhui Xinhua Media Co., Ltd.
Wenchuan Logistics	Sichuan Wenchuan Logistics Co. Ltd
Winshare BLOGIS Company	Sichuan Winshare BLOGIS Supply Chain Company Limited
Winshare Investment	Winshare Investment Co., Ltd.
Winshare Online	Sichuan Winshare Online E-commerce Co., Ltd.
Winshare Preschool	Sichuan Winshare Preschool Educational Management Co., Ltd.
winxuan.com	the online sales platform of paper publications under Winshare Online



## Important Notice

- I. The Board, the Supervisory Committee, Directors, Supervisors and senior management of the Company warrant that this interim report is true, accurate and complete and does not contain any false records, misleading statements or material omission and jointly and severally take full legal responsibility as to the contents herein.
  - II. Save as Mr. Luo Jun (Non-executive Director) who appointed Mr. He Zhiyong, the chairman of the Board, as proxy to vote on his behalf due to other business commitments, other Directors attended the Board meeting held on 29 August 2017 at which this interim report was considered and approved.
  - III. This interim report is unaudited.
  - IV. Mr. He Zhiyong, the head of the Company, Mr. Zhu Zaixiang, the person-in-charge of accounting affairs, and Ms. Wu Sufang, the head of accounting department, declare that they warrant the truthfulness, accuracy and completeness of the financial statements contained in this interim report.
  - V. The Board did not recommend payment of the interim dividend for the six months ended 30 June 2017.
  - VI. The forward-looking statements included in this report, including future plans and development strategies, do not constitute actual commitment of the Company to investors. Investors should be reminded of the risks of investment.
  - VII. There was no appropriation of funds on a non-recurring basis by the Company's controlling shareholders or their related parties during the Period.
  - VIII. The Company has not provided any external guarantees in violation of the prescribed decision-making procedures during the Period.
  - IX. During the Period, there were no major risks that would have a material impact on the production and operations of the Company. Investors are advised to read the details of the risk factors that may be involved under the section headed "Management Discussion and Analysis" of this report described by the Company.
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# Corporate Information

## LEGAL NAME OF THE COMPANY

新華文軒出版傳媒股份有限公司

## COMPANY NAME IN ENGLISH

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

## LEGAL REPRESENTATIVE

Mr. 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. Han Xiaoming

### Independent Non-Executive Directors

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

## BOARD COMMITTEES

### Strategy and Investment Planning Committee

Mr. Han Xiaoming (*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. Chao Hsun  
Ms. Lan Hong  
Ms. Wang Yan

### Independent Supervisors

Mr. Li Xu  
Ms. Liu Mixia

\* For identification purpose only



# Corporate Information (continued)

## COMPANY SECRETARY

Mr. You Zugang

## AUTHORISED REPRESENTATIVES

Mr. Luo Jun

Mr. You Zugang

## ALTERNATE AUTHORISED REPRESENTATIVE

Ms. Wong Wai Ling

## 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

Unit 1, 1/F, Block 4  
No. 239 Jinshi Road  
Jinjiang 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





# Management Discussion and Analysis

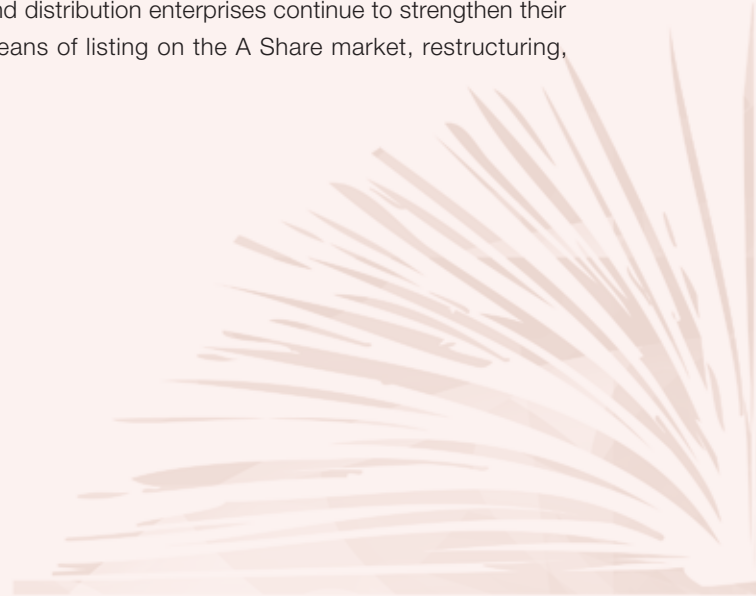
## (I) BUSINESS REVIEW

### INDUSTRY OVERVIEW

In recent years, as supported by a series of national policies, the press and publication sector actively pushed ahead the supply-side structural reform and further promoted the industry upgrade and integrated development. In the first half of 2017, the Office of the CPC Central Committee, the Office of the State Council of the PRC, the Ministry of Culture and the State Administration of Press, Publication, Radio, Film and Television of the PRC successively promulgated a series of supportive policies including the Summary of the Outline of the Cultural Development and Reform Plan of the National 13th Five-Year Period (《國家“十三五”時期文化發展改革規劃綱要》), the Opinions on Implementing the Work of Inheriting and Developing China's Outstanding Traditional Culture (《關於實施中華優秀傳統文化傳承發展工程的意見》) and the Notice of Developing National Reading for 2017 (《關於開展2017年全民閱讀的通知》), clearly stating the requirements on building the system of inheriting and developing China's outstanding traditional culture and enhancing the international influence of the Chinese culture; strengthening the public cultural service among the grassroots and flourishing the development of the cultural industry; increasing the investment in human, capital and material resources and stepping up the digitalised transformation and upgrade of the news and publication sector; as well as vigorously promoting comprehensive reading and setting up the national reading fund. At the same time, the State also continued to step up its investments in special support fund for key sector projects and encouraged the cultural enterprises to make greater achievements in areas of news content innovation, merger and acquisition and joint venture, integration between traditional publishing and digitalised publishing, news and publication big data development and news and publication “go global” efforts.

Faced with the national transformation and upgrade of the news and publication sector and increasing support of the integrated development policies, the news and publication sector in China maintained relatively fast growth. In 2016, revenue from the publication, printing and distribution industry in China amounted to RMB2,359.58 billion, representing an increase of 9% over 2015. Total profit amounted to RMB179.199 billion, representing an increase of 7.82% over 2015. Digitalised publishing continued to maintain fast growth; structure of book publication continued to optimise; and growth of copyrights export accelerated. The book retail market continued to maintain fairly good growth momentum as a whole.

Recently, the integration of the traditional publishing and distribution sector with other cultural sectors has been growing. The publishing and distribution enterprises, through cooperation and merger and acquisition, have actively entered the games, art and education areas, and a diversified layout has been form initially. As to capital operation, the publishing and distribution enterprises continue to strengthen their competitiveness to expand business footprint by means of listing on the A Share market, restructuring, merger and acquisition and financing.



# Management Discussion and Analysis (continued)

## RESULTS

In 2017, the Group continued to propel the strategic deployment of “revitalising Sichuan’s publishing industry” and “revitalising the physical bookstores”, and strengthened the principal business of the publication and distribution and promoted the transformation and upgrade of the operating business by leveraging on the two drivers of “online operations” and “capital operations” via the “A+H” dual-capital market platform to create a win-win situation of economic benefits and social benefits. During the first half of 2017, revenue of the Group amounted to RMB3,186,015,200, representing an increase of 17.12% as compared with the same period of last year. Total profit amounted to RMB486,041,600, representing an increase of 41.95% as compared with the same period of last year. Net profit attributable to the owners of the parent amounted to RMB497,924,900, representing an increase of 42.25% as compared with the same period of last year. Basic earnings per share was RMB0.40, representing an increase of 29.03% as compared with RMB0.31 in the same period of last year. During the Period, the Company transferred 48% equity interest in Sichuan Wenzhuo, being a joint venture and 34% equity interest in Chengdu Xinhui, being an associated company and recorded a gain on disposal of RMB133,000,000. Excluding the profit contribution of such disposal to the Company, the principal business of the Group grew steadily.

## ANALYSIS OF OPERATING DATA

### 1. Overview of Principal Business Segments

Based on the internal organisational structure, management requirements and internal reporting system of the Group, the operating business of the Group are divided into two reporting segments, namely the publication segment and the distribution segment. These segments are classified by the nature of business of the Company. The management of the Group regularly assesses the operating performance of these segments to determine its resource allocation and to assess its results.

The major products and services provided under each reporting segment of the Group are as follows:

**Publication:** Publishing of publications including books, journals, audio-visual products and digital products; provision of printing services and supply of printing materials;

**Distribution:** Distribution of textbooks and supplementary materials to schools and students and provision of education informationalised service for primary and secondary school students; retailing, distribution and online sales of publications.



## Management Discussion and Analysis (continued)

The principal business of the Company during the Period by segment is as follows:

(For six months ended 30 June)

RMB

By segment	Revenue	Operating costs	Gross profit margin (%)	Change of revenue as compared with the same period of last year (%)	Change of operating costs as compared with the same period of last year (%)	Change of gross profit margin as compared with the same period of last year (%)
<b>I. Publication</b>	693,733,476.42	500,108,138.09	27.91	37.59	51.22	Decreased by 6.50 ppts
Textbooks and supplementary materials	355,092,114.97	239,524,578.42	32.55	23.21	44.26	Decreased by 9.84 ppts
General books	240,960,584.11	181,597,445.33	24.64	99.00	114.05	Decreased by 5.30 ppts
Printing and materials	81,442,345.34	73,124,667.80	10.21	-1.18	-1.66	Increased by 0.44 ppt
Others	16,238,432.00	5,861,446.54	63.90	29.98	6.94	Increased by 7.78 ppts
<b>II. Distribution</b>	2,703,377,697.17	1,864,823,127.34	31.02	8.52	10.59	Decreased by 1.29 ppts
Education service	1,785,050,770.12	1,119,814,275.82	37.27	9.87	9.93	Decreased by 0.03 ppt
Of which: Textbooks and supplementary materials	1,648,705,381.49	992,424,367.05	39.81	8.92	7.49	Increased by 0.80 ppt
Education informationalised service	126,866,480.63	118,191,605.36	6.84	18.05	26.95	Decreased by 6.53 ppts
Retailing	248,611,712.68	157,616,225.57	36.60	-9.10	-8.49	Decreased by 0.42 ppt
Commercial supermarket	64,746,558.43	42,754,985.29	33.97	-19.31	-18.33	Decreased by 0.79 ppt
Online sales	528,923,785.52	488,115,968.46	7.72	17.16	21.80	Decreased by 3.51 ppts
Others	76,044,870.42	56,521,672.20	25.67	24.17	33.66	Decreased by 5.28 ppts
<b>III. Others</b>	237,188,594.24	223,721,331.27	5.68	1,345.10	2,272.30	Decreased by 36.87 ppts
Inter-segment elimination total	-508,452,516.59	-574,411,892.70				
<b>Total</b>	3,125,847,251.24	2,014,240,704.00	35.56	17.42	25.91	Decreased by 4.35 ppts

# Management Discussion and Analysis (continued)

## 2. Operating Data of the Business Segments

### (1) 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.

#### Publication of Textbooks and Supplementary Materials

The Group has taken active R&D efforts in primary school science books and pushed ahead the development of regional curriculum textbooks and school-based curriculum textbooks to develop the regional and school-based textbooks into a business segment with breadth and depth.

During the Period, revenue from the sales of textbooks and supplementary materials publication business amounted to RMB355,092,100 (including domestic sales), representing an increase of 23.21% as compared with the same period of last year; costs amounted to RMB239,524,600, representing an increase of 44.26% as compared with the same period of last year. Gross profit margin was 32.55%, down by 9.84 percentage points as compared with the same period of last year. The majority of the sales of textbooks and supplementary materials under the publication segment refers to domestic sales. The sales of publication segment to distribution segment is recognised upon completion of printing and stock-in of products by the distribution segment. As a result of advanced stock-up needs, the time of stock-in for spring products is divided into two natural years. For the first half of the year, gross profit margin of the textbooks and supplementary materials publication business decreased substantially as compared with the same period of last year. On the one hand, it was due to the difference in the time of stock-in and product mix of stock-in of textbooks and supplementary materials in the spring semester, resulting in the decrease in gross profit margin of the textbooks and supplementary materials for the Period. On the other hand, the Company settled the difference in the cost of printing of products on behalf of others in the same period of last year as compared with the previous years, which increased the gross profit margin for the period of last year. Excluding the above factors, gross profit margin of the sales of textbooks and supplementary materials publication business for the first half of 2017 basically remained the same as compared with the same period of last year.

#### Publication of General Books

In 2017, the Group further confirmed the strategic principle of "enhancing its own capabilities, integrating with external resources and expanding the market channels", vertically pushed ahead the revitalisation of the publication work and published a batch of best sellers with positive social influence, thus steadily enhancing its economies of scale.



## Management Discussion and Analysis (continued)

During the Period, revenue from the sales of general books under the publication segment amounted to RMB240,960,600 (including domestic sales), representing an increase of 99.00% as compared with the same period of last year; costs amounted to RMB181,597,400, representing an increase of 114.05% as compared with the same period of last year. Gross profit margin was 24.64%, down by 5.30 percentage points as compared with the same period of last year, mainly due to the rising costs of paper and sales promotion.

### (2) *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 education informationalised service; retailing, distribution business and online sales of publications business.

During the Period, revenue from the distribution segment amounted to RMB2,703,377,700, representing an increase of 8.52% as compared with RMB2,491,157,200 in the same period of last year, mainly benefiting from the growth of revenue from the education service and online sales businesses.

During the Period, gross profit margin of the distribution segment was 31.02%, down by 1.29 percentage points as compared with 32.31% in the same period of last year, mainly due to the decrease in the gross profit level of the commercial supermarket and online sales businesses.

### *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 education informationalised service for primary and secondary schools.

The Company capitalised on the integrated operational strengths of the education service business to further develop a highly integrated education service system with the online platform and offline channels, and strengthened the innovation and R&D, marketing and operational service capabilities of the textbooks, education equipment as well as education informationalised software and hardware products. Faced with intensifying market competition, strengthening bargaining power of upstream suppliers as well as changing market and demand, the Company devoted active efforts to resources development, product upgrade, product promotion and marketing, and model region development; allocated more market resources to expand product lines and after-sales service development and endeavoured to strengthen the marketing and operations of professional classroom systems regarding e-school bag, cloud platform, teaching resources centre, maker space and multi-subject coverage.

## Management Discussion and Analysis (continued)

During the Period, revenue from the external sales of the education service business of the Company amounted to RMB1,785,050,800, representing an increase of 9.87% as compared with the same period of last year, mainly benefiting from the growing sales of the Group's supplementary materials and education informationalised service businesses. In particular, revenue from the sales of the education informationalised service business amounted to RMB126,866,500, representing an increase of 18.05% as compared with the same period of last year.

During the Period, gross profit margin of the education service business was 37.27%, which was basically the same as the same period of last year.

### Retailing

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

During the Period, the Company accelerated the construction of physical bookstores and built business models, management methods and personnel team applicable to new retailing development through multi-branding. The Company innovated the operating model and highlighted the reading experience to shape a modern, trendy and parent-child reading place of entertainment. The Company focused on featured Sinophone cultural experience activities to build a place for Sinophone exchange experience and develop Winshare Sinophone bookstore. In addition, the Company accelerated the development of smart city and expanded the online/offline channels of integrated development, to provide the readers with the most convenient, smart and personalised cultural services. With the vertically integrated retailing network, the Company pushed ahead the development of national reading service system and actively launched the national reading campaign.

During the Period, revenue from the sales of the retailing business amounted to RMB248,611,700, representing a decrease of 9.10% as compared with the same period of last year, mainly due to the decrease in sales of current politics books in the first half of 2017. Gross profit margin of the retailing business was 36.60%, which remained basically the same as the same period of last year.



## Management Discussion and Analysis (continued)

### 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 myriad 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, revenue from the sales of the commercial supermarket business amounted to RMB64,746,600, representing a decrease of approximately RMB15,497,800 as compared with RMB80,244,400 in the same period of last year.

Gross profit margin of the commercial supermarket business was 33.97%, which remained basically the same as the same period of last year.

### Online Sales

In the first half of 2017, the Group further improved the business model of e-commerce network chains with focus on the development of four major capabilities, namely commodity organisation, sales operations, logistics and distribution as well as technological support. The Group also optimised the positioning and planning of the professional stores, adding technology related professional stores to the youth and children, economic management and examination professional stores to gradually strengthen the marketing and service capabilities of various professional stores. Moreover, the Group enhanced the nationwide logistics and distribution network with Chengdu, Tianjin and Wuxi as the primary bases, and adjusted the means of logistics, transportation and distribution to provide users with better online shopping experience.

During the Period, revenue from the Company's online sales business amounted to RMB528,923,800, representing an increase of 17.16% as compared with the same period of last year. Gross profit margin of the online sales business was 7.72%, down by 3.51 percentage points as compared with the same period of last year, mainly due to the increase in sales discounts.



# Management Discussion and Analysis (continued)

## (II) ANALYSIS OF OPERATING RESULTS AND FINANCIAL PERFORMANCE

### Breakdown of the relevant item changes in the financial statements

(For the six months ended 30 June)

Item	Current Period	RMB	
		Comparative period last year	Change (%)
Revenue	<b>3,186,015,247.21</b>	2,720,377,728.66	17.12
Operating costs	<b>2,026,412,232.84</b>	1,605,280,276.85	26.23
Selling expenses	<b>414,997,707.05</b>	394,873,379.04	5.10
Administrative expenses	<b>430,621,441.97</b>	425,305,939.58	1.25
Finance expenses	<b>-9,102,091.09</b>	-4,253,085.56	-114.01
Net cash from operating activities	<b>-37,004,326.02</b>	99,727,804.31	N/A
Net cash from investing activities	<b>553,755,902.19</b>	-854,676,281.14	N/A
Net cash from financing activities	<b>-418,518,426.19</b>	19,381,083.66	N/A
R&D expenses	<b>13,011,290.41</b>	4,226,025.91	207.88
Investment income	<b>202,375,080.84</b>	40,647,315.48	397.88
Other income	<b>42,115,767.43</b>	–	N/A
Non-operating income	<b>1,788,313.32</b>	55,920,034.22	-96.80
Non-operating expenses	<b>17,710,371.26</b>	6,125,924.27	189.11

### REVENUE

During the Period, revenue from the Group amounted to RMB3,186,000,000, representing an increase of 17.12% as compared with RMB2,720,000,000 in the same period of last year, mainly benefiting from the sales growth of the education service business, online sales business and materials supply business.

### GROSS PROFIT MARGIN

During the Period, gross profit margin of the Group's principal businesses was 36.4%, down by 4.6 percentage points as compared with 41.0% in the same period last year, which was primarily due to the increase in consolidated cost ratio as a result of the change in revenue structure of the Company and the reasons stated in the "Operating Data of the Business Segments".



## Management Discussion and Analysis (continued)

### EXPENSES

During the Period, selling expenses of the Company amounted to RMB415,000,000, representing an increase of 5.10% as compared with the same period of last year, which was lower than the growth of revenue, mainly due to the expenses incurred from the growth of sales revenue. Cost ratio was down by 1.49 percentage points as compared with the same period of last year.

During the Period, administrative expenses of the Company amounted to RMB431,000,000, which remained basically the same as compared with the same period of last year.

During the Period, finance expenses of the Company amounted to RMB(9,102,100) as compared with RMB(4,253,100) in the same period of last year. Among which, net interest expenses amounted to RMB11,210,200, representing an increase of RMB4,651,300 as compared with RMB6,558,900 in the same period of last year, mainly due to the increase in the interest income of bank deposits during the Period.

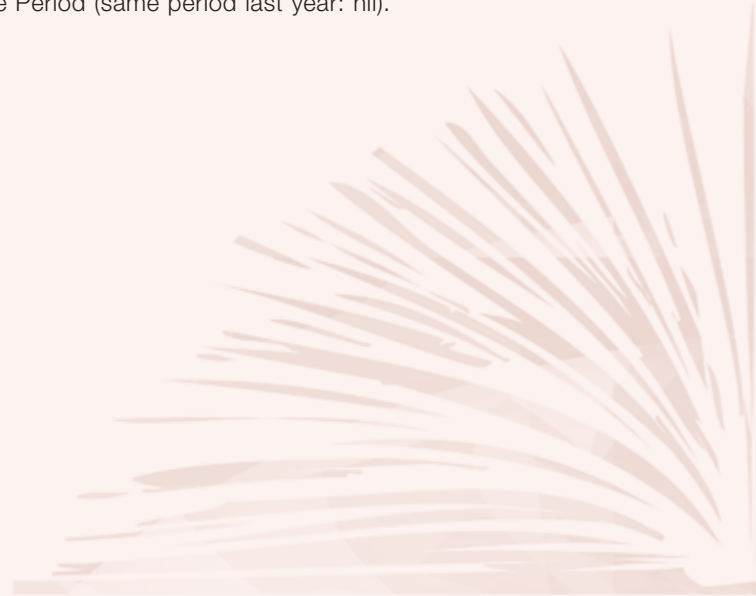
During the Period, R&D expenses amounted to RMB13,011,300, representing an increase of 207.88% as compared with the same period of last year, mainly due to the increase in R&D expenses by the Company in the area of the education informationalised service as compared with the same period of last year.

### CASH FLOW

Net cashflow generated from operating activities was net outflow of RMB37,004,300, as compared with net inflow of RMB99,727,800 in the same period of last year, mainly due to the investment in general books publication business, education informationalised service business and audio-visual business during the Period.

Net cashflow generated from investing activities was net inflow of RMB554,000,000, mainly due to the receivables totalling RMB565,000,000 upon disposal of 48% equity interest in Sichuan Wenzhuo, a joint venture and 34% equity interest in Chengdu Xinhui, an associated company during the Period and net outflow of RMB15,760,000 upon purchase of capital-guaranteed banking and financial products during the Period (same period last year: net outflow of RMB725,000,000 upon purchase of capital-guaranteed banking and financial products and trust products).

Net cashflow generated from financing activities was net outflow of RMB419,000,000, mainly due to payment of dividend of RMB370,000,000 during the Period (same period last year: nil).



# Management Discussion and Analysis (continued)

## INVESTMENT INCOME

During the Period, the Group recognised investment income of RMB202,000,000, representing an increase of 397.88% as compared with the same period of last year, mainly due to the transfer of gain of RMB133,000,000 on disposal of 48% equity interest held in Sichuan Wenzhuo, a joint venture and 34% equity interest held in Chengdu Xinhui, an associated company during the Period, resulting in a larger increase in total investment income as compared with the same period of last year.

## OTHER INCOMES AND NON-OPERATING INCOME AND EXPENSES

During the Period, other incomes amounted to RMB42,115,800 and non-operating income amounted to RMB1,788,300. It was due to the change in recognition of government subsidy relating to the daily operating activities of the Company originally stated under “non-operating income” to “Other incomes” pursuant to the revised Accounting Standard for Business Enterprises 16 – Government Subsidy.

During the Period, non-operating expenses amounted to RMB17,710,400, representing an increase of 189.11% as compared with the same period of last year, mainly due to the increase in donation expenses as compared with the same period of last year.

## PROFIT

Net profit for the Period amounted to RMB485,339,200, representing an increase of RMB147,711,900 as compared with RMB337,627,300 in the same period of last year. Net profit attributable to owners of the parent amounted to RMB497,924,900, representing an increase of RMB147,901,500 or 42.25% as compared with RMB350,023,400 in the same period of last year, mainly due to the net gain on disposal of RMB133,000,000 arising from the transfer of 48% equity interest held in Sichuan Wenzhuo, a joint venture and 34% equity interest held in Chengdu Xinhui, an associated company during the Period.

## EARNINGS PER SHARE

Earnings per share is calculated based on the net profit attributable to the owners of the parent for the Period divided by the weighted average number of the ordinary shares in issue during the Period. During the Period, earnings per share of the Group amounted to RMB0.40, up by RMB0.09 as compared with RMB0.31 in the same period last year. For details regarding the calculation of earnings per share, please refer to supplementary information 2 to the consolidated financial statements in this report.



## Management Discussion and Analysis (continued)

### ASSETS AND LIABILITIES ANALYSIS

The position of assets and liabilities is as follows:

(As at 30 June 2017)

RMB

Item	As at the end of the current period	Amount as at the end of the current period as a percentage of the total assets (%)	As at the end of the comparative period of last year	Amount as at end of the comparative period last year as a percentage of the total assets (%)	Change in the amount as at the end of the current period over the amount as at the end of the comparative period of last year (%)	Remark
Bank and cash	1,860,578,183.31	15.75	1,695,414,090.58	13.83	9.74	
Receivables	1,023,014,784.91	8.66	801,178,862.51	6.54	27.69	Mainly due to the 2017 spring textbooks and supplementary materials receivables from Ganzi, Aba and Liangshan Winshare Bookstores which are yet to be settled; and the corresponding increase in receivables as a result of the expansion of the size of sales of the education informationalised service business and general books publication business
Prepayments	167,779,801.95	1.42	92,509,488.32	0.75	81.36	Mainly due to the increase in prepayments of education informationalised service business and audio-visual business
Inventory	1,430,732,327.91	12.11	1,512,550,560.26	12.34	-5.41	
Other current assets	993,058,362.67	8.41	974,629,765.89	7.95	1.89	
Available-for-sale financial assets	2,465,099,489.39	20.87	2,933,130,717.43	23.93	-15.96	Mainly due to the fair value change of the shares of Wan Xin Media held by the Company
Long-term receivables	124,133,051.11	1.05	134,581,582.86	1.10	-7.76	
Long-term equity investments	260,277,638.78	2.20	685,192,748.42	5.59	-62.01	Mainly due to the disposal of equity interest held in Chengdu Xinhui, an associated company and Sichuan Wenzhuo, a joint venture during the Period
Investment properties	72,058,099.11	0.61	68,671,687.82	0.56	4.93	
Fixed assets	1,325,708,279.81	11.22	1,358,740,899.48	11.09	-2.43	
Construction in progress	544,672,400.52	4.61	460,203,701.05	3.76	18.35	
Intangible assets	377,765,577.60	3.20	397,038,235.41	3.24	-4.85	
Other non-current assets	470,728,743.88	3.99	413,198,913.58	3.37	13.92	
Payables	2,659,291,418.52	22.51	2,715,003,443.35	22.15	-2.05	
Advance receipts	284,715,921.83	2.41	309,946,513.41	2.53	-8.14	
Employee compensation payable	190,564,598.82	1.61	251,796,187.52	2.05	-24.32	Mainly due to the distribution of 2016 incentives included in the opening balance
Dividend payable	132,783,358.29	1.12	132,581,130.00	1.08	0.15	
Other payables	305,734,862.36	2.59	270,461,490.08	2.21	13.04	

# Management Discussion and Analysis (continued)

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2017, the Group had cash and short-term deposits of approximately RMB1,860 million. The Group did not have any interest-bearing bank and other borrowings.

As at 30 June 2017, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 32.78%, as compared with 32.65% as at 30 June 2016. The Group's overall financial structure remained relatively stable.

## CONTINGENT LIABILITIES

As at 30 June 2017, the Group did not have any material contingent liabilities.

## PLEDGE OF ASSETS

As at 30 June 2017, the Group had pledged deposits of RMB23,336,900 as security deposit for opening the bank acceptance bills. Other than that, the Group did not have any other assets under pledge or guarantee.

## WORKING CAPITAL MANAGEMENT

	30 June 2017	30 June 2016
Current ratio	1.5	1.4
Inventory turnover days	132.5 days	155.0 days
Trade receivables turnover days	52.2 days	53.8 days
Trade payables turnover days	242.0 days	285.1 days

As at 30 June 2017, current ratio of the Group was 1.5, which slightly increased as compared with the same period of last year, mainly due to the increase in current assets such as cash and bank balances for the Period as compared with the same period of last year. In the first half of the year, number of inventory turnover days was 132.5 days, down by 22.5 days as compared with the same period last year, mainly due to the faster turnover of inventory in the online sales and materials supply businesses with higher growth of sales revenue during the Period; number of trade receivables turnover days was 52.2 days, slightly decreased as compared with the same period of last year; number of trade payables turnover days was 242.0 days, decreased by 43.1 days as compared with the same period of last year, mainly due to the faster payment made to the suppliers during the Period as compared with the same period of last year. The above indicators reflect that the operating conditions of the Company remained relatively stable, and the turnover days of inventory, trade receivables and trade payables were in line with the industry features of the publication and distribution enterprises.

## Management Discussion and Analysis (continued)

### **(III) OVERVIEW OF MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS**

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

To explore the supply chain finance business, Wenchuan Logistics, a subsidiary of the Company worked with BLOGIS Holdings Limited and Chengdu Longchuang Investment Management Centre LLP to jointly establish Winshare BLOGIS Company. Winshare BLOGIS Company has a registered capital of RMB100,000,000. Wenchuan Logistics proposed to contribute land and in cash totalling RMB45,000,000 for the acquisition of 45% equity interest. During the Period, Wenchuan Logistics completed the first contribution of RMB2,250,000.

To focus on the development of the principal businesses of publication and media, the Company proposed to transfer 85% equity interest in Huaying Winshare to Sichuan Xinhua Publishing Group, a controlling shareholder of the Company at the consideration of RMB115,803,300. It is expected that revenue of approximately RMB25,000,000 will be recognised. Upon completion of the transfer, the equity interest held by the Company in Huaying Winshare will decrease from 100% to 15%. The disposal has been approved by the Board of the Company on 25 May 2017. As at the date of this report, the transfer is not yet completed and is subject to approval procedures of SASAC of Sichuan and/or other statutory authorities. Please refer to the overseas regulatory announcement of the Company dated 26 May 2017 for details.

During the Period, to optimise the resource allocation of the Company, the Company transferred 48% equity interest in Sichuan Wenzhuo at the consideration of RMB423,529,400 by way of public listing, resulting in a gain of RMB114,846,300. The relevant formalities and procedures have been completed (Please refer to the announcements of the Company dated 12 April 2017 and 26 April 2017 for details). In addition, the Company also approved the transfer of 34% equity interest in Chengdu Xinhui at the consideration of RMB141,920,700 by way of public listing and recognised a gain of RMB18,165,000. The relevant formalities and procedures have been completed.

In addition, the Company disposed of 34% equity interest in Winshare Preschool by way of public auction at the reserve price of RMB15,454,500. As at the date of this report, these equity interests are still under auction for sale.

In addition, the Company also received dividends for 2016 from Bank of Chengdu and Wan Xin Media in the sum of RMB20,000,000, RMB19,942,400, respectively.

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

During the Period, details of the external investments made by the Company and Winshare Investment are set out in notes (VI) 7, 9, 10 to the consolidated financial statements in this report.

# Management Discussion and Analysis (continued)

## Information of the major subsidiaries

Unit: RMB10,000

Name of subsidiary	Nature of business	Shareholding percentage (%)	Registered capital	Revenue	Net profit	Total assets	Net assets
Sichuan Education Publishing House Co., Ltd.	Publishing and wholesaling of publications and related publications	100	1,000.00	21,601.39	10,040.83	75,745.41	63,367.15
Sichuan Publication Printing Co., Ltd.	Publishing and wholesaling of publications and related publications	100	5,000.00	10,680.11	4,376.65	62,387.00	58,169.91
Sichuan Printing Materials Co., Ltd.	Provision of printing related materials	100	3,000.00	26,147.52	105.75	30,740.35	3,950.44
Sichuan Winshare Education Technology Co., Ltd	Software development and sales of electronic equipment	100	33,000.00	14,332.99	-741.80	59,623.12	32,556.00
Sichuan Winshare Online E-commerce Co., Ltd.	Online sales of various products	75	6,000.00	50,035.41	-2,776.22	28,027.08	-9,683.46

## (IV) FUTURE PROSPECTS

In 2017, while providing the great cultural consumption service, the Group will, capitalising on “online+capital” as transformation drivers, strive to develop a great cultural consumption ecosphere with a view to building itself into the most innovative and growing publishing and media enterprise in China and a comprehensive cultural service group with international influence. To this end, the Group will focus on the implementation of the following strategies: continue to increase resource allocation to the publication segment and further facilitate the development of the principal business of publication through internal system reform, integrating with external resources and expanding sales channels; continue to push ahead the development of a vertically integrated network service system and upgrade the business landscape of the outlets; increase resource allocation to the e-commerce business and optimise the development of e-commerce supply chain system; accelerate the expansion of education informationalised service and education equipment businesses and transform from being a textbook provider to integrated education service provider; make use of capital options to optimise resource allocation and gather quality resources to drive the development of the principal businesses of the Company.

# Management Discussion and Analysis (continued)

## (V) ANALYSIS OF CORE COMPETITIVENESS

- 1. Implement strategies to revitalise publication business to greatly increase the publication development capabilities.** Since 2016, capitalising on the strategic deployment of the Sichuan Provincial Committee and the provincial government to “revitalise Sichuan’s publishing industry”, the Group focused on promoting the development of Sichuan’s publishing industry and capitalised on its existing publication resources to formulate and push ahead the implementation of the “proposal to revitalise the Company’s publication business”. Through a series of new initiatives such as building a dynamic publication operational management system, increasing the investments in the publication segment, introducing the horseracing mechanism and integrating both the internal and external resources, the Company has gradually formed a dynamic publication operating system. Its social influence and market competitiveness increased alongside with a substantial enhancement in development capabilities. Accordingly, the publication business has revealed fast growth momentum. In the first half of 2017, the Company was ranked 18th in the overall market nationwide, up by four places as compared with the same period of last year, and maintained relatively fast growth. Given that the Company was ranked first in terms of growth rate across the nation in 2016, the Company continued to maintain No.1 position in terms of growth rate among 35 publication groups nationwide.
- 2. Promote system development of reading service network with strengthening business innovation capabilities.** In recent years, in addition to the physical bookstores across Sichuan Province, the Company has endeavoured to cater for the needs of cultural consumption through stepping up its business innovation and has established a vertically integrated reading service network based in Sichuan Province with nationwide coverage. The Group operates unique physical bookstore brands including “Xinhua Winshare” (新華文軒), “Winshare Bookstore” (軒客會•格調書店), “Go Go Reading” (讀讀書吧), “Winshare Books” (文軒BOOKS), “Winshare Yuntu” (文軒雲圖) and “Winshare Commercial Supermarket” (文軒商超), which cover business segments from cultural mall, mid- to large-size bookstore, professional bookstore, community bookstore, commercial supermarket bookstore and smart bookstore to provide consumers with convenient, comfortable, smart and personalised reading service, and has become the most influential reading service provider in Sichuan Province.
- 3. Greatly expand online bookstore channels with leading transformation and upgrade of traditional channels nationwide.** The Group has captured the opportunities arising from the development of e-commerce in the publication industry, greatly expanded the sales channels of online bookstore, and established paper book and e-book online sales platforms such as xinxuan.com, September Online and a publication synergistic trade platform. To further capture the online sales market, the Group targets at the major channels and key areas of state-owned cultural communications in the Internet era and has structured a logistics and distribution system based in Chengdu, Tianjin and Wuxi with nationwide coverage. Focusing on the development of four major capabilities including merchandise supply, sales organisation, logistics distribution and commercial technology development, the Group capitalises on the overall strength of supply chain to compete in the market. As a result, the scale of sales continues to grow rapidly and it has won the No.1 title in terms of books sold via e-commerce platforms on November 11 for six consecutive years, outperforming its peers across the nation in the transformation and upgrade of traditional channels.

## Management Discussion and Analysis (continued)

4. **Promote transformation of education publications distribution to education service to comprehensively enhance the education service capability.** The Company is the only enterprise in Sichuan Province that is approved by the State Administration of Press, Publication, Radio, Film and Television of The People's Republic of China to engage in the distribution of primary to secondary textbooks. In recent years, while strengthening the distribution business of textbooks, the Group has actively promoted the transformation and upgrade from being a “teaching supplies provider” to an “education service operator” product provider” to “service operator with focus on the “teaching, learning and management” needs from teachers, students, parents and education management personnel to develop a diversified range of informationalised products and education equipment products. Currently, the Group has built an online/offline, paper book/e-book integrated education service and product system targeting at fundamental education, which provides textbooks, digitalised resources and application, digitalised classroom, subject classroom and creativity corner, thus initially building its all-round education service capability. As at the end of the Period, the digitalised classroom product series of the Group covered more than 3,000 schools and approximately 60,000 classrooms, benefiting more than 3 million teachers, students and parents in Sichuan Province. As a result, the Group has established a leading position in the digitalised education industry in Sichuan Province.
5. **A+H dual listing status for capital operations with strengthening investment and financing capabilities.** As the only publishing and distribution enterprise in China with a dual listing status on both the A+H markets, the Group can fully capitalise on the dual listing platform and focus on its strategic objectives to engage in capital operations and link up the capital markets. By integrating the industry resources and expanding both the domestic and overseas markets, the principal business of publication and media is further reinforced with strengthening investment, financing and operating capabilities as well as coordinated development between physical operations and capital operations, thus creating favourable conditions for achieving the Company's strategic objectives.





## Management Discussion and Analysis (continued)

### (VI) POTENTIAL RISKS

Over the years, the State has issued key policies to support the cultural industry where the publishing and media enterprises enjoy standardised preferential tax policies promulgated by the State. In the event the current preferential tax policies are not renewed upon expiry, the financial conditions of the Company will be adversely affected.

Given the increasing price of raw materials in the publishing sector, logistic costs and labour costs also keep rising. If such trend is not reversed in the future, the operating costs of the publication and distribution business of the Company may increase.

To accelerate its development, the Company has formulated sound operating objectives and optimised the operating plans, as well as structured the objective budget assessment and management system to ensure the operating objectives are achieved. However, due to uncertainties in the external market, coupled with the deficiencies in the quality of management team, team building and resource allocation, risks beyond the Company's expectation will arise in the course of execution of these objectives.

In addition, the Group's major financial instruments consist of cash and bank balances, financial assets at fair value through profit or loss, available-for-sale financial assets, receivables and payables. These financial instruments may face market risks, credit risks and liquidity risks. The management of the Group manages and monitors the risk exposure to ensure these risks are controlled at a limited level.

The Group's business are mainly located in China. Almost all of its assets, liabilities, revenues, costs and expenses were denominated in RMB. As a result, the management believes that there is no material impact of the RMB exchange rate movement on the net profit and shareholders' equity of the Group. The foreign exchange exposure of the Group is minimal and no foreign exchange hedging arrangement has been made. As at the end of the Period, the Group had no interest-bearing borrowings. Accordingly, the Group did not have material interest rate risks.



# Management Discussion and Analysis (continued)

## **(VII) EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2017, the Group has a total of 7,669 (31 December 2016: 7,743) employees.

The Company endeavours to improve and optimise the remuneration policies and remuneration management system for its employees and has built an incentive mechanism based on performance and contribution for the joint development of the enterprise and employees. The standard remuneration benefits of the Company include basic salary, performance based bonus and benefits. In addition, the Company offers pension, medical, unemployment, work injury, maternity insurance benefits as well as housing provident fund and annuity.

For the six months ended 30 June 2017, the total contributions made by the Group for its employees pursuant to the pension plan and annuity plan amounted to RMB55.35 million (2016 corresponding period: RMB55.57 million).

The Company attaches great importance to the growth and development for its employees and endeavours to provide training and exchange opportunities for its employees so as to help them enhance their professional skills and expand their scope of work. In accordance with the requirements that complement personnel training and corporate strategies, during the year, the Company primarily focused on key positions to build a talent reserve pool so as to ensure the Company has reasonable talent reserves and optimised the human resources structure. In addition, the Company facilitated the management to widen their business horizons and learn about relevant methods and tools to enhance their comprehensive management capabilities. Meanwhile, to better cope with the growth needs of each business segment, the Company planned and organised various themed staff development activities based on the business growth needs on the capabilities of employees at different levels so as to achieve business development driven by staff capabilities.

Upholding a “people-oriented” human resource principle, the Company endeavours to improve the human resources management system in order to maintain sound employee relations in line with the growth and development of its employees.



## Other Information

### INTERESTS IN SHARE CAPITAL

As at 30 June 2017, the total issued share capital of the Company was RMB1,233,841,000, divided into 1,233,841,000 shares of RMB1.00 each as follows:

As at 30 June 2017, the interests in share capital were as follows:

Class of shares	Number of shares	Approximate percentage of issued share capital of the Company
<b>A Shares</b>	791,903,900	64.19%
including		
(i) Sichuan Xinhua Publishing Group ( <i>note 1</i> )	592,809,525	48.05%
(ii) Other promoters ( <i>note 2</i> )	46,322,566	3.76%
(iii) National Council for Social Security Fund ( <i>note 3</i> )	725,809	0.06%
(iv) Chengdu Hua Sheng	53,336,000	4.32%
(v) A Share public investors	98,710,000	8.00%
<b>H Shares</b>	441,937,100	35.81%
including		
(i) Sichuan Xinhua Publishing Group ( <i>note 4</i> )	13,073,000	1.06%
(ii) H Share public investors	428,864,100	34.75%
<b>Total Share Capital</b>	<b>1,233,841,000</b>	<b>100%</b>

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 include SPG, Sichuan Daily Newspaper and Liaoning Publication Group.
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 and Liaoning Publication Group will be transferred to the National Council for Social Security Fund.
4. Sichuan Xinhua Publishing Group, a controlling shareholding of the Company holds 13,073,000 H Shares of the Company through its subsidiary.

## Other Information (continued)

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

As at 30 June 2017, 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	623,382,418	Interests in controlled corporations	A Shares	78.72%	50.52%	Long position
	13,073,000 (note 1)	Interests in controlled corporations	H Shares	2.96%	1.06%	Long position
Sichuan Xinhua Publishing Group	592,809,525	Beneficial owner	A Shares	74.86%	48.05%	Long position
	13,073,000 (note 2)	Interests in controlled corporations	H Shares	2.96%	1.06%	Long position
Chengdu Hua Sheng	53,336,000 (note 3)	Beneficial owner	A Shares	6.74%	4.32%	Long position
Wu Wenqian	53,336,000 (note 3)	Interests in controlled corporations	A Shares	6.74%	4.32%	Long position
Seafarer Capital Partners, LLC	31,200,500	Investment manager	H Shares	7.06%	2.53%	Long position
Edgbaston Investment Partners LLP	31,003,000	Investment manager	H Shares	7.02%	2.51%	Long position
Edgbaston Asian Equity Trust	26,908,000	Beneficial owner	H Shares	6.09%	2.37%	Long position

## Other Information (continued)

### Notes:

1. Sichuan Development is the controlling shareholder of Sichuan Xinhua Publishing Group and SPG. According to the SFO, Sichuan Development is deemed to (i) indirectly hold 592,809,525 A Shares of the Company through Sichuan Xinhua Publishing Group and 30,572,893 A Shares of the Company through SPG, totalling 623,382,418 A Shares; and (ii) indirectly hold 13,073,000 H Shares of the Company through a wholly-owned subsidiary of Sichuan Xinhua Publishing Group.
2. Shudian Investment Co., Ltd. is a wholly-owned subsidiary of Sichuan Xinhua Publishing Group. According to the SFO, Sichuan Xinhua Publishing Group is deemed to indirectly hold 13,073,000 H Shares through Shudian Investment Co., Ltd. Sichuan Xinhua Publishing Group is directly interested in 592,809,525 A Shares.
3. Ms. Wu Wenqian is directly interested in 96% equity interests in Chengdu Hua Sheng. Accordingly, Ms. Wu Wenqian is deemed to hold 53,336,000 A Shares of the Company through Chengdu Hua Sheng. Chengdu Hua Sheng has pledged all the shares in the Company held by it.

Save as disclosed above, as at 30 June 2017, so far as is known to the Directors and Supervisors of the Company, no other person (not being a Director, Supervisor or senior management of the Company) had any interest or short position in the shares, underlying shares and debentures of the Company which were required, pursuant to section 336 of the SFO, to be entered in the register required to be kept by the Company referred to therein.

Apart from (i) Mr. 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. Chao Hsun, supervisor, who is the investor director of Chengdu Hua Sheng, as at 30 June 2017, none of the Directors and Supervisors 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 2017, the following Directors, Supervisors and chief executives of the Company had 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:

Name of Supervisor	Number of shares directly or indirectly held	Capacity	Class of shares	Approximate percentage in the relevant class of shares	Approximate percentage in the total issued share capital of the Company	Long/short position
Chao Hsun	53,336,000 (Note)	Spouse interest	A shares	6.74%	4.32%	Long position

Note: Mr. Chao Hsun is the spouse of Ms. Wu Wenqian, who indirectly holds 53,336,000 A shares of the Company via Chengdu Hua Sheng. According to the SFO, Mr. Chao Hsun is deemed to indirectly hold 53,336,000 A shares of the Company held by Ms. Wu Wenqian via Chengdu Hua Sheng.

## Other Information (continued)

### CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Xu Yuzheng resigned as a Supervisor with effect from 29 March 2017 due to advancing age. On 25 May 2017, as passed at the 2016 AGM by way of resolution, Mr. Chao Hsun was appointed as a Supervisor for a term commencing on 25 May 2017 and ending on the expiry of the term of the current session of the Supervisory Committee. Mr. Chao Hsun is the spouse of Ms. Wu Wenqian, the chairlady of Chengdu Hua Sheng.

Mr. Zhao Junhuai resigned as a non-executive director of the Company and chairman and member of the Strategy and Investment Planning Committee with effect from 30 March 2017 due to other business and personal commitments. On 25 May 2017, as passed at the 2016 AGM by way of resolution, Mr. Han Xiaoming was appointed as a non-executive director of the Company for a term commencing on 25 May 2017 and ending on the expiry of the term of the current session of the Board.

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

### CHANGES TO THE COMMITTEES UNDER THE BOARD

On 25 May 2017, the Board unanimously agreed to appoint Mr. Han Xiaoming as chairman of the Strategy and Investment Planning Committee for a term commencing on 25 May 2017 and ending on the expiry of the term of the current session of the Board.

### 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.

### MATERIAL LITIGATION AND ARBITRATION

During the Period, 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.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors are of the view that, during the Period, the Company has complied with all applicable code provisions in the CG Code.

### 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.

## Other Information (continued)

### INTERIM DIVIDEND

The Board has not recommended the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: 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 2017 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, 29 August 2017



## Consolidated Balance Sheet

At 30 June 2017

ITEM	Notes	<i>RMB</i>	
		<b>Closing balance (Unaudited)</b>	Opening balance (Audited)
<b>Current Assets:</b>			
Cash and bank balances	(VI)1	<b>1,860,578,183.31</b>	1,695,414,090.58
Financial assets at fair value through profit or loss		<b>72,209.16</b>	-
Notes receivable	(VI)2	<b>14,849,243.10</b>	2,170,000.00
Accounts receivable	(VI)3	<b>1,023,014,784.91</b>	801,178,862.51
Prepayments	(VI)4	<b>167,779,801.95</b>	92,509,488.32
Interest receivable		<b>4,986,256.31</b>	714,789.56
Other receivables	(VI)5	<b>112,426,082.35</b>	70,041,693.67
Inventories	(VI)6	<b>1,430,732,327.91</b>	1,512,550,560.26
Other current assets	(VI)7	<b>993,058,362.67</b>	974,629,765.89
Non-current assets due within one year	(VI)8	<b>-</b>	120,000,000.00
<b>Total Current Assets</b>		<b>5,607,497,251.67</b>	5,269,209,250.79
<b>Non-current Assets:</b>			
Available-for-sale financial assets	(VI)9	<b>2,465,099,489.39</b>	2,933,130,717.43
Long-term equity investments	(VI)10	<b>260,277,638.78</b>	685,192,748.42
Long-term receivables	(VI)11	<b>124,133,051.11</b>	134,581,582.86
Investment properties	(VI)12	<b>72,058,099.11</b>	68,671,687.82
Fixed assets	(VI)13	<b>1,325,708,279.81</b>	1,358,740,899.48
Construction in progress	(VI)14	<b>544,672,400.52</b>	460,203,701.05
Intangible assets	(VI)15	<b>377,765,577.60</b>	397,038,235.41
Development cost		<b>35,244,568.18</b>	10,944,702.55
Goodwill	(VI)16	<b>500,590,036.14</b>	500,590,036.14
Long-term prepaid expenses	(VI)17	<b>18,963,524.10</b>	14,846,016.36
Deferred tax assets	(VI)18	<b>9,042,781.81</b>	8,828,117.50
Other non-current assets	(VI)19	<b>470,728,743.88</b>	413,198,913.58
<b>Total Non-current Assets</b>		<b>6,204,284,190.43</b>	6,985,967,358.60
<b>TOTAL ASSETS</b>		<b>11,811,781,442.10</b>	12,255,176,609.39



# Consolidated Balance Sheet (continued)

As at 30 June 2017

ITEM	Notes	Closing balance (Unaudited)	Opening balance (Audited)
<b>Current Liabilities:</b>			
Notes payable	(VI)20	42,100,383.32	12,584,784.00
Accounts payable	(VI)21	2,659,291,418.52	2,715,003,443.35
Advance from customers	(VI)22	284,715,921.83	309,946,513.41
Employee benefits payable	(VI)23	190,564,598.82	251,796,187.52
Taxes payable	(VI)24	31,654,904.24	38,956,867.75
Dividends payable		132,783,358.29	132,581,130.00
Other payables	(VI)25	305,734,862.36	270,461,490.08
Deferred income	(VI)26	100,950,928.59	99,576,587.05
Provisions	(VI)27	9,577,022.16	8,834,463.43
<b>Total Current Liabilities</b>		<b>3,757,373,398.13</b>	3,839,741,466.59
<b>Non-current Liabilities:</b>			
Deferred tax liabilities	(VI)18	32,640,544.67	33,722,112.47
Deferred income	(VI)28	81,678,902.80	87,235,679.55
<b>Total Non-current Liabilities</b>		<b>114,319,447.47</b>	120,957,792.02
<b>TOTAL LIABILITIES</b>		<b>3,871,692,845.60</b>	3,960,699,258.61
<b>Shareholders' Equity:</b>			
Share capital	(VI)29	1,233,841,000.00	1,233,841,000.00
Capital reserve	(VI)30	2,619,467,530.11	2,619,467,530.11
Other comprehensive income	(VI)31	1,576,447,371.19	2,045,820,792.23
Surplus reserve	(VI)32	539,564,967.34	539,564,967.34
Retained profits	(VI)33	2,024,768,673.10	1,896,996,070.84
<b>Total Equity Attributable to shareholders of the Company</b>		<b>7,994,089,541.74</b>	8,335,690,360.52
<b>Non-controlling Interests</b>		<b>(54,000,945.24)</b>	(41,213,009.74)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>7,940,088,596.50</b>	8,294,477,350.78
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>11,811,781,442.10</b>	12,255,176,609.39

The accompanying notes form part of the financial statements.

# The Company's Balance Sheet

At 30 June 2017

ITEM	Notes	<i>RMB</i>	
		<b>Closing balance (Unaudited)</b>	Opening balance (Audited)
<b>Current Assets:</b>			
Cash and bank balances	(XV)1	<b>1,321,003,329.81</b>	945,896,827.77
Financial assets at fair value through profit or loss		<b>72,209.16</b>	–
Accounts receivable	(XV)2	<b>712,969,171.86</b>	698,485,863.00
Prepayments	(XV)3	<b>34,316,928.28</b>	26,361,875.41
Interest receivable		<b>4,986,256.31</b>	561,664.56
Other receivables	(XV)4	<b>425,693,510.22</b>	307,839,677.58
Dividends receivable	(XV)5	–	500,000,000.00
Inventories	(XV)6	<b>1,102,046,297.10</b>	1,293,976,637.90
Other current assets	(XV)7	<b>1,205,283,418.88</b>	1,180,378,562.32
Non-current assets due within one year	(XV)8	–	120,000,000.00
<b>Total Current Assets</b>		<b>4,806,371,121.62</b>	5,073,501,108.54
<b>Non-current Assets:</b>			
Available-for-sale financial assets	(XV)9	<b>2,067,497,201.83</b>	2,532,897,201.83
Long-term equity investments	(XV)10	<b>2,876,011,768.33</b>	3,195,235,150.48
Long-term receivables		<b>15,312,810.27</b>	18,651,257.27
Investment properties	(XV)11	<b>22,138,984.32</b>	22,589,079.35
Fixed assets	(XV)12	<b>858,970,550.73</b>	876,560,378.24
Construction in progress		<b>541,951,015.86</b>	458,006,194.05
Intangible assets	(XV)13	<b>144,533,322.21</b>	147,303,378.74
Long-term prepaid expenses	(XV)14	<b>11,597,516.83</b>	10,708,031.71
Other non-current assets	(XV)15	<b>759,671,319.88</b>	647,141,489.58
<b>Total Non-current Assets</b>		<b>7,297,684,490.26</b>	7,909,092,161.25
<b>TOTAL ASSETS</b>		<b>12,104,055,611.88</b>	12,982,593,269.79



# The Company's Balance Sheet (continued)

As at 30 June 2017

ITEM	Notes	Closing balance (Unaudited)	Opening balance (Audited)
<b>Current Liabilities:</b>			
Accounts payable	(XV)16	<b>3,411,031,306.39</b>	3,890,288,128.50
Advance from customers	(XV)17	<b>192,602,337.43</b>	212,138,836.31
Employee benefits payable	(XV)18	<b>130,177,168.30</b>	170,916,466.43
Taxes payable	(XV)19	<b>17,574,045.68</b>	18,469,206.69
Dividends payable		<b>132,581,130.00</b>	132,581,130.00
Other payables	(XV)20	<b>478,983,716.82</b>	466,514,633.95
Deferred income		<b>3,744,164.21</b>	10,057,076.69
Provisions		<b>11,747,308.17</b>	3,747,680.35
<b>Total Current Liabilities</b>		<b>4,378,441,177.00</b>	4,904,713,158.92
Deferred income		<b>17,946,755.97</b>	18,927,806.35
<b>Total Non-current Liabilities</b>		<b>17,946,755.97</b>	18,927,806.35
<b>TOTAL LIABILITIES</b>		<b>4,396,387,932.97</b>	4,923,640,965.27
<b>Shareholders' Equity:</b>			
Share capital	(VI)29	<b>1,233,841,000.00</b>	1,233,841,000.00
Capital reserve	(XV)21	<b>2,630,651,083.92</b>	2,630,651,083.92
Other comprehensive income	(XV)22	<b>1,540,998,036.83</b>	2,008,398,036.83
Surplus reserve	(XV)23	<b>538,730,217.21</b>	538,730,217.21
Retained profits	(XV)24	<b>1,763,447,340.95</b>	1,647,331,966.56
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>7,707,667,678.91</b>	8,058,952,304.52
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>12,104,055,611.88</b>	12,982,593,269.79

The accompanying notes form part of the financial statements.

# Consolidated Income Statement

For the six months ended 30 June 2017

ITEM	Notes	<i>RMB</i>	
		Amount for the current period (Unaudited)	Amount for the prior period (Audited)
I. Total operating income	(VI)34	<b>3,186,015,247.21</b>	2,720,377,728.66
Less: Total operating costs		<b>2,928,568,381.89</b>	2,468,417,882.07
Including: Operating costs	(VI)34	<b>2,026,412,232.84</b>	1,605,280,276.85
Taxes and levies	(VI)35	<b>16,258,587.92</b>	4,371,798.97
Selling expenses	(VI)36	<b>414,997,707.05</b>	394,873,379.04
Administrative expenses	(VI)37	<b>430,621,441.97</b>	425,305,939.58
Finance expenses	(VI)38	<b>(9,102,091.09)</b>	(4,253,085.56)
Impairment losses of assets	(VI)39	<b>49,380,503.20</b>	42,839,573.19
Add: Investment income	(VI)40	<b>202,375,080.84</b>	40,647,315.48
Including: Income (loss) from investments in associates and joint ventures		<b>2,073,717.62</b>	(840,443.17)
Gain or loss on changes in fair values		<b>25,983.57</b>	-
Other income	(VI)41	<b>42,115,767.43</b>	-
II. Operating profit		<b>501,963,697.16</b>	292,607,162.07
Add: Non-operating income	(VI)42	<b>1,788,313.32</b>	55,920,034.22
Including: Gains from disposal of non-current assets		<b>82,406.35</b>	351,267.52
Less: Non-operating expenses	(VI)43	<b>17,710,371.26</b>	6,125,924.27
Including: Losses from disposal of non-current assets		<b>37,920.61</b>	1,108,905.32
III. Total profit		<b>486,041,639.22</b>	342,401,272.02
Less: Income tax	(VI)44	<b>702,444.17</b>	4,773,948.00
IV. Net profit		<b>485,339,195.05</b>	337,627,324.02
Net profit attributable to shareholders of the Company		<b>497,924,902.26</b>	350,023,356.00
Profit or loss attributable to non-controlling interests		<b>(12,585,707.21)</b>	(12,396,031.98)
V. Other comprehensive income, net of tax	(VI)31	<b>(469,373,421.04)</b>	(595,994,894.72)
Other comprehensive income attributable to shareholders of the Company, net of tax			
Other comprehensive income that will be subsequently reclassified into profit or loss		<b>(469,373,421.04)</b>	(595,994,894.72)
Gains arising from changes in fair value of available- for-sale financial assets	(VI)31	<b>(469,373,421.04)</b>	(595,994,894.72)
Other comprehensive income, net of tax attributable to non-controlling interests		-	-
VI. Total comprehensive income		<b>15,965,774.01</b>	(258,367,570.70)
Total comprehensive income attributable to shareholders of the Company		<b>28,551,481.22</b>	(245,971,538.72)
Total comprehensive income attributable to non-controlling interests		<b>(12,585,707.21)</b>	(12,396,031.98)
VII. Earnings per share:			
(i) Basic earnings per share		<b>0.40</b>	0.31
(ii) Diluted earnings per share		<b>N/A</b>	N/A

The accompanying notes form part of the financial statements.

# The Company's Income Statement

For the six months ended 30 June 2017

ITEM	Notes	<i>RMB</i>	
		Amount for the current period (Unaudited)	Amount for the prior period (Audited)
I. Total operating income	(XV)25	<b>2,530,262,307.56</b>	2,285,979,860.34
Less: Total operating costs	(XV)25	<b>1,693,163,397.84</b>	1,521,771,504.60
Business taxes and levies	(XV)26	<b>6,822,652.04</b>	584,815.14
Selling expenses	(XV)27	<b>301,060,062.11</b>	250,282,001.80
Administrative expenses	(XV)28	<b>323,228,413.70</b>	316,441,592.73
Finance expenses	(XV)29	<b>(7,387,154.61)</b>	(1,585,644.46)
Impairment losses of assets	(XV)30	<b>22,192,459.53</b>	26,101,898.11
Add: Investment income	(XV)31	<b>310,123,332.44</b>	35,175,257.82
Including: Income from investments in associates and joint ventures		<b>4,422,188.07</b>	627,184.82
Gain or loss on changes in fair values		<b>25,983.57</b>	-
Other income	(XV)32	<b>981,050.38</b>	-
II. Operating profit		<b>502,312,843.34</b>	207,558,950.24
Add: Non-operating income	(XV)33	<b>1,019,882.97</b>	9,071,757.15
Including: Gains from disposal of non-current assets		<b>66,117.37</b>	45,596.76
Less: Non-operating expenses	(XV)34	<b>17,065,051.92</b>	4,574,436.62
Including: Losses from disposal of non-current assets		<b>6,033.15</b>	503.35
III. Total profit		<b>486,267,674.39</b>	212,056,270.77
Less: Income tax		-	-
IV. Net profit		<b>486,267,674.39</b>	212,056,270.77
V. Other comprehensive income, net of tax		<b>(467,400,000.00)</b>	(575,840,027.98)
Other comprehensive income that will be reclassified into profit or loss subsequently		<b>(467,400,000.00)</b>	(575,840,027.98)
Gains arising from changes in fair value of available- for-sale financial assets	(XV)22	<b>(467,400,000.00)</b>	(575,840,027.98)
VI. Total comprehensive income		<b>18,867,674.39</b>	(363,783,757.21)
VII. Earnings per share			
(i) Basic earnings per share		<b>0.39</b>	0.19
(ii) Diluted earnings per share		<b>N/A</b>	N/A

The accompanying notes form part of the financial statements.

# Consolidated Cash Flow Statement

For the six months ended 30 June 2017

ITEM	Notes	<i>RMB</i>	
		Amount for the current period (Unaudited)	Amount for the prior period (Audited)
<b>I. Cash Flows from Operating Activities:</b>			
Cash receipts from the sale of goods and the rendering of services		<b>3,167,470,586.80</b>	2,591,305,987.22
Receipts of tax refunds		<b>27,852,828.00</b>	33,888,575.68
Other cash receipts relating to operating activities	(VI)45(1)	<b>15,931,034.78</b>	24,370,447.66
Sub-total of cash inflows from operating activities		<b>3,211,254,449.58</b>	2,649,565,010.56
Cash payments for goods purchased and services received		<b>2,235,565,665.69</b>	1,587,665,159.26
Cash payments to and on behalf of employees		<b>487,067,045.71</b>	458,026,033.21
Payments of various types of taxes		<b>87,374,681.25</b>	96,947,781.83
Other cash payments relating to operating activities	(VI)45(2)	<b>438,251,382.95</b>	407,198,231.95
Sub-total of cash outflows from operating activities		<b>3,248,258,775.60</b>	2,549,837,206.25
Net Cash Flow from Operating Activities	(VI)46(1)	<b>(37,004,326.02)</b>	99,727,804.31
<b>II. Cash Flows from Investing Activities:</b>			
Cash receipts from disposals and recovery of investments		<b>1,663,713,845.99</b>	355,050,000.00
Cash receipts from investment income		<b>67,290,090.51</b>	21,773,635.74
Cash receipts from interest of entrusted loans		<b>1,180,018.10</b>	3,644,745.28
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		<b>509,150.56</b>	1,784,201.50
Net cash receipts from disposals of subsidiaries and other business units		<b>133,011,272.71</b>	-
Other cash receipts relating to investing activities	(VI)45(3)	<b>150,212,625.38</b>	120,529,974.49
Sub-total of cash inflows from investing activities		<b>2,015,917,003.25</b>	502,782,557.01
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		<b>123,579,873.30</b>	135,935,331.96
Cash payments to acquire investments		<b>1,241,635,734.89</b>	1,147,123,506.19
Other cash payments relating to investing activities	(VI)45(4)	<b>96,945,492.87</b>	74,400,000.00
Sub-total of cash outflows from investing activities		<b>1,462,161,101.06</b>	1,357,458,838.15
Net Cash Flow from Investing Activities		<b>553,755,902.19</b>	(854,676,281.14)

## Consolidated Cash Flow Statement (continued)

For the six months ended 30 June 2017

ITEM	Notes	Amount for the current period (Unaudited)	Amount for the prior period (Audited)
<b>III. Cash Flows from Financing Activities:</b>			
Cash receipts from capital contributions		–	7,500,000.00
Including: cash receipts from capital contributions from non-controlling shareholders of subsidiaries		–	7,500,000.00
Other cash receipts relating to financing activities	(VI)45(5)	<b>123,573.81</b>	12,012,050.26
Sub-total of cash inflows from financing activities		<b>123,573.81</b>	19,512,050.26
Cash payments for distribution of dividends or settlement of interest expenses		<b>370,152,300.00</b>	130,966.60
Including: payments for distribution of dividends to non-controlling shareholders of subsidiaries		–	130,966.60
Cash payments to acquire non-controlling interests		<b>48,489,700.00</b>	–
Sub-total of cash outflows from financing activities		<b>418,642,000.00</b>	130,966.60
Net Cash Flow from Financing Activities		<b>(418,518,426.19)</b>	19,381,083.66
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>			
		–	–
<b>V. Net Increase (decrease) in Cash and Cash Equivalents</b>			
	(VI)46(1)	<b>98,233,149.98</b>	(735,567,393.17)
Add: Opening balance of Cash and Cash Equivalents	(VI)46(2)	<b>1,634,167,257.70</b>	1,824,358,247.63
<b>VI. Closing Balance of Cash and Cash Equivalents</b>	(VI)46(2)	<b>1,732,400,407.68</b>	1,088,790,854.46

The accompanying notes form part of the financial statements.

# The Company's Cash Flow Statement

For the six months ended 30 June 2017

ITEM	Notes	<i>RMB</i>	
		<b>Amount for the current period (Unaudited)</b>	Amount for the prior period (Audited)
<b>I. Cash Flows from Operating Activities:</b>			
Cash receipts from the sale of goods and the rendering of services		<b>2,549,825,294.00</b>	2,199,717,812.00
Receipts of tax refunds		-	-
Other cash receipts relating to operating activities	(XV)35(1)	<b>33,354,386.65</b>	12,751,373.28
Sub-total of cash inflows from operating activities		<b>2,583,179,680.65</b>	2,212,469,185.28
Cash payments for goods purchased and services received		<b>1,559,925,550.62</b>	1,197,395,597.05
Cash payments to and on behalf of employees		<b>309,832,270.13</b>	299,826,889.60
Payments of various types of taxes		<b>16,889,871.57</b>	10,045,350.69
Other cash payments relating to operating activities	(XV)35(2)	<b>392,350,924.13</b>	317,478,638.59
Sub-total of cash outflows from operating activities		<b>2,278,998,616.45</b>	1,824,746,475.93
Net Cash Flow from Operating Activities	(XV)36(1)	<b>304,181,064.20</b>	387,722,709.35
<b>II. Cash Flows from Investing Activities:</b>			
Cash receipts from disposals and recovery of investments		<b>1,319,720,103.95</b>	-
Cash receipts from investment income		<b>63,896,614.61</b>	24,470,622.64
Cash receipts from interest of entrusted loans		<b>1,180,018.10</b>	3,644,745.28
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		<b>470,672.09</b>	416,193.46
Net cash receipts from disposals of subsidiaries and other business units		<b>241,804,529.76</b>	64,260.00
Other cash receipts relating to investing activities		<b>150,212,625.38</b>	40,000,000.00
Sub-total of cash inflows from investing activities		<b>1,777,284,563.89</b>	68,595,821.38
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		<b>103,018,510.41</b>	121,001,801.23
Cash payments to acquire investments		<b>1,017,120,759.32</b>	672,500,000.00
Other cash payments relating to investing activities		<b>217,789,714.80</b>	238,000,000.00
Sub-total of cash outflows from investing activities		<b>1,337,928,984.53</b>	1,031,501,801.23
Net Cash Flow from Investing Activities		<b>439,355,579.36</b>	(962,905,979.85)



## The Company's Cash Flow Statement (continued)

For the six months ended 30 June 2017

ITEM	Notes	Amount for the current period (Unaudited)	Amount for the prior period (Audited)
<b>III. Cash Flows from Financing Activities:</b>			
Other cash receipts relating to financing activities		–	4,000,000.00
Sub-total of cash inflows from financing activities		–	4,000,000.00
Cash payments for distribution of dividends or settlement of interest expenses		<b>370,152,300.00</b>	–
Cash payments for acquisitions of minority interests		<b>48,489,700.00</b>	–
Sub-total of cash outflows from financing activities		<b>418,642,000.00</b>	–
Net Cash Flow from Financing Activities		<b>(418,642,000.00)</b>	4,000,000.00
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>			
		–	–
<b>V. Net Increase (decrease) in Cash and Cash Equivalents</b>			
	(XV)36(1)	<b>324,894,643.56</b>	(571,183,270.50)
Add: Opening balance of Cash and Cash Equivalents	(XV)36(2)	<b>915,684,202.39</b>	1,125,067,860.80
<b>VI. Closing Balance of Cash and Cash Equivalents</b>			
	(XV)36(2)	<b>1,240,578,845.95</b>	553,884,590.30

The accompanying notes form part of the financial statements.

# Consolidated Statement Of Changes In Shareholders' Equity

For the six months ended 30 June 2017

RMB

ITEM	Current period (Unaudited)						
	Equity attributable to shareholders of the Company						
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	Non-controlling interests	Total shareholders' equity
Opening balance	1,233,841,000.00	2,619,467,530.11	2,045,820,792.23	539,564,967.34	1,896,996,070.84	(41,213,009.74)	8,294,477,350.78
Changes for the period							
(I) Total comprehensive income	-	-	(469,373,421.04)	-	497,924,902.26	(12,585,707.21)	15,965,774.01
(II) Profit distribution							
Distribution to shareholders	-	-	-	-	(370,152,300.00)	(202,228.29)	(370,354,528.29)
Closing balance	1,233,841,000.00	2,619,467,530.11	1,576,447,371.19	539,564,967.34	2,024,768,673.10	(54,000,945.24)	7,940,088,596.50

RMB

ITEM	Prior period (Audited)						
	Equity attributable to shareholders of the Company						
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	Non-controlling interests	Total shareholders' equity
Opening balance	1,135,131,000.00	2,073,002,432.05	1,903,286,451.10	476,433,736.51	1,682,817,310.23	(31,157,745.79)	7,239,513,184.10
Changes for the period							
(I) Total comprehensive income	-	-	(595,994,894.72)	-	350,023,356.00	(12,396,031.98)	(258,367,570.70)
(II) Shareholders' contributions and reduction in capital							
Capital contribution from shareholders	-	-	-	-	-	7,500,000.00	7,500,000.00
(III) Profit distribution							
Distribution to shareholders	-	-	-	-	-	(130,966.60)	(130,966.60)
Closing balance	1,135,131,000.00	2,073,002,432.05	1,307,291,556.38	476,433,736.51	2,032,840,666.23	(36,184,744.37)	6,988,514,646.80

The accompanying notes form part of the financial statements.

# The Company's Statement of Changes in Shareholders' Equity

For the six months ended 30 June 2017

RMB

ITEM	Current period (Unaudited)					Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	
Opening balance	1,233,841,000.00	2,630,651,083.92	2,008,398,036.83	538,730,217.21	1,647,331,966.56	8,058,952,304.52
Changes for the period						
(I) Total comprehensive income	-	-	(467,400,000.00)	-	486,267,674.39	18,867,674.39
(II) Profit distribution						
Distribution to shareholders	-	-	-	-	(370,152,300.00)	(370,152,300.00)
Closing balance	1,233,841,000.00	2,630,651,083.92	1,540,998,036.83	538,730,217.21	1,763,447,340.95	7,707,667,678.91

RMB

ITEM	Prior period (Audited)					Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	
Opening balance	1,135,131,000.00	2,084,185,985.86	1,848,957,511.66	475,598,986.38	1,449,303,189.07	6,993,176,672.97
Changes for the period						
Total comprehensive income	-	-	(575,840,027.98)	-	212,056,270.77	(363,783,757.21)
Closing balance	1,135,131,000.00	2,084,185,985.86	1,273,117,483.68	475,598,986.38	1,661,359,459.84	6,629,392,915.76

The accompanying notes form part of the financial statements.

# Notes to the Financial Statements

For the six months ended 30 June 2017

## (I) BASIC INFORMATION ABOUT THE COMPANY

Upon approvals of *Reply on State-owned Equity Management of Sichuan Xinhua Winshare Chain Co., Ltd.* (Filed as Chuan Guo Zi Wei [2005] No. 81) issued by State-owned Assets Supervision and Administration Commission of Sichuan Province, and *Reply on Approval for Setting up Sichuan Xinhua Winshare Chain Co., Ltd.* by Sichuan Provincial People's Government (filed as Chuan Fu Han [2005] No. 69) issued by Sichuan Provincial People's Government, Xinhua Winshare Publishing and Media Co., Ltd. (hereinafter referred to as the "Company", originally known as Sichuan Xinhua Winshare Chain Co., Ltd.), collectively sponsored by Sichuan Xinhua Publishing Group Co., Ltd. ("**Sichuan Xinhua Publishing Group**"), Chengdu Huasheng (Group) Industry Co., Ltd. ("**Chengdu Huasheng**"), Sichuan Daily Newspaper Group, Sichuan Publication Group Co., Ltd. ("**Sichuan Publication Group**"), Sichuan Youth and Children's Publishing House Co., Ltd., and Liaoning Publication Group Co., Ltd., was incorporated on 11 June 2005 upon registration with Sichuan Provincial Administration for Industry and Commerce. In compliance with the above approvals, the registered capital of the Company is RMB733.37 million, among which RMB945.00 million was contributed by the principal sponsor Sichuan Xinhua Publishing Group, which represents 630.0315 million shares of the Company, accounting for 85.909% of the total registered capital. These shares are defined as state shares, and the capital are contributed by appraised operating assets related to chain operation, logistics and distribution, printing services of publications and any other businesses associated with publishing businesses of Sichuan Xinhua Publishing Group (excluding prefectural and county book Outlets in Sichuan Aba Tibetan and Qiang Autonomous Prefecture, Sichuan Ganzi Tibetan Autonomous Prefecture and Sichuan Liangshan Yi Autonomous Prefecture). The above capital contribution has been approved by *Approval Letter on Assets Appraisal for System Reform and IPO of Sichuan Xinhua Publishing Group* (filed as Chuan Guo Zi Han [2005] No.28) issued by State-owned Assets Supervision and Administration Commission of Sichuan Province; Sichuan Publication Group contributed RMB38.50 million in cash, accounting for 3.5% of the total registered capital. Its contribution represents 25.66795 million shares of state-owned legal person shares in the Company; Sichuan Daily Newspaper Group Co., Ltd. contributed RMB15 million in cash, accounting for 1.364% of the total registered capital. Its contribution represents 10.0005 million shares of state-owned legal person shares in the Company; Liaoning Publication Group Co., Ltd. contributed RMB10.50 million in cash, accounting for 0.954% of the total registered capital. Its contribution represents 7.00035 million shares of state-owned legal person shares in the Company; Sichuan Youth and Children's Publishing House Co., Ltd. contributed RMB11.00 million in cash, accounting for 1.00% of the total registered capital. Its contribution represents 7.3337 million shares of state-owned legal person shares in the Company; Chengdu Huasheng contributed RMB80 million in cash, accounting for 7.273% of the total registered capital. Its contribution represents 53.336 million shares of social legal person shares in the Company. These shares are defined as social legal person shares. The above capital contribution has been verified by Beijing Zhongxingyu CPA Co., Ltd. with capital verification report Zhong Xing Yu Yan (2005) No. 2106.

The Company publicly offered 401,761,000 shares of overseas listed foreign shares (including overallotment) ("**H Shares**") at Hong Kong Stock Exchange on 30 May 2007. The share's par value was RMB1.00 and its issue price was HKD5.80, the raised funds totaled HKD2,330,213,800.00. Accordingly, the registered capital changed into RMB1,135,131,000.00 (in words: RMB Eleven Billion Thirty Five Million and One Hundred Thirty One Thousand). The newly addition registered capital was verified by Shine Wing CPA Co., Ltd. with capital verification report XYZH/2007A10005.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (I) BASIC INFORMATION ABOUT THE COMPANY *(Continued)*

In accordance with *Proposal of Reduction of State-owned Shares* approved by 1<sup>st</sup> Interim shareholders' meeting 2006 held on 20 April 2006, and *Letter of Commitment for Raising Social Security Funds by Reduction of State-owned Shares* jointly issued by Sichuan Xinhua Publishing Group, Sichuan Publication Group, Sichuan Daily Newspaper Group, Liaoning Publication Group Co., Ltd., and Sichuan Youth and Children's Publishing House Co., Ltd., the shareholders committed to transfer 10% of the new shares to National Council for Social Security Fund when H shares of the Company were issued. As described in *Certificate of Share Registration* issued by China Securities Depository and Clearing Corporation Limited., as of 22 June 2007, the above share transfer (40,176,100 shares) had been completed.

In accordance with resolutions made on 7<sup>th</sup> meeting of board of directors meeting 2010 on 20 August 2010, the Company changed its name from Sichuan Xinhua Winshare Chain Co., Ltd. into Xinhua Winshare Publishing and Media Co., Ltd.

As approved by *Reply on Approval of IPO of Xinhua Winshare Publishing and Media Co., Ltd.* (filed as Zheng Jian Xu Ke [2016] No.1544) issued by China Securities Regulatory Commission, the Company publicly offered 98,710,000 shares of A share at Shanghai Stock Exchange at issue price of RMB7.12 per share. Upon the completion of IPO, the share capital of the Company changed into RMB1,233,841,000.00.

The legal representative of the Company is He Zhiyong. The Company held the 2016 Fourth Extraordinary Shareholders' General Meeting on 15 December 2016. The resolution changed the registered address from 12/F, No. 86 Section One, People's South Road, Qingyang District, Chengdu to Unit 1, 1/F, Block 4, No. 239, Jinshi Road, Jinjiang District, Chengdu, China, and revised the Articles of Association of the Company. The change of the registered address was approved by the Sichuan Provincial Administration for Industry and Commerce, registration procedures for renewal of Business License had been completed, and the new Business License issued by the Sichuan Provincial Administration for Industry and Commerce had been obtained. The headquarters is located at 6 Wenxuan Road, Rongbei Shangmao Avenue, Chengdu, Sichuan.

Details of the structure of share capital are set out in Note (VI) 29.

The Company and its subsidiaries (hereinafter referred to as the "**Group**") are mainly engaged in: sales of books, newspapers, journals, electronic publications; wholesale of audio-visual products (chainstore); manufacture of electronic publications and audio-visual products; production of audio tapes, video tapes; logistics; and wholesale and retail of pre-packaged food, dairy products (not including infant formula, limits branch office management); printing of publications, printed matters of package and decoration and other printed matters; (the valid period of the above business scope is subject to the approval of licences). Plate-leased printing and supply of textbooks; investments in publications and assets management; leasing of properties; business services; wholesale and retail of goods; import and export business; vocational skills training and education ancillary services (the items above (not including the aforesaid permitted items) are subject to the approval of licenses and shall be operated according to the licenses).

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (I) BASIC INFORMATION ABOUT THE COMPANY *(Continued)*

Details of subsidiaries of the Company are set out in Note (VII) INTERESTS IN OTHER ENTITIES.

The parent of the Company is Sichuan Xinhua Publishing Group. State-owned Assets Supervision and Administration Commission of Sichuan Province (“**Sichuan SASAC**”), in compliance with instructions of Sichuan Provincial People’s Government, set up Sichuan Development Holding Co., Ltd. (“**Sichuan Development**”) in 2009, and transferred its equity interests in Sichuan Xinhua Publishing Group to Sichuan Development, hence Sichuan Xinhua Publishing Group became a wholly-owned subsidiary of Sichuan Development. Meanwhile, as Sichuan Development is wholly owned by Sichuan SASAC, the Company is actually controlled by Sichuan SASAC.

## (II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

### **Basis of preparation**

The Group has adopted the *Accounting Standards for Business Enterprises* (“**ASBE**”) and relevant regulations issued by the Ministry of Finance (“**MoF**”). In addition, the Group has disclosed relevant financial information in accordance with *Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reporting (Revised in 2014)*, *Hong Kong Companies Ordinance* and *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*.

### **Basis of accounting and principle of measurement**

The Group has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Group adopts the historical cost as the principle of measurement in the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

Where the historical cost is adopted as the measurement basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds or assets received or the contractual amounts for assuming the present obligation, or, at the amounts of cash or cash equivalents expected to be paid to settle the liabilities in the normal course of business.

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 valuation technique. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(Continued)*

### **Basis of accounting and principle of measurement** *(Continued)*

Fair value measurements are categorised into Level 1, 2 and 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:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- 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.
- Level 3 inputs are unobservable inputs for the asset or liability.

### **Going concern**

The Group assessed its ability to continue as a going concern for the 12 months subsequent to 30 June 2016, and found no events or circumstances that may cast significant doubts upon it. Hence the financial statements have been prepared on going concern basis.

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

### **1. Statement of compliance with the ASBE**

The financial statements have been prepared in accordance with ASBE, and present truly and completely, the Company's and consolidated financial position as at 30 June 2016, and the Company's and consolidated results of operations and cash flows for the period from 1 January to 30 June 2017.

### **2. Accounting period**

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

### **3. Operation cycle**

Operation cycle represents the period from an entity purchasing assets designated for processing to realizing of cash and cash equivalents. The Group's operation cycle is 12 months.

### **4. Functional currency**

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its subsidiaries choose RMB as their functional currency. The Company adopts RMB to prepare its financial statements.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

#### 5.1 *Business combinations involving enterprises under common control*

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred.

#### 5.2 *Business combinations not involving enterprises under common control and goodwill*

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination.

The cost of combination is the aggregate of the fair values of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred. Where a business combination not involving enterprises under common control is achieved in stages that involve multiple transactions, the cost of combination is the sum of the consideration paid at the acquisition date and the fair value at the acquisition date of the acquirer's previously held interest in the acquiree. The equity interest in the acquiree held before the acquisition date is remeasured at its fair value at the acquisition date, with any difference between its fair value and its carrying amount being recognised as investment income. The other comprehensive income of the acquiree before the acquisition date relating to the previously held interest in the acquiree is transferred to investment income.



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control *(Continued)*

#### 5.2 *Business combinations not involving enterprises under common control and goodwill* *(Continued)*

The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria shall be measured at fair value at the acquisition date. Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognised as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognises the remaining difference immediately in profit or loss for the current period.

Goodwill arising on a business combination is measured at cost less accumulated impairment losses, and is presented separately in the consolidated financial statements. It is tested for impairment at least at the end of each year.

### 6. Preparation of consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control exists when the investor has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power over the investee to affect its returns. Once there is any changes in relevant elements of the definition of control arising from changes in relevant facts or circumstances, the Group will make reassessment.

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate, and no adjustment is made to the opening balances and comparative figures in the consolidated financial statements.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 6. Preparation of consolidated financial statements *(Continued)*

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

All significant intra-group balances and transactions are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as non-controlling interests and presented as "non-controlling interests" in the consolidated balance sheet within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to non-controlling interests is presented as "non-controlling interests" in the consolidated income statement below the "net profit" line item.

When the amount of loss for the period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount are still allocated against non-controlling interests.

Acquisition of non-controlling interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Company's interests and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve under owners' equity. If the capital reserve is not sufficient to absorb the difference, the excess are adjusted against retained earnings.



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 7. Classification of joint arrangements

Joint arrangement is classified into joint operation and joint ventures based on the factors of structure, legal form and contractual provisions of arrangements, and determined by the joint operation party's rights and obligations under such arrangements. Joint operation represents a joint arrangement in which the joint operation party has rights to arrange relevant assets and assumes relevant liabilities under such arrangement. Joint venture refers to a joint arrangement in which the joint operation party solely has rights to net assets under such arrangement. All of the Group's joint arrangement are joint ventures. Investments in joint ventures are accounted by equity method. Details are set out in Note (III) 13.3.2 Long-term Equity Investments under Equity Method.

### 8. Recognition criteria of cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 9. Transactions denominated in foreign currencies

#### 9.1 *Transactions denominated in foreign currencies*

A foreign currency transaction is recorded, on initial recognition, by applying the spot exchange rate on the date of the transaction. At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognised in profit or loss for the period. Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions.



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 9. Transactions denominated in foreign currencies *(Continued)*

#### 9.2 Translation of financial statements denominated in foreign currencies

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items except for "retained earnings" are translated at the spot exchange rates at the dates on which such items arose; all items in the income statement as well as items reflecting the distribution of profits are translated at the spot exchange rates on the dates of the transactions; the opening balance of retained earnings is the translated closing balance of the previous year's retained earnings; the closing balance of retained earnings is calculated and presented on the basis of each translated income statement and profit distribution item. The difference between the translated assets and the aggregate of liabilities and shareholders' equity items is presented as other comprehensive income and included in shareholders' equity.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at the spot exchange rate on the date of the cash flows. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the cash flow statement as "effect of exchange rate changes on cash and cash equivalents".

The opening balances and the actual figures of previous year are presented at the translated amounts in the previous year's financial statements.



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 10. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognised in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognised amounts.

#### 10.1 *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability (without considering future credit losses), and also considers all fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate, transaction costs, and premiums or discounts, etc.

#### 10.2 *Classification, recognition and measurement of financial assets*

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

On initial recognition, the Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. The Group's financial assets are mainly financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets.



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 10. Financial instruments *(Continued)*

#### 10.2 Classification, recognition and measurement of financial assets *(Continued)*

##### 10.2.1 Financial Assets at Fair Value through Profit or Loss ("**FVTPL**")

Financial assets at FVTPL include financial assets designated as at fair value through profit or loss.

A financial asset may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: (1) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring assets or recognizing the gains or losses on them on different bases; or (2) The financial asset forms part of a group of financial assets or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis; or (3) qualifying hybrid instruments which includes embedded derivatives.

Financial assets at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest income earned on the financial assets are recognised in profit or loss.

##### 10.2.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and receivables by the Group include cash and bank balances, notes receivable, accounts receivable, other receivables, non-current assets due within one year-entrusted loans and long-term receivables.

Loans and receivables are subsequently measured at amortised cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortisation is recognised in profit or loss for the period.



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 10. Financial instruments *(Continued)*

#### 10.2 Classification, recognition and measurement of financial assets *(Continued)*

##### 10.2.3 Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated on initial recognition as available for sale, and financial assets that are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognised as other comprehensive income, except that impairment losses are recognised in profit or loss, until the financial assets are derecognised, at which time the gains or losses are released and recognised in profit or loss.

Interests obtained and the dividends declared by the investee during the period in which the available-for-sale financial assets are held, are recognised in investment gains.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

##### 10.3 Impairment of financial assets

The Group assesses at each balance sheet date the carrying amounts of financial assets other than those at fair value through profit or loss. If there is objective evidence that a financial asset is impaired, the Group determines the amount of any impairment loss. Objective evidence that a financial asset is impaired is evidence that, arising from one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the financial asset, which can be reliably measured, have been affected.

Objective evidence that a financial asset is impaired includes the following observable events:

- (1) Significant financial difficulty of the issuer or obligor;
- (2) A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;
- (3) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower;

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 10. Financial instruments *(Continued)*

#### 10.3 Impairment of financial assets *(Continued)*

- (4) It becoming probable that the borrower will enter bankruptcy or other financial reorganisations;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;
- (6) Upon an overall assessment of a group of financial assets, observable data indicates that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group. Such observable data includes:
  - Adverse changes in the payment status of borrower in the group of assets;
  - Economic conditions in the country or region of the borrower which may lead to a failure to pay the group of assets;
- (7) Significant adverse changes in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;
- (8) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost, namely, as at balance sheet date, if fair value of investment in an equity instrument is lower than 50% (including 50%) of its initial investment cost, or lower than its initial investment cost for more than 12 months (including 12 months);
- (9) Other objective evidence indicating there is an impairment of a financial asset.





# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 10. Financial instruments *(Continued)*

#### 10.3 Impairment of financial assets *(Continued)*

##### *Impairment of financial assets measured at amortised cost*

If financial assets carried at amortised cost are impaired, the carrying amounts of the financial assets are reduced to 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. The amount of reduction is recognised as an impairment loss in profit or loss. If, subsequent to the recognition of an impairment loss on financial assets carried at amortised cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognised, the previously recognised impairment loss is reversed. However, the reversal is made to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For a financial asset that is individually significant, the Group assesses the asset individually for impairment. For a financial asset that is not individually significant, the Group assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset (whether significant or not), it includes the asset in a group of financial assets with similar credit risk characteristics and collectively reassesses them for impairment. Assets for which an impairment loss is individually recognised are not included in a collective assessment of impairment.

##### *Impairment of available-for-sale financial assets measured at fair value*

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value previously recognised directly in capital reserve is reclassified from the capital reserve to profit or loss. The amount of the cumulative loss that is reclassified from capital reserve to profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

If, subsequent to the recognition of an impairment loss on available-for-sale financial assets, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognised, the previously recognised impairment loss is reversed. The amount of reversal of impairment loss on available-for-sale equity instruments is recognised as other comprehensive income.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 10. Financial instruments *(Continued)*

#### 10.3 *Impairment of financial assets (Continued)*

##### *Impairment of financial assets measured at cost*

If an impairment loss has been incurred on an investment in unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, the carrying amount of the financial asset is reduced to the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of reduction is recognised as an impairment loss in profit or loss. The impairment loss on such financial asset is not reversed once it is recognised.

#### 10.4 *Transfer of financial assets*

The Group derecognises a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (3) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

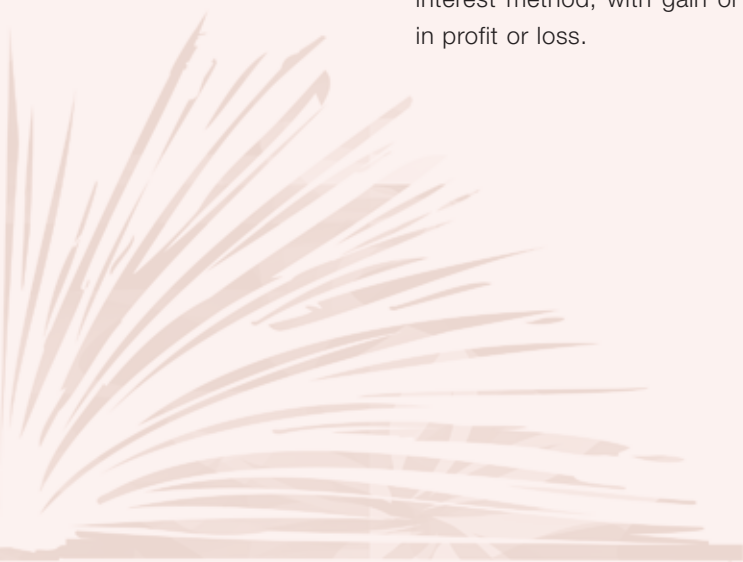
For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between the carrying amount of the financial asset transferred; and the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised in other comprehensive income, is recognised in profit or loss.

#### 10.5 *Classification, recognition and measurement of financial liabilities*

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

The Group's financial liabilities are other financial liabilities.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with gain or loss arising from derecognition or amortisation recognised in profit or loss.



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 10. Financial instruments *(Continued)*

#### 10.6 *Derecognition of financial liabilities*

The Group derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognises a financial liability or a part of it, it recognises the difference between the carrying amount of the financial liability (or part of the financial liability) derecognised and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

#### 10.7 *Offsetting financial assets and financial liabilities*

Where the Group has a legal right that is currently enforceable to set off the recognised financial assets and financial liabilities, and intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

#### 10.8 *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. The issuance of equity instruments is deemed as changes in equity. The Group does not recognise any changes in the fair value of equity instruments. Transaction fees relevant to equity transactions are deducted from equity.

Distributions made by the Group to holders of equity instruments are treated as profit distributions.



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

### 11. Receivables

11.1 *Receivables that are individually significant and for which bad debt provision is individually assessed*

**Criteria for determining receivables that are individually significant**

A receivable that exceeds RMB5 million is deemed as an individually significant receivable by the Group.

**Method of determining provision for receivables that are individually significant**

For receivables that are individually significant, the Group assesses the receivables individually for impairment. For a financial asset that is not impaired individually, the Group includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Receivables for which an impairment loss is individually recognised are not included in a collective assessment of impairment.

11.2 *Receivables for which bad debt provision is collectively assessed on a portfolio basis*

**Basis for determining a portfolio**

The Group classifies the receivables according to the similarity and relevance of credit risk characteristics. These credit risks usually reflect the debtors' ability to pay the amounts due at maturity under contractual terms of related assets and are related to the estimation of future cash flows of the assets subject to assessment.

**Bad debt provision method for a portfolio**

Aging analysis

The provision as a proportion of receivables determined by its business characteristics are as follows:

Aging	Provision as a proportion of accounts receivable (%)	Provision as a proportion of other receivables (%)
Within 1 year	3	3
More than 1 year	50-100	50-100

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 11. Receivables *(Continued)*

11.3 *Receivables that are not individually significant but for which bad debt provision is individually assessed*

**Reasons for making individual bad debt provision**

Receivables that are not individually significant but for which individual credit risk characteristics are distinctively different.

**Reasons for making individual bad debt provision**

Individual impairment tests is proposed to determine impairment loss according to the difference between present value of estimated future cash flow and its carrying amount, and make corresponding bad debt provisions.

### 12. Inventories

12.1 *Categories of inventories*

The Group's inventories mainly include raw materials, packaging materials, low cost and short-lived materials, work in progress, goods on hand, and films and teleplays, etc. Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

12.2 *Valuation method of inventories upon delivery (excluding films and teleplays)*

The actual cost of inventories upon delivery is calculated using the weighted average method.

12.3 *Transfer of sales cost for films and teleplays*

Upon transfer, the sales cost for films and teleplays is recognised as follows since the date of criteria of revenue recognition is satisfied:

Distribution rights are transferred to certain TV stations in specific regions and periods by multiple times. For teleplays which are available for distribution and sales on going basis, all the actual cost shall be transferred to sales cost by installment by using planned revenue percentage method within 5 years since the date of criteria of revenue recognition is satisfied.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 12. Inventories *(Continued)*

#### 12.4 *Basis for determining net realisable value of inventories and provision methods for decline in value of inventories*

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. If the net realisable value is below the cost of inventories, a provision for decline in value of inventories is made. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net realisable value is determined on the basis of clear evidence obtained, and takes into consideration the purposes of holding inventories and effect of post balance sheet events.

For large quantity and low value items of inventories, provision for decline in value is made based on categories of inventories. For items of inventories relating to a product line that are produced and marketed in the same geographical area, have the same or similar end uses or purposes, and cannot be practicably evaluated separately from other items in that product line, provision for decline in value is determined on an aggregate basis. Provision for decline in value of other inventories is made based on the excess of cost of inventory over its net realisable value on an item-by-item basis.

For general books, textbooks and supplementary materials, the provision for decline in value of inventories is made by using the following method:

The provision for decline in value of self-owned, stenciling-rent, consigned printing and outsourcing (for underwriting part) general books are made by: 1) aging within one year, no provision is made; 2) aging for one to two years, provision is made at 10% of total pricing of book inventory at year end; 3) aging for two to three years, provision is made at 20% of total pricing of book inventory at year end; 4) aging for more than 3 years, provision is made at 100% of actual costs of book inventories at year end. The provision for outsourcing (for returnable part) general books is made at 3% of actual costs of book inventories at year end.

The Group makes provisions for textbooks and supplementary materials purchased or produced for teaching in prior years at full amount; For those purchased or produced for current period's teaching, if the Group has a clear picture about the utilisation for the next year, the Group will make provision for textbooks and supplementary materials which will not be used in the next year at full amount, and for those whose utilisation condition is unclear at 50% of their costs. No provision for impairment loss of textbooks and supplementary materials purchased or produced for teaching for next year will be made.

After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realisable value of inventories is higher than their cost, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 12. Inventories *(Continued)*

#### 12.5 *Inventory count system*

The perpetual inventory system is maintained for stock system.

#### 12.6 *Amortisation method for low cost and short-lived consumable items and packaging materials*

Packaging materials and low cost and short-lived consumable items are amortised using the immediate write-off method.

### 13. Long-term equity investments

#### 13.1 *Judgement criteria for control, joint control and significant influence*

Control exists when the investor has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power over the investee to affect its returns. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control. 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. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

#### 13.2 *Determination of initial investment cost*

For a long-term equity investment acquired through a business combination involving enterprises under common control, the investment cost of the long-term equity investment is the attributable share of the carrying amount of the owners' equity of the acquiree at the date of combination. Where the investment cost and the carrying amount of the assets given, liabilities incurred or assumed is different, the difference is adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the cost of acquisition. For a long-term equity investment acquired through business combination not involving enterprises under common control and achieved in stages, the investment cost of the long-term equity investment is the aggregate of the carrying amount of the equity interest held in the acquiree prior to the acquisition date and the cost of the additional investment at the acquisition date.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 13. Long-term equity investments *(Continued)*

#### 13.2 Determination of initial investment cost *(Continued)*

The expenses incurred by the acquirer or acquiree in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred.

The long-term equity investment acquired otherwise than through a business combination is initially measured at its cost.

#### 13.3 Subsequent measurement and recognition of profit or loss

##### 13.3.1 Long-term equity investment accounted for using the cost method

Long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. Investment income is recognised in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

##### 13.3.2 Long-term equity investment accounted for using the equity method

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence and the definition of joint venture is set out in Note (III) 7.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognised in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.





# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 13. Long-term equity investments *(Continued)*

#### 13.3 Subsequent measurement and recognition of profit or loss *(Continued)*

##### 13.3.2 Long-term equity investment accounted for using the equity method *(Continued)*

Under the equity method, the Group recognises its share of the net profit or loss and other comprehensive income of the investee for the period as investment income or loss and other comprehensive income for the period. The Group recognises its share of the investee's net profit or loss based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date after making appropriate adjustments to conform with the Group's accounting policies and accounting period. Unrealised profits or losses resulting from the Group's transactions with its associates and joint ventures are recognised as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, unrealised losses resulting from the Group's transactions with its investees which represent impairment losses on the transferred assets are not eliminated. Changes in owners' equity of the investee other than net profit or loss, other comprehensive income and profit distribution are correspondingly adjusted to the carrying amount of the long-term equity investment, and is included in the capital reserve.

The Group discontinues recognizing its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognised according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognizing its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

##### 13.3.3 Disposal of long-term equity investments

On disposal of a long term equity investment, the difference between its carrying amount and the proceeds actually received is recognised in profit or loss for the period. For a long-term equity investment accounted for using the equity method, upon disposal, the amount which is originally included in other comprehensive income will be dealt with in corresponding proportion and on the same basis as the assets or liabilities directly disposed of by the investees.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 14. Investment properties

Investment property is property held to earn rentals or for capital appreciation or both. It includes a land use right that is leased out; a land use right held for transfer upon capital appreciation; and a building that is leased out.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

The Group uses the cost model for subsequent measurement of investment property, and adopts a depreciation or amortisation policy for the investment property which is consistent with that for buildings or land use rights.

When an investment property is sold, transferred, retired or damaged, the Group recognises the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

### 15. Fixed assets

#### 15.1 Recognition criteria for fixed assets

Fixed assets are tangible assets that are held for use in the sale or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognised only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Meanwhile the carrying amount of the replaced part is derecognised. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

### 15. Fixed assets (Continued)

#### 15.2 Depreciation of each category of fixed assets

A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Useful life	Estimated net residual value rate	Annual depreciation rate
Buildings	8-40 years	–	2.50-12.50%
Machinery and equipment	5-10 years	0-3%	9.70-20.00%
Electronic equipment and others	5-8 years	0-3%	12.13-20.00%
Transportation vehicles	5-8 years	0-3%	12.13-20.00%

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

#### 15.3 Other explanations

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and accounts for any change as a change in an accounting estimate.

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognised. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognised in profit or loss for the period.

### 16. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalised before it is ready for intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

### 17. Intangible assets

#### 17.1 Intangible assets

Intangible assets include land use rights, software, patents, and distribution channel etc.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost is amortised over its estimated useful life using the straight-line method. The useful life for each category of intangible assets are as follows:

Category	Useful life
Land use rights	40-70 years
Patents	10-15 years
Software	5-10 years
Distribution channel	10 years
Others	10 years

For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at the end of the period, and makes adjustments when necessary.

#### 17.2 Research and development expenditure

Expenditure during the research phase is recognised as an expense in the period in which it is incurred.

Expenditure during the development phase that meets all of the following conditions at the same time is recognised as intangible asset. Expenditure during development phase that does not meet the following conditions is recognised in profit or loss for the period.

- (1) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (2) the Group has the intention to complete the intangible asset and use or sell it;
- (3) the Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 17. Intangible assets *(Continued)*

#### 17.2 Research and development expenditure *(Continued)*

- (4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset;
- (5) the expenditure attributable to the intangible asset during its development phase can be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognises all of them in profit or loss for the period.

### 18. Impairment of long-term assets

The Group reviews the long-term equity investments, investment properties measured by cost method, fixed assets, construction in progress and intangible assets with definite useful life at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If there is any indication that such assets may be impaired, the recoverable amounts are estimated for such assets.

Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. The recoverable amount of asset or asset group is the higher of fair value net of disposal expenses and the present value of estimated future cash flow.

If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period. Goodwill is tested for impairment at least at the end of each year. For the purpose of impairment testing, goodwill is considered together with the related assets group(s), i.e., goodwill is reasonably allocated to the related assets group(s) or each of assets group(s) expected to benefit from the synergies of the combination. An impairment loss is recognised if the recoverable amount of the assets group or sets of assets groups (including goodwill) is less than its carrying amount. If the impairment loss is recognised, it is first deducted from the carrying amount of goodwill allocated to the asset group or sets of asset groups, and then deducted from the carrying amount of the remaining assets of the asset group or sets of asset groups excluding goodwill on a pro rata basis.

An impairment loss once recognised shall not be reversed in a subsequent period.

### 19. Long-term prepaid expenses

Long-term prepaid expenses represent expenses incurred that should be amortised over the current and subsequent periods (together of more than one year). Long-term prepaid expenses are amortised using the straight-line method over the expected periods in which benefits are derived.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 20. Employee benefits

#### 20.1 Accounting treatment for short-term employee benefits

In the accounting period in which an employee has rendered services, the Group recognises the actual short-term employee benefits payable for those services as a liability and the profit or loss for the period in which they are incurred or cost of related assets. The Group recognises the employee welfare as profit or loss for the period in which they are incurred or a cost of related assets. The non-monetary employee welfare shall be designated as fair value.

Payment made by the Group of social security contributions for employees such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, etc. and payments of housing funds, as well as union running costs and employee education costs provided in accordance with relevant requirements, are calculated according to prescribed bases and percentages in determining the amount of employee benefits and recognised as relevant liabilities, with a corresponding charge to the profit or loss for the period or the costs of relevant assets in the accounting period in which employees provide services.

#### 20.2 Accounting treatment of post-employment benefits

The entire post-employment benefits are defined contribution plan.

In an accounting period when an employee rendering services to the Group, the Group recognises the payable amount calculated based on the defined contribution plan as a liability and includes it in the current profit or loss or cost of related asset.

#### 20.3 Accounting treatment of termination benefits

When the Group provides termination benefits to employees, employee benefit liabilities are recognised for termination benefits, with a corresponding charge to the profit or loss for the period at the earlier of: (1) when the Group cannot unilaterally withdraw the offer of termination benefits because of the termination plan or a curtailment proposal; and (2) when the Group recognises costs or expenses related to restructuring that involves the payment of termination benefits.



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 21. Provisions

Provisions are recognised when the Group has a present obligation related to a contingency, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money.

Where all or some of the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recognised as a separate asset only when it is virtually certain that reimbursement will be received, and the amount of reimbursement recognised does not exceed the carrying amount of the provision.

Based on historical experience, the Group makes return provisions for returnable books which utilised to offset operating income and operating costs.

### 22. Revenue

#### 22.1 Revenue from the sales of goods

Revenue from sale of goods is recognised when (1) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; (2) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (3) the amount of revenue can be measured reliably; (4) it is probable that the associated economic benefits will flow to the Group; and (5) the associated costs incurred or to be incurred can be measured reliably. It includes:

##### 22.1.1 Publishing enterprise

Revenue from the sales of publications is determined by the amount stated in contract or agreement entered by and between publishing enterprise and purchasing party, or the agreed amount by both parties.

The publishing enterprise determines the realisation revenue of the sales of goods by using the following method:

- A. When prepayments are required to be made by buyers, the revenue of the sales is recognised upon delivery of publications.
- B. For the sales of returnable goods, if the Group can make reliable estimates on return rate, the revenue of the sales and provisions for estimated return goods are recognised upon delivery of goods and acquisition of acceptance receipts; for the sales of remaining returnable goods, the revenue is recognised by the Group upon expiry of return date or agreed settlement date after delivery through reconciliation with customers and upon obtaining the sales statement.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

### 22. Revenue (Continued)

#### 22.1 Revenue from the sales of goods (Continued)

##### 22.1.2 Distribution enterprise

Revenue from the sales of goods from retail business of publications are recognised upon receipts of payments or credentials for payment, and delivery of goods to buyers.

When selling goods with reward credits to customers, the Group allocates payment received or receivable between revenue from the sales of goods and fair value of reward credits, and the payment received or receivable net of fair value of reward credits is recognised as revenue, and the fair value of reward credits is recognised as deferred income.

When customer redeems his reward credits, the Group recognises the amount related to the redeemed reward credits which originally included in deferred income as revenue. The amount of revenue is determined on the basis of percentage of redeemed reward credits to the total reward credits expected to be redeemed.

For wholesale business of publications, the realisation of revenue from the sales of goods is recognised by using the following method:

- A. For sales of returnable goods, revenue from the sales of goods is determined in line with that of publishing enterprise.
- B. For publications sold on a buyout basis, revenue from the sales of goods is recognised upon delivery of such publications.
- C. For publications sold on a commission basis, revenue from the sales of goods is recognised upon delivery of such publications and receipts of consignment list.

#### 22.2 Revenue from distribution of films and teleplays

Upon the completion of production of film and teleplays and receipt of *Film and Teleplay Distribution Certificate* which granted by administrative authorities, revenue from distribution of films and teleplays are recognised when copies, broadcasting tapes or other carriers of films and teleplays are transferred to purchaser, and relevant economic benefits will flow to the Group and the revenue can be measured reliably.



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 22. Revenue *(Continued)*

#### 22.3 Revenue from rendering of services

Revenue from rendering of services is recognised when (1) the amount of revenue can be measured reliably; (2) it is probable that the associated economic benefits will flow to the enterprise; (3) the stage of completion of the transaction can be determined reliably; and (4) the associated costs incurred or to be incurred can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the costs incurred that will be recoverable, and the costs incurred are recognised as expenses for the period. When it is not probable that the costs incurred will be recovered, revenue is not recognised.

### 23. Government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration, excluding the capital invested by the government as owner. A government grant is recognised only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. The government grants are classified as those related to assets and those related to income as per the beneficiary specified in government documents.

Government grants related to entities' daily business are recognised as other income in accordance with the nature of the business, while others are recognised as non-operating income or expenses.

Government grants related to assets are recognised as deferred income, and will be evenly allocated to profit or loss over useful life of related assets.

Government grants related to income which are utilised to make up expenses and losses in subsequent periods are recognised as deferred income, and included in profit or loss when related expenses are recognised; those which are utilised to incurred expenses and losses are directly recognised in to profit or loss of current period.

### 24. Deferred tax assets/liabilities

The income tax expenses include current income tax and deferred income tax.

#### 24.1 Current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 24. Deferred tax assets/liabilities *(Continued)*

#### 24.2 *Deferred tax assets and deferred tax liabilities*

For the differences between the carrying amounts of certain assets or liabilities and their tax base, or for the temporary differences between the carrying amount of those items that are not recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

Deferred tax is generally recognised for all temporary differences. Deferred tax assets for deductible temporary differences are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognised.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of 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 taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realised or the liability is settled.

Current and deferred tax expenses or income are recognised in profit or loss for the period, except when they arise from transactions or events that are directly recognised in other comprehensive income or in shareholders equity, in which case they are recognised in other comprehensive income or in shareholders equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilised. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 24. Deferred tax assets/liabilities *(Continued)*

#### 24.2 *Deferred tax assets and deferred tax liabilities (Continued)*

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

### 25. Operating lease

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.

#### 25.1 *The Group as lessee under operating leases*

Operating lease payments are recognised on a straight-line basis over the term of the relevant lease, and are charged to profit or loss for the period. Initial direct costs incurred are charged to profit or loss for the period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

#### 25.2 *The Group as lessor under operating leases*

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs with more than an insignificant amount are capitalised when incurred, and are recognised in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred. Contingent rents are charged to profit or loss in the period in which they actually arise.



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 26. Changes in significant accounting policies

The Group has adopted the *Accounting Standard for Business Enterprise No. 16 -Government Grants* (revised) issued by the Ministry of Finance since 2017.

*The Accounting Standard for Business Enterprise No. 16 -Government Grants* (revised) further classifies its applicable scope, clearly distinguishes the government grants and revenue. Government grants related to assets are allowed to offset against the carrying amount of underlying assets, and government grants related to enterprises' daily business are recognised as other income or offset the related costs. In addition, accounting treatment of finance discount is newly introduced along with new presentation requirements.

The Group has accounted for government grants at 1 January 2017 in accounting policy prospectively. The Group's government grants related to daily business are recognised as other income in accordance with other income instead of non-operating income or expenses since 1 January 2017.

The issuance of the above standard has no significant influence over the Group's financial statements.



## Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

### **(IV) CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES**

In the application of Note (III) to the accounting policies as set out below, the Group is required to make judgements, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainties of the operating activities. These judgements, estimates and assumptions are based on historical experience of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

The aforementioned judgements, estimates and assumptions are reviewed regularly by the Group on a going concern basis. The effect of a change in accounting estimate is recognised in the period of the change, if the change affects that period only; or recognised in the period of the change and future periods, if the change affects both.

#### **Critical judgement in applying accounting policies**

##### *Operating lease commitment- the Group as lessee*

The Group entered into commercial property lease contracts for certain business. The Group believes that the lessor retains all significant risks and rewards related to ownership of such properties, so such properties are accounted as operating lease.

##### *Operating lease commitment – the Group as lessor*

The Group entered commercial property lease contracts for investment property portfolio. After assessing the provisions and conditions for such arrangement, the Group believes it retains all significant risks and rewards related to ownership of leased properties under such operating lease commitment.

##### *Classification of investment properties and self-occupied fixed assets*

The Group determines if a fixed asset falls within the scope of definition for investment properties, and set out criteria for such judgements. Investment property is property held to earn rentals or for capital appreciation or both, so the Group considers if substantial cash flow generated from a property is independent from other assets held by the Group. Certain properties are held partially to earn rentals or for capital appreciation, while partially for production, rendering goods or services, or for administrative purposes. If such part can be disposed separately (or leased out as financing lease), the Group will account it separately. While if separate disposal is not allowed, such property is classified as investment property only when the part of property held for production, rendering goods or services, or for administrative purposes is insignificant. The judgement is made on individual property basis, and the Group determines if supporting services are significant, otherwise such property does not satisfy the definition of investment property.



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (IV) CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES

*(Continued)*

### **Key assumptions and uncertainties in accounting estimates**

The following are the key assumptions and uncertainties in accounting estimates at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods.

#### *Bad debts provision*

The Group determines bad debts provision on the basis of recoverability of accounts receivable. Judgements and estimates shall be applied in determining and measuring bad debts provisions. If the re-assessment results differ from the existing estimates, the difference shall affect carrying amount of accounts receivable and profit or loss for the period when estimates change.

#### *Provisions for decline in value of inventories*

The Group determines provisions for decline in value of inventories on the basis of the estimates of net realisable value of inventories. Judgements and estimates shall be applied in determining and measuring provisions for decline in value of inventories. If the re-assessment results differ from the existing estimates, the difference shall affect carrying amount of inventories and profit or loss for the period when estimates change.

#### *Impairment loss of goodwill*

When determining if goodwill is impaired or not, it is required to estimate use value of cash generating unit on which goodwill is allocated. When calculating use value, the Group must estimate future cash flow that is expected to be generated from cash generating unit, and calculate the present value discounted with applicable discount rate. If the actual cash flow in the future is lower than expected, significant impairment losses might incur.

#### *Impairment loss of intangible assets*

The Group assesses at each balance sheet date whether there is any indication that the intangible assets with a finite useful life may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (V) TAXES

### 1. Major categories of taxes and tax rates

Category of tax	Basis of tax calculation	Tax rate
Value-added tax	Note 1	17%/13%/11%/6%/3%
Business tax	Note 2	5%
City maintenance and construction tax	Value-added tax and business tax	5%/7%
Education surcharges	Value-added tax and business tax	3%
Local education surcharges	Value-added tax and business tax	2%
Enterprise income tax	Taxable income	25%

Note 1: Value-added tax is calculated at the amount of output tax net of deductible input tax. Output tax is calculated on the basis of sales volume as per relevant tax laws.

Note 2: The business tax was levied on lease and storage business at 5% of revenue from rendering of lease and storage services, which was replaced by value-added tax at tax rate of 6% since 1 May 2016.

### 2. Tax incentives and official approvals

#### Enterprise income tax

In accordance with "Notice on Several Tax Policies for the Transformation of Operating Cultural Institutions into Enterprises for Continuous Implementation of Cultural System Reform" (Cai Shui [2014] No. 84) issued by the Ministry of Finance, State Administration of Taxation and Publicity Department of the Communist Party of China, enterprises that are transformed from operating cultural institutions are exempted from enterprise income tax since the registration date of system reform. The implementation period for the notice is from 1 January 2014 to 31 December 2018.

According to the above provisions, the Company and its subsidiaries, Beijing Shuchuan Xinhua Bookstore Book Distribution Co., Ltd. ("**Beijing Shuchuan**"), Sichuan Xinhua Online Network Co., Ltd. ("**Xinhua Online**"), Sichuan Xinhua Culture Communication Co., Ltd. ("**Sichuan Culture Communication**") and the Company's thirteen publishing units enjoy income tax exemption until 31 December 2018.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (V) TAXES (Continued)

### 2. Tax incentives and official approvals (Continued)

#### *Enterprise income tax (Continued)*

The Company's subsidiary, Sichuan Winshare Education Technology Co., Ltd. ("**Winshare Education Technology**"), falls within the encouraged industries included in the Notice to the Enterprise Income Tax on the Implementation of the Catalogue of Encouraged Industries in the Western Region (Guo Shui[2015]No.14), which has also been confirmed by Chengdu National Development and Reform Commission's Government Approval Letter [2016] No.38. Income tax of Winshare Education Technology is calculated at the rate of 15% of the taxable income according to the relevant tax provisions. Beijing Aerospace Cloud Education Technology Co., Ltd. ("**Beijing Aerospace Cloud**"), a subsidiary of the Company, obtained the high-tech enterprise certificate of No. GR201611000716 on 1 December 2016, with a validity until 30 November 2019, of which the income tax is calculated at 15% of the taxable income according to the relevant tax provisions.

#### *Value-added tax*

As per *Notice on Persistently Promoting Cultural Value-added Tax and Business Tax Preferential Policies* (Cai Shui [2013] No. 87) issued by Ministry of Finance and State Administration of Taxation: (1) for the period from 1 January 2013 to 31 December 2017, preferential policies of 100% reimbursement and 50% reimbursement are respectively proposed for publications of certain category specified in this Notice during publishing phase, and the Group is entitled to this tax incentive; (2) for period from 1 January 2013 through 31 December 2017, the wholesale and retail of books are exempted from value-added tax, and the Group's book wholesale and retail business is entitled to this tax incentive.





# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Cash and bank balances

Item	Closing balance (Unaudited)			Opening balance (Audited)			RMB
	Amounts of the original currencies	Exchange rate	Amount in RMB	Amounts of the original currencies	Exchange rate	Amount in RMB	
Cash:							
RMB	2,591,014.79	1.0000	2,591,014.79	2,523,554.78	1.0000	2,523,554.78	
Bank balances:							
RMB (Note 1)	1,773,399,289.38	1.0000	1,773,399,289.38	1,661,374,451.48	1.0000	1,661,374,451.48	
USD	23,578.91	6.7744	159,732.94	68,693.41	6.9370	476,526.18	
EUR	86.00	7.7496	666.43	91.21	7.3068	666.43	
HKD	42,256,236.89	0.8679	36,674,188.00	5,236.68	0.8945	4,684.21	
Other currency funds:							
RMB (Note 2)	47,753,291.77	1.0000	47,753,291.77	31,034,207.50	1.0000	31,034,207.50	
<b>Total</b>			<b>1,860,578,183.31</b>			<b>1,695,414,090.58</b>	

Note 1: At the end of the period, the bank balances include 3-month to 6-month of time deposits in the amount of RMB80,424,483.86, with an interest rate of 1.4% to 1.885%.

Note 2: Restricted currency funds are set out in Note (VI), 47.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 2. Notes receivable

(1) Disclosure of accounts receivable by categories:

Category	RMB	
	Closing balance (Unaudited)	Opening balance (Audited)
Bank acceptances	14,849,243.10	2,170,000.00

(2) Notes receivable endorsed or discounted by the Group that are not yet due at the balance sheet date at the end of the period

Item	RMB	
	Amount derecognised at the end of the period (Unaudited)	Amount not derecognised at the end of the period (Audited)
Bank acceptances	106,292,848.36	—

Note: At the end of the period, the Group's endorsed but not yet due bank acceptance bills were RMB106,292,848.36 (end of the prior period: RMB3,140,797.50). The Group derecognised the endorsed but not yet due bank acceptance bills at the balance sheet date. See Note (VIII) 2 for details.

### 3. Accounts receivable

(1) Disclosure of accounts receivable by aging:

Aging	Closing balance (Unaudited)				Opening balance (Audited)			
	Amount	Proportion	Bad debt provision	Carrying amount	Amount	Proportion	Bad debt provision	Carrying amount
		(%)				(%)		
Within 1 year	999,056,089.98	83.31	(23,905,598.32)	975,150,491.66	766,513,066.93	80.78	(20,333,478.42)	746,179,588.51
More than 1 year but not exceeding 2 years	92,266,952.04	7.69	(51,362,640.44)	40,904,311.60	93,127,665.32	9.81	(45,972,380.06)	47,155,285.26
More than 2 year but not exceeding 3 years	34,940,002.35	2.91	(29,082,112.33)	5,857,890.02	17,939,631.56	1.89	(12,100,005.54)	5,839,626.02
More than 3 years	73,024,911.91	6.09	(71,922,820.28)	1,102,091.63	71,382,825.85	7.52	(69,378,463.13)	2,004,362.72
Total	1,199,287,956.28	100.00	(176,273,171.37)	1,023,014,784.91	948,963,189.66	100.00	(147,784,327.15)	801,178,862.51

The aging of accounts receivable above is based on the date of goods delivery.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 3. Accounts receivable (Continued)

(2) Disclosure of accounts receivable by categories:

RMB

Category	Closing balance (Unaudited)					Opening balance (Audited)				
	Carrying amount		Bad debt provision		Net carrying amount	Carrying amount		Bad debt provision		Net carrying amount
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually	322,568,076.99	26.90	(24,254,048.60)	7.52	298,314,028.39	334,849,963.67	35.29	(17,949,061.22)	5.36	316,900,902.45
Accounts receivable for which bad debt provision has been assessed by portfolios	876,719,879.29	73.10	(152,019,122.77)	17.34	724,700,756.52	614,113,225.99	64.71	(129,835,265.93)	21.14	484,277,960.06
<b>Total</b>	<b>1,199,287,956.28</b>	<b>100.00</b>	<b>(176,273,171.37)</b>	<b>14.70</b>	<b>1,023,014,784.91</b>	<b>948,963,189.66</b>	<b>100.00</b>	<b>(147,784,327.15)</b>	<b>15.57</b>	<b>801,178,862.51</b>

Accounts receivable that are individually significant at the end of the period and for which bad debt provision has been assessed individually:

RMB

Category	Closing balance (Unaudited)				Opening balance (Audited)			
	Accounts receivable	Bad debt provision	Proportion of provision (%)	Reasons for the provision	Accounts receivable	Bad debt provision	Proportion of provision (%)	Reasons for the provision
Beijing Jinhuanxuan Culture Development Co., Ltd	7,860,893.20	(7,860,893.20)	100.00	Fully unrecoverable	7,860,893.20	(7,860,893.20)	100.00	Fully unrecoverable
Others	314,707,183.79	(16,393,155.40)	5.21	Partly unrecoverable	326,989,070.47	(10,088,168.02)	3.09	Partly unrecoverable
<b>Total</b>	<b>322,568,076.99</b>	<b>(24,254,048.60)</b>	<b>7.52</b>		<b>334,849,963.67</b>	<b>(17,949,061.22)</b>	<b>5.36</b>	

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 3. Accounts receivable (Continued)

#### (2) Disclosure of accounts receivable by categories: (Continued)

Accounts receivable portfolios for which bad debt provision has been assessed using the aging analysis approach:

Aging	Closing balance (Unaudited)			Opening balance (Audited)		
	Accounts receivable	Bad debt provision	Proportion of provision (%)	Accounts receivable	Bad debt provision	Proportion of provision (%)
Within 1 year	703,802,106.19	(21,335,642.92)	3.03	459,959,925.92	(14,191,028.80)	3.09
More than 1 year but not exceeding 2 years	88,263,752.04	(47,359,440.44)	53.66	72,707,243.20	(42,042,169.00)	57.82
More than 2 years but not exceeding 3 years	27,490,002.35	(26,365,811.17)	95.91	17,936,928.69	(12,097,302.67)	67.44
More than 3 years	57,164,018.71	(56,958,228.24)	99.64	63,509,128.18	(61,504,765.46)	96.84
Total	876,719,879.29	(152,019,122.77)	17.34	614,113,225.99	(129,835,265.93)	21.14

#### (3) Bad debt provision made or reversed in the current period

The bad debt provision for the current period is RMB28,491,720.33, and the reversed amount of bad debt provision is RMB2,876.11.

#### (4) Accounts receivable written off for the current period

No accounts receivable has been written off for the current period.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 3. Accounts receivable (Continued)

(5) Top five debtors with the largest balances of accounts receivable

Name of entity	Relationship with the Group	Closing balance		Proportion of the amount to the total accounts receivable (%)	Closing balance of bad debt provision
		(Unaudited)	Aging		
People's Education Press Co., Ltd	Third party	51,228,630.86	Within 1 year	4.27	(1,536,858.93)
Amazon (China) Investment Co., Ltd	Third party	27,497,149.37	Within 1 year	2.29	-
Jiangsu Yuanzhou E-commerce Co., Ltd	Third party	22,762,763.38	Within 1 year	1.90	-
People's Education Material Centre Co., Ltd.	Third party	18,491,392.15	Within 1 year	1.54	(554,741.76)
Sichuan Radio and Television	Third party	15,450,000.00	2-3 years	1.29	(1,820,000.00)
Total		135,429,935.76		11.29	(3,911,600.69)

### 4. Prepayments

(1) Aging analysis of prepayments is as follows:

Aging	Closing balance (Unaudited)		Opening balance (Audited)	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	159,163,266.07	94.86	80,833,093.00	87.38
More than 1 year but not exceeding 2 years	2,472,046.31	1.47	3,754,848.16	4.06
More than 2 year but not exceeding 3 years	446,976.10	0.27	660,533.80	0.71
More than 3 years	5,697,513.47	3.40	7,261,013.36	7.85
Total	167,779,801.95	100.00	92,509,488.32	100.00

The prepayment aged more than one year is mainly outstanding payments for goods which prepaid to the supplier.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 4. Prepayments (Continued)

(2) Top five entities with the largest balances of prepayments

RMB

Name of entity	Relationship with the Group	Closing balance (Unaudited)	Aging	Reasons for unsettlement
Chengdu Huantai Electronic Co., Ltd.	Third party	41,663,468.00	Within 1 year	Goods not yet received
Shanghai Gaochengsheng Studio	Third party	36,587,500.00	Within 1 year	Films and teleplays not yet finished
Sichuan Juyuan Information Technology Co., Ltd.	Third party	12,648,057.38	Within 1 year	Goods not yet received
Shenzhen OpenVox Communication Co., Ltd	Third party	7,614,738.47	Within 1 year	Goods not yet received
Shanghai Weishu Screen Culture Studio	Third party	5,152,000.00	Within 1 year	Films and teleplays not yet finished
Total		103,665,763.85		

### 5 Other receivables

(1) Disclosure of other receivables by aging:

RMB

Aging	Closing balance (Unaudited)				Opening balance (Audited)			
	Amount	Proportion (%)	Bad debt provision	Carrying amount	Amount	Proportion (%)	Bad debt provision	Carrying amount
Within 1 year	82,978,650.45	66.63	(960,216.14)	82,018,434.11	48,243,508.21	60.56	(520,250.79)	47,723,257.42
More than 1 year but not exceeding 2 years	27,532,610.80	22.11	(2,941,079.23)	24,591,531.57	19,348,916.48	24.29	(1,781,993.56)	17,566,922.92
More than 2 year but not exceeding 3 years	5,739,210.00	4.61	(1,575,473.15)	4,163,736.85	3,810,331.96	4.78	(771,906.76)	3,038,425.20
More than 3 years	8,289,492.42	6.65	(6,637,112.60)	1,652,379.82	8,264,171.88	10.37	(6,551,083.75)	1,713,088.13
Total	124,539,963.67	100.00	(12,113,881.32)	112,426,082.35	79,666,928.53	100.00	(9,625,234.86)	70,041,693.67

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 5 Other receivables (Continued)

(2) Disclosure of other receivables by categories:

RMB

Category	Closing balance (Unaudited)					Opening balance (Audited)				
	Carrying amount		Bad debt provision		Net carrying amount	Carrying amount		Bad debt provision		Net carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables that are individually significant and for which bad debt provision has been assessed individually	11,269,196.00	9.05	(5,269,196.00)	46.76	6,000,000.00	12,269,196.00	15.40	(5,269,196.00)	42.95	7,000,000.00
Other receivables for which bad debt provision has been assessed by portfolios	37,438,372.18	30.05	(6,844,685.32)	18.28	30,593,686.86	19,903,332.67	24.98	(4,356,038.86)	21.89	15,547,293.81
Other receivables that are not individually significant but for which bad debt provision has been assessed individually	75,832,395.49	60.90	-	-	75,832,395.49	47,494,399.86	59.62	-	-	47,494,399.86
<b>Total</b>	<b>124,539,963.67</b>	<b>100.00</b>	<b>(12,113,881.32)</b>	<b>9.73</b>	<b>112,426,082.35</b>	<b>79,666,928.53</b>	<b>100.00</b>	<b>(9,625,234.86)</b>	<b>12.08</b>	<b>70,041,693.67</b>

Other receivables that are individually significant and for which bad debt provision has been assessed individually at the end of the period:

RMB

Category	Closing balance (Unaudited)				Opening balance (Audited)			
	Other receivables	Bad debt provision	Proportion of provision (%)	Reasons for the provision	Other receivables	Bad debt provision	Proportion of provision (%)	Reasons for the provision
Anhui Sihe Digital Technology Development Co., Ltd.	5,269,196.00	(5,269,196.00)	100.00	Fully unrecoverable	5,269,196.00	(5,269,196.00)	100.00	Fully unrecoverable
Ming Yang Pictures (Beijing) Culture Media Co., Ltd	6,000,000.00	-	-	-	7,000,000.00	-	-	-
<b>Total</b>	<b>11,269,196.00</b>	<b>(5,269,196.00)</b>	<b>46.76</b>		<b>12,269,196.00</b>	<b>(5,269,196.00)</b>	<b>42.95</b>	

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 5 Other receivables (Continued)

#### (2) Disclosure of other receivables by categories: (Continued)

Other receivables portfolios for which bad debt provision has been assessed using the aging analysis approach:

Aging	Closing balance (Unaudited)			Opening balance (Audited)		
	Other receivables	Bad debt provision	Proportion of provision (%)	Other receivables	Bad debt provision	Proportion of provision (%)
	RMB					
Within 1 year	28,076,501.16	(960,216.34)	3.42	14,461,597.15	(520,250.79)	3.60
More than 1 year but not exceeding 2 years	5,678,855.43	(2,941,079.23)	51.79	2,721,463.32	(1,781,993.56)	65.48
More than 2 year but not exceeding 3 years	2,656,259.88	(2,075,473.15)	78.14	1,150,059.76	(771,906.76)	67.12
More than 3 years	1,026,755.71	(867,916.60)	84.53	1,570,212.44	(1,281,887.75)	81.64
Total	37,438,372.18	(6,844,685.32)	18.28	19,903,332.67	(4,356,038.86)	21.89

#### (3) Bad debt provision made or reversed for the current period

The bad debt provision for the current period is RMB2,494,474.98, and the reversed amount of bad debt provision is RMB5,828.49.

#### (4) Other accounts receivable written off for the current period

No accounts receivable has been written off for the current period.



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 5 Other receivables (Continued)

#### (5) Other receivable presented by nature

Nature of other receivables	RMB	
	Closing balance (Unaudited)	Opening balance (Audited)
Deposit/security deposit	45,767,217.91	20,494,693.25
Petty cash	3,995,548.92	4,274,057.78
Relocation compensation	–	4,000,000.00
Others	74,777,196.84	50,898,177.50
<b>Total</b>	<b>124,539,963.67</b>	<b>79,666,928.53</b>

#### (6) Top five debtors with the largest closing balances of other receivables

Name of entity	Nature	RMB			
		Closing balance (Unaudited)	Aging	Proportion of the amount to the total other receivables (%)	Closing balance of bad debt provision (Unaudited)
Education Bureau of Anyue County	Deposits and others	14,355,381.72	Within 1 year	11.53	(70,964.03)
Ming Yang Ying Hua (Beijing) Culture Media Co., Ltd	Investment in films and teleplays	6,000,000.00	1-2 years	4.82	–
Anhui Sihe Digital Technology Development Co., Ltd.	Others	5,269,196.00	5-6 years	4.23	(5,269,196.00)
People's Education Press Co., Ltd.	Others	2,699,276.51	Within 1 year	2.17	(210,159.49)
Finance Bureau of Hejiang County	Others	2,477,850.90	Within 1 year	1.99	–
<b>Total</b>		<b>30,801,705.13</b>		<b>24.74</b>	<b>(5,550,319.52)</b>

## Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

**(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS***(Continued)***6. Inventories***(1) Categories of inventories*

*RMB*

Item	Closing balance (Unaudited)			Opening balance (Audited)		
	Carrying amount	Provision for decline in value of inventories	Net carrying amount	Carrying amount	Provision for decline in value of inventories	Net carrying amount
Goods on hand	1,413,864,828.15	(139,821,944.00)	1,274,042,884.15	1,443,799,278.49	(131,009,239.32)	1,312,790,039.17
Work-in-progress	74,311,742.56	-	74,311,742.56	136,293,718.21	-	136,293,718.21
Raw materials	52,976,564.02	(3,293,163.33)	49,683,400.69	40,797,180.42	(3,293,163.33)	37,504,017.09
Films and teleplays	69,599,614.18	(36,905,313.67)	32,694,300.51	62,868,099.46	(36,905,313.67)	25,962,785.79
Total	1,610,752,748.91	(180,020,421.00)	1,430,732,327.91	1,683,758,276.58	(171,207,716.32)	1,512,550,560.26

*(2) Provision for decline in value of inventories*

*RMB*

Category of inventories	Opening balance (Audited)	Increase in the current period	Decrease in the current period		Closing balance (Unaudited)
			Reversals	Write-off	
Goods on hand	131,009,239.32	20,006,859.06	(1,603,846.57)	(9,590,307.81)	139,821,944.00
Raw materials	3,293,163.33	-	-	-	3,293,163.33
Films and teleplays	36,905,313.67	-	-	-	36,905,313.67
Total	171,207,716.32	20,006,859.06	(1,603,846.57)	(9,590,307.81)	180,020,421.00

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 6. Inventories (Continued)

#### (3) Provision for decline in value of inventories

Item	Basis of provision for decline in value of inventories	Reasons for decrease in provision for decline in value of inventories	Proportion of the decrease to the closing balance of inventories (%)
Goods on hand	Note 1	Note 2	8

Description of inventories:

Note 1: As the expected net realisable value is below the cost of inventories at the end of the reporting period, a provision for decline in value of inventories is made.

Note 2: The provision for decline in value of goods on hand is reversed as the expected net realisable value is higher than the cost of such inventories at the end of the reporting period; the provision for decline in value of goods on hand is written off as such inventories are retired.

### 7. Other current assets

Item	Closing balance (Unaudited)	RMB Opening balance (Audited)
Bank wealth management products (Note 1)	945,000,000.00	936,000,000.00
Available-for-sale financial assets – Trust Products Investments (Note 2)	11,041,144.69	17,176,654.12
Deductible VAT input tax (Note 3)	37,017,217.98	21,453,111.77
<b>Total</b>	<b>993,058,362.67</b>	974,629,765.89

Note 1: The Group's bank wealth management products are wealth management products at fair value through profit or loss, its fair value is estimated using discounted cash flow analysis. For details of fair value measurement, please refer to Note (IX).

Note 2: At the end of the period, the Group's investments in trust products were CITIC Xinhui Capital Trust Plan 1201 of Cash-management Financial Investment Portfolio purchased by Winshare Investment Co., Ltd. ("Winshare Investment"), a subsidiary of the Group and FOTIC Capital Trust Plan II-7 of Wuxing Huijin Small Fund Portfolio purchased by the Company. The investments above are subsequently measured at fair value. For details of fair value measurement, please refer to Note (IX).

Note 3: The deductible VAT amount is the amount of VAT input tax to be deducted by the Group within the next year.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 8. Non-current assets due within one year

Item	RMB	
	Closing balance (Unaudited)	Opening balance (Audited)
Entrusted loans (Note)	–	120,000,000.00

Note: Entrusted by the Company, the loan to Sichuan Wenxuan Zhuotai Investment Co., Ltd. ("Wenzhuo") was granted by China Construction Bank Chengdu Xinhua Branch. The entrusted loan was recovered on 20 February 2017 when it was mature.

### 9. Available-for-sale financial assets

#### (1) Available-for-sale financial assets

Item	Closing balance (Unaudited)			Opening balance (Audited)		
	Carrying amount	Provision for impairment	Net carrying amount	Carrying amount	Provision for impairment	Net carrying amount
Measured at fair value	2,224,870,674.06	–	2,224,870,674.06	2,692,901,902.10	–	2,692,901,902.10
Measured at cost	243,187,180.82	(2,958,365.49)	240,228,815.33	243,187,180.82	(2,958,365.49)	240,228,815.33
Total	2,468,057,854.88	(2,958,365.49)	2,465,099,489.39	2,936,089,082.92	(2,958,365.49)	2,933,130,717.43

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 9. Available-for-sale financial assets (Continued)

(2) Available-for-sale financial assets measured at fair value at the end of the period

RMB

Item	Closing balance (Unaudited)		Accumulated changes of fair value included in other comprehensive income
	Investment cost	Fair value	
Anhui Xinhua Media Co., Ltd. ("Wan Xin Media") (Note 1)	186,415,328.00	1,722,524,800.00	1,536,109,472.00
Jiangsu Youli Investment Holding Co., Ltd. ("Youli Holding") (Note 2)	783,556.84	1,755,277.06	971,720.22
CITIC Buyout Investment Fund (Shenzhen) Partnership (Limited Partnership) (Note 3)	98,083,837.00	102,972,401.83	4,888,564.83
Winshare Hengxin (Shenzhen) Equity Investment Fund Partnership (Limited Partnership) (Note 4)	188,000,000.00	219,029,365.60	31,029,365.60
Qingdao Jinshi Zhixin Investment Center (Limited Partnership) (Note 5)	151,667,500.00	151,667,500.00	-
Taizhou Xinheng Zhongrun Fund (Limited Partnership) (Note 6)	10,206,171.29	24,921,329.57	14,715,158.28
IBAM-Directional Asset Management Plan of Industrial Bank (Note 7)	2,000,000.00	2,000,000.00	-
<b>Total</b>	<b>637,156,393.13</b>	<b>2,224,870,674.06</b>	<b>1,587,714,280.93</b>

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 9. Available-for-sale financial assets (Continued)

#### (2) Available-for-sale financial assets measured at fair value at the end of the period (Continued)

Note 1: The Company's quoted investment in Wan Xin Media accounted for 6.27% of the equity of Wan Xin Media. The stock of Wan Xin Media was listed on 18 January 2010 in the Shanghai Stock Exchange. The subsequent fair value changes for the current period resulted in the loss of RMB467,400,000.00 have been included in other comprehensive income.

Note 2: Sichuan Xinhua Printing Co., Ltd. ("**Sichuan Xinhua Printing**"), a subsidiary of the Company, acquired in August 2014, holds 0.02% equity interest in Youli Holding and the fair value at the acquisition date was RMB783,556.84. The subsequent fair value changes for the current period resulted in the income of RMB162,625.21 have been included in other comprehensive income.

Note 3: The Company, as a limited partner, invested RMB100,000,000.00 in CITIC Buyout Investment Fund (Shenzhen) Partnership (Limited Partnership). The Company's subscribed capital accounted for 1% of the total capital contribution in accordance with the partnership agreement. The Company recovered investment of RMB1,676,200.00 and RMB239,963.00 for the year 2015 and 2016 respectively.

Under the partnership agreement, the general partner is the executive partner of the partnership who has exclusive power over the management and control of the partnership's operations, partnership investment business, and other matters. The distributable cash generated by the partnership in connection with the project investment shall be distributed among all the partners in proportion to their equity interest in the relevant investment, of which the portion attributable to the limited partner shall be first returned for the capital contribution until the cumulative distribution reaches its actual amount paid out. Then, the partnership will give priority to the limited partners according to the internal return rate of 8% each year. Under the premise of satisfying the order of distribution, the general partners will appropriate gain sharing, which is 20% of the total amount of the limited partner's income.

Note 4: Winshare Investment, a subsidiary of the Company, as a limited partner, invested RMB188,000,000.00 in Winshare Hengxin (Shenzhen) Equity Investment Fund (Limited Partnership). Pursuant to the partnership agreement, the proportion of capital contribution subscribed by the Group is 62.50% of its total subscribed capital.

Under the partnership agreement, the general partner is the executive partner of the partnership who has exclusive power over the management and control of the partnership's operations, partnership investment business, and other matters. The distributable cash generated by the partnership in connection with the project investment shall be distributed among all the partners in proportion to their equity interest in the relevant investment, of which the portion attributable to the limited partner shall be first returned for the capital contribution until the cumulative distribution reaches its actual amount paid out. Then, the partnership will give priority to the limited partners according to the internal return rate of 8% each year. Under the premise of satisfying the order of distribution, the general partners will appropriate gain sharing, which is 20% of the total amount of the limited partner's income.

The subsequent fair value changes for the current period resulted in the loss of RMB1,914,156.68 have been included in other comprehensive income.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 9. Available-for-sale financial assets (Continued)

#### (2) Available-for-sale financial assets measured at fair value at the end of the period (Continued)

Note 5: Winshare Investment, a subsidiary of the Company, as a limited partner, invested RMB151,667,500.00 in Qingdao Jinshi Zhixin Investment Center (Limited Partnership). Pursuant to the partnership agreement, the proportion of capital contribution subscribed by the Group is 10.05% of its total subscribed capital. During the period, Winshare Investment has received bonus of RMB2,125,630.93 from Qingdao Jinshi Zhixin Investment Center (Limited Partnership) and included it in investment income.

In accordance with the partnership agreement, the general partner acts as the internal executive partner and the external representative for the partnership. The profits and losses of the partnership shall be distributed and shared by the general partner and the limited partner in proportion to the paid-in capital contribution.

Note 6: Winshare Investment, a subsidiary of the Company, as a limited partner, accepted the transfer of the right of earnings from Taizhou Xinheng Zhongrun Investment Fund (Limited Partnership), of which the share accounted for 2.37% of the total subscribed capital of the partnership and the Group's investment cost of was RMB10,261,171.29. The investment is subsequently measured at fair value.

The subsequent fair value changes for the current period resulted in the loss of RMB879,696.57 has been included in other comprehensive income.

Note 7: The Company entered into the third party directional asset management contract with Industrial Securities Asset Management Limited (the "ISAM") and Industrial Bank Co., Ltd. Shanghai Branch (the "Industrial Bank Shanghai Branch"). Of which, the ISAM is the administrator of the entrusted assets and the Industrial Bank Shanghai Branch, the trustee. In February 2017, the Company transferred the initial entrusted asset of RMB2,000,000.00 and 5,400,000 shares of Wan Xin Media to the specified account of entrusted assets. Investments in the entrusted assets include shares (including primary market purchase and secondary market trading) and other types of investment recognised by the CSRC. Investments in all types of trading places accounted for 0-100% of the total planned assets.

For details of the fair value measurement of available-for-sale financial assets, please refer to Note (IX).



## Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

**(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS***(Continued)***9. Available-for-sale financial assets** *(Continued)*(3) *Available-for-sale financial assets measured at cost at the end of the period*

RMB

Investee	Carrying amount				Provision for impairment			Proportion of ownership interest in the investee (%)	Cash dividends for the year	
	Opening balance (Audited)	Increase in the current period	Decrease in the current period	Closing balance (Unaudited)	Opening balance (Audited)	Increase in the current period	Decrease in the current period			
Shanghai Eastern Publishing & Trading Centre Co., Ltd.	1,311,665.90	-	-	1,311,665.90	(1,311,665.90)	-	-	(1,311,665.90)	10	-
Bank of Chengdu Co., Ltd.	240,000,000.00	-	-	240,000,000.00	-	-	-	-	2.46	20,000,000.00
Chengdu Institute Sichuan International Studies University ("Chengdu Institute")	-	-	-	-	-	-	-	-	-	13,000,000.00
Others	1,875,514.92	-	-	1,875,514.92	(1,646,699.59)	-	-	(1,646,699.59)	-	16,000.00
<b>Total</b>	<b>243,187,180.82</b>	<b>-</b>	<b>-</b>	<b>243,187,180.82</b>	<b>(2,958,365.49)</b>	<b>-</b>	<b>-</b>	<b>(2,958,365.49)</b>	<b>-</b>	<b>33,016,000.00</b>

Note: The above available-for-sale financial assets marked with \* are also available-for-sale financial assets of the Company measured at cost.



## Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

**(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****10. Long-term equity investments**

(1) Details of long-term equity investments are as follows:

Investee	Opening balance (Audited)	Changes for the period							Closing balance of provision for impairment	
		Increase in investments	Decrease in investments	Investment profit or loss under equity method	Adjustment of other comprehensive income	Changes in other equity	Distribution of cash dividends or profits declared	Provision for impairment loss		Closing balance (Unaudited)
Joint ventures										
Hainan Publishing House Co., Ltd. ("Hainan Publishing")	123,691,711.76	-	-	2,904,450.83	-	-	-	-	-	126,596,162.59
Wenzhuo (Note 1)	308,683,138.97	-	(308,683,138.97)	-	-	-	-	-	-	-
Sichuan Fudou Technology Co., Ltd. (Note 2)	1,396,016.54	-	-	(1,224,047.85)	-	-	-	-	-	711,968.69
Tibet Winshare Equity Investment (Note 3)	394,085.78	-	-	(484.82)	-	-	-	-	-	393,600.96
Shenzhen Xuanca Venture Capital Investment Fund Management Co., Ltd. (Note 4)	611,648.94	-	-	(188,887.30)	-	-	-	-	-	422,761.64
Subtotal	435,316,601.99	-	(308,683,138.97)	1,491,230.86	-	-	-	-	-	128,124,693.88
Associates										
Sichuan Winshare BLOGIS Supply Chain Co., Ltd. (Note 5)	-	2,250,000.00	-	-	-	-	-	-	-	2,250,000.00
Commercial Press (Chengdu) Co., Ltd.	2,247,848.10	-	-	206,488.09	-	-	-	-	-	2,454,336.19
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	10,140,345.61	-	-	1,037,144.74	-	-	-	-	-	11,177,490.35
Guizhou Xinhua Winshare Book Audio-Visual Product Chainstore Co., Ltd. ("Guizhou Winshare")	-	-	-	-	-	-	-	-	-	-
Ming Bo Education Technology Holdings Co., Ltd.	28,754,377.57	-	-	16,645.69	-	-	-	-	-	28,771,023.26
Shanghai Jingjie Information Technology Co., Ltd.	2,414,391.24	-	-	(232,882.21)	-	-	-	-	-	2,182,009.03
Chengdu Xinhui Industrial Co., Ltd. ("Chengdu Xinhui") (Note 6)	123,755,688.29	-	(123,755,688.29)	-	-	-	-	-	-	-
Sichuan Winshare Preschool Educational Management Co., Ltd. ("Winshare Preschool") (Note 7)	3,283,562.00	-	-	257,458.71	-	-	-	-	-	3,541,020.71
Chongqing Yunhan Internet and Media Co., Ltd.	46,121,487.19	-	-	(421,893.52)	-	-	-	-	-	45,699,593.67
Chengdu Winshare Venture Capital Investment Fund Management Co., Ltd.	8,535,571.90	-	-	(280,741.97)	-	-	-	-	-	8,254,829.93
Sichuan Education and Science Forum Magazine Press Co., Ltd. ("Education and Science Forum")	-	-	-	-	-	-	-	-	-	-
Sichuan Tianhe Culture Co., Ltd.	207,739.54	-	-	(19,810.35)	-	-	-	-	-	187,929.19
Tibet Winshare Venture Capital Investment Fund Partnership (Limited Partnership) (Note 8)	24,415,134.99	3,200,000.00	-	(67,637.12)	-	-	-	-	-	27,547,497.87
Sichuan Jiaoyang Shuo Film Co., Ltd.	-	-	-	87,214.70	-	-	-	-	-	87,214.70
Subtotal	249,876,146.43	5,450,000.00	(123,755,688.29)	582,486.76	-	-	-	-	-	132,152,944.90
Total	685,192,748.42	5,450,000.00	(432,438,827.26)	2,073,717.62	-	-	-	-	-	260,277,638.78

RMB

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 10. Long-term equity investments (Continued)

#### (1) Details of long-term equity investments are as follows: (Continued)

Note 1: As discussed in the 11th meeting of the 4th session of the Company's Board of Directors, the Company was agreed to transfer the 48% equity interest in Wenzhuo held by the Company by way of public listing at the reserve price of RMB423,529,400. In April 2017, the Company transferred the equity at the above price to Sichuan Taihe Group Co., Ltd., an independent third party. The amount of investment income is RMB114,846,261.01.

Note 2: Pursuant to the articles of association of Sichuan Fudou Technology Co., Ltd., Winshare Education Technology, a subsidiary of the Company, holds 38.5% of the voting rights at the shareholders' meeting and the other shareholder holds 61.5% at the shareholders' meeting. Resolutions of annual financial budget plans, final accounts, profit distribution and make up losses made by the shareholders of Sichuan Fudou Technology Co. Ltd shall be approved by over two-thirds of the total votes from its shareholders. Accordingly, Winshare Education Technology and the other shareholder have joint control over Sichuan Fudou Technology Co., Ltd., who accordingly became a joint venture of the Company. Winshare Education Technology transferred all of its equity to Wenshare Investment, another subsidiary of the Company in April 2017 and therefore, the later inherited all the rights of Winshare Education Technology in Sichuan Fudou Technology Co., Ltd.

Note 3: According to the articles of association of Tibet Wenxuan Equity Investment Co., Ltd., Wenxuan Investment, a subsidiary of the Company, holds 40% of the voting rights in the shareholders' meeting and the other two shareholders hold 30% of the voting right in the shareholders' meeting respectively. Resolutions of annual financial budget plans, final accounts, profit distribution and make up losses made by the shareholders shall be approved by over 75% of the votes from the shareholders. As a result, Wenxuan Investment and the other two shareholders shall have joint control over Tibet Wenxuan Equity Investment Co., Ltd. and accounts Tibet Wenxuan Equity Investment Co., Ltd. as a joint venture of the Group.

Note 4: According to the articles of association of Shenzhen Xuan Choi Venture Capital Management Co., Ltd., Winshare Investment, a subsidiary of the Company, has 40% of the voting rights in the shareholders' meeting and the other two shareholders will enjoy 30% of the voting rights respectively. Resolutions of annual financial budget plans, final accounts, profit distribution and make up losses made by the shareholders' meeting of Shenzhen Xuan Choi Venture Capital Fund Management Co., Ltd. shall be approved by over 75% of the votes from the shareholders. Therefore, Winshare Investment and the other two shareholders have joint control over Shenzhen Xuan Choi Venture Capital Fund Management Co., Ltd. which is a joint venture of the Group.

Note 5: In June 2017, Sichuan Wenchuan Logistics Co., Ltd. ("**Wenchuan Logistics**"), a subsidiary of the Company, entered into the Investment Agreement with BLOGIS Holdings Limited and Chengdu Longchuang Investment Management Center LLP to jointly establish Sichuan Wenshare BLOGIS Supply Chain Co., Ltd. with the shareholding of 45%, 40% and 15%, respectively. According to the Articles of Association, it takes over 50% of the voting to adopt the resolution on the annual financial budget plan, final accounting plan, profit distribution and loss make-up. Therefore, Sichuan Wenshare BLOGIS Supply Chain Co., Ltd. is an associate of the Group.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 10. Long-term equity investments (Continued)

#### (1) Details of long-term equity investments are as follows: (Continued)

Note 6: As discussed in the 10th meeting of the 4th session of the Company's Board of Directors in 2015, the Company was agreed to transfer the 34% equity interest in Chengdu Xinhui by way of public listing at the reserve price of RMB141,920,700. In May 2017, the Company transferred the equity to Zhongtian Chengtuo (Guizhou) Investment and Development Co., Ltd., an independent third party, at the above price. The amount of investment income is RMB18,165,011.70.

Note 7: As discussed in the 15th meeting of the 4th session of the Company's Board of Directors, the Company was agreed to transfer the 34% equity interest in the Winshare Preschool held by the Company by way of public listing at the reserve price of RMB15,454,500. As of the date of approval of this report, the transfer has not yet been traded.

Note 8: As a limited partner, Winshare Investment, a subsidiary of the Company, invested RMB27,600,000.00 in Tibet Winshare Venture Capital Fund (Limited Partnership), and the proportion of the subscribed capital contribution of Winshare Investment accounted for 56.34% of its total subscribed capital. According to the partnership agreement of Tibet Winshare Venture Capital Fund (Limited Partnership), the Investment Decision-making Committee is responsible for the decision of fund projects. Winshare Investment holds 25% of the voting rights in the Investment Decision-making Committee, by which it can exert significant influence on Tibet Winshare Venture Capital Fund (Limited Partnership). As a result, Tibet Winshare Venture Capital Fund (Limited Partnership) is an associate of the Group.

#### (2) Details of unrecognised investment losses are as follows:

Item	Current year/End of the year (Unaudited)		Prior year/End of the prior year (Audited)	
	Unrecognised/ (Reversed but unrecognised) investment losses for the year	Accumulated unrecognised investment losses	Unrecognised investment losses for the prior year	Accumulated unrecognised investment losses
Guizhou Winshare	-	5,557,990.70	-	5,557,990.70
Education Forum	-	198,724.85	(35,659.71)	198,724.85
Sichuan Jiaoyang Sihuo Film Co., Ltd.	(82,198.49)	-	82,198.49	82,198.49
Total	(82,198.49)	5,756,715.55	46,538.78	5,838,914.04

RMB

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 11. Long-term receivables

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Net carrying amount	Carrying amount	Provision for impairment	Net carrying amount
Goods sold by installments (Note)	124,133,051.11	-	124,133,051.11	134,581,582.86	-	134,581,582.86

RMB

Note: Receivables of goods sold by installments are the Group's amounts of sales of equipment and software, which shall be collected by installments in accordance with the contract. The agreed period in the contract is 2-5 years and the Group has discounted at a discount rate of 4.75%-6%.

### 12. Investment properties

Investment properties measured at cost

Item	Buildings
I. Total original carrying amount	
1. Opening balance (Audited)	98,777,184.81
2. Increase in the period	
(1) Transfer from fixed assets	6,211,498.88
3. Decrease in the period	
(1) Transfer to fixed assets	(787,206.09)
4. Closing balance (Unaudited)	104,201,477.60
II. Total accumulated depreciation	
1. Opening balance (Audited)	(30,105,496.99)
2. Increase in the period	
(1) Provision	(1,564,790.09)
(2) Transfer from fixed assets	(666,043.86)
3. Decrease in the period	
(1) Transfer to fixed assets	192,952.45
4. Closing balance (Unaudited)	(32,143,378.49)
III. Total net carrying amount	
1. Net carrying amount at the beginning of the period (Audited)	68,671,687.82
2. Net carrying amount at the end of the period (Unaudited)	72,058,099.11

RMB

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 13. Fixed assets

#### (1) Fixed assets

Item	RMB				Total
	Buildings	Machinery and equipment	Electronic equipment and others	Transportation vehicles	
I. Original carrying amount					
1. Opening balance (Audited)	1,566,448,607.66	275,998,383.74	156,524,028.66	113,299,529.42	2,112,270,549.48
2. Increase in the period	6,797,569.67	3,318,707.62	6,264,692.87	751,923.60	17,132,893.76
(1) Acquisition	-	2,129,168.18	6,264,692.87	751,923.60	9,145,784.65
(2) Transfer from construction in progress	6,010,363.58	1,189,539.44	-	-	7,199,903.02
(3) Transfer from investment property	787,206.09	-	-	-	787,206.09
3. Decrease in the period	(6,211,498.88)	(223,863.25)	(4,363,968.72)	(2,324,660.08)	(13,123,990.93)
(1) Disposal	-	(223,863.25)	(4,363,968.72)	(2,324,660.08)	(6,912,492.05)
(2) Transfer to investment property	(6,211,498.88)	-	-	-	(6,211,498.88)
4. Closing balance (Unaudited)	1,567,034,678.45	279,093,228.11	158,424,752.81	111,726,792.94	2,116,279,452.31
II. Accumulated depreciation					
1. Opening balance (Audited)	(364,824,298.30)	(182,407,743.42)	(124,980,111.03)	(81,317,497.25)	(753,529,650.00)
2. Increase in the period	(25,343,374.59)	(8,496,201.48)	(4,952,221.48)	(5,363,596.04)	(44,155,393.59)
(1) Provision	(25,150,422.14)	(8,496,201.48)	(4,952,221.48)	(5,363,596.04)	(43,962,441.14)
(2) Transfer from investment property	(192,952.45)	-	-	-	(192,952.45)
3. Decrease in the period	666,043.86	7,554.81	4,330,387.75	2,109,884.67	7,113,871.09
(1) Disposal	-	7,554.81	4,330,387.75	2,109,884.67	6,447,827.23
(2) Transfer to investment property	666,043.86	-	-	-	666,043.86
4. Closing balance (Unaudited)	(389,501,629.03)	(190,896,390.09)	(125,601,944.76)	(84,571,208.62)	(790,571,172.50)
III. Net carrying amount					
1. Net carrying amount at the beginning of the period (Audited)	1,201,624,309.36	93,590,640.32	31,543,917.63	31,982,032.17	1,358,740,899.48
2. Net carrying amount at the end of the period (Unaudited)	1,177,533,049.42	88,196,838.02	32,822,808.05	27,155,584.32	1,325,708,279.81

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 13. Fixed assets (Continued)

(2) Fixed assets of which certificates of title have not been obtained

Item	Net carrying amount	Reasons why certificates of title have not been obtained
Office building (Beijing Branch)	66,222,408.51	In progress
Warehouse and office building (Sichuan Jiange)	6,063,448.39	In progress
Warehouse and office building (Sichuan peng'an)	5,161,498.22	In progress
Warehouse and office building (Sichuan Longquan)	8,470,104.48	In progress
Warehouse and office building (Sichuan Wusheng)	6,466,354.63	In progress
Warehouse and office building (Sichuan Xindu)	6,129,044.15	In progress
Warehouse and office building (Sichuan Xichong)	7,038,127.36	In progress
Warehouse and office building (Sichuan Nanchong)	17,237,513.04	In progress
Business Building (Guang'an Bookstore)	20,075,581.93	In progress
<b>Total</b>	<b>142,864,080.71</b>	

The above fixed assets of which certificates of title have not been obtained have no significant influential on the Group's operations.

(3) There is no temporary idle fixed assets included in the Group's major operational fixed assets at the end of the period.



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 14. Construction in progress

(1) Details of construction in progress are as follows:

Item	Closing balance (Unaudited)			Opening balance (Audited)		
	Carrying amount	Provision for impairment	Net carrying amount	Carrying amount	Provision for impairment	Net carrying amount
Western culture logistics distribution base	2,142,329.61	-	2,142,329.61	2,142,329.61	-	2,142,329.61
Publishing Media Creation Center*	444,910,314.11	-	444,910,314.11	365,607,570.37	-	365,607,570.37
Bazhong warehouse and office building*	10,069,661.17	-	10,069,661.17	7,976,000.00	-	7,976,000.00
Quxian library warehouse and office building*	290,000.00	-	290,000.00	-	-	-
Yilong textbook distribution center project*	13,056,791.32	-	13,056,791.32	9,835,113.32	-	9,835,113.32
Ziyang textbooks transfer station project*	20,405,443.51	-	20,405,443.51	19,122,881.51	-	19,122,881.51
Anyue branch-office building and warehouse*	-	-	-	4,306,875.96	-	4,306,875.96
Lezhi textbook distribution center*	6,403,335.75	-	6,403,335.75	5,288,482.89	-	5,288,482.89
Miayang textbook warehouse*	40,880,152.00	-	40,880,152.00	39,933,952.00	-	39,933,952.00
Yuechi warehouse and office building*	5,935,318.00	-	5,935,318.00	5,935,318.00	-	5,935,318.00
Others	579,055.05	-	579,055.05	55,177.39	-	55,177.39
<b>Total</b>	<b>544,672,400.52</b>	<b>-</b>	<b>544,672,400.52</b>	<b>460,203,701.05</b>	<b>-</b>	<b>460,203,701.05</b>

RMB



## Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

**(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****14. Construction in progress (Continued)**

(2) Changes in construction in progress

RMB

Item name	Budget amount	Opening balance (Audited)	Increase in the current period	Transfer to fixed assets	Amount injected as a proportion of budget amount (%)	Construction progress (%)	Amount of accumulated capitalised interest	Including: capitalised interest for the period	Interest capitalisation rate for the period (%)	Source of funds	Closing balance (Unaudited)
Western culture logistics distribution base	598,000,000.00	2,142,329.61	-	-	61.00	61.00	-	-	-	self-raised funds	2,142,329.61
Publishing media creation center* Bazhong warehouse and office building*	736,000,000.00	365,607,570.37	79,302,743.74	-	60.77	60.77	-	-	-	Self-raised	444,910,314.11
Deyang textbook warehouse*	19,500,000.00	7,976,000.00	2,093,661.17	-	51.74	51.74	-	-	-	Self-raised	10,069,661.17
Quxian library warehouse and office building*	19,000,000.00	-	1,042,655.57	(1,042,655.57)	91.49	91.49	-	-	-	Self-raised	-
Yilong textbook distribution center project*	11,800,000.00	-	290,000.00	-	2.46	2.46	-	-	-	Self-raised	290,000.00
Ziyang textbooks transfer station project*	16,000,000.00	9,835,113.32	3,221,678.00	-	81.14	81.14	-	-	-	Self-raised	13,056,791.32
Wusheng subsidiary base project* Anyue Branch-office building and warehouse*	30,000,000.00	19,122,881.51	1,282,582.00	-	68.02	68.02	-	-	-	Self-raised	20,405,443.51
Xindu textbook warehouse*	3,000,000.00	-	18,014.35	(18,014.35)	0.60	0.60	-	-	-	Self-raised	-
Lezhi textbook distribution center* Renshou warehouse and office building*	13,600,000.00	4,306,875.96	557,902.91	(4,864,778.87)	36.10	36.10	-	-	-	Self-raised	-
Mianyang textbook warehouse*	7,800,000.00	-	6,082.26	(6,082.26)	0.08	0.08	-	-	-	Self-raised	-
Yuechi warehouse and office building* Others	31,000,000.00	5,288,482.89	1,114,852.86	-	20.60	20.60	-	-	-	Self-raised	6,403,335.75
Total	1,567,020,000.00	460,203,701.05	91,668,602.49	(7,189,903.02)	-	-	-	-	-	-	544,672,400.52

\* It is also the construction in progress of the Company



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 15. Intangible assets

#### (1) Intangible assets

Item						RMB
	Land use rights	Patent	Software	Distribution channel	Others	Total
I. Total original carrying amount						
1. Opening balance (Audited)	391,544,420.43	5,299,701.34	113,209,724.25	44,944,000.00	5,030,000.38	560,027,846.40
2. Increase in the period						
(1) Acquisition	-	149,782.46	8,259,519.42	-	-	8,409,301.88
(2) Transfer from development expenses	-	15,000.00	6,614,830.36	-	-	6,629,830.36
3. Decrease in the year						
(1) Other reductions	-	-	(23,645,844.77)	-	-	(23,645,844.77)
4. Closing balance (Unaudited)	391,544,420.43	5,464,483.80	104,438,229.26	44,944,000.00	5,030,000.38	551,421,133.87
II. Total accumulated amortisation						
1. Opening balance (Audited)	(69,063,501.21)	(2,098,209.40)	(60,113,467.97)	(17,138,666.56)	(2,575,765.85)	(150,989,610.99)
2. Increase in the period						
(1) Provision	(4,457,034.10)	(271,176.35)	(4,240,084.49)	(1,580,533.32)	(117,117.02)	(10,665,945.28)
3. Decrease in the period						
(1) Retirement	-	-	-	-	-	-
4. Closing balance (Unaudited)	(73,520,535.31)	(2,369,385.75)	(64,353,552.46)	(18,719,199.88)	(2,692,882.87)	(161,655,556.27)
III. Total provision for impairment						
1. Opening balance (Audited)	-	-	-	(12,000,000.00)	-	(12,000,000.00)
2. Closing balance (Unaudited)	-	-	-	(12,000,000.00)	-	(12,000,000.00)
IV. Total net carrying amount						
1. Net carrying amount at the beginning of the period (Audited)	322,480,919.22	3,201,491.94	53,096,256.28	15,805,333.44	2,454,234.53	397,038,235.41
2. Net carrying amount at the end of the period (Unaudited)	318,023,885.12	3,095,098.05	40,084,676.80	14,224,800.12	2,337,117.51	377,765,577.60

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 16. Goodwill

(1) Original carrying amount of goodwill

RMB				
Name of the investee and item resulting in goodwill	Opening balance (Audited)	Increase in the current period	Decrease in the current period	Closing balance (Unaudited)
Acquisitions of 15 publishing companies (Note)	500,571,581.14	-	-	500,571,581.14
Others	3,870,061.53	-	-	3,870,061.53
<b>Total</b>	<b>504,441,642.67</b>	<b>-</b>	<b>-</b>	<b>504,441,642.67</b>

Note: Goodwill of RMB500,571,581.14 was generated from the Group's acquisition of 15 publishing entities on 31 August 2010, which has been distributed to a related asset group, including 3 of the 15 publishing entities of the publishing segment.

The recoverable amount of the asset group is determined based on the present value of its expected future cash flows. The future cash flows are determined based on the financial budget approved by the management for the five-year period. Budget gross profit is determined based on the average gross profit achieved in the five years before the budget year. The revenue growth rate of operating income after 5 years is from 0 to 2% (at the end of prior period: 0-2%). Discount rate of 15% (at the end of prior period: 15%) is proposed according to the specific risk of publishing business.

The management believes that any reasonable changes in the above assumptions would under no circumstances result in the sum of the respective book value of the asset group exceeds its recoverable amount.



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 16. Goodwill (Continued)

(2) Provision for impairment loss of goodwill

<i>RMB</i>				
Name of the investee and item resulting in goodwill	Opening balance (Audited)	Increase in the current period	Decrease in the current period	Closing balance (Unaudited)
Others	(3,851,606.53)	-	-	(3,851,606.53)

### 17. Long-term prepaid expenses

<i>RMB</i>				
Item	Opening balance (Audited)	Increase in the current period	Amortisation for the period	Closing balance (Unaudited)
Leasehold improvement	14,653,917.42	4,313,748.46	(2,854,185.67)	16,113,480.21
Rent	192,098.94	2,758,584.60	(100,639.65)	2,850,043.89
Total	14,846,016.36	7,072,333.06	(2,954,825.32)	18,963,524.10

## Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

**(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS***(Continued)***18. Deferred tax assets (liabilities)***(1) Deferred tax assets*

RMB

Item	Closing balance (Unaudited)		Opening balance (Audited)	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment losses of assets	20,133,866.36	5,033,466.59	20,797,374.92	5,199,343.73
Employee benefits payable	16,037,260.88	4,009,315.22	14,515,095.08	3,628,773.77
Total	36,171,127.24	9,042,781.81	35,312,470.00	8,828,117.50

*(2) Deferred tax liabilities*

RMB

Item	Closing balance (Unaudited)		Opening balance (Audited)	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Differences between carrying amount and fair value in acquisitions of subsidiary	41,932,920.16	10,483,230.04	43,627,963.36	10,906,990.84
Relocation compensation	41,428,724.80	10,357,181.20	41,428,724.80	10,357,181.20
Changes in the fair value of available-for-sale financial assets	47,200,533.72	11,800,133.43	49,831,761.72	12,457,940.43
Total	130,562,178.68	32,640,544.67	134,888,449.88	33,722,112.47

The amount for offsetting of deferred tax assets and deferred tax liabilities at the end of the period is nil.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 18. Deferred tax assets (liabilities) (Continued)

(3) Details of the following deductible temporary difference and deductible taxable losses of the unrecognised deferred tax assets

Item	RMB	
	Closing balance (Unaudited)	Opening balance (Audited)
Deductible temporary differences	122,901,286.91	92,901,973.99
Deductible taxable losses	478,004,971.55	426,772,258.67
Total	600,906,258.46	519,674,232.66

The Group believes that it is not probable that taxable profits will be available in future periods to offset the aforementioned deductible losses, therefore, deferred tax assets are not recognised on above items.

(4) Deductible losses, for which no deferred tax assets are recognised, will expire in the following years

Year	RMB	
	Closing balance (Unaudited)	Opening balance (Audited)
2017	80,989,544.00	83,879,851.12
2018	78,165,054.10	78,105,186.70
2019	79,905,383.76	81,243,283.59
2020	117,592,564.87	121,900,969.19
2021	61,642,968.07	61,642,968.07
2022	59,709,456.75	-
Total	478,004,971.55	426,772,258.67

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 19. Other non-current assets

Item	RMB	
	Closing balance (Unaudited)	Opening balance (Audited)
Prepaid land funds	35,355,837.99	35,355,837.99
Deductible VAT input tax (Note 1)	69,144,319.89	60,104,189.59
Relocation compensation (Note 2)	37,738,886.00	37,738,886.00
Time deposit (Note 3)	280,000,000.00	280,000,000.00
Prepayments for acquisition of equity (Note 4)	48,489,700.00	–
<b>Total</b>	<b>470,728,743.88</b>	413,198,913.58

Note 1: The deductible VAT input tax is the VAT input tax that the Group expects to deduct in the following year.

Note 2: Sichuan Xinhua Printing, a subsidiary of the Company, and Old and Dilapidated Buildings Reconstruction Center of Jinniu District of Chengdu signed the Relocation Compensation Contract of South Area Urban Renewal Project of Xinhua Printing Factory Conditional Agreement in December 2013. According to the Relocation Compensation Contract, Sichuan Xinhua Printing will receive cash compensation of RMB199,925,770.00, and compensation for resettlement house valued to RMB36,230,330.00. As at 30 June 2017, Sichuan Xinhua Printing has received all cash compensation of RMB199,925,770.00 and the remaining compensation will be received in 2018.

In May 2015, Sichuan Printing Materials Co., Ltd. ("**Printing Materials**"), a subsidiary of the Company, entered into Relocation Compensation Contract of Surrounding Scattered Plots of North Area Urban Renewal Project of Xinhua Printing Factory Conditional Agreement with Sichuan Chuanchu Property Co., Ltd. Pursuant to the Relocation Compensation Contract, Printing Materials will receive compensation for resettlement house valued to RMB1,508,556.00 in 2018.

Note 3: Time deposit is in the form of negotiable certificate of deposit with the period from 12 December 2016 to 12 December 2018 and the interest rate of 2.98%.

Note 4: In June 2017, the Company entered into an equity transfer agreement with Chengdu Junqu Printing Co., Ltd., pursuant to which, the Company purchased the remaining 35% of the equity that Chengdu Junqu Printing Co., Ltd. held in Sichuan Xinhua Colour Printing Co., Ltd. ("**Xinhua Colour Printing**") at the total amount of RMB69,271,000.00. The prepayment of RMB48,489,700.00 has been paid by the Company in accordance with the agreement, and the remaining amount of RMB20,781,300.00 will be paid after the completion of shareholding rights transfer by the Company with the assistance of Chengdu Junqu Printing Co., Ltd. As at the reporting date, the acquisition has not yet completed. The Company recognised the prepayment for acquisition of equity as other non-current assets.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 20. Notes payable

<b>Item</b>	<b>Closing balance (Unaudited)</b>	<i>RMB</i> Opening balance (Audited)
Bank acceptances	<b>42,100,383.32</b>	12,584,784.00

At the end of the year, the Group's deposit for the above-mentioned bank acceptance bills was RMB23,336,922.61.

All of the Group's bank acceptance bills are due within 6 months.

### 21. Accounts payable

Details of aging analysis of accounts payable are as follows:

<b>Item</b>	<b>Closing balance (Unaudited)</b>	<i>RMB</i> Opening balance (Audited)
Within 1 year	<b>1,935,680,180.42</b>	1,951,342,495.62
More than 1 year but not exceeding 2 years	<b>452,454,942.01</b>	502,756,239.78
More than 2 years but not exceeding 3 years	<b>159,563,566.60</b>	147,358,941.28
More than 3 years	<b>111,592,729.49</b>	113,545,766.67
<b>Total</b>	<b>2,659,291,418.52</b>	2,715,003,443.35

Aging analysis of accounts payable is carried out based on the time of purchasing goods or receiving services. Accounts payable aged more than one year are mainly payments due to the suppliers.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 22. Advance from customers

Details of advance from customers are as follows:

Item	RMB	
	Closing balance (Unaudited)	Opening balance (Audited)
Within 1 year	<b>254,753,513.81</b>	285,643,576.28
More than 1 year but not exceeding 2 years	<b>15,592,968.02</b>	13,202,730.15
More than 2 years but not exceeding 3 years	<b>3,926,647.55</b>	3,750,103.96
More than 3 years	<b>10,442,792.45</b>	7,350,103.02
Total	<b>284,715,921.83</b>	309,946,513.41

At the end of the period, advances from customers of the Group were advances on sales.

Advances from customers aged more than 1 year are mainly outstanding payments due from customers.

### 23. Employee benefits payable

(1) *Employee benefits payable*

Item	RMB			
	Opening balance (Audited)	Increase in the current period	Decrease in the current period	Closing balance (Unaudited)
I. Short-term benefits	250,958,571.57	<b>370,486,724.02</b>	<b>(431,854,357.20)</b>	<b>189,590,938.39</b>
II. Post-employment benefit - defined contribution plan	837,615.95	<b>55,348,732.99</b>	<b>(55,212,688.51)</b>	<b>973,660.43</b>
Total	251,796,187.52	<b>425,835,457.01</b>	<b>(487,067,045.71)</b>	<b>190,564,598.82</b>



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 23. Employee benefits payable (Continued)

#### (2) Short-term benefits

<i>RMB</i>				
Item	Opening balance (Audited)	Increase in the current period	Decrease in the current period	Closing balance (Unaudited)
I. Wages or salaries, bonuses, allowances and subsidies	201,977,193.54	306,073,172.43	(372,404,003.56)	135,646,362.41
II. Staff welfare	4,058.55	3,438,214.74	(3,435,675.14)	6,598.15
III. Social security contributions	327,259.27	20,907,110.12	(20,141,526.28)	1,092,843.11
Including: Medical insurance	265,092.10	18,827,602.79	(18,069,744.15)	1,022,950.74
Work-related injury insurance	36,194.33	867,981.48	(861,303.58)	42,872.23
Maternity insurance	22,171.20	1,159,523.63	(1,158,650.13)	23,044.70
Other insurances	3,801.64	52,002.22	(51,828.42)	3,975.44
IV. Housing funds	1,327,027.16	27,385,821.76	(26,969,643.08)	1,743,205.84
V. Union running costs and employee education costs	47,115,117.33	10,604,000.85	(6,825,105.02)	50,894,013.16
VI. Others	207,915.72	2,078,404.12	(2,078,404.12)	207,915.72
<b>Total</b>	<b>250,958,571.57</b>	<b>370,486,724.02</b>	<b>(431,854,357.20)</b>	<b>189,590,938.39</b>

#### (3) Defined contribution plan

<i>RMB</i>				
Item	Opening balance (Audited)	Increase in the current period	Decrease in the current period	Closing balance (Unaudited)
I. Basic pension insurance	436,111.96	43,007,873.55	(42,878,665.11)	565,320.40
II. Unemployment insurance expense	48,074.76	1,433,236.81	(1,418,225.02)	63,086.55
III. Enterprise annuity	353,429.23	10,907,622.63	(10,915,798.38)	345,253.48
<b>Total</b>	<b>837,615.95</b>	<b>55,348,732.99</b>	<b>(55,212,688.51)</b>	<b>973,660.43</b>

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 24. Taxes payable

Item	<i>RMB</i>	
	Closing balance (Unaudited)	Opening balance (Audited)
Income tax	1,616,887.37	1,764,930.97
Value added tax	8,777,881.29	16,207,327.07
Business tax	11,593.02	11,593.02
City construction and maintenance tax	595,695.94	445,266.91
Education surcharges	415,270.30	313,775.70
Housing property tax	(23,920.38)	26,305.07
Others	20,261,496.70	20,187,669.01
<b>Total</b>	<b>31,654,904.24</b>	<b>38,956,867.75</b>

### 25. Other Payables

Item	<i>RMB</i>	
	Closing balance (Unaudited)	Opening balance (Audited)
Amounts due to related parties	1,543,632.52	2,972,709.57
Security deposit/deposit/quality warranty/ performance security	108,922,539.74	86,068,756.41
Construction and infrastructure construction expenses	484,401.38	17,318,289.77
Amounts due to/from other entities	56,061,814.61	62,362,569.77
Others	138,722,474.11	101,739,164.56
<b>Total</b>	<b>305,734,862.36</b>	<b>270,461,490.08</b>

Other payables aged more than one year are mainly security deposit and deposit.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 26. Deferred income

Item	RMB	
	Closing balance (Unaudited)	Opening balance (Audited)
Government grants (Note 1)	89,203,620.42	89,519,510.36
Membership card points (Note 2)	11,747,308.17	10,057,076.69
<b>Total</b>	<b>100,950,928.59</b>	99,576,587.05

Items involving with government subsidies:

Item	RMB				Related to an asset/related to income
	Opening balance (Audited)	New grants for the current period	Amount recognised in other income for the current period	Closing balance (Unaudited)	
Books subsidies	79,042,632.97	6,642,830.31	(5,329,807.17)	80,355,656.11	related to income
Films and television work subsidies	10,476,877.39	-	(1,628,913.08)	8,847,964.31	related to income
<b>Total</b>	89,519,510.36	6,642,830.31	(6,958,720.25)	89,203,620.42	

Note 1: For the publication of certain topics, the publishing units of the Group will receive various forms of government subsidies. When the relevant publications are completed, the corresponding government subsidies will be included in the other income, and the government subsidies that have been acquired but not yet implemented of the relevant issuing business will be shown under deferred income.

Subsidies for films and teleplays are subsidies for the production and distribution of films and teleplays of certain topics acquired by Beijing Huaying Winshare Movie & TV Culture Co., Ltd. ("Huaying Winshare"), a subsidiary of the Company, which are included in the other income when the relevant films and teleplays are completed and distributed.

Note 2: The Group's retail outlets offer a loyalty card to the consumers, and the points for customers who earn a certain amount of points can be converted to cash upon purchase. The Group distributes the consideration for sale between the goods sold and the points awarded according to the relative fair value. The sales price allocated to the reward points is recognised as deferred income and recognised as income when the reward points are redeemed.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 27. Provisions

<b>Item</b>	<b>Closing balance (Unaudited)</b>	<i>RMB</i> Opening balance (Audited)
Provisions for sales return	<b>9,577,022.16</b>	8,834,463.43

Provisions of the Group are the provisions for sales return that estimated in accordance with the historical return rate.

### 28. Deferred income

<b>Item</b>	<b>Closing balance (Unaudited)</b>	<i>RMB</i> Opening balance (Audited)
Government grants	<b>81,678,902.80</b>	87,235,679.55



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 28. Deferred income (Continued)

Items related to government grants:

Item	Opening balance (Audited)	Amount			Related to an asset/ related to income
		New grants for the current period	recognised in other income for the current period	Closing balance (Unaudited)	
Copyright protection of audio and video cloud application system Integration and Application	3,000,000.00	-	(1,385,853.28)	1,614,146.72	related to an asset
Demonstration of Key Technology in Digital Education	5,887,600.00	-	-	5,887,600.00	related to an asset
Construction of Full Media Center of "Tibetan-Chinese Bilingual Language"	669,471.96	-	(152,427.06)	517,044.90	related to an asset
Western Culture Logistics and Distribution Base	1,956,765.44	-	(128,118.12)	1,828,647.32	related to an asset
CNONIX National Standard Application Promotion Demonstration – Based on Supply Chain Collaborative E – Commerce Platform	7,715,604.65	-	-	7,715,604.65	related to an asset
Overseas cultural market development project	11,439,547.98	-	(544,071.79)	10,895,476.19	related to an asset
Special funds for technological transformation	24,036,502.24	-	(2,106,736.41)	21,929,765.83	related to an asset
R&D and industrialisation project of rich media digital resources online edit system	4,000,000.00	-	-	4,000,000.00	related to an asset
Special fund for Winshare Bookstores	6,000,000.00	-	-	6,000,000.00	related to an asset
UClass Digital Teaching Application System	400,000.00	-	-	400,000.00	related to an asset
Winshare Cloud Digital Campus Development and Application Promotion	300,000.00	-	-	300,000.00	related to an asset
Wisdom Bookstore Project	4,000,000.00	-	-	4,000,000.00	related to an asset
Others	17,830,187.28	123,573.81	(1,363,143.90)	16,590,617.19	related to an asset
<b>Total</b>	<b>87,235,679.55</b>	<b>123,573.81</b>	<b>(5,680,350.56)</b>	<b>81,678,902.80</b>	

RMB

## Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

**(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS***(Continued)***29. Share capital**

RMB

Item	Opening balance	Issue of new shares	Changes for the period			Subtotal	Closing balance
			Bonus issue	Capitalisation of surplus reserve	Others		
For the current period (Unaudited):							
Promotor's shares	692,468,091.00	-	-	-	-	-	692,468,091.00
National Council for Social Security Fund	725,809.00	-	-	-	-	-	725,809.00
Overseas listed foreign shares	441,937,100.00	-	-	-	-	-	441,937,100.00
Domestic listed RMB ordinary shares	98,710,000.00	-	-	-	-	-	98,710,000.00
<b>Total</b>	<b>1,233,841,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,233,841,000.00</b>
For the prior period (audited):							
Promotor's shares	693,193,900.00	-	-	-	-	-	693,193,900.00
Overseas listed foreign shares	441,937,100.00	-	-	-	-	-	441,937,100.00
<b>Total</b>	<b>1,135,131,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,135,131,000.00</b>

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 30. Capital reserve

For the current period

Item	<i>RMB</i>			
	Opening balance (Audited)	Increase in the current period	Decrease in the current period	Closing balance (Unaudited)
Share capital premium				
Including: Capital contributed by investors	2,622,807,793.67	-	-	2,622,807,793.67
Effect of business combination involving enterprises under common control	(24,511,900.00)	-	-	(24,511,900.00)
Equity transaction with non-controlling shareholders	(8,066,401.59)	-	-	(8,066,401.59)
Deemed acquisition of additional interests in subsidiaries	(2,865,206.59)	-	-	(2,865,206.59)
Other capital reserve				
Including: Transfer from capital reserve under the previous accounting system	23,281,007.10	-	-	23,281,007.10
Conversion of appreciation of net assets arising from associates to subsidiaries on pro-rata basis	9,820,616.03	-	-	9,820,616.03
Treasury shares	(998,378.51)	-	-	(998,378.51)
<b>Total</b>	<b>2,619,467,530.11</b>	<b>-</b>	<b>-</b>	<b>2,619,467,530.11</b>

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 30. Capital reserve (Continued)

For the prior year

Item	<i>RMB</i>			
	Opening balance (Audited)	Increase in the current period	Decrease in the current period	Closing balance (Unaudited)
Share capital premium				
Including: Capital contributed by investors	2,076,342,695.61	-	-	2,076,342,695.61
Effect of business combination involving enterprises under common control	(24,511,900.00)	-	-	(24,511,900.00)
Equity transaction with non-controlling shareholders	(8,066,401.59)	-	-	(8,066,401.59)
Deemed acquisition of additional interests of subsidiaries	(2,865,206.59)			(2,865,206.59)
Other capital reserve		-	-	
Including : Transfer from capital reserve under the previous accounting system	23,281,007.10	-	-	23,281,007.10
Conversion of appreciation of net assets arising from associated companies to subsidiaries on pro-rata basis	9,820,616.03	-	-	9,820,616.03
Treasury shares	(998,378.51)	-	-	(998,378.51)
<b>Total</b>	<b>2,073,002,432.05</b>	<b>-</b>	<b>-</b>	<b>2,073,002,432.05</b>



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 31. Other comprehensive income

RMB

Item	Opening balance	Changes for the period					Closing balance
		Amount before income tax for the current period	Less: amount included in other comprehensive income in the prior period that is transferred to profit or loss for the period	Less: income tax expenses	Attributable to the owner of the Company (after tax)	Attributable to non-controlling shareholders (after tax)	
Closing balance (Unaudited):							
Other comprehensive income that will be reclassified in profit or loss in the subsequent years	2,045,820,792.23	(469,966,742.48)	64,485.56	657,807.00	(469,373,421.04)	-	1,576,447,371.19
Share of other comprehensive income of the investee that will be subsequently reclassified into profit or loss under equity method	412,151.06	-	-	-	-	-	412,151.06
Profit or loss arising from changes in fair value of available-for-sale financial assets	2,045,408,641.17	(469,966,742.48)	64,485.56	657,807.00	(469,373,421.04)	-	1,576,035,220.13
For the prior period (Audited):							
Other comprehensive income that will be reclassified in profit or loss in the subsequent years	1,903,286,451.10	(601,642,913.26)	1,070,270.38	6,718,288.92	(595,994,894.72)	-	1,307,291,556.38
Profit or loss arising from changes in fair value of available-for-sale financial assets	1,903,286,451.10	(601,642,913.26)	1,070,270.38	6,718,288.92	(595,994,894.72)	-	1,307,291,556.38

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 32. Surplus reserve

Item	<i>RMB</i>			
	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
For the current period (Audited):				
Statutory surplus reserve	<b>539,564,967.34</b>	-	-	<b>539,564,967.34</b>
For the prior period (Unaudited):				
Statutory surplus reserve	476,433,736.51	-	-	476,433,736.51

### 33. Retained profits

Item	<i>RMB</i>		
	Current year (Unaudited)	Prior year (Audited)	Proportion of appropriation
Retained profits at beginning of period	<b>1,896,996,070.84</b>	1,682,817,310.23	
Add: Net profit attributable to shareholders of the Company for the period	<b>497,924,902.26</b>	350,023,356.00	
Less: Appropriation to statutory surplus reserve	-	-	(1)
Declaration of dividends on ordinary shares	<b>(370,152,300.00)</b>	-	(2)
Retained profits at the end of the period	<b>2,024,768,673.10</b>	2,032,840,666.23	

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

*(Continued)*

### 33. Retained profits *(Continued)*

#### (1) *Appropriation to statutory surplus reserve*

According to the Articles of Association, the Company is required to transfer 10% of its net profit to the statutory surplus reserve. The transfer may be ceased if the balance of the statutory surplus reserve has reached 50% of the Company's registered capital. The statutory surplus reserve can be used to offset the loss of the Company, expanding production and operation or transferring to paid-in capital, but the retained statutory surplus reserve shall not lower than 25% of the registered capital.

#### (2) *Cash dividends approved in shareholders' meeting*

On 25 May 2017, the resolution regarding the Company's 2016 Annual Profit Distribution Proposal was approved at 2016 annual general meeting of the Company. The profit distribution was based on 1,233,841,000 shares of the Company's total share capital before the implementation of the proposal. The cash dividend per share was RMB0.30 (tax-inclusive) (Prior period: nil) and the total cash dividends of RMB370,152,300.00 (tax-inclusive) (Prior period: nil) was distributed.

#### (3) *Appropriation to surplus reserve by subsidiaries*

At the end of the period, the balance of the Group's retained profits includes the surplus reserve of RMB58,528,898.05 (at the end of the prior period: RMB58,528,898.05) appropriated to subsidiaries.



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 34. Operating income and operating costs

(1) Operating income and operating costs

Item	Amount recognised in the current period (Unaudited)	RMB
		Amount recognised in the prior period (Audited)
Principal operating income	<b>3,125,847,251.24</b>	2,662,131,490.06
Other operating income	<b>60,167,995.97</b>	58,246,238.60
Including: Gross revenue from		
concessionaire sales	<b>150,365,768.06</b>	142,177,375.24
Gross cost from		
concessionaire sales	<b>(127,936,746.43)</b>	(120,188,515.93)
Commissions from		
concessionaire sales	<b>22,429,021.63</b>	21,988,859.31
Operating costs	<b>2,026,412,232.84</b>	1,605,280,276.85

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 34. Operating income and operating costs (Continued)

(2) Details of operating income and operating costs are as follows:

RMB

Item	Operating income		Operating costs	
	Current period (Unaudited)	Prior period (Audited)	Current period (Unaudited)	Prior period (Audited)
<b>Publishing segment</b>				
Textbooks and Supplementary materials	355,092,114.97	288,204,287.95	239,524,578.42	166,035,757.32
General books	240,960,584.11	121,088,503.57	181,597,445.33	84,838,450.89
Printing and supplies	81,422,004.91	82,413,793.36	73,124,667.80	74,774,021.61
Others	28,136,491.97	26,315,659.24	11,107,856.08	8,301,833.45
<b>Subtotal</b>	<b>705,611,195.96</b>	518,022,244.12	<b>505,354,547.63</b>	333,950,063.27
<b>Distribution segment</b>				
Education services	1,785,050,770.12	1,624,698,145.15	1,119,814,275.82	1,018,668,185.32
Including: Textbooks and Supplementary materials	1,648,705,381.49	1,513,669,968.08	992,424,367.05	923,309,240.39
Education informationalised business	126,866,480.63	107,466,773.51	118,191,605.36	93,103,375.01
Retailing	271,040,734.51	295,492,959.29	157,616,225.57	172,236,647.19
Commercial Supermarket	64,746,558.43	80,244,402.27	42,754,985.29	52,353,914.42
Online Sales	528,923,785.52	451,465,637.16	488,115,968.46	400,761,968.69
Others	102,629,684.87	82,895,894.88	63,359,454.03	44,484,403.65
<b>Subtotal</b>	<b>2,752,391,533.45</b>	2,534,797,038.75	<b>1,871,660,909.17</b>	1,688,505,119.27
<b>Others</b>	<b>240,159,097.56</b>	17,196,678.37	<b>223,808,668.75</b>	9,545,215.61
Less: inter-segment elimination	(512,146,579.76)	(349,638,232.58)	(574,411,892.71)	(426,720,121.30)
<b>Total</b>	<b>3,186,015,247.21</b>	2,720,377,728.66	<b>2,026,412,232.84</b>	1,605,280,276.85

Details of publishing segment and distribution segment and other details are set out in Note (XIV) 2.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 35. Taxes and levies

RMB

Item	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Audited)
Business tax	–	729,887.67
City construction and maintenance tax	2,769,649.32	1,849,424.39
Education surcharges	1,975,040.66	1,320,298.00
Property tax (Note)	7,960,912.27	–
Urban land use tax (Note)	2,162,078.88	–
Stamp duty (Note)	1,010,192.38	–
Travel tax (Note)	141,313.36	–
Disabled Person Security Fund (Note)	112,174.74	–
Others	127,226.31	472,188.91
<b>Total</b>	<b>16,258,587.92</b>	<b>4,371,798.97</b>

Note: In accordance with the Notice of the Ministry of Finance regarding the Issuing of the Rules of Value-added Tax Accounting Treatment (Cai Kuai [2016] No. 22), land use tax, property tax, travel tax, stamp duty and disabled person security fund shall be presented in "Taxes and levies" from 1 May 2016.

### 36. Selling expenses

RMB

Item	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Audited)
Wages and other manpower costs	204,997,741.45	179,206,196.82
Transportation costs	81,494,820.96	102,995,925.40
Business conference fees	17,863,166.15	17,651,716.10
Vehicle fees	15,084,484.17	12,878,029.48
Travel expenses	9,206,806.64	7,964,520.46
Advertising and promotion fees	31,066,508.48	24,122,359.71
Distribution commission	1,775,706.00	2,547,081.26
Packing expenses	5,134,257.51	8,072,109.95
Others	48,374,215.69	39,435,439.86
<b>Total</b>	<b>414,997,707.05</b>	<b>394,873,379.04</b>

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 37. Administrative expenses

Item	<i>RMB</i>	
	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Audited)
Wages and other manpower costs	<b>192,331,037.03</b>	193,337,037.36
Business entertainment	<b>50,201,207.38</b>	53,637,643.99
Lease payments	<b>49,282,467.70</b>	50,812,882.91
Depreciation and amortisation expenses	<b>50,224,033.21</b>	53,034,768.53
Conference fees	<b>10,304,629.81</b>	7,087,928.24
Taxes	–	12,791,587.41
Property management fees	<b>14,147,356.76</b>	12,629,589.16
Travelling expenses	<b>4,562,959.58</b>	3,851,069.27
Energy cost	<b>9,067,647.42</b>	8,279,487.72
Office expense	<b>3,699,425.72</b>	3,148,903.22
Repair charge	<b>5,820,183.65</b>	6,297,889.65
Audit and other non-audit service fees	<b>960,000.00</b>	1,920,000.00
Others	<b>40,020,493.71</b>	18,477,152.12
<b>Total</b>	<b>430,621,441.97</b>	425,305,939.58

### 38. Finance expenses

Item	<i>RMB</i>	
	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Audited)
Interest income	<b>(10,548,065.87)</b>	(5,899,874.36)
Interest income of long-term receivables	<b>(662,143.28)</b>	(658,996.16)
Bank charges	<b>1,929,507.70</b>	1,716,277.83
Exchange gains and losses and others	<b>178,610.36</b>	589,507.13
<b>Others</b>	<b>(9,102,091.09)</b>	(4,253,085.56)

## Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

**(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS***(Continued)***39. Impairment losses of assets**

RMB

Item	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Audited)
Bad debt losses	<b>30,977,490.71</b>	26,748,978.59
Written-down of inventories	<b>18,403,012.49</b>	16,090,594.60
Total	<b>49,380,503.20</b>	42,839,573.19

**40. Investment income**

RMB

Item	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Audited)
Income from long-term equity investments		
Income from investments under equity method	<b>2,073,717.62</b>	(840,443.17)
Investment income on disposal of long-term equity investments ( <i>Note VI, 10 notes     1 and 6</i> )	<b>133,011,272.71</b>	–
Investment income from disposal of available-for-sale financial assets		
Investment income from available-for-sale financial assets measured at cost	<b>33,016,000.00</b>	20,000,000.00
Investment income from available-for-sale financial assets measured at fair value	<b>22,068,030.93</b>	19,296,212.13
Investment income from disposal of available-for-sale financial assets	<b>64,485.56</b>	1,070,270.38
Investment income from disposal of financial assets at FVTPL	<b>12,141,574.02</b>	1,121,276.14
Total	<b>202,375,080.84</b>	40,647,315.48



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 41. Other income

Item	RMB	
	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Audited)
Book publishing subsidies	5,329,807.17	–
VAT refund income	27,852,828.00	–
Other financial subsidies	8,933,132.26	–
Total	42,115,767.43	–

### 42. Non-operating income

(1) Details of non-operating income are as follows:

Item	RMB		
	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Audited)	Amount included in non-recurring profit and loss for the current period
Total gains on disposal of non-current assets	82,406.35	351,267.52	82,406.35
Including: Gains on disposal of fixed assets	82,406.35	351,267.52	82,406.35
Government grants	–	48,852,531.79	–
Others	1,705,906.97	6,716,234.91	1,705,906.97
Total	1,788,313.32	55,920,034.22	1,788,313.32

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 42. Non-operating income (Continued)

(2) Details of government grants:

<b>Item</b>	<b>Amount incurred in the current period (Unaudited)</b>	<i>RMB</i> Amount incurred in the prior period (Audited)
Book publishing subsidies	-	4,604,121.60
VAT refund income	-	33,888,575.68
Other financial subsidies	-	10,359,834.51
<b>Total</b>	<b>-</b>	<b>48,852,531.79</b>

### 43. Non-operating expenses

<b>Item</b>	<b>Amount incurred in the current period (Unaudited)</b>	<b>Amount incurred in the prior period (Audited)</b>	<i>RMB</i> Amount included in non-recurring profit and loss for the current period
Total losses on disposal of non-current assets	<b>37,920.61</b>	1,108,905.32	37,920.61
Including: Losses on disposal of fixed assets	<b>37,920.61</b>	1,108,905.32	37,920.61
Donations	<b>17,002,694.11</b>	4,501,073.92	17,002,694.11
Penalty cost	<b>418.44</b>	27,138.34	418.44
Others	<b>669,338.10</b>	488,806.69	669,338.10
<b>Total</b>	<b>17,710,371.26</b>	6,125,924.27	17,710,371.26

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 44. Income tax expense

*RMB*

<b>Item</b>	<b>Amount incurred in the current period (Unaudited)</b>	Amount incurred in the prior period (Audited)
Current tax expense calculated according to tax laws and relevant requirements	<b>1,340,869.28</b>	4,517,615.71
Deferred tax expenses	<b>(638,425.11)</b>	256,332.29
<b>Total</b>	<b>702,444.17</b>	4,773,948.00

Reconciliation of income tax expenses to the accounting profit is as follows:

*RMB*

<b>Item</b>	<b>Amount incurred in the current period (Unaudited)</b>	Amount incurred in the prior period (Audited)
Accounting profit	<b>486,041,639.22</b>	342,401,272.02
Income tax expenses calculated at 25%	<b>121,510,409.81</b>	85,600,318.01
Tax concessions	<b>(140,160,840.72)</b>	(101,143,425.18)
Effect of expenses that are not deductible for tax purposes	<b>12,280,468.63</b>	11,754,776.64
Effect of tax-free income	<b>(13,235,600.00)</b>	(9,050,800.00)
Effect of unrecognised (using previously unrecognised) deductible temporary differences	<b>7,499,828.23</b>	(2,416,502.59)
Effect of unrecognised deductible losses	<b>12,808,178.22</b>	16,523,128.39
Payment for income tax of prior years	-	3,506,452.73
<b>Total</b>	<b>702,444.17</b>	4,773,948.00

## Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

**(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS***(Continued)***45. Notes to items in the cash flow statement***(1) Other cash receipts relating to operating activities*

RMB

Item	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Audited)
Interests	6,276,599.12	6,001,805.86
Government grants	8,266,698.93	17,079,910.10
Recovery of amounts due to/ from other entities	1,387,736.73	1,288,731.70
Total	15,931,034.78	24,370,447.66

*(2) Other cash payments relating to operating activities*

RMB

Item	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Audited)
Selling expenses	208,867,132.48	215,667,182.22
Administrative expenses	153,925,832.57	166,142,546.28
Others	75,458,417.90	25,388,503.45
Total	438,251,382.95	407,198,231.95

*(3) Other cash receipts relating to investing activities*

RMB

Item	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Audited)
Recovery of pledged time deposits	-	3,200,000.00
Receipt of time deposit over 3 months	30,212,625.38	117,329,974.49
Recovery of entrusted loans	120,000,000.00	-
Total	150,212,625.38	120,529,974.49

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 45. Notes to items in the cash flow statement (Continued)

#### (4) Other cash payments relating to investing activities

Item	RMB	
	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Audited)
Increase in time deposits over 3 months	80,424,483.86	70,000,000.00
Increase in pledged time deposit	16,521,009.01	4,400,000.00
Total	96,945,492.87	74,400,000.00

#### (5) Other cash receipts relating to financing activities

Item	RMB	
	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Audited)
Government grants	123,573.81	12,012,050.26

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 46. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

<b>Supplementary information</b>	<b>Amount of the current period (Unaudited)</b>	<i>RMB</i> Amount of the prior period (Audited)
<b>1. Reconciliation of net profit to cash flow from operating activities:</b>		
Net profit	<b>485,339,195.05</b>	337,627,324.02
Add: Provision for impairment losses of assets	<b>39,790,195.39</b>	42,839,573.19
Depreciation of fixed assets	<b>43,962,441.14</b>	47,202,761.22
Depreciation of investment properties	<b>1,564,790.09</b>	1,451,334.08
Amortisation of intangible assets	<b>10,665,945.28</b>	11,316,878.73
Amortisation of long-term prepaid expenses	<b>2,954,825.32</b>	6,087,159.88
Losses on disposal of fixed assets, intangible assets and other long-term assets (Less: income)	<b>(44,485.74)</b>	757,637.80
Gains from changes in fair value	<b>(25,983.57)</b>	-
Finance expenses	<b>(662,143.28)</b>	(658,996.16)
Interest income of entrusted loans	<b>(1,180,018.10)</b>	(3,644,745.28)
Investment income	<b>(202,375,080.84)</b>	(40,647,315.48)
Financial product income	<b>-</b>	(285,877.09)
Decrease (Less: increase) in deferred tax assets	<b>(214,664.31)</b>	655,611.83
Decrease in deferred tax liabilities	<b>(423,760.80)</b>	(399,279.54)
Decrease in inventories	<b>73,005,527.67</b>	185,963,838.78
Increase in receivables from operating activities	<b>(392,070,331.71)</b>	(119,288,286.99)
Decrease in payables from operating activities	<b>(97,290,777.61)</b>	(369,249,814.68)
Net cash flow from operating activities	<b>(37,004,326.02)</b>	99,727,804.31
<b>2. Net changes in cash and cash equivalents:</b>		
Closing balance of cash	<b>1,732,400,407.68</b>	1,088,790,854.46
Less: Opening balance of cash	<b>(1,634,167,257.70)</b>	(1,824,358,247.63)
Net increase (decrease) in cash and cash equivalents	<b>98,233,149.98</b>	(735,567,393.17)

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 46. Supplementary information to the cash flow statement (Continued)

#### (2) Cash and cash equivalents

Item	RMB	
	Closing balance (Unaudited)	Opening balance (Audited)
Cash	1,732,400,407.68	1,634,167,257.70
Including: Cash on hand	2,591,014.79	2,523,554.78
Bank deposits readily available for payment	1,729,809,392.89	1,631,643,702.92
Balance of cash and cash equivalents	1,732,400,407.68	1,634,167,257.70

### 47. Assets of limited ownership

Assets of limited ownership	RMB	
	Closing balance (Unaudited)	Opening balance (Audited)
Cash and bank balances (Note )	47,753,291.77	31,034,207.50

Note: At the end of the period, the Group's cash and bank balances with limited ownership consist of security deposit for the issuance of bank acceptance bills of RMB23,336,922.61 (end of the prior period: RMB6,815,913.60); the special fund for housing reform and housing repair of RMB24,416,369.16 (end of the prior period: RMB24,218,293.90).

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 48. Net current assets

Item	<i>RMB</i>	
	Closing balance (Unaudited)	Opening balance (Audited)
Current assets	5,607,497,251.67	5,269,209,250.79
Less: Current liabilities	(3,757,373,398.13)	(3,839,741,466.59)
Net current assets	1,850,123,853.54	1,429,467,784.20

### 49. Total assets less current liabilities

Item	<i>RMB</i>	
	Closing balance (Unaudited)	Opening balance (Audited)
Total assets	11,811,781,442.10	12,255,176,609.39
Less: Current liabilities	(3,757,373,398.13)	(3,839,741,466.59)
Total assets less current liabilities	8,054,408,043.97	8,415,435,142.80





# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VII) INTERESTS IN OTHER ENTITIES

### 1. Subsidiaries:

#### (1) Subsidiaries incorporated by investments

Full name of subsidiary	Type of the subsidiary	Place of incorporation	Nature of business	Registered capital	Business scope	Proportion of ownership interests (%)	Proportion of voting power (%)	RMB
								Consolidated statements or not
Sichuan People's Education Times Xinhua Audio and Video Co., Ltd. (" <b>People's Education Times</b> ")	LLC	Chengdu	Sales of audio and video product	2,000,000.00	Sales and production of audio and video product	80.00	80.00	Y
Sichuan Xinhua Winshare Media Co., Ltd. (" <b>Winshare Media</b> ")	LLC	Chengdu	Periodicals	5,700,000.00	Sales of books and periodicals, etc.	70.00	70.00	Y
Beijing Xinhua Wenxuan Advertising Co., Ltd. (" <b>Wenxuan Advertising</b> ")	LLC	Beijing	Advertising	13,000,000.00	Advertising	81.54	81.54	Y
Winshare Education Technology	LLC	Chengdu	Retail and wholesale	330,000,000.00	Software development and sales of electronic equipment	100.00	100.00	Y
Wenchuan Logistics	LLC	Chengdu	Storage and distribution	100,000,000.00	Storage and distribution of goods	100.00	100.00	Y
Xinhua Winshare Commercial Chain (Beijing) Co., Ltd. (" <b>Beijing Winshare Commercial</b> ")	LLC	Beijing	Sales of publications	180,000,000.00	Sales of books, newspaper and periodicals	51.00	51.00	Y
Sichuan Winshare Arts Investment and Management Co., Ltd. (" <b>Arts Investment</b> ")	LLC	Chengdu	Sales of artwork	20,000,000.00	Project investment and management, sales of artwork	100.00	100.00	Y
Sichuan Winshare Online E-commerce Co., Ltd. (" <b>Winshare Online</b> ")	LLC	Chengdu	Sales of publications	60,000,000.00	Online sales of various products	75.00	75.00	Y
Washington Winshare Media, Inc. (" <b>Washington Winshare Media</b> ")	LLC	US	Distribution of publications	1,910,430.00	Copyright trade, foreign cooperation in publishing and distribution	90.00	90.00	Y

## Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

**(VII) INTERESTS IN OTHER ENTITIES** (Continued)**1. Subsidiaries:** (Continued)

## (1) Subsidiaries incorporated by investments (Continued)

Full name of subsidiary	Type of the subsidiary	Place of incorporation	Nature of business	Registered capital	Business scope	Proportion of ownership interests (%)	Proportion of voting power (%)	RMB
								Consolidated statements or not
Sichuan VVI Bride Magazine Co., ("VVI Bride")	LLC	Chengdu	Periodicals	2,000,000.00	Sales of periodicals	100.00	100.00	Y
Winshare VVI Advertising Media (Chengdu) Co., Ltd. ("VVI Advertising")	LLC	Chengdu	Advertising	7,500,000.00	Advertising	53.00	53.00	Y
Sichuan Winshare Cloud Image Culture Innovation Technology Co., Ltd. ("Winshare Cloud Image")	LLC	Chengdu	Software maintenance	25,000,000.00	Sales of software and hardware support kit	100.00	100.00	Y
Winshare Investment	LLC	Chengdu	Investment	200,000,000.00	Venture investment, business investment	100.00	100.00	Y
Winshare International Cultural Communication Co., Ltd. ("Winshare International")	LLC	Chengdu	Business advisory services	50,000,000.00	Organisation and planning cultural and art exchange activities, business consulting, conference and exhibition services	100.00	100.00	Y
Winshare Quan Media (Beijing) Culture Communication Co., Ltd. ("Winshare Quan Media")	LLC	Beijing	Business advisory services	10,000,000.00	Organisation of cultural and art exchange activities	100.00	100.00	Y
Sichuan Winshare Music Culture Communication Co., Ltd. ("Winshare Music")	LLC	Chengdu	Business services	10,000,000.00	Business services and sales of musical instrument	100.00	100.00	Y
Beijing Aerospace Cloud	LLC	Beijing	Technical Services	15,000,000.00	Computer software development and system services	70.00	70.00	Y
Beijing Huaxia Shengxuan Book Co., Ltd. ("Huaxia Shengxuan")	LLC	Beijing	Sales of publications	15,000,000.00	Sales of publications, etc.	100.00	100.00	Y

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VII) INTERESTS IN OTHER ENTITIES (Continued)

### 1. Subsidiaries: (Continued)

#### (2) Subsidiaries acquired in business combination involving enterprises under common control

Full name of subsidiary	Type of the subsidiary	Place of incorporation	Nature of business	Registered capital	Business scope	RMB		
						Proportion of ownership interests (%)	Proportion of voting power (%)	Consolidated statements or not
Xinhua Online	LLC	Chengdu	Sales of publications	50,000,000.00	Internet Publishing	100.00	100.00	Y
Beijing Shu Chuan	LLC	Beijing	Sales of publications	2,000,000.00	Sales of publications	100.00	100.00	Y
Sichuan Culture Communication	LLC	Chengdu	Advertising agency and leasing	20,523,700.00	Advertising agency and leasing	100.00	100.00	Y

#### (3) Subsidiaries acquired in business combination not involving enterprises under common control

Full name of subsidiary	Type of the subsidiary	Place of incorporation	Nature of business	Registered capital	Business scope	RMB		
						Proportion of ownership interests (%)	Proportion of voting power (%)	Consolidated statements or not
Sichuan Xinhua Shang Paper Co., Ltd. ("Xinhua Shang")	LLC	Chengdu	Sales of paper	15,000,000.00	Sales of pulp, paper and paper products	51.00	51.00	Y
Xinhua Colour Printing	LLC	Chengdu	Printing	100,000,000.00	Printing of publications	65.00	65.00	Y
Huaying Winshare	LLC	Beijing	Screen culture	160,770,000.00	Film and teleplay planning, cultural exchanges	100.00	100.00	Y
Sichuan People's Publishing House Co., Ltd. ("People's Publishing House")	LLC	Chengdu	Publication	10,000,000.00	Publication of books	100.00	100.00	Y
Sichuan Publication Printing Co., Ltd. ("Publication Printing")	LLC	Chengdu	Publication	50,000,000.00	Textbook stenciling-rent and printing	100.00	100.00	Y
Sichuan Education Publishing House Co., Ltd. ("Education Publishing House")	LLC	Chengdu	Publication	10,000,000.00	Publication of books	100.00	100.00	Y

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VII) INTERESTS IN OTHER ENTITIES (Continued)

### 1. Subsidiaries: (Continued)

#### (3) Subsidiaries acquired in business combination not involving enterprises under common control (Continued)

Full name of subsidiary	Type of the subsidiary	Place of incorporation	Nature of business	Registered		Proportion of ownership interests (%)	Proportion of voting power (%)	Consolidated statements or not
				capital	Business scope			
Sichuan Youth and Children's Publishing House Co., Ltd. ("Youth and Children's Publishing House")	LLC	Chengdu	Publication	10,000,000.00	Publication of books and periodicals	100.00	100.00	Y
Sichuan Science & Technology Publishing House Co., Ltd. ("Science & Technology Publishing House")	LLC	Chengdu	Publication	4,000,000.00	Publication of books	100.00	100.00	Y
Sichuan Discovery of Nature Magazine Press Co., Ltd. ("Discovery of Nature Magazine Press")	LLC	Chengdu	Publication	300,000.00	Publication of books	100.00	100.00	Y
Sichuan Fine Arts Publishing House Co., Ltd. ("Fine Arts Publishing House")	LLC	Chengdu	Publication	4,250,000.00	Publication of books	100.00	100.00	Y
Sichuan Lexicographical Publishing House Co., Ltd. ("Lexicographical Publishing House")	LLC	Chengdu	Publication	2,000,000.00	Publication of books	100.00	100.00	Y
Sichuan Literature & Art Publishing House Co., Ltd. ("Literature & Art Publishing House")	LLC	Chengdu	Publication	45,000,000.00	Publication of books	100.00	100.00	Y
Sichuan Tiandi Publishing House Co., Ltd. ("Tiandi Publishing House")	LLC	Chengdu	Publication	2,000,000.00	Publication of books	100.00	100.00	Y
Sichuan Times English Cultural Communication Co., Ltd. ("Times English")	LLC	Chengdu	Publication	600,000.00	Publication of books	51.00	51.00	Y

RMB

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VII) INTERESTS IN OTHER ENTITIES (Continued)

### 1. Subsidiaries: (Continued)

#### (3) Subsidiaries acquired in business combination not involving enterprises under common control (Continued)

Full name of subsidiary	Type of the subsidiary	Place of incorporation	Nature of business	Registered capital	Business scope	RMB		
						Proportion of ownership interests (%)	Proportion of voting power (%)	Consolidated statements or not
Sichuan Bashu Publishing House Co., Ltd. ("Bashu Publishing House")	LLC	Chengdu	Publication	2,000,000.00	Publication of books	100.00	100.00	Y
Printing Materials	LLC	Chengdu	Retail and wholesale	30,000,000.00	Provision of printing related supplies	100.00	100.00	Y
Sichuan Digital Publishing & Media Co., Ltd. ("Digital Publishing & Media")	LLC	Chengdu	Publication	10,000,000.00	Publication of books	100.00	100.00	Y
Sichuan Reader's Journal Press Co., Ltd. ("Reader's Journal Press")	LLC	Chengdu	Publication	1,500,000.00	Publication of Reader's Journal Press, advertising	100.00	100.00	Y
Sichuan Pictorial Co., Ltd. ("Pictorial")	LLC	Chengdu	Publication	1,500,000.00	Publication of periodicals	100.00	100.00	Y
Sichuan Xinhua Printing	LLC	Chengdu	Publication	100,160,000.00	Printing of publications	100.00	100.00	Y

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VII) INTERESTS IN OTHER ENTITIES (Continued)

2. Key financial information of the Group's significant non wholly-owned subsidiaries is as follows:

RMB

Full name of subsidiary	Proportion of ownership interests held by non-controlling shareholders (%)	Proportion of voting power held by non-controlling shareholders (%)	Losses attributable to non-controlling shareholders		Non-controlling interests	
			Current period	Prior period	End of current period	End of prior period
			(Unaudited)	(Audited)	(Unaudited)	(Audited)
Beijing Winshare Commercial	49.00	49.00	(5,223,356.74)	(4,707,913.09)	(52,143,939.60)	(46,920,582.86)
Winshare Online	25.00	25.00	(6,940,550.34)	(2,566,282.45)	(24,208,645.21)	(17,268,094.87)

a. Beijing Winshare Commercial

RMB

	Closing balance (Unaudited)	Opening balance (Audited)
Current assets	155,020,505.23	154,823,446.58
Non-current assets	16,521,558.28	18,743,653.97
Current liabilities	225,188,879.02	216,554,004.35
	Amount in the current period (Unaudited)	Amount in the prior period (Audited)
Operating income	77,176,251.27	80,376,759.46
Operating costs and expenses	87,836,162.98	89,984,745.35
Total loss, net loss	(10,659,911.71)	(9,607,985.89)
Net cash flow from operating activities	(1,316,566.22)	729,420.68
Net cash flow from investing activities	(238,683.46)	(207,151.46)
Net cash flow from financing activities	–	–

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VII) INTERESTS IN OTHER ENTITIES (Continued)

### 2. Key financial information of the Group's significant non wholly-owned subsidiaries is as follows: (Continued)

#### b. Winshare Online

	<b>Closing balance (Unaudited)</b>	<i>RMB</i> Opening balance (Audited)
Current assets	<b>230,098,987.37</b>	364,444,456.07
Non-current assets	<b>50,171,856.26</b>	50,992,544.58
Current liabilities	<b>376,476,424.46</b>	483,880,380.12
Non-current liabilities	<b>629,000.00</b>	629,000.00
	<b>Amount in the current period (Unaudited)</b>	Amount in the prior period (Audited)
Operating income	<b>500,354,094.64</b>	433,583,890.50
Operating costs and expenses	<b>528,116,296.00</b>	443,849,020.31
Total loss, net loss	<b>(27,762,201.36)</b>	(10,265,129.81)
Net cash flow from operating activities	<b>(146,247,006.20)</b>	(130,570,902.45)
Net cash flow from investing activities	<b>25,779,713.61</b>	(29,799,633.22)
Net cash flow from financing activities	-	30,000,000.00

## Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

**(VII) INTERESTS IN OTHER ENTITIES** (Continued)**3. Interests in joint ventures or associates**

## (1) Significant joint ventures or associates

Name of joint ventures or associates	Principal place of operation	Place of incorporation	Nature of business	Proportion of ownership interests in investee (%)	RMB
					Accounting method used in joint ventures or associates investments
Joint ventures					
Hainan Publishing	Haikou	Haikou	Publication	50	Equity method
Associates					
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	Beijing	Beijing	Wholesale of books, periodicals, newspapers and electronic publications	20	Equity method
Ming Bo Education Technology Holdings Co., Ltd.	Beijing	Beijing	Publication of internet education	27.2	Equity method
Chongqing Yunhan Internet and Media Co., Ltd. (Note)	Chongqing	Chongqing	Online wholesale of publications	50	Equity method

Note: Pursuant to the articles of association of Chongqing Yunhan Internet and Media Co., Ltd., Winshare Online, the subsidiary of the Company, holds 51% of the voting rights in the shareholders' meeting, and the resolutions made in shareholder's meeting regarding the annual financial budget plan, final accounts plan, profit distribution and make up losses shall be approved by over 2/3 of the shareholders with the voting rights, over which Winshare Online and the other three shareholders are not able to exercise control solely. Therefore, Chongqing Yunhan Internet and Media Co., Ltd. is the associate of the Company.



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VII) INTERESTS IN OTHER ENTITIES (Continued)

### 3. Interests in joint ventures or associates (Continued)

#### (2) Key financial information of significant joint ventures

##### a. Hainan Publishing

	<b>Closing balance/ Amount in the current period (Unaudited)</b>	<i>RMB</i> Opening balance/ Amount in the prior period (Audited)
Current assets	<b>196,529,636.63</b>	224,056,779.70
Including: cash and cash equivalents	<b>29,742,595.07</b>	36,436,620.62
Non-current assets	<b>136,862,482.61</b>	122,661,681.12
Total assets	<b>333,392,119.24</b>	346,718,460.82
Current liabilities	<b>124,674,630.00</b>	143,809,873.26
Non-current liabilities	<b>16,996,226.00</b>	16,996,226.00
Total liabilities	<b>141,670,856.00</b>	160,806,099.26
Net assets calculated on pro-rata basis of shareholding	<b>95,860,631.61</b>	92,956,180.78
Adjustments	-	-
Goodwill	<b>30,735,530.98</b>	30,735,530.98
Carrying amount of equity investments in joint ventures	<b>126,596,162.59</b>	123,691,711.76
Operating income	<b>56,633,780.49</b>	45,298,770.37
Net profit and total comprehensive income	<b>5,808,901.66</b>	4,696,796.40
Interest income	<b>51,203.62</b>	36,294.54
Interest expense	<b>24,262.75</b>	854,577.08
Income tax	<b>192,783.47</b>	342,915.09
Dividends receipts from joint ventures for the current period	-	-

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VII) INTERESTS IN OTHER ENTITIES (Continued)

### 3. Interests in joint ventures or associates (Continued)

#### (3) Key financial information of significant associates

##### a. Ren Min Eastern (Beijing) Book Industry Co., Ltd.

	<b>Closing balance/ Amount in the current period (Unaudited)</b>	<i>RMB</i> Opening balance/ Amount in the prior period (Audited)
Current assets	<b>86,183,097.84</b>	78,081,481.00
Non-current assets	<b>5,838,828.70</b>	5,715,787.33
Total assets	<b>92,021,926.54</b>	83,797,268.33
Current liabilities and total liabilities	<b>36,134,474.81</b>	33,095,540.30
Net assets calculated on pro-rata basis of shareholding	<b>11,177,490.35</b>	10,140,345.61
Carrying amount of equity investments in joint ventures	<b>11,177,490.35</b>	10,140,345.61
Operating income	<b>19,324,133.72</b>	15,859,601.15
Net profit and total comprehensive income	<b>5,185,723.70</b>	2,708,659.65
Dividends receipts from associates for the current period	-	-

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VII) INTERESTS IN OTHER ENTITIES (Continued)

### 3. Interests in joint ventures or associates (Continued)

#### (3) Key financial information of significant associates (Continued)

##### b. Ming Bo Education Technology Holdings Co., Ltd.

	<b>Closing balance/ Amount in the current period (Unaudited)</b>	<i>RMB</i> Opening balance/ Amount in the prior period (Audited)
Current assets	<b>61,840,454.17</b>	73,744,481.62
Non-current assets	<b>69,146,864.76</b>	65,634,619.49
Total assets	<b>130,987,318.93</b>	139,379,101.11
Current liabilities	<b>16,945,321.35</b>	18,488,434.79
Non-current liabilities	<b>8,266,176.79</b>	15,176,042.90
Total liabilities	<b>25,211,498.14</b>	33,664,477.69
Net assets calculated on pro-rata basis of shareholding	<b>28,771,023.26</b>	28,754,377.57
Carrying amount of equity investments in associates	<b>28,771,023.26</b>	28,754,377.57
Operating income	<b>23,738,097.76</b>	15,330,227.95
Net profit and total comprehensive income	<b>61,197.39</b>	792,931.18
Dividends receipts from associates for the current period	-	-

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VII) INTERESTS IN OTHER ENTITIES (Continued)

### 3. Interests in joint ventures or associates (Continued)

#### (3) Key financial information of significant associates (Continued)

##### c. Chongqing Yunhan Internet and Media Co., Ltd.

	<b>Closing balance/ Amount in the current period (Unaudited)</b>	<i>RMB</i> Opening balance/ Amount in the prior period (Audited)
Current assets	<b>2,226,152.65</b>	9,360,724.89
Non-current assets	<b>82,543,671.26</b>	77,895,005.52
Total assets	<b>84,769,823.91</b>	87,255,730.41
Current liabilities	<b>6,519,277.32</b>	8,069,946.05
Non-current liabilities	<b>19,908,549.27</b>	20,000,000.00
Total liabilities	<b>26,427,826.59</b>	28,069,946.05
Net assets calculated on pro-rata basis of shareholding	<b>29,170,998.66</b>	29,592,892.18
Adjustments	-	-
Goodwill	<b>16,528,595.01</b>	16,528,595.01
Carrying amount of equity investments in associates	<b>45,699,593.67</b>	46,121,487.19
Operating income	-	577,718.88
Net loss and total comprehensive income	<b>(843,787.04)</b>	(317,302.40)
Dividends receipts from associates for the current period	-	-

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VII) INTERESTS IN OTHER ENTITIES (Continued)

### 3. Interests in joint ventures or associates (Continued)

#### (4) Summarised financial information of insignificant joint ventures and associates

	<b>Closing balance/ Amount in the current period (Unaudited)</b>	<i>RMB</i> Opening balance/ Amount in the prior period (Audited)
Insignificant joint ventures		
Total carrying amount of investments	<b>1,528,531.29</b>	2,941,751.26
Sum of net loss and total comprehensive income calculated according to proportion of investment	<b>(1,413,219.97)</b>	(820,025.88)
Insignificant associates		
Total carrying amount of investments	<b>46,504,837.62</b>	164,859,936.06
Sum of net loss and total comprehensive income calculated according to proportion of investment	<b>(49,410.15)</b>	(4,398,125.79)

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VIII) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Group's major financial instruments consist of cash and bank balances, financial assets at FVTPL, available-for-sale financial assets, receivables and payables. Risk exposures associated with these financial instruments and the risk management strategy to reduce the risk is set out below. The management of the Group manages and monitors the risk exposures to ensure the risks are controlled at a certain level.

### 1. Risk management objectives and policies

The Group's risk management objectives are to achieve a proper balance between risks and yield, minimise the adverse impacts of risks on the Group's operation performance, and maximise the benefits of the shareholders and other stakeholders. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyse the Group's exposure to various risks, establish an appropriate maximum tolerance to risk, implement risk management, and monitor regularly and effectively these exposures to ensure the risks are monitored at a certain level.

#### 1.1 Market risk

##### 1.1.1 Currency risk

The Group mainly operates in China, and the sales and purchases of the Group are mainly denominated and settled in RMB. At each balance sheet date, the balance of the Group's assets and liabilities are both denominated in RMB except that the assets and liabilities set out below. The management believes that the RMB exchange rates may have no significant impact on the net profit and the shareholders' equity of the Group.

Item	Closing amount (Unaudited)	RMB
		Opening amount (Audited)
Cash and bank balances		
USD	<b>159,732.94</b>	476,526.18
EUR	<b>666.43</b>	666.43
HKD	<b>36,674,188.00</b>	4,684.21

##### 1.1.2 Interest rate risk

The Group was not exposed to interest rate risk as the Group had no interest-bearing borrowings at the end of the period.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VIII) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

(Continued)

### 1. Risk management objectives and policies (Continued)

#### 1.1 Market risk (Continued)

##### 1.1.3 Other price risk

The Group measured the investment in listed shares of Wan Xin Media and those of Youli Holdings at fair value, which was exposed to the stock price risk as the fair value is determined based on the quoted prices from the active market ((Note (VI) 9). The directors of the Company regularly monitor the share prices of Wan Xin Media and Youli Holdings. For the current period, the direct investments in Wan Xin Media and Youli Holdings equity recognised in other comprehensive income by the Group resulted in loss of RMB467,400,000.00 and an income of RMB162,625.21, respectively.

Assuming that other variables remain constant, the pre-tax effects of other reasonable changes in stock prices on other comprehensive income and shareholders' equity during the period are as follows:

		<i>RMB</i>	
		<b>Effect (tax exclusive) on other comprehensive income and shareholders' equity</b>	
<b>Item</b>	<b>Price fluctuation</b>	<b>Current period (Unaudited)</b>	Prior period (Audited)
Available-for-sale financial assets			
Wan Xin Media	Stock prices rise 5%	<b>86,126,240.00</b>	72,732,212.34
Youli Holdings	Stock prices rise 5%	<b>87,763.85</b>	63,907.68
Available-for-sale financial assets			
Wan Xin Media	Stock prices fall 5%	<b>(86,126,240.00)</b>	(72,732,212.34)
Youli Holdings	Stock prices fall 5%	<b>(87,763.85)</b>	(63,907.68)

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VIII) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

*(Continued)*

### 1. Risk management objectives and policies *(Continued)*

#### 1.2 Credit risk

At balance sheet date, 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. The Group's credit risk is mainly attributable to cash and bank balances, notes receivable, interest receivable, accounts receivable, other receivables, long-term account receivables and other current assets bank wealth management products and trust product investments).

In order to minimise the credit risk, the management of the Group has established policies to ensure that sales are only limited to customers with a good credit history and has continually examined the credit risk exposures. The Group also sets up a team responsible for determination of credit limits, credit approvals as well as execution of other monitoring procedures to ensure the overdue debts are able to collect by necessary actions. Therefore, the management of the Group considers that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because they are deposited with banks with high credit ratings.

#### 1.3 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 Group aims at maintaining a balance between capital return and flexibility through operating activities and the issuance of other interest-bearing borrowings as the main source of funding. The Group manages the financing activities by maintaining adequate cash so as to finance the Group's operations. The Group also ensures that bank credit facilities are available to meet any short-term funding needs.





# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (VIII) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

(Continued)

### 1. Risk management objectives and policies (Continued)

#### 1.3 Liquidity risk (Continued)

The following is the maturity analysis for financial liabilities held by the Group which is based on undiscounted remaining contractual obligations:

#### End of the current period (Unaudited)

Item	<i>RMB</i>		
	Within 1 year	1 to 5 years	Total
Notes payable	42,100,383.32	–	42,100,383.32
Accounts payable	2,659,291,418.52	–	2,659,291,418.52
Dividends payable	132,783,358.29	–	132,783,358.29
Other payables	305,734,862.36	–	305,734,862.36
Total	3,139,910,022.49	–	3,139,910,022.49

#### End of the prior period (Audited)

Item	<i>RMB</i>		
	Within 1 year	1 to 5 years	Total
Notes payable	12,584,784.00	–	12,584,784.00
Accounts payable	2,715,003,443.35	–	2,715,003,443.35
Dividends payable	132,581,130.00	–	132,581,130.00
Other payables	270,461,490.08	–	270,461,490.08
Total	3,130,630,847.43	–	3,130,630,847.43

### 2. Transfer of Financial Assets

At the end of the period, the amount of bank acceptance bills that the Group had endorsed but not yet due was RMB106,292,848.36 (at the end of prior period: RMB3,140,797.50), which was the accounts payable to the suppliers. The Group believes that substantially all the risks and rewards of the endorsed notes receivable have been transferred to the suppliers. Therefore, these endorsed notes receivable were derecognised. In the event that the accepting bank fails to accept the notes due, the Group is jointly and severally liable for the notes receivable in accordance with the relevant PRC laws and regulations. The Group considers that the accepting bank is of sound reputation and the risk of non-payment by the accepting bank on due date is remote.

At the end of the period, if the accepting bank fails to accept the notes due, the maximum loss which may be incurred by the Group is equivalent to the same amount payable by the Group to the suppliers for such endorsed notes.

At the end of the period, all notes receivable endorsed to suppliers will be due within six months.

## Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

**(IX) DISCLOSURE OF FAIR VALUE****1. Fair value****1.1 Financial assets measured at fair value on a recurring basis:**

The Group's investment of equity securities in listed company, unlisted private equity and partnership, trust products and parts of bank wealth management products are measured at fair value at the end of each reporting period. The fair value measurements for such financial assets are detailed as followings:

Financial assets	Fair value at the end of each reporting period		Fair value hierarchy	Valuation method and inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value	RMB
	Closing balance (Unaudited)	Opening balance (Audited)					
Available-for-sale financial assets – shares of A share listed company-Wan Xin Media	1,722,524,800.00	2,189,924,800.00	Level 1	Quoted prices in active markets	N/A	N/A	
Available-for-sale financial assets – the shares of A share listed company-Youli Holding	1,755,277.06	1,592,651.85	Level 1	Quoted prices in active markets	N/A	N/A	
Available-for-sale financial assets-Asset management plan-Industrial Bank directional asset management plan	2,000,000.00	-	Level 1	Quoted prices in active markets	N/A	N/A	
Financial assets at FVTPL- shares of A share listed companies	72,209.16	-	Level 1	Quoted prices in active markets	N/A	N/A	
Financial assets at fair value through profit or loss – bank wealth management products	505,000,000.00	560,000,000.00	Level 2	Calculated based on a discounted cash flow model, the inputs are 3 month USD LIBOR and 3 month RMB SHIBOR.	N/A	N/A	

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## 1. Fair value (Continued)

### 1.1 Financial assets measured at fair value on a recurring basis: (Continued)

Financial assets	Closing balance (Unaudited)	Fair value at the end of each reporting period	Fair value hierarchy	Valuation method and inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value	RMB
							Operating balance (Audited)
Available-for-sale financial assets – CITIC Buyout Investment Fund (Shenzhen) (Limited Partnership) ("CITIC Buyout Fund")	102,972,401.83	102,972,401.83	Level 3	Market approach, method of discounted future cash flow	<ul style="list-style-type: none"> <li>Price earnings ratio, price sales ratio, liquidity discount</li> <li>Discount rate in line with expected risk level</li> </ul>	<ul style="list-style-type: none"> <li>The higher the price earnings ratio and price sales ratio, the higher the fair value;</li> <li>The lower the liquidity discount, the higher the fair value</li> </ul>	
Available-for-sale financial assets – Winshare Hengxin (Shenzhen) Equity Investment Fund (Limited Partnership) ("Winshare Hengxin")	219,029,365.60	220,943,522.28	Level 3	Adjusted quoted prices in active markets, method of discounted future cash flow	<ul style="list-style-type: none"> <li>Liquidity discount</li> <li>Discount rate in line with expected risk level</li> </ul>	<ul style="list-style-type: none"> <li>The lower the liquidity discount, the higher the fair value</li> <li>The lower the discount rate, the higher the fair value</li> </ul>	
Available-for-sale financial assets – Taizhou Xinheng Zhongrun Investment Fund (Limited Partnership)	24,921,329.57	25,801,026.14	Level 3	Adjusted quoted prices in active markets	Liquidity discount	The lower the liquidity discount, the higher the fair value	

## Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

**(IX) DISCLOSURE OF FAIR VALUE (Continued)****1. Fair value (Continued)****1.1 Financial assets measured at fair value on a recurring basis: (Continued)**

Financial assets	Closing balance (Unaudited)	Fair value at the end of each reporting period	Opening balance (Audited)	Fair value hierarchy	Valuation method and inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value	RMB
Available-for-sale financial assets – Qingdao Jinshi Zhixin Investment Center (Limited Partnership)	<b>151,667,500.00</b>	151,667,500.00		Level 3	Discounted cash flow. Future cash flow is estimated based on expected recoverable amount and discounted at the rate determined by the management based on the best estimate of expected future risk level.	<ul style="list-style-type: none"> <li>Expected recoverable amount;</li> <li>Discount rate in line with expected risk level</li> </ul>	<ul style="list-style-type: none"> <li>The higher the expected recoverable amount, the higher the fair value;</li> <li>The lower the discount rate, the higher the fair value</li> </ul>	
Available-for-sale financial assets – trust products investments	<b>11,041,144.69</b>	17,176,654.12		Level 3	Discounted cash flow. Future cash flow is estimated based on expected recoverable amount and discounted at the rate determined by the management based on the best estimate of expected future risk level.	<ul style="list-style-type: none"> <li>Expected recoverable amount;</li> <li>Discount rate in line with expected risk level.</li> </ul>	<ul style="list-style-type: none"> <li>The higher the expected recoverable amount, the higher the fair value;</li> <li>The lower the discount rate, the higher the fair value</li> </ul>	
Financial assets at fair value through profit or loss – bank wealth management products	<b>440,000,000.00</b>	376,000,000.00		Level 3	Discounted cash flow. Future cash flow is estimated based on expected recoverable amount and discounted at the rate determined by the management based on the best estimate of expected future risk level.	<ul style="list-style-type: none"> <li>Expected recoverable amount;</li> <li>Discount rate in line with expected risk level</li> </ul>	<ul style="list-style-type: none"> <li>The higher the expected recoverable amount, the higher the fair value;</li> <li>The lower the discount rate, the higher the fair value</li> </ul>	

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (IX) DISCLOSURE OF FAIR VALUE *(Continued)*

### 1. Fair value *(Continued)*

#### 1.1 Financial assets measured at fair value on a recurring basis: *(Continued)*

##### 1.1.1 Reconciliation of Level 3 fair value measurements :

	<b>Current year (Unaudited)</b>	<i>RMB</i> Prior year (Audited)
Opening balance	<b>894,561,104.37</b>	441,401,155.40
Included in other comprehensive income of the current period	<b>(2,729,367.69)</b>	(19,181,662.34)
Purchases in the current period	<b>474,064,975.57</b>	636,923,506.19
Reclassified to investment income from other comprehensive income upon disposal of available-for-sale financial assets	<b>(64,485.56)</b>	–
Disposals in the current period	<b>(416,200,485.00)</b>	(157,120,270.38)
Closing balance	<b>949,631,741.69</b>	902,022,728.87

#### 1.2 Financial assets and financial liabilities not measured at fair value on a recurring basis:

The management of the Group considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the financial statements approximate their fair values.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

### 1. Parent of the Company

RMB10,000

Name of the parent	Type of the entity	Place of incorporation	Legal representative	Nature of business	Registered capital	Proportion of the Company's ownership interest held by the parent (%)	Proportion of the Company's voting power held by the parent (%)	Ultimate party of the Company	Organisation code
Sichuan Xinhua Publishing Group	LLC	Chengdu	Zhu Danfeng	Goods wholesale and retail, house lease, real estate, project investment	59,382.20	49.11 (Note)	49.11 (Note)	SASAC of Sichuan	70892370-8

*Note:* Sichuan Xinhua Publishing Group holds 592,809,525 promoter's shares of the Company, accounting for 48.05% of the total share capital of the Company. During the period, Sichuan Xinhua Publishing Group acquired 13,073,000 additional H shares of the Company through the stock trading system of The Stock Exchange of Hong Kong Limited via the wholly-owned subsidiary, Shudian Investment Co., Ltd. (Hong Kong), accounting for 1.06% of the total share capital of the Company, resulting in a total shareholding of 49.11% of the total share capital of the Company.

### 2. Subsidiaries of the Company

Please refer to Notes VII Interests in Other Entities for details of the subsidiaries of the Company.



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

### 3. Other related parties of the Company

Name of other related party	Relationship between other related parties and the Company
Guizhou Winshare	Associates
Ming Bo Education Technology Holdings Co., Ltd.	Associates
The Commercial Press (Chengdu) Co., Ltd.	Associates
Winshare Preschool	Associates
Shanghai Jingjie Information Technology Co., Ltd.	Associates
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	Associates
Education and Science Forum	Associates
Sichuan Jiaoyang Sihuo Film Co., Ltd.	Associates
Hainan Publishing	Joint venture
Sichuan Xinhua International Hotel Co., Ltd.	Controlling shareholder's subsidiary
Sichuan Guanghan Sanxingdui Qushanyuan Cultural Ltd.	Controlling shareholder's subsidiary
Chengdu Huang Peng Property Co., Ltd.	Controlling shareholder's subsidiary
Sichuan Xinhua Haiyi Cultural Development Co., Ltd.	Controlling shareholder's subsidiary
Sichuan Xinhua Publishing Group Co., Ltd Huadao Holiday Hotel	Controlling shareholder's subsidiary
Sichuan Publication Group	Other enterprises over which the directors of the Company have significant influence
Sichuan Hengxi Property Management Co., Ltd.	Other enterprises over which the directors of the Company have significant influence
Sichuan Chongwenju Forest Hotel Co., Ltd	Other enterprises over which the directors of the Company have significant influence

## Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

**(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS** (Continued)**4. Related party transactions****(1) Sales and purchase of goods, provision and receipt of services***Purchase of goods/receipt of services*

Related party	Type of related party transaction	Details of related party transaction	Pricing and decision-making procedures of related party transactions	RMB	
				Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Audited)
Sichuan Xinhua International Hotel Co., Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	93,306.35	159,014.00
Sichuan Guanghan Sanxingdui Qushanyuan Cultural Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	202,695.00	271,597.30
Chengdu Huang Peng Property Co., Ltd.	Receipt of services	Payments for property management service fees	Price negotiated by both parties	3,765,432.18	3,708,118.00
Sichuan Xinhua Publishing Group Co., Ltd Huadao Holiday Hotel	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	141,831.00	128,100.00
Ming Bo Education Technology Holdings Co., Ltd.	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	4,626,765.43	2,220,427.35
The Commercial Press (Chengdu) Co., Ltd.	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	-	5,930,936.36
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	1,533,018.81	1,533,018.81
Hainan Publishing	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	1,569,832.54	596,867.39
Shanghai Jingjie Information Technology Co., Ltd.	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	-	96,960.00
Sichuan Chongwenju Forest Hotel Co., Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	12,465.28	-
Sichuan Xinhua Haiyi Cultural Development Co., Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	327,832.00	-
Sichuan Jiaoyang Sihuo Film Co., Ltd.	Purchase of goods	Payment of royalty	Price negotiated by both parties	762,410.72	-
Total				13,035,589.31	14,645,039.21



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

### 4. Related party transactions (Continued)

#### (1) Sales and purchase of goods, provision and receipt of services (Continued)

Sales of goods/receipt of services

Related party	Type of related party transaction	Details of related party transaction	Pricing and decision-making procedures of related party transactions	RMB	
				Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Audited)
Sichuan Xinhua Publishing Group	Sales of goods	Sales of publications service	Price negotiated by both parties	134,779.11	11,831.93
Sichuan Publication Group	Sales of goods	Payment of royalty	Price negotiated by both parties	264,150.94	–
Total				398,930.05	11,831.93

## Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

**(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS** (Continued)**4. Related party transactions** (Continued)

## (2) Leases with related parties

Leases where the Group is the lessor:

Name of lessor	Name of lessee	Type of leased assets	Commencement date of leases	Expiration date of leases	Basis of determining the lease income	RMB	
						Lease income recognised in the current period (Unaudited)	Lease income recognised in the prior period (Audited)
The Company	Sichuan Xinhua Publishing Group	Buildings	2016.1.1	2018.12.31	Contractual price negotiated by both parties	639,787.89	639,787.89

Leases where the Group is the lessee:

Name of lessor	Name of lessee	Type of leased assets	Commencement date of leases	Expiration date of leases	Basis of determining the lease income	RMB	
						Lease income recognised in the current period (Unaudited)	Lease income recognised in the prior period (Audited)
Sichuan Xinhua Publishing Group	The Group	Buildings	2016.1.1	2018.12.31	Contractual price negotiated by both parties	19,304,704.16	20,062,774.98
Sichuan Publication Group	The Group	Buildings	2017.1.1	2019.12.31	Contractual price negotiated by both parties	6,617,842.39	N/A
Sichuan Publication Group	The Group	Buildings	2014.1.1	2016.12.31	Contractual price negotiated by both parties	N/A	5,400,158.64
Sichuan Hengxi Property Management Co., Ltd.	The Group	Buildings	2017.1.1	2019.12.31	Contractual price negotiated by both parties	1,487,061.98	N/A
Sichuan Hengxi Property Management Co., Ltd.	The Group	Buildings	2014.1.1	2016.12.31	Contractual price negotiated by both parties	N/A	1,597,529.45

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

### 4. Related party transactions (Continued)

#### (3) Borrowings/loans with related parties

Prior period:

						RMB
Related party	Amount of borrowing/loan	Inception date	Maturity date	Amount at the end of the prior year	Remarks	
Loans:						
Wenzhuo	-	2013.8.21	2017.2.20	120,000,000.00	Please refer to Note (VI) 8 for details	

#### (4) Receipts of interest

The Group's receipts of interest of the borrowings/loans with related parties are as follows:

Name of the entity	RMB	
	Current period (Unaudited) Amount	Prior period (Audited) Amount
Chengdu Xinhui	N/A	-
Wenzhuo	N/A	3,644,745.28
Total	-	3,644,745.28

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

### 4. Related party transactions (Continued)

#### (5) Compensation for key management personnel

Item	Amount incurred in the current period (Unaudited)	RMB
		Amount incurred in the prior period (Audited)
Compensation for key management personnel	<b>1,829,656.08</b>	2,126,951.00

Key management personnel are those personnel having the authority and responsibility for planning, directing and controlling the activities of the entity, including director, supervisor and other personnel who perform similar strategic functions. Compensation for key management personnel includes basic salaries, bonuses and various subsidies.

#### (6) Remuneration for directors and supervisors and staff of top five remunerations

Details of remunerations for directors and supervisors for the current period are as follows:

	Director		Supervisor	
	Current period (Unaudited)	Prior period (Audited)	Current period (Unaudited)	Prior period (Audited)
Emoluments	<b>250</b>	265	<b>74</b>	70
Other remunerations:				
Salaries and allowances	<b>231</b>	233	<b>199</b>	208
Performance linked bonus	–	–	–	–
Retirement benefit contribution	<b>25</b>	20	<b>49</b>	39
Subtotal	<b>256</b>	253	<b>248</b>	247
Total	<b>506</b>	518	<b>322</b>	317

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

### 4. Related party transactions (Continued)

#### (6) Remuneration for directors and supervisors and staff of top five remunerations (Continued)

##### (a) Independent non-executive directors

Emoluments and other remunerations paid to independent non-executive directors for the current period are as follows:

	Current period (Unaudited)			Prior period (Audited)		
	Emolument	Salaries and allowances	Total remuneration	Emolument	Salaries and allowances	Total remuneration
Independent non-executive directors:						
Mr. Mak Wai Ho (Note 1)	-	-	-	38	-	38
Mr. Han Liyan	105	6	111	105	12	117
Mr. Chen Yutang (Note 2)	115	6	121	77	9	86
Ms. Xiao Liping	-	-	-	-	-	-
<b>Total</b>	<b>220</b>	<b>12</b>	<b>232</b>	<b>220</b>	<b>21</b>	<b>241</b>

RMB'000

Note 1: Has no longer been an independent non-executive director since March 2016.

Note 2: Has been an independent non-executive director since March 2016.

The remunerations for the above independent non-executive directors are remunerations paid for their services as the Company's directors.

There are no other remunerations payable to independent non-executive directors for the current period and the prior period.

## Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

**(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS** (Continued)**4. Related party transactions** (Continued)

(6) Remuneration for directors and supervisors and staff of top five remunerations (Continued)

(b) Executive and non-executive directors

RMB'000

	Current period (Unaudited)				Total remuneration
	Emolument	Salaries and allowances	Performance linked bonus	Retirement benefit contribution	
Executive directors:					
Mr. He Zhiyong (Chairman) (Note 3)	-	-	-	-	-
Mr. Luo Yong (Note 4)	-	-	-	-	-
Mr. Yang Miao	-	216	-	25	241
Subtotal	-	216	-	25	241
Non-executive director:					
Mr. Luo Jun (Note 3)	-	-	-	-	-
Mr. Zhang Peng (Note 4)	-	-	-	-	-
Mr. Zhao Junhui (Note 5)	22	3	-	-	25
Mr Han Xiaoming (Note 6)	8	-	-	-	8
Subtotal	30	3	-	-	33
Total	30	219	-	25	274

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

### 4. Related party transactions (Continued)

#### (6) Remuneration for directors and supervisors and staff of top five remunerations (Continued)

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

RMB'000

	Prior period (Audited)				Total remuneration
	Emolument	Salaries and allowances	Performance linked bonus	Retirement benefit contribution	
Executive directors:					
Mr. He Zhiyong (Chairman) (Note 3)	-	-	-	-	-
Mr. Luo Yong (Note 4)	-	-	-	-	-
Mr. Yang Miao	-	206	-	20	226
Subtotal	-	206	-	20	226
Non-executive director:					
Mr. Luo Jun (Note 3)	-	-	-	-	-
Mr. Zhang Peng (Note 4)	-	-	-	-	-
Mr. Zhao Junhui (Note 5)	45	6	-	-	51
Subtotal	45	6	-	-	51
<b>Total</b>	<b>45</b>	<b>212</b>	<b>-</b>	<b>20</b>	<b>277</b>

Note 3: The remuneration of the director is paid by Sichuan Xinhua Publishing Group. The Group did not pay any remuneration to this director during the current period and the prior period.

Note 4: The remuneration is paid by Sichuan Publication Group, which is a wholly owned by Sichuan Development Holding Co., Ltd. The Group did not pay any remuneration to this director during the current period and the prior period.

Note 5: Has no longer been a non-executive director since March 2017.

Note 6: Has been a non-executive director since May 2017.

The remunerations for the above executive directors are mainly remunerations paid for their services provided for the management of the Company and the Group.

The remunerations for the above non-executive directors are remunerations paid for their services as the Company's directors.

## Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

**(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS** (Continued)**4. Related party transactions** (Continued)

## (6) Remuneration for directors and supervisors and staff of top five remunerations (Continued)

## (c) Supervisors

RMB'000

	Current period (Unaudited)				Total remuneration
	Emolument	Salaries and allowances	Performance linked bonus	Retirement benefit contribution	
Supervisors:					
Mr. Xu Ping (Note 7)	-	-	-	-	-
Mr. Xu Yuzheng (Note 8)/(Note 9)	-	-	-	-	-
Mr Zhao Xun (Note 12)	4	-	-	-	4
Ms. Lan Hong	-	95	-	24	119
Mr. Li Xu (Note 10)	35	6	-	-	41
Ms. Liu Mixia	35	9	-	-	44
Ms. Wang Yan	-	89	-	25	114
<b>Total</b>	<b>74</b>	<b>199</b>	<b>-</b>	<b>49</b>	<b>322</b>

RMB'000

	Prior period (Audited)				Total remuneration
	Emolument	Salaries and allowances	Performance linked bonus	Retirement benefit contribution	
Supervisors:					
Mr. Xu Ping (Note 7)	-	-	-	-	-
Mr. Xu Yuzheng (Note 8)/(Note 9)	-	-	-	-	-
Ms. Lan Hong	-	94	-	20	114
Mr. Li Xu (Note 10)	23	12	-	-	35
Ms. Liu Mixia	35	15	-	-	50
Ms. Wang Yan	-	87	-	19	106
Mr Fu Daiguo (Note 11)	12	-	-	-	12
<b>Total</b>	<b>70</b>	<b>208</b>	<b>-</b>	<b>39</b>	<b>317</b>



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

### 4. Related party transactions *(Continued)*

#### (6) Remuneration for directors and supervisors and staff of top five remunerations *(Continued)*

##### (c) Supervisors *(Continued)*

*Note 7: The remuneration is paid by Sichuan Publication Group. The Group did not pay any remuneration to this supervisor during the current period and the prior period.*

*Note 8: The remuneration is paid by Sichuan Xinhua Publishing Group. The Group did not pay any remuneration to this supervisor during the current period and the prior period.*

*Note 9: Has no longer been a supervisor since February 2017.*

*Note 10: Has been a supervisor since March 2016*

*Note 11: Have no longer been a supervisor since March 2016.*

*Note 12: Have been a supervisor since May 2017.*

During the current period and the prior period, no directors or supervisors waived or agreed to waive any remuneration arrangement.

During the current period and the prior period, the remuneration of the above directors and supervisors fell within the range of HKD0 to HKD1,000,000.00 (equivalent to RMB867,900.00).



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

### 4. Related party transactions *(Continued)*

#### (6) Remuneration for directors and supervisors and staff of top five remunerations *(Continued)*

##### (d) Staff of top five remunerations

During the current period and the prior period, the Group's staff of top five remunerations included a director whose remuneration was set out in the table above. The remuneration of the remaining four highest paid staff who were not directors or supervisors of the Company is set out as follows:

	<b>Current period (Unaudited)</b>	<i>RMB'000</i> Prior period (Audited)
Salaries, allowances and benefits-in-kind	<b>757</b>	698
Performance linked bonus	–	–
Retirement benefit contribution	<b>99</b>	78
<b>Total</b>	<b>856</b>	776

During the current year and the prior year, the remuneration of the above four highest paid staff fell within the range of HKD0 to HKD1,000,000.00 (equivalent to RMB867,900.00).



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

### 5. Amount due/from related parties

Item	Related party	RMB	
		Closing balance (Unaudited)	Opening balance (Audited)
Accounts receivable	Sichuan Xinhua Publishing Group	1,215.19	4,133.75
	Shanghai Jingjie Information Technology Co., Ltd.	195,984.00	195,984.00
Total		197,199.19	200,117.75
Prepayments	Ming Bo Education Technology Holdings Co., Ltd.	2,000,000.00	–
	Sichuan Jiaoyang Sihuo Film Co., Ltd.	–	480,000.00
	Ren Min Eastern (Beijing) Book Industry Co., Ltd.	3,066,037.62	1,533,018.81
Total		5,066,037.62	2,013,018.81
Other receivables	Sichuan Xinhua Publishing Group	1,900.00	10,331.70
	Ming Bo Education Technology Holdings Co., Ltd.	60,000.00	–
Total		61,900.00	10,331.70
Non-current assets due within 1 year	Wenzhuo (Note (VI) 8)	N/A	120,000,000.00
Total			120,000,000.00
Advance from customers	Ming Bo Education Technology Holdings Co., Ltd.	–	1,360,000.00
	Sichuan Xinhua Publishing Group	44,100.00	44,100.00
	Sichuan Publication Group	6,982.79	68,267.93
Total		51,082.79	1,472,367.93
Accounts payable	The Commercial Press (Chengdu) Co., Ltd.	2,570,436.38	11,200,299.19
	Hainan Publishing	122,481.66	122,481.66
	Ming Bo Education Technology Holdings Co., Ltd.	–	201,962.50
	Shanghai Jingjie Information Technology Co., Ltd.	–	18,941.36
Total		2,692,918.04	11,543,684.71
Other payables	Chengdu Huang Peng Property Co., Ltd.	800,065.32	–
	Sichuan Publication Group	743,567.20	872,709.57
	Ming Bo Education Technology Holdings Co., Ltd.	–	2,100,000.00
Total		1,543,632.52	2,972,709.57

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

### 6. Transactions with Bank of Chengdu Co., Ltd.

According to *Administrative Measures for the Disclosure of Information of Listed Companies*, enterprises of which the directors or senior management are the directors, supervisor and senior management of the listed company are regarded as the related parties of the listed company. You Zugang, the secretary of the board of directors of the Company, also serves as the director of Bank of Chengdu Co., Ltd; The Group's transactions with Bank of Chengdu Co., Ltd. within the reporting period are detailed as follows:

#### (1) Dividends income

Current period (Unaudited)		Prior period (Audited)	
Amount	Proportion (%)	Amount	Proportion (%)
20,000,000.00	9.88	20,000,000.00	49.20

RMB

The shown proportion is the proportion of the amount of the transaction to total investment income in the current period.

#### (2) Interest income

Current period (Unaudited)		Prior period (Audited)	
Amount	Proportion (%)	Amount	Proportion (%)
441,608.59	3.94	426,372.69	6.50

RMB

The shown proportion is the proportion of the amount of the transaction to total amount of similar transactions.

#### (3) Amount due/from related parties

Item	Closing balance (Unaudited)	Opening balance (Audited)
Bank balances	97,384,207.35	51,484,501.41

RMB

## (XI) CONTINGENCIES

At the balance sheet date, the Group has no significant contingencies of which the disclosure is required.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XII) COMMITMENTS

### Capital commitments

	<b>Closing balance (Unaudited)</b>	<i>RMB</i> Opening balance (Audited)
Commitment for acquisition and construction of long-term assets that have been entered into but have not been recognised in the financial statements	<b>293,934,639.19</b>	286,059,941.73

### Operating lease commitments

At the balance sheet date, the Group had the following commitments in respect of non-cancellable operating leases:

#### The Group as lessee

	<b>Closing balance (Unaudited)</b>	<i>RMB</i> Opening balance (Audited)
Minimum lease payments under non-cancellable operating leases		
1st year subsequent to the balance sheet date	<b>101,866,681.31</b>	100,876,222.27
2nd year subsequent to the balance sheet date	<b>65,902,909.84</b>	84,883,402.82
3rd year subsequent to the balance sheet date	<b>17,815,275.05</b>	28,408,400.13
Subsequent periods	<b>10,078,678.30</b>	11,814,531.61
<b>Total</b>	<b>195,663,544.50</b>	225,982,556.83

#### The Group as lessor

	<b>Closing balance (Unaudited)</b>	<i>RMB</i> Opening balance (Audited)
Minimum lease receipts under non-cancellable operating leases		
1st year subsequent to the balance sheet date	<b>13,994,088.04</b>	12,651,147.78
2nd year subsequent to the balance sheet date	<b>7,160,084.41</b>	7,539,544.15
3rd year subsequent to the balance sheet date	<b>3,122,608.01</b>	4,124,456.49
Subsequent periods	<b>3,372,648.53</b>	4,687,764.16
<b>Total</b>	<b>27,649,428.99</b>	29,002,912.58

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## **(XIII)EVENTS AFTER THE BALANCE SHEET DATE**

After the balance sheet date, the Group has no significant events:

## **(XIV)OTHER SIGNIFICANT EVENTS**

### **1. Capital management**

The Group manages its capital principally aiming to secure the Group as going concern and achieve maximum income for shareholders through optimizing the combination structure of equity financing and debt financing. The Group's capital comprises the following components:

- Cash and cash equivalents ;
- Paid-in capital, capital reserve, surplus reserve and retained profit.

The Group's management reviews the capital structure according to the interim or annual financial statements. During the review, the management considers the capital cost and risks corresponding to various type of capital. The Group optimise the overall capital structure through issuing extra shares or borrowing or repayment of borrowings on the basis of the choice of the management.

### **2. Segment reporting**

Based on the Group's internal organisation structure, management requirements and internal reporting system, the operations of the Group are classified into 2 reporting segments, which are publication segment and distribution segment. The reporting segments are determined based on the Company's business type. The Group's management periodically evaluates the operating results of these reporting segments to make decisions about resources to be allocated to the segments and assess their performance.



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## **(XIV) OTHER SIGNIFICANT EVENTS** *(Continued)*

### **2. Segment reporting** *(Continued)*

Major products and services delivered or provided by each of the reporting segments are:

Publication: publishing, printing and supply of publications like books, journals, audio-visual products and digital products;

Distribution: Distribution of textbooks and supplementary materials to schools and students and supply of informationised service for secondary and primary school education; retailing, distribution and online sales of publications;

Other segment of the Group covers sales of paper pulp, production and distribution of films and teleplays, advertising service and sales of art work etc. However, these operating businesses do not separately satisfy the definition of reportable segment. The relevant financial information of such operating businesses are consolidated and presented as “others” in the following table.

Segment information is disclosed in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management. The measurement criteria are consistent with the accounting and measurement criteria in the preparation of the financial statements.



## Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

**(XIV) OTHER SIGNIFICANT EVENTS** (Continued)**2. Segment reporting** (Continued)

## (1) Segment information

Current period (Unaudited)

RMB

	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	Total
External revenue	245,440,780.86	2,736,031,323.09	204,543,143.26	-	-	3,186,015,247.21
Inter-segment revenue	460,170,415.10	16,360,210.36	35,615,954.30	-	(512,146,579.76)	-
Total operating income	705,611,195.96	2,752,391,533.45	240,159,097.56	-	(512,146,579.76)	3,186,015,247.21
Operating profit (loss)	101,355,766.71	142,318,926.63	(11,659,435.41)	176,750,525.59	93,197,913.64	501,963,697.16
Non-operating income	750,638.21	1,035,493.50	2,181.61	-	-	1,788,313.32
Non-operating expenses	506,893.98	17,203,475.97	1.31	-	-	17,710,371.26
Total profit (loss)	101,599,510.94	126,150,944.16	(11,657,255.11)	176,750,525.59	93,197,913.64	486,041,639.22
Total assets	3,844,036,730.83	6,284,608,681.36	785,347,944.77	3,563,701,945.97	(2,665,913,860.83)	11,811,781,442.10
Total liabilities	1,458,292,107.44	4,222,958,501.27	732,382,947.35	65,971,164.26	(2,607,911,874.72)	3,871,692,845.60
Supplementary information						
Depreciation	11,817,967.09	27,774,868.46	5,934,395.68	-	-	45,527,231.23
Amortisation	1,299,979.30	10,258,698.67	2,518,424.96	-	-	14,077,102.93
Interest income	1,257,733.00	1,707,416.84	432,757.00	8,487,554.32	(675,252.01)	11,210,209.15
Impairment losses recognised in the current period	18,030,958.61	24,753,311.17	6,596,233.42	-	-	49,380,503.20
Investment income (losses) from long-term equity investment under equity method	-	(2,250,175.11)	176,457.48	-	-	(2,073,717.63)
Long-term equity investments under equity method	-	175,189,733.98	85,087,904.80	-	-	260,277,638.78
Capital expenditure						
Including: Expenditure arising from Construction in progress	1,705,417.10	89,963,185.39	-	-	-	91,668,602.49
Expenditure arising from purchase of fixed assets	807,739.24	7,562,889.80	775,155.61	-	-	9,145,784.65
Expenditure arising from purchase of intangible assets	97,829.05	8,278,806.43	32,666.40	-	-	8,409,301.88



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XIV) OTHER SIGNIFICANT EVENTS (Continued)

### 2. Segment reporting (Continued)

#### (1) Segment information (Continued)

Prior period (Audited)						RMB
	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	Total
External revenue	174,818,947.04	2,534,797,038.75	10,761,742.87	-	-	2,720,377,728.66
Inter-segment revenue	343,203,297.08	-	6,434,935.50	-	(349,638,232.58)	-
<b>Total operating income</b>	<b>518,022,244.12</b>	<b>2,534,797,038.75</b>	<b>17,196,678.37</b>	<b>-</b>	<b>(349,638,232.58)</b>	<b>2,720,377,728.66</b>
Operating profit (loss)	64,152,664.49	152,806,704.98	(12,083,854.72)	4,214,823.10	83,516,824.22	292,607,162.07
Non-operating income	40,659,936.76	11,308,289.72	3,951,807.74	-	-	55,920,034.22
Non-operating expenses	1,146,198.66	4,942,932.18	36,793.43	-	-	6,125,924.27
<b>Total profit (loss)</b>	<b>103,666,402.59</b>	<b>159,172,062.52</b>	<b>(8,168,840.41)</b>	<b>4,214,823.10</b>	<b>83,516,824.22</b>	<b>342,401,272.02</b>
Total assets	3,641,513,812.41	5,703,404,099.28	811,527,338.09	2,991,318,439.97	(2,772,090,914.00)	10,375,672,775.75
Total liabilities	942,765,506.85	4,349,973,837.94	760,292,525.05	63,565,256.18	(2,729,438,997.07)	3,387,158,128.95
Supplementary information						
Depreciation	14,389,761.01	30,367,987.74	3,896,346.55	-	-	48,654,095.30
Amortisation	1,282,072.43	14,471,519.64	1,650,446.53	-	-	17,404,038.60
Interest income	1,278,618.24	2,400,116.20	250,692.86	2,629,443.22	-	6,558,870.52
Interest expenses						
Impairment losses recognised in the current period	19,942,587.15	8,410,274.91	14,486,711.13	-	-	42,839,573.19
Investment income (losses) from long-term equity investment under equity method	-	997,926.65	(1,838,369.82)	-	-	(840,443.17)
Long-term equity investments under equity method	-	169,321,723.13	506,777,760.16	-	-	676,099,483.29
Capital expenditure						
Including: Expenditure arising from Construction in progress	1,096,193.71	113,545,945.30	-	-	-	114,642,139.01
Expenditure arising from purchase of fixed assets	1,852,766.61	5,172,540.12	1,013,122.89	-	-	8,038,429.62
Expenditure arising from purchase of intangible assets	-	5,468,225.07	981,187.15	-	-	6,449,412.22

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XIV) OTHER SIGNIFICANT EVENTS (Continued)

### 2. Segment reporting (Continued)

- (2) *External revenue by geographical area of source and non-current assets by geographical location.*

More than 99% of the Group's income is sourced from Chinese customer and most of the Group's assets are located in China, therefore the regional data is not disclosed.

- (3) *Concentrate on major customers*

The Group's revenue from its top one customer for the current period is RMB382,209,071.98 (prior period: RMB295,029,081.23), which is attributable to the distribution segment. Apart from the aforesaid top one customer, the Group has no external customer from which the revenue accounts for 10% or more of the total revenue in the current period or prior period.

Inter-segment transfers are measured on the basis of prices negotiated between different segment entities. Segment revenue and segment expenses are determined on the basis of actual revenue and expenses of each segment. Segment assets and liabilities are allocated according to the attributable assets employed by a segment in its operating activities and the attributable liabilities resulting from the operating activities of a segment.

## (XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

### 1. Cash and bank balances

Item	Closing balance (Unaudited)			Opening balance (Audited)		
	Amounts of the original currencies		Exchange rate	Amounts of the original currencies		Exchange rate
	Amount in RMB	Amount in RMB		Amount in RMB	Amount in RMB	
Cash:						
RMB	2,017,848.10	1.0000	2,017,848.10	1,785,174.50	1.0000	1,785,174.50
Bank balances:						
RMB	1,282,284,416.41	1.0000	1,282,284,416.41	944,079,453.67	1.0000	944,079,453.67
USD	3,967.48	6.7744	26,877.30	3,966.47	6.9370	27,515.40
HKD	42,256,236.8937	0.8679	36,674,188.00	5,236.6685	0.8945	4,684.20
Total			1,321,003,329.81			945,896,827.77

RMB

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

(Continued)

### 2. Accounts receivable

(1) Disclosure of accounts receivable by aging:

Aging	Closing balance (Unaudited)				Opening balance (Audited)				RMB
	Amount	Proportion	Bad debt provision	Carrying amount	Amount	Proportion	Bad debt provision	Carrying amount	
		(%)				(%)			
Within 1 year	701,183,489.85	87.42	(8,425,371.04)	692,758,118.81	685,923,045.81	88.48	(4,433,726.81)	681,489,319.00	
More than 1 year but not exceeding 2 years	42,707,581.26	5.32	(22,496,528.21)	20,211,053.05	34,580,704.47	4.46	(17,584,160.47)	16,996,544.00	
More than 2 years but not exceeding 3 years	8,124,031.54	1.01	(8,124,031.54)	-	8,849,575.50	1.14	(8,849,575.50)	-	
More than 3 years	50,161,044.89	6.25	(50,161,044.89)	-	45,915,943.09	5.92	(45,915,943.09)	-	
Total	802,176,147.54	100.00	(89,206,975.68)	712,969,171.86	775,269,268.87	100.00	(76,783,405.87)	698,485,863.00	

(2) Disclosure of accounts receivable by categories:

Category	Closing balance (Unaudited)					Opening balance (Audited)					RMB			
	Carrying amount	Bad debt provision		Net carrying amount		Carrying amount	Bad debt provision		Net carrying amount					
		Proportion	Amount				Proportion of provision	Amount				Proportion	Amount	Proportion of provision
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually	470,344,913.92	58.63	(7,860,893.20)	1.67	462,484,020.72	557,900,828.20	71.96	(7,860,893.20)	1.41	550,039,935.00				
Accounts receivable for which bad debt provision has been assessed by portfolios	331,831,233.62	41.37	(81,346,082.48)	24.51	250,485,151.14	217,368,440.67	28.04	(68,922,512.67)	31.71	148,445,928.00				
Total	802,176,147.54	100.00	(89,206,975.68)	11.12	712,969,171.86	775,269,268.87	100.00	(76,783,405.87)	9.90	698,485,863.00				

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

(Continued)

### 2. Accounts receivable (Continued)

#### (2) Disclosure of accounts receivable by categories: (Continued)

Accounts receivable that are individually significant and for which bad debt provision has been assessed individually at the end of the year:

Category	Closing balance (Unaudited)				Opening balance (Audited)			
	Accounts receivable	Bad debt provision	Proportion of provision (%)	Reasons for the provision	Accounts receivable	Bad debt provision	Proportion of provision (%)	Reasons for the provision
Beijing Jinhuanxuan Culture Development Co., Ltd	7,860,893.20	(7,860,893.20)	100.00	Fully unrecoverable	7,860,893.20	(7,860,893.20)	100.00	Fully unrecoverable
Others	462,484,020.72	-	-	-	550,039,935.00	-	-	-
<b>Total</b>	<b>470,344,913.92</b>	<b>(7,860,893.20)</b>	<b>1.67</b>		<b>557,900,828.20</b>	<b>(7,860,893.20)</b>	<b>1.41</b>	

Among the portfolios, accounts receivable for which bad debt provision has been assessed using the aging analysis approach:

Aging	Closing balance (Unaudited)			Opening balance (Audited)		
	Accounts receivable	Bad debt provision	Proportion of provision (%)	Accounts receivable	Bad debt provision	Proportion of provision (%)
Within 1 year	238,699,469.13	(8,425,371.04)	3.53	135,883,110.81	(4,433,726.81)	3.26
More than 1 year but not exceeding 2 years	42,707,581.26	(22,496,528.21)	52.68	34,580,704.47	(17,584,160.47)	50.85
More than 2 years but not exceeding 3 years	8,124,031.54	(8,124,031.54)	100.00	8,849,575.50	(8,849,575.50)	100.00
More than 3 years	42,300,151.69	(42,300,151.69)	100.00	38,055,049.89	(38,055,049.89)	100.00
<b>Total</b>	<b>331,831,233.62</b>	<b>(81,346,082.48)</b>	<b>24.51</b>	<b>217,368,440.67</b>	<b>(68,922,512.67)</b>	<b>31.71</b>

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

(Continued)

### 2. Accounts receivable (Continued)

(3) *Bad debt provision made or reversed in the current period*

Bad debt provision in the current period is RMB12,423,569.81.

(4) *Accounts receivable written off in the current period*

The Group has no accounts receivable written off in the current period.

(5) *Top five debtors with the largest balances of accounts receivable*

Name of entity	Relationship with the Company	Closing balance (Unaudited)	Aging	RMB	
				Proportion of the amount to the total accounts receivable (%)	Closing balance of bad debt provision (Audited)
Winshare Online	Subsidiary	321,395,761.34	Within 1 year	40.07	-
Beijing Winshare Commercial	Subsidiary	101,752,114.99	Within 1 year	12.68	-
Winshare Education Technology	Subsidiary	25,831,666.74	Within 1 year	3.22	-
Beijing Jinhuanxuan Culture Development Co., Ltd.	Third party	7,860,893.20	3-4 years	0.98	(7,860,893.20)
Xinhua Online	Subsidiary	7,815,630.73	Within 1 year	0.97	-
Total		464,656,067.00		57.92	(7,860,893.20)

### 3. Prepayments

(1) *Aging analysis of prepayments is as follow:*

Aging	Closing balance (Unaudited)		Opening balance (Audited)	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	34,035,554.64	99.18	25,553,344.71	96.94
1-2 years	90,464.00	0.26	617,620.96	2.34
2-3 years	-	-	-	-
More than 3 years	190,909.64	0.56	190,909.74	0.72
Total	34,316,928.28	100.00	26,361,875.41	100.00

Prepayment amounts aged more than one year are mainly prepayments for goods that are not settled by the suppliers.

## Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

**(XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY***(Continued)***3. Prepayments** *(Continued)**(2) Entities of top five prepayments*

RMB

Name of entity	Relationship with the Company	Closing balance	Period	Reasons for unsettlement
Wenchuan Logistics	Subsidiary	10,000,000.00	Within 1 year	Services not yet rendered
Shanghai Foreign Language Education Press	Third party	4,600,000.00	Within 1 year	Goods not yet received
Zigong Beierji Teaching Instrument and Equipment Co., Ltd.	Third party	3,987,556.54	Within 1 year	Goods not yet received
Shenzhen Guangning Industrial Co., Ltd.	Third party	1,977,291.00	Within 1 year	Goods not yet received
Sichuan Disheng Commerce and Trading Co., Ltd.	Third party	1,111,013.00	Within 1 year	Goods not yet received
Total		21,675,860.54		

**4. Other receivables***(1) Disclosure of other receivables by aging:*

RMB

Aging	Closing balance (Unaudited)				Opening balance (Audited)			
	Amount	Proportion (%)	Bad debt provision	Carrying amount	Amount	Proportion (%)	Bad debt provision	Carrying amount
Within 1 year	210,850,091.22	48.85	506,913.60	210,343,177.62	102,588,062.25	32.70	(346,100.45)	102,241,961.80
More than 1 year but not exceeding 2 years	70,002,634.81	16.21	(93,344.94)	69,909,289.87	66,752,543.27	21.27	(90,000.00)	66,662,543.27
More than 2 years but not exceeding 3 years	37,357,031.53	8.65	(95,438.20)	37,261,593.33	35,094,036.98	11.18	(82,500.00)	35,011,536.98
More than 3 years	113,510,055.72	26.29	(5,330,606.32)	108,179,449.40	109,355,677.55	34.85	(5,432,042.02)	103,923,635.53
Total	431,719,813.28	100.00	(6,026,303.06)	425,693,510.22	313,790,320.05	100.00	(5,950,642.47)	307,839,677.58

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

(Continued)

### 4. Other receivables (Continued)

(2) Disclosure of other receivables by categories:

Category	Closing balance (Unaudited)					Opening balance (Audited)					RMB
	Carrying amount		Bad debt provision			Carrying amount		Bad debt provision			
	Amount	Proportion	Amount	Proportion	Net carrying amount	Amount	Proportion	Amount	Proportion	Net carrying amount	
		(%)		of provision			(%)		provision		
Other receivables that are individually significant and for which bad debt provision has been assessed individually	387,482,610.87	89.75	(5,269,196.00)	1.36	382,213,414.87	283,674,717.50	90.40	(5,269,196.00)	1.86	278,405,521.50	
Other receivables for which bad debt provision has been assessed by portfolios	16,947,412.88	3.93	(757,107.06)	4.47	16,190,305.82	10,545,730.02	3.36	(681,446.47)	6.46	9,864,283.55	
Other receivables that are not individually significant but for which bad debt provision has been assessed individually	27,289,789.53	6.32	-	-	27,289,789.53	19,569,872.53	6.24	-	-	19,569,872.53	
Total	431,719,813.28	100.00	(6,026,303.06)	1.40	425,693,510.22	313,790,320.05	100.00	(5,950,642.47)	1.90	307,839,677.58	

Other receivables that are individually significant and for which bad debt provision has been assessed individually at the end of the year:

Category	Closing balance (Unaudited)				Opening balance (Audited)				RMB
	Other receivables	Bad debt provision	Proportion of provision (%)	Reasons for the provision	Other receivables	Bad debt provision	Proportion of provision (%)	Reasons for the provision	
Anhui Sihe Digital Technology Development Co., Ltd	5,269,196.00	(5,269,196.00)	100.00	Assuming that all accounts receivable cannot be recovered	5,269,196.00	(5,269,196.00)	100.00	Assuming that all accounts receivable cannot be recovered	
Others	382,213,414.87	-	-	-	278,405,521.50	-	-	-	
Total	387,482,610.87	(5,269,196.00)	1.36		283,674,717.50	(5,269,196.00)	1.86		

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

(Continued)

### 4. Other receivables (Continued)

#### (2) Disclosure of other receivables by categories: (Continued)

Among the portfolios, Other receivables for which bad debt provision has been assessed using the aging analysis approach:

Aging	Closing balance (Unaudited)			Opening balance (Audited)		
	Other receivables	Bad debt provision	Proportion	Other receivables	Bad debt provision	Proportion
			of provision (%)			of provision (%)
Within 1 year	16,511,843.79	(506,913.60)	3.07	10,066,968.35	(346,100.45)	3.44
More than 1 year but not exceeding 2 years	197,670.71	(93,344.94)	47.22	144,292.78	(90,000.00)	62.37
More than 2 years but not exceeding 3 years	155,842.91	(95,438.20)	61.24	117,083.38	(82,500.00)	70.46
More than 3 years	82,055.47	(61,410.32)	74.84	217,385.51	(162,846.02)	74.91
Total	16,947,412.88	(757,107.06)	4.47	10,545,730.02	(681,446.47)	6.46

#### (3) Bad debt provision for the period

The amount of bad debt provision for the year is RMB75,660.59.

#### (4) Other receivables written off in the current period

The Group has no other receivables written off in the current period.



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

(Continued)

### 4. Other receivables (Continued)

#### (5) Other receivables disclosed by their nature

Nature of other receivables	RMB	
	Closing balance (Unaudited)	Opening balance (Audited)
Other receivables from related parties	388,709,851.58	292,531,474.97
Deposit/security deposit	8,231,401.29	5,334,081.56
Petty cash	3,101,032.04	2,913,250.70
Others	31,677,528.37	13,011,512.82
Total	431,719,813.28	313,790,320.05

#### (6) Top five entities with the largest balances of other receivables

Name of entity	Nature	RMB			
		Closing balance (Unaudited)	Aging	Proportion of the amount to the total other receivables (%)	Closing balance of bad debt provision (Audited)
Printing Materials	Receivables from subsidiaries	79,708,418.05	3-4 years	18.46	-
Huaxia Shengxuan	Receivables from subsidiaries	60,271,726.03	Within 1 year	13.96	-
Sichuan Xinhua Printing	Receivables from subsidiaries	48,741,212.89	Within 1 year/1-2 years	11.29	-
Reader's Journal Press	Receivables from subsidiaries	34,112,543.93	Within 1 year/1-2 years	7.90	-
Arts Investment	Receivables from subsidiaries	27,246,265.75	Within 1 year/3-4 years	6.31	-
Total		250,080,166.65		57.92	-

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

(Continued)

### 5. Dividends receivable

Item	Opening balance (Audited)			Closing balance (Unaudited)	RMB Whether the amount is impaired
		Increase in the current period	Decrease in the current period		
Dividends receivable aged					
within 1 year	300,000,000.00	52,942,400.00	(352,942,400.00)	-	
Including: Wan Xin Media	-	19,942,400.00	(19,942,400.00)	-	N/A
Bank of Chengdu Co., Ltd	-	20,000,000.00	(20,000,000.00)	-	N/A
Chengdu Institute	-	13,000,000.00	(13,000,000.00)	-	N/A
Publication Printing	70,000,000.00	-	(70,000,000.00)	-	N/A
Education Publishing House	230,000,000.00	-	(230,000,000.00)	-	N/A
Dividends payable aged more than					
1 year	200,000,000.00	-	(200,000,000.00)	-	
Including: Education Publishing House	200,000,000.00	-	(200,000,000.00)	-	N/A
Total	500,000,000.00	52,942,400.00	(552,942,400.00)	-	

### 6. Inventories

#### (1) Categories of inventories

Item	Closing balance (Unaudited)			Opening balance (Audited)		
	Gross carrying amount	Provision for		Gross carrying amount	Provision for	
		decline in value of inventories	Net carrying amount		decline in value of inventories	Net carrying amount
Goods on hand	1,165,802,257.20	(70,980,211.22)	1,094,822,045.98	1,354,275,119.58	(62,480,169.96)	1,291,794,949.62
Work-in-progress	-	-	-	-	-	-
Raw materials	7,224,251.12	-	7,224,251.12	2,181,688.28	-	2,181,688.28
Total	1,173,026,508.32	(70,980,211.22)	1,102,046,297.10	1,356,456,807.86	(62,480,169.96)	1,293,976,637.90

The Group has no inventories pledged as collaterals in the current period.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

(Continued)

### 6. Inventories (Continued)

#### (2) Provision for decline in value of inventories

Category of inventories	Opening balance (Audited)	Increase in the current period	Decrease in the current period		Closing balance (Unaudited)
			Reversals	Write-off	
Goods on hand	62,480,169.96	9,693,229.13	-	(1,193,187.87)	70,980,211.22

RMB

### 7. Other current assets

Item	Closing balance (Unaudited)	Opening balance (Audited)
Deductible VAT input tax	20,065,642.43	14,160,785.87
Bank wealth management products	880,000,000.00	866,000,000.00
Available-for-sale financial assets- investment in trust product	5,000,000.00	-
Entrusted loan (Note)	300,217,776.45	300,217,776.45
<b>Total</b>	<b>1,205,283,418.88</b>	1,180,378,562.32

RMB

Note: At the end of the period, the entrusted loan was a loan of RMB300,217,776.45 granted to Wenchuan Logistics by China Minsheng Bank Co., Ltd. Chengdu Branch entrusted by the Company, for the period from 21 October 2016 to 20 October 2017, at an annual interest rate of 4.35%.

## Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

**(XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY***(Continued)***8. Non-current assets due within one year**

Item	RMB	
	Closing balance (Unaudited)	Opening balance (Audited)
Entrusted loan (Note)	-	120,000,000.00

Note: Please refer to Note (VI) 8 for details.

**9. Available-for-sale financial assets***(1) Available-for-sale financial assets*

Item	Closing balance (Unaudited)			Opening balance (Audited)		
	Carrying amount	Provision for impairment		Carrying amount	Provision for impairment	
		Book value	Book value		Book value	Book value
Measured at fair value	1,827,497,201.83	-	1,827,497,201.83	2,292,897,201.83	-	2,292,897,201.83
Measured at cost	241,311,665.90	(1,311,665.90)	240,000,000.00	241,311,665.90	(1,311,665.90)	240,000,000.00
Total	2,068,808,867.73	(1,311,665.90)	2,067,497,201.83	2,534,208,867.73	(1,311,665.90)	2,532,897,201.83



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

(Continued)

### 9. Available-for-sale financial assets (Continued)

(2) Available-for-sale financial assets measured at fair value at the period end

RMB

	Closing balance (Unaudited)		Accumulated changes of fair value included in other comprehensive income
	Investment cost	Fair value	
Wan Xin Media	186,415,328.00	1,722,524,800.00	1,536,109,472.00
CITIC Buyout Investment Fund (Shenzhen) (Limited Partnership)	98,083,837.00	102,972,401.83	4,888,564.83
IBAM-Directional Asset Management Plan of Industrial Bank	2,000,000.00	2,000,000.00	-
<b>Total</b>	<b>286,499,165.00</b>	<b>1,827,497,201.83</b>	<b>1,540,998,036.83</b>

## Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

**(XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY***(Continued)***10. Long-term equity investment***(1) Investment in subsidiaries*

RMB

Investee	Opening balance (Audited)	Addition in investment	Reduction in investment	Closing balance (Unaudited)	Closing balance of provision for impairment
Xinhua Online	40,000,000.00	-	-	40,000,000.00	(2,072,032.00)
Beijing Shu Chuan	1,805,060.86	-	-	1,805,060.86	-
People's Education Times	2,106,941.60	-	-	2,106,941.60	-
Winshare Media	3,990,000.00	-	-	3,990,000.00	-
Wenxuan Advertising	10,600,000.00	-	-	10,600,000.00	-
Huaxia Shengxuan	21,227,900.00	-	-	21,227,900.00	-
Xinhua Colour Printing	55,644,135.82	-	-	55,644,135.82	-
Winshare Education Technology	333,840,776.30	-	-	333,840,776.30	-
Huaying Winshare	149,316,346.00	-	-	149,316,346.00	-
Xinhua Shang	12,396,162.00	-	-	12,396,162.00	-
Arts Investment	20,680,000.00	-	-	20,680,000.00	-
Winshare Online	45,000,000.00	-	-	45,000,000.00	-
Beijing Winshare Commercial	91,800,000.00	-	-	91,800,000.00	-
Wenchuan Logistics	100,000,000.00	-	-	100,000,000.00	-
Washington Winshare Media	-	-	-	-	-
VIVI Bride	2,000,000.00	-	-	2,000,000.00	-
VIVI Advertising	4,000,000.00	-	-	4,000,000.00	-
Winshare Cloud Image	15,800,400.00	-	-	15,800,400.00	-
Publication Printing	598,185,830.79	-	-	598,185,830.79	-
Printing Materials	40,944,463.95	-	-	40,944,463.95	-
People's Publishing House	18,189,167.92	-	-	18,189,167.92	-
Education Publishing House	211,321,291.49	-	-	211,321,291.49	-
Youth and Children's Publishing House	285,039,941.53	-	-	285,039,941.53	-
Digital Publishing & Media	5,605,427.63	-	-	5,605,427.63	-
Literature & Art Publishing House	50,731,819.65	-	-	50,731,819.65	-
Fine Arts Publishing House	5,559,756.46	-	-	5,559,756.46	-
Science & Technology Publishing House	15,294,897.94	-	-	15,294,897.94	-
Lexicographical Publishing House	9,809,021.68	-	-	9,809,021.68	-
Bashu Publishing House	5,244,860.20	-	-	5,244,860.20	-
Tiandi Publishing House	10,744,350.03	-	-	10,744,350.03	-
Reader's Journal Press	866,830.73	-	-	866,830.73	-

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

(Continued)

### 10. Long-term equity investment (Continued)

#### (1) Investment in subsidiaries (Continued)

Investee	Opening balance (Audited)	Addition in investment	Reduction in investment	Closing balance (Unaudited)	RMB
					Closing balance of provision for impairment
Pictorial	7,521,475.38	-	-	7,521,475.38	-
Winshare Investment	200,000,000.00	-	-	200,000,000.00	-
Sichuan Xinhua Printing	248,599,490.28	-	-	248,599,490.28	-
Beijing Aerospace Cloud	10,500,000.00	-	-	10,500,000.00	-
Winshare International	20,000,000.00	-	-	20,000,000.00	-
Winshare Quan Media	10,000,000.00	-	-	10,000,000.00	-
Winshare Music	10,000,000.00	-	-	10,000,000.00	-
Sichuan Culture Communication	30,710,006.28	-	-	30,710,006.28	-
<b>Total</b>	<b>2,705,076,354.52</b>	<b>-</b>	<b>-</b>	<b>2,705,076,354.52</b>	<b>(2,072,032.00)</b>

## Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

**(XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY***(Continued)***10. Long-term equity investment** *(Continued)**(2) Investment in joint ventures or associates*

RMB

Investee	Opening balance (Audited)	Changes for the period							Closing balance (Unaudited)	Closing balance of provision for impairment	
		Increase in investment	Decrease in investment	Investment profit or loss under equity method	Adjustment of other comprehensive income	Distribution of cash dividends or profits declared	Provision for impairment loss	Others			
<b>I. Joint Ventures</b>											
Hainan Publishing	123,691,711.76	-	-	2,904,450.84	-	-	-	-	-	126,596,162.60	-
Wenzhuo	301,033,138.97	-	(301,033,138.97)	-	-	-	-	-	-	-	-
Subtotal	424,724,850.73	-	(301,033,138.97)	2,904,450.84	-	-	-	-	-	126,596,162.60	-
<b>II. Associates</b>											
The Commercial Press (Chengdu) Co., Ltd.	2,247,848.10	-	-	206,488.09	-	-	-	-	-	2,454,336.19	-
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	10,140,345.61	-	-	1,037,144.74	-	-	-	-	-	11,177,490.35	-
Guizhou Winshare	-	-	-	-	-	-	-	-	-	-	-
Ming Bo Education Technology Holdings Co., Ltd.	28,754,377.57	-	-	16,645.69	-	-	-	-	-	28,771,023.26	-
Chengdu Xinhui	22,612,431.25	-	(22,612,431.25)	-	-	-	-	-	-	-	-
Winshare Preschool	1,678,942.70	-	-	257,458.71	-	-	-	-	-	1,936,401.41	-
Subtotal	65,433,945.23	-	(22,612,431.25)	1,517,737.23	-	-	-	-	-	44,339,251.21	-
Total	490,158,795.96	-	(323,645,570.22)	4,422,188.07	-	-	-	-	-	170,935,413.81	-



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

(Continued)

### 11. Investment properties

Investment properties measured at cost

Item	RMB Buildings
I. Original carrying amount	
1. Opening & closing balance	33,651,290.75
II. Accumulated depreciation	
1. Opening balance (Audited)	(11,062,211.40)
2. Increase in the period	
(1) Provision	(450,095.03)
3. Closing balance (Unaudited)	(11,512,306.43)
III. Net book value of investment properties:	
1. Net carrying amount at the beginning of the period (Audited)	22,589,079.35
2. Net carrying amount at the end of the period (Unaudited)	22,138,984.32

### 12. Fixed assets

Item	RMB				Total
	Buildings	Machinery and equipment	Electronic equipment and others	Transportation vehicles	
I. Total original carrying amount:					
1. Opening balance (Audited)	1,117,595,489.16	78,566,649.06	120,530,897.49	89,205,209.40	1,405,898,245.11
2. Increase in the period	6,010,363.58	1,747,470.13	5,569,882.13	192,098.61	13,519,814.45
(1) Acquisition	-	1,747,470.13	5,569,882.13	192,098.61	7,509,450.87
(2) Transfer from construction in progress	6,010,363.58	-	-	-	6,010,363.58
3. Decrease in the period	-	(11,538.46)	(3,968,285.59)	(2,266,520.08)	(6,246,344.13)
(1) Disposal	-	(11,538.46)	(3,968,285.59)	(2,266,520.08)	(6,246,344.13)
4. Closing balance (Unaudited)	1,123,605,852.74	80,302,580.73	122,132,494.03	87,130,787.93	1,413,171,715.43
II. Total accumulated depreciation:					
1. Opening balance (Audited)	(309,953,787.06)	(61,057,078.78)	(94,029,304.45)	(64,297,696.58)	(529,337,866.87)
2. Increase in the period	(19,021,818.58)	(1,547,135.66)	(5,527,738.78)	(4,602,361.07)	(30,699,054.09)
(1) Provision	(19,021,818.58)	(1,547,135.66)	(5,527,738.78)	(4,602,361.07)	(30,699,054.09)
3. Decrease in the period	-	7,554.81	3,964,071.90	1,864,129.55	5,835,756.26
(1) Disposal	-	7,554.81	3,964,071.90	1,864,129.55	5,835,756.26
4. Closing balance (Unaudited)	(328,975,605.64)	(62,596,659.63)	(95,592,971.33)	(67,035,928.10)	(554,201,164.70)
III. Total net book value of fixed assets:					
1. Net carrying amount at the beginning of the period (Audited)	807,641,702.10	17,509,570.28	26,501,593.04	24,907,512.82	876,560,378.24
2. Net carrying amount at the end of the period (Unaudited)	794,630,247.10	17,705,921.10	26,539,522.70	20,094,859.83	858,970,550.73

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

(Continued)

### 13. Intangible assets

Intangible assets are as follows:

Item	Land use rights	Software	Others	<i>RMB</i> Total
I. Total original carrying amount:				
1. Opening balance (Audited)	187,639,336.30	61,262,920.53	167,700.00	249,069,956.83
2. Increase in the period				
(1) Acquisition	-	1,578,761.47	-	1,578,761.47
3. Closing balance (Unaudited)	187,639,336.30	62,841,682.00	167,700.00	250,648,718.30
II. Total accumulated amortisation:				
1. Opening balance (Audited)	(53,665,480.24)	(47,933,397.85)	(167,700.00)	(101,766,578.09)
2. Increase in the period				
(1) Provision	(2,503,947.29)	(1,844,870.71)	-	(4,348,818.00)
3. Closing balance (Unaudited)	(56,169,427.53)	(49,778,268.56)	(167,700.00)	(106,115,396.09)
III. Total net book value of intangible assets				
1. Net carrying amount at the beginning of the period (Audited)	133,973,856.06	13,329,522.68	-	147,303,378.74
2. Net carrying amount at the end of the period (Unaudited)	131,469,908.77	13,063,413.44	-	144,533,322.21

### 14. Long-term prepaid expenses

Item	Opening balance (Audited)	Increase in the current period	Amortisation in the current year	<i>RMB</i> Closing balance (Unaudited)
Leasehold Improvement	10,515,932.76	<b>2,698,915.46</b>	<b>(1,785,418.04)</b>	<b>11,429,430.18</b>
Rent	192,098.95	-	<b>(24,012.30)</b>	<b>168,086.65</b>
Total	10,708,031.71	<b>2,698,915.46</b>	<b>(1,809,430.34)</b>	<b>11,597,516.83</b>

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

(Continued)

### 15. Other non-current assets

Item	Closing balance (Unaudited)	RMB
		Opening balance (Audited)
Receivables from subsidiaries	<b>362,037,299.99</b>	307,037,299.99
Deductible VAT input tax (Note)	<b>69,144,319.89</b>	60,104,189.59
Time deposit	<b>280,000,000.00</b>	280,000,000.00
Prepayment for acquisition of equity	<b>48,489,700.00</b>	–
Total	<b>759,671,319.88</b>	647,141,489.58

Note: Please refer to Note (VI) 19 for details of deductible VAT input tax.

### 16. Accounts payable

Item	Closing balance (Unaudited)	RMB
		Opening balance (Audited)
Within 1 year	<b>2,490,328,675.59</b>	2,528,883,450.58
More than 1 year but not exceeding 2 years	<b>575,669,686.51</b>	802,712,353.39
More than 2 years but not exceeding 3 years	<b>200,449,128.41</b>	361,776,937.15
More than 3 years	<b>144,583,815.88</b>	196,915,387.38
Total	<b>3,411,031,306.39</b>	3,890,288,128.50

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

(Continued)

### 17. Advance from customers

Details of advance from customers are as followings:

Item	<i>RMB</i>	
	Closing balance (Unaudited)	Opening balance (Audited)
Within 1 year	<b>184,581,925.83</b>	204,532,004.08
More than 1 year but not exceeding 2 years	<b>2,831,820.66</b>	1,876,274.87
More than 2 year but not exceeding 3 years	<b>750,154.27</b>	2,187,620.53
More than 3 years	<b>4,438,436.67</b>	3,542,936.83
<b>Total</b>	<b>192,602,337.43</b>	212,138,836.31

Advance from customers aged more than 1 year are mainly outstanding payment due from customer in previous years.

### 18. Employee benefits payable

(1) Disclosure of employee benefits payable

Item	<i>RMB</i>			
	Opening balance (Audited)	Increase in the current period	Decrease in the current period	Closing balance (Unaudited)
I. Short-term benefits	170,440,891.37	<b>232,814,540.15</b>	<b>(273,570,654.65)</b>	<b>129,684,776.87</b>
II. Post-employment benefit – defined contribution plan	475,575.06	<b>37,722,383.84</b>	<b>(37,705,567.47)</b>	<b>492,391.43</b>
<b>Total</b>	170,916,466.43	<b>270,536,923.99</b>	<b>(311,276,222.12)</b>	<b>130,177,168.30</b>

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

(Continued)

### 18. Employee benefits payable (Continued)

#### (2) Short-term benefits

RMB

Item	Opening balance (Audited)	Increase in the current period	Decrease in the current period	Closing balance (Unaudited)
I. Wages or salaries, bonuses, allowances and subsidies	134,430,073.30	193,188,690.96	(237,648,335.51)	89,970,428.75
II. Staff welfare	4,058.55	1,736,402.87	(1,736,402.87)	4,058.55
III. Social security contributions	49,155.83	13,417,835.28	(12,670,814.45)	796,176.66
Including: Medical insurance	39,166.86	12,029,937.49	(11,289,971.82)	779,132.53
Work-related injury insurance	6,609.11	664,544.50	(658,222.56)	12,931.05
Maternity insurance	3,379.86	722,703.29	(721,970.07)	4,113.08
Other insurances	-	650.00	(650.00)	-
IV. Housing funds	1,192,735.05	17,777,228.95	(17,359,752.87)	1,610,211.13
V. Union running costs and employee education costs	34,556,952.92	6,788,215.37	(4,249,182.23)	37,095,986.06
VI. Others	207,915.72	(93,833.28)	93,833.28	207,915.72
<b>Total</b>	<b>170,440,891.37</b>	<b>232,814,540.15</b>	<b>(273,570,654.65)</b>	<b>129,684,776.87</b>

#### (3) Defined benefit plans

RMB

Item	Opening balance (Audited)	Increase in the current period	Decrease in the current period	Closing balance (Unaudited)
I. Basic pension insurance	107,643.58	27,416,957.69	(27,353,039.65)	171,561.62
II. Unemployment insurance	14,502.25	883,783.82	(869,321.04)	28,965.03
III. Enterprise annuity	353,429.23	9,421,642.33	(9,483,206.78)	291,864.78
<b>Total</b>	<b>475,575.06</b>	<b>37,722,383.84</b>	<b>(37,705,567.47)</b>	<b>492,391.43</b>

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

(Continued)

### 19. Taxes payable

Item	<i>RMB</i>	
	Closing balance (Unaudited)	Opening balance (Audited)
City construction and maintenance tax	96,673.25	47,999.42
Education surcharges	59,899.58	30,846.85
Others	17,417,472.85	18,390,360.42
Total	17,574,045.68	18,469,206.69

### 20. Other payables

Item	<i>RMB</i>	
	Closing balance (Unaudited)	Opening balance (Audited)
Amounts due to related parties	329,853,509.47	343,100,577.96
Security deposit/deposit/quality warranty/ performance security	92,559,524.42	72,423,669.76
Construction and infrastructure construction expenses	11,297,482.40	16,860,787.22
Others	45,273,200.53	34,129,599.01
Total	478,983,716.82	466,514,633.95

Other payables of large amount and aged more than 1 year are mainly deposits and outstanding payments for constructions.



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

(Continued)

### 21. Capital reserve

#### For the current period (Unaudited)

Item	<i>RMB</i>			
	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Share capital premium				
Including: Capital contributed by investors	2,621,627,617.97	-	-	2,621,627,617.97
Effects of business combination involving enterprises under common control	(14,325,593.72)	-	-	(14,325,593.72)
Other capital reserve				
Including: Transfer from capital reserve under the previous accounting system	23,349,059.67	-	-	23,349,059.67
<b>Total</b>	<b>2,630,651,083.92</b>	<b>-</b>	<b>-</b>	<b>2,630,651,083.92</b>

#### For the prior period (Audited)

Item	<i>RMB</i>			
	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Share capital premium				
Including: Capital contributed by investors	2,075,162,519.91	-	-	2,075,162,519.91
Effects of business combination involving enterprises under common control	(14,325,593.72)	-	-	(14,325,593.72)
Other capital reserve				
Including: Transfer from capital reserve under the previous accounting system	23,349,059.67	-	-	23,349,059.67
<b>Total</b>	<b>2,084,185,985.86</b>	<b>-</b>	<b>-</b>	<b>2,084,185,985.86</b>

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

(Continued)

### 22. Other comprehensive income

RMB

Item	Opening balance	Amount for the current period before income tax	Less: Amount included in other comprehensive income in the prior period that is transferred to profit or loss for the period	Changes in the year			Closing balance
				Less : Income tax expenses	Post-tax amount attributable to owners of the Company	Post-tax amount attributable to non-controlling interests	
Current period (Unaudited)							
Other comprehensive income that will be subsequently reclassified into profit or loss	2,008,398,036.83	(467,400,000.00)	-	-	(467,400,000.00)	-	1,540,998,036.83
Gains or losses arising from changes in fair value of available-for-sale financial assets	2,008,398,036.83	(467,400,000.00)	-	-	(467,400,000.00)	-	1,540,998,036.83
Prior period (Audited)							
Other comprehensive income that will be subsequently reclassified into profit or loss	1,848,957,511.66	(575,840,027.98)	-	-	(575,840,027.98)	-	1,273,117,483.68
Gains or losses arising from changes in fair value of available-for-sale financial assets	1,848,957,511.66	(575,840,027.98)	-	-	(575,840,027.98)	-	1,273,117,483.68

### 23. Surplus reserve

RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
For the current period (Unaudited)				
Statutory surplus reserve	538,730,217.21	-	-	538,730,217.21
For the prior period (Audited)				
Statutory surplus reserve	475,598,986.38	-	-	475,598,986.38

According to the Company Law of the People's Republic of China and Articles of Association, the Company is required to transfer 10% of its net profit to the statutory surplus reserve. The transfer may be ceased if the balance of the statutory surplus reserve has reached 50% of the Company's registered capital.

The statutory surplus reserve may be used for making up the losses of the Company and expanding the production operation or increasing the registered share capital of the Company.



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

(Continued)

### 24. Retained profits

Item	<i>RMB</i>		
	Current period (Unaudited)	Prior period (Audited)	Proportion of appropriation
Retained profits at beginning of period	1,647,331,966.56	1,449,303,189.07	
Add: Net profit for the period	486,267,674.39	212,056,270.77	
Less: Appropriation to statutory surplus reserve	-	-	
Declaration of dividends on ordinary shares	(370,152,300.00)	-	Note (VI) 33(2)
Retained profits at the end of the period	1,763,447,340.95	1,661,359,459.84	

### 25. Operating income and operating costs

Item	<i>RMB</i>	
	Amount recognised in the current period (Unaudited)	Amount recognised in the prior period (Audited)
Principal operating income	2,470,375,158.56	2,237,788,362.84
Other operating income	59,887,149.00	48,191,497.50
Including: Associated goods income	150,365,768.06	142,177,375.24
Associated goods cost	(127,936,746.43)	(120,188,515.93)
Net income from associated goods	22,429,021.63	21,988,859.31
Operating costs	1,693,163,397.84	1,521,771,504.60

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

(Continued)

### 26. Taxes and levies

Item	RMB	
	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Audited)
Business tax	–	422,426.58
City construction and maintenance tax	32,428.15	35,916.87
Education surcharges	23,162.99	26,599.83
Property tax (Note)	5,517,744.10	–
Urban land use tax (Note)	615,586.19	–
Stamp duty (Note)	340,800.19	–
Travel tax (Note)	115,963.36	–
Disabled person security fund (Note)	112,174.74	–
Others	64,792.32	99,871.86
<b>Total</b>	<b>6,822,652.04</b>	<b>584,815.14</b>

Note: See Note (VI) 35.

### 27. Selling expenses

Item	RMB	
	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Audited)
Wages or salaries and welfares	146,266,369.90	125,188,117.85
Transportation costs	55,004,699.97	45,484,516.80
Business conference fees	17,407,485.07	17,644,533.11
Vehicle fees	13,082,800.60	11,086,490.36
Travel expenses	7,105,910.40	5,903,546.52
Issuing commission	1,775,706.00	2,547,081.26
Advertising and promotion fees	8,360,900.08	5,646,111.14
Packing expenses	4,700,265.10	7,011,258.43
Others	47,355,924.99	29,770,346.33
<b>Total</b>	<b>301,060,062.11</b>	<b>250,282,001.80</b>

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

(Continued)

### 28. Administrative expenses

Item	<i>RMB</i>	
	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Audited)
Wages or salaries and welfares	<b>122,826,602.10</b>	130,333,419.26
Business entertainment	<b>47,032,645.72</b>	50,800,091.77
Lease payments	<b>46,452,426.98</b>	42,527,048.14
Depreciation and amortisation expenses	<b>38,557,226.40</b>	40,964,598.91
Conference fees	<b>9,848,682.34</b>	6,502,276.71
Energy costs	<b>7,714,188.57</b>	6,986,214.12
Taxes	–	7,892,356.57
Property management fees	<b>10,834,390.54</b>	9,285,657.11
Travel expenses	<b>2,691,194.61</b>	2,517,268.20
Repair charge	<b>5,366,881.23</b>	5,142,088.03
Office allowance	<b>2,308,545.77</b>	1,790,700.42
Audit and other non-audit service fees	<b>960,000.00</b>	1,920,000.00
Others	<b>28,635,629.44</b>	9,779,873.49
Total	<b>323,228,413.70</b>	316,441,592.73

### 29. Finance expenses

Item	<i>RMB</i>	
	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Audited)
Interest expenses	<b>812,520.55</b>	1,040,000.00
Interest income	<b>(8,833,437.05)</b>	(3,228,285.44)
Interest income from long-term receivables	<b>(439,330.78)</b>	(658,996.16)
Fees	<b>934,824.09</b>	686,967.93
Foreign exchange gains or losses and others	<b>138,268.58</b>	574,669.21
Total	<b>(7,387,154.61)</b>	(1,585,644.46)

## Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

**(XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY***(Continued)***30. Impairment losses of assets**

Item	<i>RMB</i>	
	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Audited)
Bad debt provision	12,499,230.40	15,581,138.80
Written-down of inventories	9,693,229.13	10,520,759.31
Total	<b>22,192,459.53</b>	26,101,898.11

**31. Investment income**

Item	<i>RMB</i>	
	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Audited)
Income from long-term equity investments		
Including: Investment income under equity method	4,422,188.07	627,184.82
Investment income on disposal of long-term equity investments	241,804,529.76	(1,655,127.00)
Investment income from holding available-for-sale financial assets		
Including: Investment income from available-for-sale financial assets that are subsequently measured at cost	33,000,000.00	20,000,000.00
Investment income from available-for-sale financial assets that are subsequently measured at fair value	19,942,400.00	16,203,200.00
Investment income from disposal of investments in available-for-sale financial assets measured at fair value	10,954,214.61	—
Total	<b>310,123,332.44</b>	35,175,257.82

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

(Continued)

### 32. Other income

Item	Amount incurred in the current period (Unaudited)	RMB
		Amount incurred in the prior period (Audited)
Other fiscal subsidies	981,050.38	–
Total	981,050.38	–

### 33. Non-operating income

(1) Details of non-operating income are as follows:

Item	Amount incurred in the current period (Unaudited)	RMB
		Amount incurred in the prior period (Audited)
Total gains on disposal of non-current assets	66,117.37	45,596.76
Including: Gains on disposal of fixed assets	66,117.37	45,596.76
Government grants	–	2,617,606.88
Others	953,765.60	6,408,553.51
Total	1,019,882.97	9,071,757.15

(2) Details of government grants:

Item	Amount incurred in the current period (Unaudited)	RMB
		Amount incurred in the prior period (Audited)
Other fiscal subsidies	–	2,617,606.88
Total	–	2,617,606.88

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

(Continued)

### 34. Non-operating expenses

Item	<i>RMB</i>	
	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Audited)
Total losses on disposal of non-current assets	6,033.15	503.35
Including: Losses on disposal of fixed assets	6,033.15	503.35
Donations	17,002,694.11	4,501,073.92
Penalty cost	19.89	–
Others	56,304.77	72,859.35
<b>Total</b>	<b>17,065,051.92</b>	<b>4,574,436.62</b>

### 35. Notes to items in the cash flow statement

(1) Other cash receipts relating to operating activities

Item	<i>RMB</i>	
	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Audited)
Interests	4,408,845.30	3,330,216.94
Government grants	–	1,573,700.00
Recovery of deposit and petty cash	17,238,534.93	1,300,290.27
Others	11,707,006.42	6,547,166.07
<b>Total</b>	<b>33,354,386.65</b>	<b>12,751,373.28</b>

(2) Other cash payments relating to operating activities

Item	<i>RMB</i>	
	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Audited)
Selling expenses	154,793,692.21	125,093,883.95
Administrative expenses (exclusive of lease payment)	117,092,082.19	105,740,855.47
Lease payment	46,452,426.98	21,843,465.52
Amount due/from subsidiaries	566,077.18	34,581,459.28
Others	73,446,645.57	30,218,974.37
<b>Total</b>	<b>392,350,924.13</b>	<b>317,478,638.59</b>

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

(Continued)

### 36. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Supplementary information	Current period (Unaudited)	RMB
		Prior period (Audited)
<b>1. Reconciliation of net profit to cash flow from operating activities:</b>		
Net profit	<b>486,267,674.39</b>	212,056,270.77
Add: Provision for impairment losses of assets	<b>22,192,459.53</b>	26,101,898.11
Depreciation of fixed assets,	<b>30,699,054.09</b>	30,740,609.07
Depreciation of investment properties	<b>450,095.03</b>	450,095.02
Amortisation of intangible assets	<b>4,348,818.00</b>	5,540,960.86
Amortisation of long-term prepaid expenses	<b>1,809,430.34</b>	5,226,296.05
Net gains on disposal of fixed assets, intangible assets and other long-term assets	<b>(60,084.22)</b>	(45,093.41)
Gain from changes in fair value	<b>(25,983.57)</b>	–
Finance expenses	<b>(439,330.78)</b>	381,003.84
Interest income from loans	<b>(1,180,018.10)</b>	(3,644,745.28)
Investment Income	<b>(310,123,332.44)</b>	(35,175,257.82)
Decrease in inventories	<b>182,237,111.67</b>	332,725,573.80
Decrease in receivables from operating activities	<b>(85,578,663.88)</b>	(168,079,386.85)
Decrease in payables from operating activities	<b>(26,416,165.86)</b>	(18,555,514.81)
Net cash flow from operating activities	<b>304,181,064.20</b>	387,722,709.35
<b>2. Net changes in cash and cash equivalents:</b>		
Closing balance of cash	<b>1,240,578,845.95</b>	553,884,590.30
Less: Opening balance of cash	<b>915,684,202.39</b>	(1,125,067,860.80)
Net increase (decrease) in cash and cash equivalents	<b>324,894,643.56</b>	(571,183,270.50)

(2) Cash and cash equivalents

Item	Current period (Unaudited)	RMB
		Prior period (Audited)
Cash	<b>1,240,578,845.95</b>	915,684,202.39
Including: Cash on hand	<b>2,017,848.10</b>	1,785,174.50
Bank deposits readily available for payment	<b>1,238,560,997.85</b>	913,899,027.89
Balance of cash and cash equivalents	<b>1,240,578,845.95</b>	915,684,202.39

## Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

**(XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY***(Continued)***37. Related party relationship and transactions****(1) Sales and purchase of goods, provision and receipt of services***Purchase of goods/receipt of services*

Related party	Type of related party transaction	Details of related party transaction	Pricing and decision-making procedures of related party transactions	RMB	
				Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Audited)
Sichuan Xinhua International Hotel Co., Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	82,449.42	159,014.00
Sichuan Guangshan Sanxingdui Qushanyuan Cultural Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	202,695.00	271,597.30
Chengdu Huang Peng Property Co., Ltd.	Receipt of services	Payments for property management fees	Price negotiated by both parties	2,310,290.60	2,339,840.09
Sichuan Xinhua Haiyi Cultural Development Co., Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	313,832.00	-
Sichuan Xinhua Publishing Group Co., Ltd Huadao Holiday Hotel	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	119,335.00	128,100.00
The Commercial Press (Chengdu) Co., Ltd.	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	-	5,930,936.36
Hainan Publishing	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	1,569,832.54	596,867.39
Shanghai Jingjie Information Technology Co., Ltd.	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	-	96,960.00
Bashu Publishing House	Purchase of goods	Payments for goods purchased and receiving service	Price negotiated by both parties	5,138,820.35	4,934,084.40
Huaxia Shengxuan	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	-	7,690,552.73
Education Publishing House	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	176,519,356.32	153,347,778.32
Publication Printing	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	41,149,492.69	14,817,206.45
Printing Materials	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	754,884.10	4,302,800.70
Lexicographical Publishing House	Purchase of goods	Payments for goods purchased and receiving service	Price negotiated by both parties	1,811,022.34	3,015,785.42
Science & Technology Publishing House	Purchase of goods	Payments for goods purchased and receiving service	Price negotiated by both parties	4,027,643.65	688,298.33
Fine Arts Publishing House	Purchase of goods	Payments for goods purchased and receiving service	Price negotiated by both parties	10,229,489.23	8,332,617.61
People's Publishing House	Purchase of goods	Payments for goods purchased and receiving service	Price negotiated by both parties	6,300,065.81	8,533,584.53
Youth and Children's Publishing House	Purchase of goods	Payments for goods purchased and receiving service	Price negotiated by both parties	3,978,417.18	7,784,974.14
Tiandi Publishing House	Purchase of goods	Payments for goods purchased and receiving service	Price negotiated by both parties	12,328,163.46	15,836,893.03
Literature & Art Publishing House	Purchase of goods	Payments for goods purchased and receiving service	Price negotiated by both parties	15,783,639.11	11,286,831.68
Digital Publishing	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	74,762.26	31,445.88
Xinhua Online	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	30,345,560.96	26,680,802.48
Winshare Education Technology	Receipt of services	Payments for goods purchased	Price negotiated by both parties	13,513,750.95	778,436.97
Shuchuan	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	34,915,736.95	-
Wenchuan Logistics	Receipt of services	Commissioned logistics cost/ transportation cost	Price negotiated by both parties	27,153,618.82	-
Winshare Online	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	131,019.64	364,486.65
Sichuan Xinhua Printing	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	123,283.11	-
Sichuan Culture Communication	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	-	73,362.89
<b>Total</b>				<b>388,877,161.49</b>	<b>278,023,257.35</b>



# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

(Continued)

### 37. Related party relationship and transactions (Continued)

#### (1) Sales and purchase of goods, provision and receipt of services (Continued)

Sales of goods/receipt of services

Related party	Type of related party transaction	Details of related party transaction	Pricing and decision-making procedures of related party transactions	RMB	
				Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Audited)
Sichuan Xinhua Publishing Group	Sales of goods	Receipts for goods sold	Price negotiated by both parties	200.80	11,831.93
Winshare Online	Sales of goods	Receipts for goods sold	Price negotiated by both parties	456,709,123.04	372,255,040.82
Xinhua Online	Sales of goods	Receipts for goods sold	Price negotiated by both parties	30,384,067.96	7,363,493.54
Beijing Winshare Commercial	Sales of goods	Receipts for goods sold and transportation service rendered	Price negotiated by both parties	-	249,152.45
Sichuan Culture Communication	Sales of goods	Receipts for goods sold	Price negotiated by both parties	-	43,632.58
Winshare Education Technology	Sales of goods	Receipts for goods sold	Price negotiated by both parties	2,352,987.41	-
Total				489,446,379.21	379,923,151.32

#### (2) Guarantees for subsidiaries

The Company has not provided any guarantee for subsidiaries for the current period.

#### (3) Leases with related parties

The Company as lessor:

Name of lessor	Name of lessee	Type of leased assets	Commencement date of leases	Expiration date of leases	Basis of determining the lease income	RMB	
						Lease income recognised in the current period (Unaudited)	Lease income recognised in the prior period (Audited)
The Company	Sichuan Xinhua Publishing Group	Buildings	2016.1.1	2018.12.31	Contractual price negotiated by both parties	639,787.89	639,787.89

## Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

**(XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY***(Continued)***37. Related party relationship and transactions** *(Continued)***(3) Leases with related parties** *(Continued)*

The Company as lessee:

Name of lessor	Name of lessee	Type of leased assets	Commencement date of leases	Expiration date of leases	Basis of determining the lease income	RMB	
						Lease expense recognised in the current period (Unaudited)	Lease expense recognised in the prior period (Audited)
Sichuan Xinhua Publishing Group	The Company	Buildings	2016.1.1	2018.12.31	Contractual price negotiated by both parties	19,107,404.76	20,062,774.98
Sichuan Publication Group	The Company	Buildings	2017.1.1	2019.12.31	Contractual price negotiated by both parties	6,617,842.39	N/A
Sichuan Publication Group	The Company	Buildings	2014.1.1	2016.12.31	Contractual price negotiated by both parties	N/A	1,124,080.79
Sichuan Hengxi Property Management Co., Ltd.	The Company	Buildings	2017.1.1	2019.12.31	Contractual price negotiated by both parties	276,200.82	N/A
Sichuan Hengxi Property Management Co., Ltd.	The Company	Buildings	2014.1.1	2016.12.31	Contractual price negotiated by both parties	N/A	303,754.24

**(4) Borrowings/loans with related parties**

Related party	RMB		Prior period (Audited)	Balance at the end of the prior period (Audited)
	Current period (Unaudited)	Balance at the end of the current period (Unaudited)		
Borrowings				
Youth and Children's Publishing House	-	35,000,000.00	-	60,000,000.00
Loans				
Wenzhuo	N/A	N/A	-	120,000,000.00
Sichuan Xinhua Printing	-	48,741,212.89	-	46,376,000.00
Printing Materials	20,000,000	79,708,400.00	-	59,708,400.00
Winshare Investment	-	224,964,614.18	-	220,614,600.00
Reader's Journal Press	-	21,830,365.00	-	33,637,800.00
Winshare Cloud Image	-	-	-	-
Winshare Education Technology	-	20,322,376.72	-	30,000,000.00
Wenchuan Logistics (Note)	-	377,255,076.44	-	377,255,076.44

Note: See Note (XV) 7.

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

(Continued)

### 37. Related party relationship and transactions (Continued)

#### (5) Payments for interest

The Company's payments for interest of the borrowings from related parties are as follows:

Name of entity	Accumulated in the current period (Unaudited)		Accumulated in the prior period (Audited)	
	Amount	Proportion (%)	Amount	Proportion (%)
Youth and Children's Publishing House	812,520.55	100	1,040,000.00	100

#### (6) Receipts of interest

Interest received from the Company's borrowings/loans with related parties is as follows:

Name the entity	Accumulated in the current period (Unaudited)	Accumulated in the prior period (Audited)
	Chengdu Xinhui	N/A
Wenzhuo	N/A	3,644,745.28
Sichuan Xinhua Printing	2,236,195.29	392,095.89
Printing Materials	–	1,951,158.10
Winshare Investment	4,103,773.58	5,237,876.71
Reader's Journal Press	447,934.38	474,810.44
Literature & Art Publishing House	–	130,500.00
Winshare Cloud Image	–	80,981.50
Wenchuan Logistics	6,228,574.78	–
Huaxia Shengxuan	256,345.31	–
Education Technology	304,128.98	–
Total	13,016,478.03	11,912,167.92

## Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

**(XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY***(Continued)***37. Related party relationship and transactions** *(Continued)**(7) Amounts due from/to related parties*

			<i>RMB</i>
<b>Related party</b>		<b>Closing balance (Unaudited)</b>	Opening balance (Audited)
Accounts receivable	Winshare Online	<b>321,395,761.34</b>	417,260,761.31
	Sichuan Xinhua Publishing Group	<b>71.19</b>	4,133.75
	Xinhua Online	<b>7,815,630.73</b>	4,610,950.98
	Beijing Winshare Commercial	<b>101,752,114.99</b>	101,752,114.99
	Education Technology	<b>25,831,666.74</b>	24,963,862.69
Total		<b>456,795,244.99</b>	548,591,823.72
Prepayments	Wenchuan Logistics	<b>10,000,000.00</b>	10,000,000.00
	Xinhua Shang	<b>6,051.33</b>	6,051.33
	Tiandi Publishing House	-	-
Total		<b>10,006,051.33</b>	10,006,051.33
Dividends receivable	Publication Printing	-	70,000,000.00
	Education Publishing House	-	430,000,000.00
Total		-	500,000,000.00

# Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

## (XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

(Continued)

### 37. Related party relationship and transactions (Continued)

(7) Amounts due from/to related parties (Continued)

			RMB
		Closing balance (Unaudited)	Opening balance (Audited)
Related party			
Other receivables	Ming Bo Education Technology	60,000.00	–
	Printing Materials	79,708,418.05	59,708,418.05
	Winshare Education Technology	20,322,376.72	20,000,000.00
	Beijing Shu Chuan	10,235,415.56	10,235,415.56
	Bashu Publishing House	22,600,801.09	17,170,327.03
	Xinhua Shang	2,500,000.00	2,500,000.00
	Reader's Journal Press	34,112,543.93	33,637,733.49
	Digital Publishing	17,935,711.48	17,935,711.48
	Xinhua Colour Printing	3,357,255.44	3,357,255.44
	Arts Investment	28,183,930.13	27,803,930.13
	Beijing Winshare Commercial	20,266,215.65	20,266,215.65
	Winshare Investment	24,964,614.18	20,614,614.18
	Literature & Art Publishing House	3,645,869.15	3,235,340.74
	People's Publishing House	6,437,329.42	5,599,974.42
	Youth and Children's Publishing House	558,236.67	–
	Fine Arts Publishing House	993,275.44	993,275.44
	Science & Technology Publishing House	2,656,323.28	2,223,296.47
	Winshare Music	30,440.43	–
	Sichuan Xinhua Printing Publication Printing	48,741,212.89	46,376,042.05
	Lexicographical Publishing House	123,069.88	123,069.88
	Xinhua Online	1,021,032.61	697,569.71
	Xinhua Online	42,153.55	42,953.55
	Sichuan Xinhua Publishing Group	1,900.00	10,331.70
	Huaxia Shengxuan	60,271,726.03	–
Total		<b>388,769,851.58</b>	292,531,474.97
Non-current assets due within one year			
	Wenzhuo	N/A	120,000,000.00
Total		–	120,000,000.00

## Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

**(XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY***(Continued)***37. Related party relationship and transactions** *(Continued)**(7) Amounts due from/to related parties (Continued)*

		<i>RMB</i>	
	<b>Related party</b>	<b>Closing balance</b>	Opening balance
Other non-current assets	Wenchuan Logistics	<b>77,037,299.99</b>	77,037,299.99
	Winshare Education Technology	<b>85,000,000.00</b>	30,000,000.00
	Winshare Investment	<b>200,000,000.00</b>	200,000,000.00
<b>Total</b>		<b>362,037,299.99</b>	307,037,299.99
Other current assets	Wenchuan Logistics	<b>300,217,776.45</b>	300,217,776.45
<b>Total</b>		<b>300,217,776.45</b>	300,217,776.45
Accounts payable	The Commercial Press (Chengdu) Co., Ltd.	<b>2,570,436.38</b>	11,200,299.19
	Hainan Publishing	<b>122,481.66</b>	122,481.66
	Shanghai Jingjie Information Technology Co., Ltd.	<b>18,941.36</b>	18,941.36
	Huaxia Shengxuan	<b>8,823.00</b>	8,823.00
	Publication Printing	<b>272,522,265.47</b>	397,473,677.01
	Education Publishing House	<b>572,842,284.03</b>	1,024,789,251.40
	People's Publishing House	<b>23,737,160.73</b>	34,919,125.50
	Youth and Children's Publishing House	<b>30,645,943.89</b>	29,029,233.53
	Winshare Education Technology	<b>1,607,423.54</b>	4,210,394.21
	Digital Publishing	<b>441,459.34</b>	203,929.37
	Lexicographical Publishing House	<b>6,619,693.08</b>	7,304,830.88
	Tiandi Publishing House	<b>22,107,073.39</b>	16,508,539.92
	Literature & Art Publishing House	<b>35,784,118.31</b>	26,481,453.45
	Science & Technology Publishing House	<b>18,144,188.20</b>	12,433,929.81
	Fine Arts Publishing House	<b>30,686,839.60</b>	21,686,915.04
	Bashu Publishing House	<b>5,916,858.48</b>	5,432,118.65
	Xinhua Colour Printing	<b>43,158.09</b>	43,158.09
	Xinhua Online	<b>63,024,834.08</b>	51,957,772.30
	Printing Materials	<b>1,492,183.34</b>	1,143,276.05
	Shuchuan	<b>23,655,928.57</b>	-
	Wenchuan Logistics	<b>1,676,487.85</b>	-
<b>Total</b>		<b>1,113,668,582.39</b>	1,644,968,150.42

## Notes to the Financial Statements (continued)

For the six months ended 30 June 2017

### (XV) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

(Continued)

#### 37. Related party relationship and transactions (Continued)

(7) Amounts due from/to related parties (Continued)

		Closing balance	Opening balance
Related party		Closing balance	Opening balance
Other payables	Youth and Children's Publishing House	<b>59,917,167.13</b>	84,201,400.00
	Xinhua Shang	<b>200,000.00</b>	200,000.00
	Sichuan Xinhua Printing	<b>200,000.00</b>	200,000.00
	People's Publishing House	<b>3,000.00</b>	–
	Publication Printing	<b>258,449,177.96</b>	258,449,177.96
	Fine Arts Publishing House	<b>3,000.00</b>	–
	Digital Publishing & Media	<b>50,000.00</b>	50,000.00
	Pictorial	<b>5,031,164.38</b>	–
	Winshare Media	<b>6,000,000.00</b>	–
Total		<b>329,853,509.47</b>	343,100,577.96

### (XVI) APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated and the Company's financial statements were approved by the board of directors on 29 August 2017.



## Supplementary Information

## 1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS

Item	RMB	
	Current period	Prior period
Profit (loss) on disposal of non-current assets	44,485.74	(757,637.80)
Net profit or loss on disposal of long-term equity investments	133,011,272.71	–
Government grants recognised in profit or loss (other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	8,933,132.26	10,359,834.51
Profit or loss on entrusted loans	1,180,018.10	3,644,745.28
Investment income from disposal of available-for-sale financial assets at FVTPL	12,141,574.01	1,407,153.23
Profit or loss arising from changes in fair values of financial assets at FVTPL	25,983.57	–
Investment income from disposal of available-for-sale financial assets (Note)	–	–
Other non-operating income and expenses other than the aforesaid items	(15,966,543.68)	1,699,215.96
Tax effects	(45,854.95)	(63,505.15)
Effects attributable to non-controlling interests (after tax)	(222,629.77)	44,431.20
Total	139,101,437.99	16,334,237.23

Note: The principal business of Winshare Investment Co., Ltd., which is a subsidiary of the Group, is investment holding. Its investment income from holding available-for-sale financial assets and investment income from disposal of available-for-sale financial assets are not recognised as non-recurring profit or loss. The investment income of such investments for the period amounted to RMB2,125,630.93 and RMB64,485.56 respectively.



## Supplementary Information (continued)

### 2. RETURN ON NET ASSETS AND EARNINGS PER SHARE (“EPS”)

The return on net assets and EPS have been prepared by the Company in accordance with *Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revised 2010)* issued by China Securities Regulatory Commission.

#### Current period

RMB

Profit for the reporting period	Weighted average return on net assets (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	5.96	0.40	N/A
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	4.30	0.29	N/A

#### Prior period

RMB

Profit for the reporting period	Weighted average return on net assets (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	4.90	0.31	N/A
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	4.67	0.29	N/A

The Company has no dilutive potential ordinary shares.



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