



# 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)

The cover features a large, colorful, swirling graphic in shades of blue, green, and yellow. It is overlaid with various business and technology icons such as a shopping cart, a smartphone, a storefront labeled "STORE", a person with a laptop, a classical building, a laptop, a bar chart, a globe, and a hand holding a globe. The background consists of a faint grid pattern.

## 2019

Interim Report  
中期報告

\*For identification purposes only  
僅供識別

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## Definitions

In this report (excluding the section of financial statements, notes and supplementary information), the following expressions shall have the meanings stated below unless the context otherwise requires:

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
Articles of Association	the articles of association of the Company (as amended from time to time)
Audit Committee	the audit committee under the Board of the Company
Bank of Chengdu	Bank of Chengdu Co.,Ltd.
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.
Companies Ordinance	the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
Company Law	the Company Law of the People's Republic of China
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)
Controlling Shareholder or Sichuan Xinhua Publishing Group	Sichuan Xinhua Publishing Group Co., Ltd.
CSRC	China Securities Regulatory Commission
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
Liaoning Publication Group	Liaoning Publication Group Co., Ltd.
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

## Definitions *(continued)*

Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
New Lease Standard	Accounting Standards for Business Enterprises No. 21 – Lease amended by the Ministry of Finance in 2018 (hereinafter as the “ <b>Original Lease Standard</b> ” prior to amendment of the lease standard)
Reporting Period or Period	from 1 January 2019 to 30 June 2019
RMB	Renminbi, the lawful currency of China
RMB, RMB10,000 and RMB100 million	RMB, RMB10,000 and RMB100 million
Sales value	the list price of books printed at the back of each book
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 Development	Sichuan Development (Holding) Co., Ltd.
SPG	Sichuan Publication Group Co., Ltd.
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
Supervisor(s)	the supervisor(s) of the Company
Supervisory Committee	the supervisory committee of the Company
Wan Xin Media	Anhui Xinhua Media Co., Ltd.
Winshare Investment	Winshare Investment Co., Ltd.
Winshare Online	Sichuan Winshare Online E-commerce 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. Yang Miao and Mr. Chen Yunhua (both being Directors) who appointed Mr. He Zhiyong, the Chairman, and Mr. Zhang Peng, non-executive Director, respectively as their proxies to vote on their behalf due to other business commitments, other Directors attended the 6th meeting of the 4th session of the Board in 2019 held by the Company on 29 August 2019 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 2019.
- 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. During the Reporting Period, there were no major risks that would have a material impact on the production and operations of the Company. Please read the section headed “Management Discussion and Analysis” of this report for details of the risk factors that may be involved.



# 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. Chen Yunhua (*Vice chairman*)  
Mr. Yang Miao

### Non-Executive Directors

Mr. Luo Jun  
Mr. Zhang Peng  
Mr. Han Xiaoming

### Independent Non-Executive Directors

Mr. Chan Yuk Tong  
Ms. Xiao Liping  
Mr. Fang Bingxi

## BOARD COMMITTEES

### Strategy and Investment Planning Committee

Mr. Han Xiaoming (*Chairman*)  
Mr. Fang Bingxi  
Mr. Yang Miao

### Audit Committee

Mr. Chan Yuk Tong (*Chairman*)  
Mr. Fang Bingxi  
Mr. Zhang Peng

### Remuneration and Review Committee

Mr. Chan Yuk Tong (*Chairman*)  
Ms. Xiao Liping  
Mr. Luo Jun

### Nomination Committee

Ms. Xiao Liping (*Chairlady*)  
Mr. Chan Yuk Tong  
Mr. Luo Jun

## SUPERVISORY COMMITTEE

### Supervisors

Mr. Tang Xiongxing (*Chairman*)  
Mr. Chao Hsun  
Ms. Lan Hong  
Ms. Wang Yan

### Independent Supervisors

Mr. Li Xu  
Ms. Liu Mixia

## COMPANY SECRETARY

Mr. You Zugang

## AUTHORISED REPRESENTATIVES

Mr. Luo Jun  
Mr. You Zugang

## ALTERNATE AUTHORISED REPRESENTATIVE

Ms. Wong Wai Ling

\* For identification purpose only

## Corporate Information *(continued)*

### 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

40th Floor  
Sunlight Tower  
248 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 (H Share)  
601811 (A Share)



# Management Discussion and Analysis

## (I) BUSINESS REVIEW

### INDUSTRY OVERVIEW

In the first half of 2019, the reform of the publishing industry continued to progress and the pace of integrated publishing development accelerated significantly with speedy construction of the omnimedia publishing layout. The PRC government continued to attach more importance on and provide more support to the cultural business and cultural industry while providing support in areas including talents, technology, finance and taxation. “National Reading” has been included in the Government Work Report for the sixth time, which is conducive to the innovative development and sustained prosperity of the news and publishing industry.

With the increasing cultural spending power and the changing reading styles among the people, demand for reading service showed a growing trend of digitalisation, networkitisation and intelligentisation with consumption features of personalisation, experience and diversity. In the first half of the year, the scale of the PRC book retail market grew steadily and the high-quality development of the publishing industry further expanded the market. While the transformation and upgrade of physical bookstores accelerated, online and offline integrated development further progressed deeply. With the rapid growth of digital publishing and digital reading, publishing segments including e-books, audiobooks and AR books continued to innovate. An omnimedia publishing layout was quickly taking shape with the integrated development of the traditional publishing and emerging publishing, thus injecting new vitality and momentum to the development of the news and publishing industry.

### RESULTS

In the first half of 2019, the Group further pushed ahead the strategy to “revitalise the publishing industry in Sichuan”. Guided by the principle of high-quality development, the Company took effective measures to drive the speedy growth of business. During the Period, revenue of the Group amounted to RMB3,874,385,400, representing an increase of 8.29% as compared with the same period of last year. Net profit amounted to RMB573,541,500, representing an increase of 31.61% as compared with the same period of last year and representing an increase of 35.23% as compared with the same period of last year excluding the net profit attributable to the parent after deducting non-recurring gains/losses of RMB551,231,800, mainly benefiting from the increase in gross profit arising from the growth of sales of the general book publication, reading service and education service businesses and the increase in value-added tax refunds received during the Period.





## Management Discussion and Analysis *(continued)*

### **Gross profit margin**

During the Period, the gross profit margin of the Group's principal businesses was 39.19%, up by 2.73 percentage points as compared with 36.46% in the same period of last year, which was primarily due to the change in sales structure, growth of sales of best-sellers under its own general book publication segment and increased efficiency of standalone books as well as the Company's effective cost control over its own education publications.

### **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 businesses 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 Group. 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, periodicals, audio-visual products and digital products; provision of printing services and supply of printing materials.

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



## Management Discussion and Analysis *(continued)*

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

*For the six months ended 30 June 2019*

By segment	Operating income	Operating costs	Gross profit margin (%)	RMB		
				Change of operating income 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 (ppts)
<b>I. Publication</b>	<b>1,067,886,010.93</b>	<b>698,104,920.15</b>	<b>34.63</b>	<b>10.05</b>	<b>2.07</b>	<b>5.11</b>
Textbooks and supplementary materials	514,685,821.13	327,830,624.37	36.30	10.17	2.16	4.99
General books	446,279,815.26	284,730,535.89	36.20	18.09	14.36	2.08
Printing and materials	88,741,737.26	76,762,638.33	13.50	(19.49)	(28.90)	11.44
Others	18,178,637.28	8,781,121.56	51.70	21.16	44.01	(7.66)
<b>II. Distribution</b>	<b>3,339,623,294.38</b>	<b>2,283,426,682.81</b>	<b>31.63</b>	<b>7.29</b>	<b>4.34</b>	<b>1.94</b>
Education service	2,188,697,311.84	1,319,819,952.86	39.70	4.11	(2.61)	4.16
Of which: Textbooks and supplementary materials	2,017,933,725.68	1,175,268,462.49	41.76	10.20	6.78	1.86
Education informatisation service and equipment business	170,763,586.16	144,551,490.37	15.35	(36.99)	(43.20)	9.26
Online sales	694,821,959.04	630,809,547.29	9.21	26.25	24.61	1.20
Retailing	293,512,508.18	190,005,876.73	35.26	(2.61)	(4.14)	1.03
Others	162,591,515.32	142,791,305.93	12.18	2.48	10.75	(6.56)
<b>III. Others</b>	<b>163,369,942.62</b>	<b>139,169,429.22</b>	<b>14.81</b>	<b>22.46</b>	<b>18.91</b>	<b>2.54</b>
Inter-segment elimination total	(766,341,317.13)	(807,107,943.47)				
<b>Total</b>	<b>3,804,537,930.80</b>	<b>2,313,593,088.71</b>	<b>39.19</b>	<b>8.24</b>	<b>3.59</b>	<b>2.73</b>

## Management Discussion and Analysis *(continued)*

### 2. Operating Data of the Business Segments

#### (1) Publication segment

The Group's publication segment covers the 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 continued to strengthen its capabilities in the education publishing's strategic planning, marketing expansion and education services; researched and developed high-quality educational products; built the education publishing brand; and developed a range of products including academic books, extracurricular readings for students and popular science readings for children.

During the Period, revenue from the sales of textbooks and supplementary materials publication business amounted to RMB515,000,000 (including domestic sales), representing an increase of 10.17% as compared with the same period of last year; and cost of sales amounted to RMB328,000,000, representing an increase of 2.16% as compared with the same period of last year. Gross profit margin was 36.30%, up by 4.99 percentage points as compared with the same period of last year, mainly benefiting from the Group's effective cost control over its own educational publications and the change in the structure of the category of books sold as compared with the same period of last year.

##### Publication of General Books

In the first half of 2019, placing social benefits as a top priority and adhering to the principle of aligning social benefits with economic benefits and upholding the theory of "targeted publishing, refined publishing and quality publishing", the Group's publication business continued its high-quality development.

During the Period, revenue from the sales of general books under the Group's publication business amounted to RMB446,000,000 (including domestic sales), representing an increase of 18.09% as compared with the same period of last year; and cost of sales amounted to RMB285,000,000, representing an increase of 14.36% as compared with the same period of last year. Gross profit margin was 36.20%, up by 2.08 percentage points as compared with the same period of last year, mainly benefiting from the growth of sales of the Group's best-sellers and the increased efficiency of standalone books.

## Management Discussion and Analysis *(continued)*

### (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 education informatisation and equipment service to primary and secondary schools; retailing, distribution business and online sales of publications.

During the Period, revenue from the sales of the distribution segment amounted to RMB3,340,000,000, representing an increase of 7.29% as compared with the same period of last year, mainly benefiting from the growth of sales of the education service business and the online sales business.

During the Period, gross profit margin of the distribution segment was 31.63%, up by 1.94 percentage points from 29.69% in the same period of last year, mainly benefiting from the increase in gross profit margin of the education service business and the online sales business.

#### Education Service

The education service business includes the distribution of textbooks and supplementary materials to schools and students, and the provision of education informatisation and education equipment service to primary and secondary schools.

During the Period, the Group continued to take a customer-oriented approach to achieve high-quality development of education service as guided by innovative development. As to textbooks, through strengthening the synergies arising from the market and the upstream publication resources, the Group enhanced its capabilities in product planning and product design. In addition to enhancing product quality, it also optimised the product structure with sales revenue maintaining steady growth with progress. As to education informatisation and education equipment, the Group seized the market opportunities arising from new college entrance exam curriculum reform and education informatisation 2.0 action plan and provided products and services including professional subject classroom, innovation education space and smart campus. At the same time, the Group endeavoured to propel channel innovation, mechanism innovation and business innovation to enhance its education service capability.

During the Period, revenue from the external sales of the education service business of the Group amounted to RMB2,189,000,000, representing an increase of 4.11% as compared with the same period of last year, mainly benefiting from the growth in the sales of textbooks and supplementary materials during the Period. During the Period, revenue from the education informatisation and equipment business decreased by 36.99% as compared with the same period of last year, mainly due to the shrinking of market share in general after the market of the education equipment business has reached a certain scale.

## Management Discussion and Analysis *(continued)*

During the Period, gross profit margin of the education service business was 39.70%, up by 4.16 percentage points as compared with the same period of last year, mainly due to the impact of the decrease in the percentage of sales from the education equipment business with a lower gross profit margin.

### Online Sales

In the first half of 2019, the Group steadily commenced the construction of the synergistic platform of the publication supply chain. Capitalising on the online technology and business technology, the Company endeavoured to build a responsive publication supply chain sales system covering the whole nation through expanding the platform user base, expanding the scope of business application and coordinating the commodity, logistics and marketing resources between the bookstores and publishing units.

As to online sales, faced with anomalously intensified market competition, the Group strengthened the category operating standard and enhanced the market position of the niche areas. At the same time, it actively expanded the emerging channels to maintain the overall competitive strengths of the Company.

During the Period, revenue from the sales of online sales business amounted to RMB695,000,000, representing an increase of 26.25% as compared with the same period of last year. Gross profit margin of the online sales business was 9.21%, up by 1.20 percentage points as compared with the same period of last year, mainly due to the Group's adjustment to the procurement structure, which strengthened bargaining power and reduced the cost of procurement.

### Retailing

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

Adhering to the "multi-brand building, multi-model development and multi-team operations" development strategy, the Group strove to build a multi-brand and multi-segment modern reading service network system. At the same time, the Company continued to improve the operational management of stores, optimised merchandise structure and enhanced operating capabilities. During the first half of the year, a total of eight stores were newly opened, upgraded and revamped with a total area of 8,583 sq.m, among which, four "Xinhua Winshare" stores, three "Winshare Bookstore" stores and one "Kids WinShare" store were newly opened. The commencement of operation of "Kids WinShare" Global Center Store provided readers with modern reading service comprising "reading service by age and grade + children-parents social experience", which further enhanced the professional reading service capability. In addition, the Company actively strengthened the distribution work of main thematic publications and enhanced the professional reading service capability of current politics books channel.

## Management Discussion and Analysis *(continued)*

During the Period, revenue from the sales of retailing business amounted to RMB294,000,000, representing a decrease of 2.61% as compared with the same period of last year, mainly due to the decrease in the revenue from the sales of current politics books as compared with the same period of last year. Gross profit margin of the retailing business was 35.26%, up by 1.03 percentage points as compared with the same period of last year.

### (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 2019)*

Item	RMB		
	Current period	Comparative period last year	Change (%)
Revenue	<b>3,874,385,388.20</b>	3,577,678,699.56	<b>8.29</b>
Operating costs	<b>2,331,152,105.99</b>	2,240,412,062.70	<b>4.05</b>
Selling expenses	<b>572,562,489.33</b>	484,307,612.41	<b>18.22</b>
Administrative expenses	<b>482,911,889.75</b>	443,430,377.63	<b>8.90</b>
Finance expenses	<b>(6,062,699.09)</b>	(12,254,208.92)	<b>N/A</b>
Research and development expenditure	<b>1,929,084.96</b>	8,856,046.95	<b>(78.22)</b>
Net cashflow generated from operating activities	<b>664,002,476.79</b>	443,268,453.07	<b>49.80</b>
Net cashflow generated from investing activities	<b>591,136,300.73</b>	(8,028,971.98)	<b>N/A</b>
Net cashflow generated from financing activities	<b>(278,034,035.82)</b>	(248,583,436.00)	<b>N/A</b>
Other incomes	<b>73,962,988.64</b>	26,218,522.67	<b>182.10</b>
Investment income	<b>122,756,258.96</b>	78,733,633.70	<b>55.91</b>
Loss on fair value change	<b>(16,478,022.12)</b>	(12,654,946.22)	<b>N/A</b>
Asset impairment loss	<b>(20,352,061.62)</b>	(5,796,336.83)	<b>N/A</b>
Credit impairment loss	<b>(39,144,937.44)</b>	(48,365,598.71)	<b>N/A</b>
Gain on asset disposal	<b>3,126,981.39</b>	1,412,396.50	<b>121.40</b>
Non-operating income	<b>1,625,877.62</b>	4,761,835.99	<b>(65.86)</b>
Non-operating expenses	<b>12,718,660.42</b>	8,966,857.21	<b>41.84</b>
Income tax expenses	<b>16,927,257.42</b>	(3,671,853.55)	<b>N/A</b>
Non-controlling interests	<b>(5,961,300.63)</b>	(13,091,926.02)	<b>N/A</b>
Other comprehensive income net, after tax	<b>4,745,952.71</b>	(239,323,488.64)	<b>N/A</b>

## Management Discussion and Analysis *(continued)*

### **OPERATING INCOME**

During the Period, revenue from the Group amounted to RMB3,874,000,000, representing an increase of 8.29% as compared with RMB3,578,000,000 in the same period of last year, mainly benefiting from the growth of revenue from the general book publication business, reading service business and education service business.

### **OPERATING COSTS**

During the Period, operating costs of the Group amounted to RMB2,331,000,000, representing an increase of 4.05% as compared with the same period of last year. The increase in operating costs was driven by the growth of sales revenue, which was due to the change in revenue structure and the increased external bargaining power after the Group's adjustment to the structure of procurement business, resulting in the decrease in combined ratio during the Period as compared with the same period of last year.

### **EXPENSES**

During the Period, selling expenses of the Group amounted to RMB573,000,000, representing an increase of 18.22% as compared with the same period of last year, mainly due to the increase in labour costs and logistics expenses as a result of the growth of sales.

During the Period, administrative expenses of the Group amounted to RMB483,000,000, representing an increase of 8.90% as compared with the same period of last year, mainly due to the increase in labour costs.

During the Period, finance expenses of the Group amounted to -RMB6,062,700, as compared with -RMB12,254,200 in the same period of last year, among which, net interest expenses during the Period amounted to RMB8,999,400, representing a decrease of RMB5,743,200 as compared with RMB14,742,600 in the same period of last year, mainly due to the recognition of relevant interest expense during the Period as a result of the Group's implementation of the New Lease Standard since 1 January 2019.

During the Period, R&D expenses of the Group amounted to RMB1,929,100, representing a decrease of 78.22% as compared with the same period of last year, mainly due to the decrease in the part expensed under R&D commitments in the area of the education informatisation business during the Period as compared with the same period of last year.

### **ASSET IMPAIRMENT LOSS**

During the Period, provision for asset impairment loss of the Group amounted to RMB20,352,100, representing an increase of RMB14,555,800 as compared with RMB5,796,300 in the same period of last year, mainly due to the increase in provision for decline in value of inventory as a result of the revision of textbooks.

## Management Discussion and Analysis *(continued)*

### **CREDIT IMPAIRMENT LOSS**

During the Period, the Group made provision for credit impairment loss of RMB39,144,900, representing a decrease of RMB9,220,700 as compared with RMB48,365,600 in the same period of last year, mainly due to the decrease in provision for credit impairment based on expected loss of accounts receivable model compared with the same period of last year.

### **LOSS ON FAIR VALUE CHANGE**

During the Period, loss on fair value change of the Group amounted to RMB16,478,000, representing an increase of RMB3,823,100 as compared with RMB12,654,900 in the same period of last year, mainly due to the fair value change incurred in the fund investments held by the Group.

### **INVESTMENT INCOME**

During the Period, the Group recognised investment income of RMB122,756,300, representing an increase of 55.91% as compared with the same period of last year, mainly due to the increase in growth of profit of Tibet Winshare, an associate of the Group, for the Period.

### **OTHER INCOMES AND NON-OPERATING INCOME AND EXPENSES**

During the Period, other incomes of the Group amounted to RMB73,963,000, representing an increase of 182.10% as compared with the same period of last year, mainly due to the increase in the refund of value-added tax received as a result of the difference in the timing of implementation of policies during the Period.

During the Period, non-operating income of the Group amounted to RMB1,625,900, representing a decrease of 65.86% as compared with the same period of last year, mainly due to the default penalty of overdue payment on housing demolition and relocation of RMB2,637,200 (during the Period: nil) received by a subsidiary of the Group in the same period of last year.

During the Period, non-operating expenses of the Group amounted to RMB12,718,700, representing an increase of 41.84% as compared with the same period of last year, mainly due to the increase in donation expenses during the Period.

### **GAIN ON ASSET DISPOSAL**

During the Period, gain on asset disposal of the Group amounted to RMB3,127,000, representing an increase of 121.40% as compared with the same period of last year, mainly due to the recognition of the gain on disposal of vehicles for office use and the gain on disposal of properties by a subsidiary of the Company during the Period.

### **INCOME TAX EXPENSES**

During the Period, income tax expenses of the Group amounted to RMB16,927,300, as compared with -RMB3,671,900 in the same period of last year, mainly due to the changes in deferred income tax expenses arising from the growth of investment income from associates recognised by Winshare Investment, a subsidiary of the Company using equity method during the Period.



## Management Discussion and Analysis *(continued)*

### **OTHER COMPREHENSIVE INCOME**

During the Period, other comprehensive income net, after tax of the Group amounted to RMB4,746,000, as compared with -RMB239,323,500 in the same period of last year, mainly due to the fluctuations in the market price of shares of listed companies including Wan Xin Media and Bank of Chengdu held by the Company.

### **PROFIT**

Net profit for the Period amounted to RMB574,000,000, representing an increase of RMB138,000,000 as compared with RMB436,000,000 in the same period of last year. Net profit attributable to owners of the parent amounted to RMB580,000,000, representing an increase of RMB131,000,000 as compared with RMB449,000,000 in the same period of last year, mainly due to the increase in gross profit driven by the growth of sales of general book publication, reading service and education service businesses and the increase in value-added tax refunds received 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 RMB0.47, up by RMB0.11 as compared with RMB0.36 in the same period of last year. For details regarding the calculation of earnings per share, please refer to note (VI) 51 to the consolidated financial statements in this interim report.

### **CASH FLOW**

During the Period, net cashflow generated from operating activities was net inflow of RMB664,000,000, representing an increase of RMB221,000,000 as compared with net inflow of RMB443,000,000 in the same period of last year, mainly due to the increase in sales receivables and refund of value-added tax received as compared with the same period of last year.

During the Period, net cashflow generated from investing activities was net inflow of RMB591,000,000, representing an increase of RMB583,000,000 as compared with net outflow of RMB8,029,000 in the same period of last year, mainly due to the decrease in wealth management products newly purchased during the Period as compared with that same period of last year.

During the Period, net cashflow generated from financing activities was net outflow of RMB278,000,000, representing an increase of RMB29,000,000 as compared with net outflow of RMB249,000,000 in the same period of last year, mainly due to the inclusion of cash from repayment of lease principal and interests recognised under the New Lease Standard during the Period under financing activities.

## Management Discussion and Analysis *(continued)*

### ASSETS AND LIABILITIES ANALYSIS

(As at 30 June 2019)

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 last year	Amount as at the 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 last year (%)	Remark
Bank and cash	3,836,795,574.18	27.17	2,608,612,572.01	19.63	47.08	Mainly due to the increase in net cash inflow from operating activities and recovery of part of the wealth management products purchased during the Period.
Held-for-trading financial assets	480,394,177.61	3.40	1,262,431,274.52	9.50	(61.95)	Mainly due to the expiry and recovery of part of the wealth management products purchased by the Group during the Period.
Notes receivable	-	-	4,418,800.18	0.03	(100.00)	Mainly due to the reclassification of notes receivable with financing feature to financing receivables at the end of the Period.
Financing receivables	7,422,713.53	0.05	-	-	N/A	Mainly due to the reclassification of notes receivable with financing feature to such item. The notes received by the third-party logistics business of the Group increased as compared with the beginning of the Period.
Right-of-use assets	344,386,022.37	2.44	-	-	N/A	Pursuant to the New Lease Standard, right to lease the asset of the Company as lessee during the lease term is recognised as right-of-use assets subject to depreciation.
Development expenditure	29,689,412.44	0.21	47,521,564.75	0.36	(37.52)	Mainly due to the capitalisation of part of the R&D expenses of the Group's education informatisation business during the Period, which were carried forward to intangible assets.
Long-term prepaid expenses	29,434,086.71	0.21	21,063,047.60	0.16	39.74	Mainly due to the increase in renovation expenses of stores incurred during the Period.

## Management Discussion and Analysis *(continued)*

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 last year	Amount as at the 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 last year (%)	Remark
Other non-current assets	150,195,811.35	1.06	109,813,352.57	0.83	36.77	Mainly due to the increase in prepayment for the purchase of properties and the increase in the VAT input tax that the Group expects to deduct in the following year.
Notes payable	12,823,627.90	0.09	22,176,144.64	0.17	(42.17)	Mainly due to the decrease in the balance which was settled by the Company's education informatisation business using notes as compared with the beginning of the Period.
Employee benefits payable	227,544,170.98	1.61	338,084,927.10	2.54	(32.70)	Mainly due to the distribution of 2018 year-end incentives by the Company during the Period.
Other payables	437,547,341.64	3.10	286,639,643.77	2.16	52.65	Mainly due to the payment of 2018 dividend of RMB121,000,000 payable to H shareholders in July being included in the balance as at the end of the Period.
Non-current liabilities due within one year	70,787,077.24	0.50	-	-	N/A	Pursuant to the New Lease Standard, present value of the lease payment of the Group as lessee during the lease term is recognised as lease liabilities and presented as "Non-current liabilities" and "Lease liabilities" according to liquidity.
Lease liabilities	251,471,230.63	1.78	-	-	N/A	Same as above.
Deferred income tax liabilities	47,858,976.74	0.34	32,156,680.02	0.24	48.83	Mainly due to the growth in investment income from associates recognised by Winshare Investment, a subsidiary of the Company using equity method during the Period.

## Management Discussion and Analysis *(continued)*

### **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2019, the Group had cash and short-term deposits of approximately RMB3,837,000,000 (31 December 2018: RMB2,609,000,000). The Group did not have any bank and other borrowings.

As at 30 June 2019, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group slightly increased to 39.00%, up by 2.26 percentage points from 36.74% as at 31 December 2018, mainly due to the payment of 2018 dividend declared and paid by the Group in July 2019 and the implementation of the New Lease Standard by the Group, which also increased the gearing ratio. The Group's overall financial structure remained relatively stable.

### **GENERAL CONDITION OF ENTRUSTED WEALTH MANAGEMENT**

On 26 October 2018, the Board of the Company considered and approved the use of idle funds of no more than RMB1,300,000,000 by the Group to purchase wealth management products which shall be effective within 12 months from the date of passing of the resolution by the Board. On 30 June 2019, the balance of bank wealth management products purchased by the Group amounted to RMB480,000,000, all of which were capital-guaranteed wealth management products due within one year.

### **CONTINGENT LIABILITIES**

As at 30 June 2019, the Group did not have any material contingent liabilities.

### **PLEDGE OF ASSETS**

As at 30 June 2019, the Group's pledged deposits amounted to RMB4,369,300 (31 December 2018: RMB7,355,000), representing the security deposits placed with the banks for the issuance of bank's acceptance bills. Save as disclosed above, the Group did not have any other assets under pledge or guarantee.

### **FOREIGN EXCHANGE RISK**

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



## Management Discussion and Analysis *(continued)*

### WORKING CAPITAL MANAGEMENT

	30 June 2019	30 June 2018
Current ratio	1.6	1.5
Inventory turnover days	140.1	143.3
Notes and accounts receivable turnover days	82.3	75.4
Notes and accounts payables turnover days	292.6	278.3

As at 30 June 2019, current ratio of the Group was 1.6, which remained the same as compared with the same period of last year.

In the first half of the year, the inventory turnover days was 140.1 days, which decreased slightly as compared with 143.3 days in the same period of last year.

The notes and trade receivable turnover days was 82.3 days, up by 6.9 days as compared with the same period of last year, mainly due to the relatively rapid development of the general book publication and reading service businesses in recent years, which slightly increased the trade receivable turnover days.

The notes and trade payable turnover days was 292.6 days, increased by 14.3 days as compared with the same period of last year and the growth was not material.

The above indicators reflect that the operating conditions of the Group 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.

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

During the Period, the Group centred on the development strategy, optimised the industry 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.

The Company was interested in 80,000,000 shares of Bank of Chengdu and its shareholding was 2.21%. During the Period, the Company recognised dividend of RMB28,000,000 (tax inclusive) received from Bank of Chengdu (received in July 2019). The shares held by the Company are subject to a lock-up period of one year from the date of listing, which have been unlocked for sale since 31 January 2019. As at 30 June 2019, the market capitalisation of the shares held by the Company in Bank of Chengdu was RMB706,000,000.

The Company was interested in 6.27% shares of Wan Xin Media. During the Period, the Company received a dividend income of RMB21,812,000 (tax inclusive). As at 30 June 2019, the market capitalisation of the shares held by the Company in Wan Xin Media was RMB749,000,000.

## Management Discussion and Analysis *(continued)*

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 Group are set out in notes 10, 11 and 12 to the consolidated financial statements in this interim report.

### Information of the major subsidiaries

Name of subsidiary	Nature of business	Shareholding percentage (%)	Registered capital	January to June 2019		RMB'0,000 30 June 2019	
				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	28,798.47	15,627.48	99,097.72	79,141.45
Sichuan Publication Printing Co., Ltd.	Publishing and wholesaling of publications and related publications	100	5,000.00	13,591.42	5,159.13	70,368.58	63,954.07
Sichuan Tiandi Publishing House Co., Ltd.	Publishing and wholesaling of publications and related publications	100	13,063.47	15,841.43	4,306.33	42,745.64	26,238.19
Sichuan Youth and Children's Publishing House Co., Ltd.	Publishing and wholesaling of publications and related publications	100	11,000.00	19,918.04	5,731.02	58,747.94	42,183.30
Sichuan Printing Materials Co., Ltd.	Provision of printing related materials	100	3,000.00	13,761.09	73.05	33,972.10	3,946.69
Sichuan Winshare Education Technology Co., Ltd.	Software development and sales of electronic equipment	100	33,000.00	12,749.17	(572.53)	83,500.63	33,368.05
Sichuan Winshare Online E-commerce Co., Ltd.	Online sales of publications and other products	75	6,000.00	96,903.13	(894.06)	176,048.29	(8,859.72)
Sichuan Wenchuan Logistics Co., Ltd.	Storage and distribution	100	35,000.00	13,698.67	642.16	53,938.37	33,614.05

Note: Sichuan Education Publishing House Co., Ltd. recorded revenue of RMB278,365,000 and profit of RMB122,867,000 during the Period.

## Management Discussion and Analysis *(continued)*

### **(IV) FUTURE PROSPECTS**

In 2019, while firmly setting foot in the principal business of publishing and media, the Group will seize the opportunities arising from the development of the international cultural industry and utilise technology and capital as the driving force of transformation. By centring on big culture consumption service, the Group will implement the following strategies:

Riding on the theory of “targeted publishing, refined publishing and quality publishing”, the Group will strengthen the brand building of its publishing business and increase the efficiency of standalone products to drive the continuous and high-quality development of the publishing business. The Group will further implement the “multi-brand building, multi-model development and multi-team operations” development strategy to enhance the store operational capability and professional reading service capability and cultural consumption service capability. In addition to continuing to enhance the marketing capability and service standard of online channels, the Company will optimise the cooperation with upstream suppliers and downstream sales channels to improve sales scale and profitability. The Group will strengthen the publication and distribution business of textbooks and supplementary materials, further expand the education informatisation and equipment business, and actively push ahead new business expansion including research practice education and teacher training. The Company will continue to enhance the supply chain service capabilities including logistics, information and production printing platform to provide strong support for the development of publication business and channel business, as well as strengthen the operational management of third-party logistics to gradually commence the third-party logistics business. By making use of the capital operations platform, the Company can drive the rapid development of capital operations business. The Company will continue to explore the new model of integrated development between traditional media and new media and actively push ahead the transformation and upgrade of traditional media, thus laying a more solid foundation for enhancing and expanding Winshare brand’s influence.

### **(V) USE OF PROCEEDS**

In August 2016, the Company publicly offered 98,710,000 Renminbi-denominated ordinary shares (A shares) on the Shanghai Stock Exchange for the first time at the offer price of RMB7.12 per share. The gross proceeds amounted to RMB702,815,200 and the net proceeds after deducting the issue expenses amounted to RMB645,175,100, which were used for the Company’s service platform of education cloud project, logistics network construction project in Western China, retail shops upgrading and expansion project, ERP construction and upgrading project as well as Chinese culture revival publication project. In the first half of 2019, the Company utilised proceeds of RMB5,428,400. As at 30 June 2019, the proceeds utilised cumulatively amounted to RMB585,367,100. The unutilised proceeds amounted to RMB61,280,300. As of the date hereof, there was no change to the plans for the use of proceeds of the Company.

# Management Discussion and Analysis *(continued)*

## (VI) ANALYSIS OF CORE COMPETITIVENESS

- 1. Comparative advantage over publication capabilities.** The Group's content resources are concentrated with improving development capability. Currently, the Group has entered into contracts with renowned writers such as Bei Mao, Liu Cixin and Guo Jianlong and worked with the world's famous media bodies including Penguin Random House and Nickelodeon, both being US premium entities for joint publications in China such as PAW Patrol, Iron Man, Spider-Man and Avengers, which are globally renowned IPs. The competitiveness of the Group's book market is strengthening and the categories of books with market influence are growing. In particular, the Group has established relatively strong content and brand advantages in children's books. The Group's Sichuan Youth and Children's Publishing House owns an IP best seller – Hilarious School Diaries, which has been selected among the best sellers across the nation in terms of children's books by Open Book for a number of times with cumulative sales volume exceeding 70 million copies. In the first half of 2019, the Group's book market share further expanded and the retailing of books was ranked 7th in the overall market nationwide, up six places from 2018 (Source: openbookdata.com.cn).
- 2. Comparative advantage over reading service capabilities.** The Group endeavours to satisfy the new demand of the people for cultural consumption through continuous segment innovation and build an online/offline reading service network system based in Sichuan Province with nationwide coverage, thus creating its unique comparative advantage over reading service capabilities. As to physical bookstore development, the Group operates featured brands such as "Xinhua Winshare" (新華文軒), "Winshare Bookstore" (軒客會•格調書店), "Winshare BOOKS" (文軒BOOKS), "Kids WinShare (文軒兒童書店)", "Go Go Reading" (讀讀書吧), "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 bookstores, professional bookstores, community bookstores, commercial supermarket bookstores and smart bookstores to provide consumers with convenient, comfortable, smart and personalised reading service, thus shaping influential reading service brands including "I'm a reader", "Sister Winshare Storytelling" and "Celebrity Campus Tour". At the same time, to capture the opportunities arising from the development of the publishing industry, the Group has vigorously expanded the online sales channels and established a strong online reading service system. In addition to creating platforms such as winxuan.com and September Online to serve consumers, the "publication synergistic trade platform" that serves the industry players has been established. The Group has also structured a nationwide logistics and distribution system based in Chengdu, Tianjin and Wuxi. To strengthen the advantages of reading service capabilities, the Company focuses on the development of four major capabilities including merchandise supply, sales organisation, logistics distribution and technology development, which fully capitalises on the overall strength of supply chain. As a result, the scale of sales continues to grow.



## Management Discussion and Analysis *(continued)*

- 3. Comparative advantage over education service capabilities.** The Company is the only enterprise in Sichuan Province possessing the qualifications to engage in the distribution of primary to secondary textbooks. The Group has taken the lead to provide the digitalised education service including digitalised resources, education hardwares and softwares as well as digitalised subject tools. At the same time, the Group also introduces education equipment products such as professional subject classroom and innovative education equipment by centring around the subject contents and class teaching scenarios. The Group continues to push ahead the new business expansion including research education and teacher training, thus establishing a higher level of recognition within the region. The Group's products and services are customer-centric to achieve the transformation and upgrade from being a "product provider" to a "service operator".

### (VII) EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2019, the Group has a total of 7,713 (31 December 2018: 7,724) 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 2019, the total contributions made by the Group for its employees pursuant to the pension plan and annuity plan amounted to RMB67,409,500 (2018 corresponding period: RMB61,290,000).

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 continued to centre around the objectives of revitalising the publishing industry in Sichuan and revitalising the physical bookstores, while building a talent reserve pool and a talent team in a planned manner to achieve the objective of a strong enterprise with professional talents. On the one hand, it focused on key positions and strengthened the development of talent reserve pool and teambuilding. On the other hand, it facilitated the management to enhance their operational standard and management capabilities and build a versatile management team. In addition, to better cope with the business development needs, the Company provided featured training for personnel of professional positions according to the promotion requirements and strengthened the professionalism of employees so as to build a learning-oriented organisation and enhance the organisational 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.

## Management Discussion and Analysis *(continued)*

### **(VIII) POTENTIAL RISKS**

In recent years, the Company has swiftly seized the opportunities arising from the integration of industry and technology and carried out a forward-looking layout while exploring the use of emerging technologies to drive the integration between the Company's business and technology. However, due to uncertainties in the external environment and difficulty and complexity of the technological projects themselves, the benefits of emerging technologies may fall short of the Company's expectations.

The Company will, based on market development trends, expand new business in a timely manner. However, given the uncertainties in the new business market, there may be risks that the new business expansion may fall short of expectations.

To accelerate development, the Company has formulated a set of sound business objectives and a comprehensive business plan, as well as structured a strict objective budget evaluation management system to ensure the business objectives are met. However, due to the uncertainties in the external market and the deficiencies in areas of operational management standard, talent teambuilding and resource allocation, there may be risks that the execution of objectives may fall short of expectations.

In addition, the major risks associated with financial instruments of the Company and its management policies are detailed in note (IX) of the consolidated financial statements in this interim financial report. The management of the Company manages and monitors these risk exposures to ensure and contain these risks within a limited scope.



## Other Information

### INTERESTS IN SHARE CAPITAL

As at 30 June 2019, 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 2019, 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>	<b>791,903,900</b>	<b>64.18%</b>
including		
(i) Sichuan Xinhua Publishing Group ( <i>note 1</i> )	592,809,525	48.05%
(ii) Other promoters ( <i>note 2</i> )	44,604,566	3.62%
(iii) Chengdu Hua Sheng ( <i>note 3</i> )	53,336,000	4.32%
(iv) A Share public investors	101,153,809	8.20%
<b>H Shares</b>	<b>441,937,100</b>	<b>35.82%</b>
including		
(i) Sichuan Xinhua Publishing Group ( <i>note 4</i> )	13,133,000	1.06%
(ii) Other promoters ( <i>note 5</i> )	6,324,000	0.51%
(iii) H Share public investors	422,480,100	34.24%
<b>Total Share Capital</b>	<b>1,233,841,000</b>	<b>100%</b>

\* The deviation in the odd percentage between the single items and the aggregate of the class of shares is due to rounding.

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 Group and Liaoning Publication Group.
3. Social Legal Person Shares are held by Chengdu Hua Sheng, a promoter of the Company.
4. Sichuan Xinhua Publishing Group, a controlling shareholding of the Company holds 13,133,000 H Shares of the Company through its subsidiary.
5. SPG, a promoter of the Company, is interested in 6,324,000 H Shares of the Company via its subsidiary.

Other Information *(continued)***SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES OF THE COMPANY**

As at 30 June 2019, 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:

<b>Name of shareholder</b>	<b>Number of Shares directly or indirectly held</b>	<b>Capacity</b>	<b>Class of shares</b>	<b>Approximate percentage in the relevant class of shares</b>	<b>Approximate percentage of total issued share capital of the Company</b>	<b>Long position/ short position</b>
Sichuan Development	621,664,418	Interests in controlled corporations	A Shares	78.50%	50.38%	Long position
	19,457,000 <i>(note 1)</i>	Interests in controlled corporations	H Shares	4.40%	1.58%	Long position
Sichuan Xinhua Publishing Group	592,809,525	Beneficial owner	A Shares	74.86%	48.05%	Long position
	13,133,000 <i>(note 2)</i>	Interests in controlled corporations	H Shares	2.97%	1.06%	Long position
Chengdu Hua Sheng	53,336,000 <i>(note 3)</i>	Beneficial owner	A Shares	6.74%	4.32%	Long position
Wu Wenqian	53,336,000 <i>(note 3)</i>	Interests in controlled corporations	A Shares	6.74%	4.32%	Long position
Edgbaston Investment Partners LLP	35,607,000	Investment manager	H Shares	8.06%	2.89%	Long position
Seafarer Capital Partners, LLC	30,875,500	Investment manager	H Shares	6.99%	2.50%	Long position
Edgbaston Asian Equity Trust	26,908,000	Beneficial owner	H Shares	6.09%	2.18%	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 28,854,893 A Shares of the Company through SPG, totalling 621,664,418 A Shares; and (ii) indirectly hold 13,133,000 H Shares of the Company through a wholly-owned subsidiary of Sichuan Xinhua Publishing Group and indirectly hold 6,324,000 H Shares of the Company through a wholly-owned subsidiary of SPG, totalling 19,457,000 H Shares.*
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 13,133,000 H Shares through Shudian Investment Co., Ltd. Sichuan Xinhua Publishing Group is directly interested in 592,809,525 A Shares.*
3. *Wu Wenqian is directly interested in 96% equity interests in Chengdu Hua Sheng. Accordingly, Wu Wenqian is deemed to hold 53,336,000 A Shares of the Company through Chengdu Hua Sheng.*

Save as disclosed above, as at 30 June 2019, so far as is known to the Directors and Supervisors, no other person (not being a Director, Supervisor or senior management) 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, the Supervisor, who is also a director of investment and operations of Chengdu Hua Sheng, as at 30 June 2019, 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.

## Other Information *(continued)*

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

So far as is known to the Directors, as at 30 June 2019, 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 and 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 <i>(Note)</i>	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.*

### CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Yang Miao resigned as general manager of the Company due to other work commitment with effect from 19 April 2019. On the same date, as resolved by the Board of the Company, Mr. Li Qiang was appointed as general manager of the Company with effect from 19 April 2019 to the expiry of the term of the current session of the Board.

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

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

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

### MATERIAL LITIGATION AND ARBITRATION

During the Reporting 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.

## Other Information *(continued)*

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors are of the view that, during the Reporting Period, the Company has complied with all applicable code provisions in the CG Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules with the exception of the deviation from code provision A.4.2.

According to code provision A.4.2, each director (including directors with a specific service term) shall take turns to resign, at least once every three years. The service term of the Company's fourth session of the Board and the Supervisory Committee expired on 5 March 2018. Since the nomination of the candidates of Director and Supervisor has not finished and in order to maintain the continuity and stability of the work of the Board and Supervisory Committee, the re-election and appointment of the Company's fifth session of the Board, the Supervisory Committee and all the specific committees under the fifth session of the Board will be postponed and thus, the term of the Directors and Supervisors will be extended accordingly as well. If feasible, the Company will conduct the re-election and appointment of the Board and Supervisory Committee as soon as possible.

### 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 Reporting Period. So far as the Company is aware, there was no violation by any Directors or Supervisors during the Period.

### INTERIM DIVIDEND

The Board has not recommended the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: 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 2019 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 2019

## Consolidated Balance Sheet

At 30 June 2019

ITEM	Notes	<i>RMB</i>	
		30 June 2019 (Unaudited)	31 December 2018
<b>Current Assets:</b>			
Cash and bank balances	(VI)1	<b>3,836,795,574.18</b>	2,608,612,572.01
Held-for-trading financial assets	(VI)2	<b>480,394,177.61</b>	1,262,431,274.52
Notes receivable	(VI)3	–	4,418,800.18
Accounts receivable	(VI)4	<b>1,877,040,213.49</b>	1,612,611,248.17
Financing receivables	(VI)5	<b>7,422,713.53</b>	–
Prepayments	(VI)6	<b>92,629,874.62</b>	71,487,222.26
Other receivables	(VI)7	<b>120,419,846.72</b>	99,002,826.00
Inventories	(VI)8	<b>1,658,576,749.69</b>	1,921,544,765.26
Other current assets	(VI)9	<b>76,544,389.30</b>	70,874,065.89
<b>Total Current Assets</b>		<b>8,149,823,539.14</b>	7,650,982,774.29
<b>Non-current Assets:</b>			
Long-term receivables	(VI)10	<b>242,057,300.81</b>	267,742,224.79
Long-term equity investments	(VI)11	<b>396,878,491.91</b>	374,130,558.86
Other equity instrument investment	(VI)12	<b>1,456,832,169.03</b>	1,452,054,632.09
Other non-current financial assets	(VI)13	<b>454,455,931.95</b>	507,656,767.91
Investment properties	(VI)14	<b>52,600,641.09</b>	53,919,142.25
Fixed assets	(VI)15	<b>1,274,810,981.07</b>	1,284,362,282.11
Construction in progress	(VI)16	<b>668,447,552.53</b>	671,459,973.65
Right-of-use assets	(VI)17	<b>344,386,022.37</b>	
Intangible assets	(VI)18	<b>359,007,423.32</b>	334,741,307.45
Development cost		<b>29,689,412.44</b>	47,521,564.75
Goodwill	(VI)19	<b>500,590,036.14</b>	500,590,036.14
Long-term prepaid expenses	(VI)20	<b>29,434,086.71</b>	21,063,047.60
Deferred tax assets	(VI)21	<b>11,185,740.44</b>	11,674,788.33
Other non-current assets	(VI)22	<b>150,195,811.35</b>	109,813,352.57
<b>Total Non-current Assets</b>		<b>5,970,571,601.16</b>	5,636,729,678.50
<b>TOTAL ASSETS</b>		<b>14,120,395,140.30</b>	13,287,712,452.79

The accompanying notes form part of the financial statements.



## Consolidated Balance Sheet *(continued)*

At 30 June 2019

ITEM	Notes	<i>RMB</i>	
		30 June 2019 (Unaudited)	31 December 2018
<b>Current Liabilities:</b>			
Notes payable	(VI)23	12,823,627.90	22,176,144.64
Accounts payable	(VI)24	3,840,455,269.87	3,598,337,771.59
Contract liabilities	(VI)25	336,617,280.61	338,681,880.89
Employee benefits payable	(VI)26	227,544,170.98	338,084,927.10
Taxes payable	(VI)27	48,437,542.93	48,138,758.54
Other payables	(VI)28	437,547,341.64	286,639,643.77
Deferred income	(VI)29	108,414,734.02	98,377,250.58
Non-current liabilities due within one year	(VI)31	70,787,077.24	–
Provisions	(VI)30	57,606,106.53	48,879,492.72
<b>Total Current Liabilities</b>		<b>5,140,233,151.72</b>	4,779,315,869.83
<b>Non-current Liabilities:</b>			
Lease liabilities	(VI)31	251,471,230.63	
Deferred income	(VI)32	66,944,468.84	70,210,541.84
Deferred income liabilities	(VI)21	47,858,976.74	32,156,680.02
<b>Total Non-current Liabilities</b>		<b>366,274,676.21</b>	102,367,221.86
<b>TOTAL LIABILITIES</b>		<b>5,506,507,827.93</b>	4,881,683,091.69
<b>Shareholders' Equity:</b>			
Share capital	(VI)33	1,233,841,000.00	1,233,841,000.00
Capital reserve	(VI)34	2,572,524,766.32	2,572,524,766.32
Other comprehensive income	(VI)35	1,026,252,820.54	1,021,506,867.83
Surplus reserve	(VI)36	711,068,358.95	711,068,358.95
Undistributed profits	(VI)37	3,150,973,013.59	2,941,622,541.24
<b>Total Shareholder's Equity Attributable to equity holders of the Company</b>		<b>8,694,659,959.40</b>	8,480,563,534.34
<b>Non-controlling Interests</b>		<b>(80,772,647.03)</b>	(74,534,173.24)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>8,613,887,312.37</b>	8,406,029,361.10
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>14,120,395,140.30</b>	13,287,712,452.79

The accompanying notes form part of the financial statements.

# The Company's Balance Sheet

At 30 June 2019

ITEM	Notes	<i>RMB</i>	
		<b>30 June 2019 (Unaudited)</b>	31 December 2018
<b>Current Assets:</b>			
Cash and bank balances	(XVI)1	<b>3,032,349,572.00</b>	1,747,274,865.08
Held-for-trading financial assets		<b>360,104,177.61</b>	1,260,641,274.52
Accounts receivable	(XVI)2	<b>888,858,176.83</b>	952,202,293.41
Prepayments	(XVI)3	<b>20,603,819.92</b>	14,540,721.77
Other receivables	(XVI)4	<b>604,999,391.77</b>	785,461,799.31
Inventories	(XVI)5	<b>380,868,479.46</b>	461,402,357.67
Other current assets	(XVI)6	<b>42,867,672.41</b>	33,369,425.01
<b>Total Current Assets</b>		<b>5,330,651,290.00</b>	5,254,892,736.77
<b>Non-current Assets:</b>			
Long-term receivables		<b>87,755,925.75</b>	117,235,224.30
Long-term equity investments	(XVI)7	<b>3,487,245,538.08</b>	3,481,334,206.35
Other equity instrument investment	(VI)11	<b>1,455,486,400.00</b>	1,450,835,200.00
Other non-current financial assets	(VI)12	<b>96,857,014.97</b>	94,837,468.07
Investment properties	(XVI)8	<b>20,338,604.28</b>	20,788,699.30
Fixed assets	(XVI)9	<b>842,966,811.86</b>	845,414,947.25
Construction in progress		<b>663,754,932.58</b>	667,163,884.76
Right-of-use assets	(XVI)10	<b>322,791,040.30</b>	
Intangible assets	(XVI)11	<b>143,090,156.33</b>	143,191,480.50
Development expenditure		<b>2,415,999.94</b>	–
Long-term prepaid expenses	(XVI)12	<b>13,884,463.27</b>	17,116,365.91
Other non-current assets	(XVI)13	<b>568,101,087.36</b>	552,718,628.57
<b>Total Non-current Assets</b>		<b>7,704,687,974.72</b>	7,390,636,105.01
<b>TOTAL ASSETS</b>		<b>13,035,339,264.72</b>	12,645,528,841.78

The accompanying notes form part of the financial statements.

# The Company's Balance Sheet *(continued)*

At 30 June 2019

ITEM	Notes	<i>RMB</i>	
		30 June 2019 (Unaudited)	31 December 2018
<b>Current Liabilities:</b>			
Accounts payable	(XVI)14	<b>3,567,765,487.92</b>	3,596,410,411.15
Contract liabilities	(XVI)15	<b>226,681,737.59</b>	251,659,068.56
Employee benefits payable	(XVI)16	<b>139,667,772.90</b>	213,806,252.35
Taxes payable	(XVI)17	<b>31,452,903.10</b>	18,328,608.19
Other payables	(XVI)18	<b>737,976,206.48</b>	489,001,781.64
Non-current liabilities due within one year		<b>61,949,855.52</b>	–
Provisions		<b>30,931,542.58</b>	18,023,264.95
<b>Total Current Liabilities</b>		<b>4,796,425,506.09</b>	4,587,229,386.84
<b>Non-current Liabilities:</b>			
Lease liabilities		<b>242,611,891.81</b>	
Deferred income	(XV)19	<b>9,581,070.22</b>	10,841,255.11
<b>Total Non-current Liabilities</b>		<b>252,192,962.03</b>	10,841,255.11
<b>TOTAL LIABILITIES</b>		<b>5,048,618,468.12</b>	4,598,070,641.95
<b>Shareholders' Equity:</b>			
Share capital	(VI)33	<b>1,233,841,000.00</b>	1,233,841,000.00
Capital reserve	(XVI)20	<b>2,631,057,328.10</b>	2,631,057,328.10
Other comprehensive income	(XVI)21	<b>1,027,759,406.10</b>	1,023,108,206.10
Surplus reserve	(XVI)22	<b>710,233,608.82</b>	710,233,608.82
Undistributed profits	(XVI)23	<b>2,383,829,453.58</b>	2,449,218,056.81
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>7,986,720,796.60</b>	8,047,458,199.83
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>13,035,339,264.72</b>	12,645,528,841.78

The accompanying notes form part of the financial statements.

# Consolidated Income Statement

For the period from 1 January 2019 to 30 June 2019

ITEM	Notes	RMB	
		Amount recognized in the current period (Unaudited)	Amount recognized in the prior period (Unaudited)
I. Total operating income	(VI)38	<b>3,874,385,388.20</b>	3,577,678,699.56
Less: Operating costs	(VI)38	<b>2,331,152,105.99</b>	2,240,412,062.70
Taxes and surcharges	(VI)39	<b>14,202,213.13</b>	16,136,796.86
Selling expenses	(VI)40	<b>572,562,489.33</b>	484,307,612.41
Administrative expenses	(VI)41	<b>482,911,889.75</b>	443,430,377.63
Research and development expenditure		<b>1,929,084.96</b>	8,856,046.95
Finance expenses	(VI)42	<b>(6,062,699.09)</b>	(12,254,208.92)
Including: Interest expense		<b>9,173,829.60</b>	–
Interest income		<b>18,173,273.27</b>	14,742,646.37
Add: Other income	(VI)43	<b>73,962,988.64</b>	26,218,522.67
Investment income	(VI)44	<b>122,756,258.96</b>	78,733,633.70
Including: Income from investments in associates and joint ventures		<b>48,360,904.41</b>	2,209,094.82
Losses from changes in fair values	(VI)45	<b>(16,478,022.12)</b>	(12,654,946.22)
Loss on credit impairment	(VI)46	<b>(39,144,937.44)</b>	(48,365,598.71)
Impairment losses of assets	(VI)47	<b>(20,352,061.62)</b>	(5,796,336.83)
Gains from disposal of assets		<b>3,126,981.39</b>	1,412,396.50
II. Operating profit		<b>601,561,511.94</b>	436,337,683.04
Add: Non-operating income	(VI)48	<b>1,625,877.62</b>	4,761,835.99
Less: Non-operating expenses	(VI)49	<b>12,718,660.42</b>	8,966,857.21
III. Total profit		<b>590,468,729.14</b>	432,132,661.82
Less: Income tax expenses	(VI)50	<b>16,927,257.42</b>	(3,671,853.55)
IV. Net profit		<b>573,541,471.72</b>	435,804,515.37
(I) Categorized by the nature of continuing operation:			
1. Net profit from continuing operations		<b>573,541,471.72</b>	435,804,515.37
(II) Categorized by ownership:			
1. Profit or loss attributable to non- controlling shareholders		<b>(5,961,300.63)</b>	(13,091,926.02)
2. Net profit attributable to shareholders of the Company		<b>579,502,772.35</b>	448,896,441.39

## Consolidated Income Statement *(continued)*

For the period from 1 January 2019 to 30 June 2019

ITEM	Notes	Amount recognized in the current period (Unaudited)	RMB
			Amount recognized in the prior period (Unaudited)
V. Other comprehensive income, net of tax	(VI)35	<b>4,745,952.71</b>	(239,323,488.64)
Other comprehensive income attributable to shareholders of the Company, net of tax		<b>4,745,952.71</b>	(239,323,488.64)
(I) Other comprehensive income not reclassified to profit or loss	(VI)35		
1. Changes in other equity instrument investment at fair value		<b>4,745,952.71</b>	(239,323,488.64)
Other comprehensive income attributable to non-controlling interests, net of tax		–	–
VI. Total comprehensive income		<b>578,287,424.43</b>	196,481,026.73
Total comprehensive income attributable to shareholders of the Company		<b>584,248,725.06</b>	209,572,952.75
Total comprehensive income attributable to non-controlling interests		<b>(5,961,300.63)</b>	(13,091,926.02)
VII. Earnings per share:			
(I) Basic earnings per share	(VI)51	<b>0.47</b>	0.36
(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 period from 1 January 2019 to 30 June 2019

ITEM	Notes	Amount recognized in the current period (Unaudited)	RMB
			Amount for recognized in the prior period (Unaudited)
I. Total operating income	(XVI)24	<b>2,351,704,671.80</b>	3,561,282,352.70
Less: Operating costs	(XV)I24	<b>1,301,684,284.93</b>	2,615,077,015.88
Taxes and surcharges	(XV)I25	<b>6,860,746.05</b>	7,535,700.45
Selling expenses	(XV)I26	<b>399,451,936.05</b>	321,635,975.68
Administrative expenses	(XVI)27	<b>376,724,193.59</b>	342,702,219.64
Research and development expenditure		<b>11,904.76</b>	–
Finance expenses	(XVI)28	<b>1,210,567.99</b>	(6,431,621.26)
Including: Interest expenses		<b>12,020,515.01</b>	1,131,022.61
Interest income		<b>12,241,922.91</b>	9,103,140.39
Add: Other income	(XV)29	<b>1,601,110.59</b>	1,005,103.67
Investment income	(XV)30	<b>80,452,876.34</b>	74,933,205.44
Including: Income from investments in associates and joint ventures		<b>5,911,331.73</b>	8,571,103.36
Gains from changes in fair values		<b>2,172,891.40</b>	9,553,741.44
Impairment losses of assets	(XV)31	<b>(26,746,189.64)</b>	(38,672,773.08)
Loss on credit impairment	(XV)32	<b>(9,614,755.52)</b>	(4,482,265.35)
Gains (losses) from disposal of assets		<b>2,354,928.94</b>	(4,165.61)
II. Operating profit		<b>315,981,900.54</b>	323,095,908.82
Add: Non-operating income	(XVI)33	<b>1,286,343.05</b>	1,317,927.82
Less: Non-operating expenses	(XVI)34	<b>12,504,546.82</b>	8,541,237.74
III. Total profit		<b>304,763,696.77</b>	315,872,598.90
Less: Income tax expenses		–	–
IV. Net profit		<b>304,763,696.77</b>	315,872,598.90
(I) Net profit from continuing operations		<b>304,763,696.77</b>	315,872,598.90
V. Other comprehensive income, net of tax		<b>4,651,200.00</b>	(239,236,800.00)
(I) Other comprehensive income not reclassified to profit or loss			
1. Changes in other equity instrument investment at fair value	(XVI)21	<b>4,651,200.00</b>	(239,236,800.00)
VI. Total comprehensive income		<b>309,414,896.77</b>	76,635,798.90

The accompanying notes form part of the financial statements.

# Consolidated Cash Flow Statement

For the period from 1 January 2019 to 30 June 2019

ITEM	Notes	<i>RMB</i>	
		Amount recognized in the current period (Unaudited)	Amount recognized in the prior period (Unaudited)
<b>I. Cash Flows from Operating Activities:</b>			
Cash receipts from the sale of goods and the rendering of services		<b>3,949,417,669.19</b>	3,503,153,447.53
Receipts of tax refunds		<b>52,517,971.00</b>	389,830.15
Other cash receipts relating to operating activities	(VI)52(1)	<b>86,028,552.73</b>	49,398,708.88
Sub-total of cash inflows from operating activities		<b>4,087,964,192.92</b>	3,552,941,986.56
Cash payments for goods purchased and services received		<b>2,205,839,589.53</b>	2,002,142,450.45
Cash payments to and on behalf of employees		<b>662,254,198.91</b>	602,827,277.51
Payments of various types of taxes		<b>39,101,087.43</b>	61,008,916.48
Other cash payments relating to operating activities	(VI)52(2)	<b>516,766,840.26</b>	443,694,889.05
Sub-total of cash outflows from operating activities		<b>3,423,961,716.13</b>	3,109,673,533.49
Net Cash Flow from Operating Activities	(VI)53(1)	<b>664,002,476.79</b>	443,268,453.07
<b>II. Cash Flows from Investing Activities:</b>			
Cash receipts from disposals and recovery of investments		<b>1,318,923,005.89</b>	1,326,246,610.95
Cash receipts from investment income		<b>47,099,784.77</b>	55,335,759.20
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		<b>7,363,809.66</b>	2,359,355.43
Net cash flow receipts from acquisition of subsidiaries		<b>3,020,764.08</b>	-
Other cash receipts relating to investing activities	(VI)52(3)	-	20,000,000.00
Sub-total of cash inflows from investing activities		<b>1,376,407,364.40</b>	1,403,941,725.58
Cash payments to acquire or construct fixed assets, construction in progress, intangible assets and other long-term assets		<b>67,770,190.23</b>	54,974,881.07
Cash payments to acquire investments		<b>463,500,873.44</b>	1,356,995,816.49
Other cash payments relating to investing activities	(VI)52(4)	<b>254,000,000.00</b>	-
Sub-total of cash outflows from investing activities		<b>785,271,063.67</b>	1,411,970,697.56
Net Cash Flow from Investing Activities		<b>591,136,300.73</b>	(8,028,971.98)

## Consolidated Cash Flow Statement *(continued)*

For the period from 1 January 2019 to 30 June 2019

ITEM	Notes	<i>RMB</i>	
		<b>Amount recognized in the current period (Unaudited)</b>	Amount recognized in the prior period (Unaudited)
<b>III. Cash Flows from Financing Activities:</b>			
Cash receipts from capital contributions		–	655,000.00
Including: cash receipts from capital contributions from non-controlling shareholders of subsidiaries		–	655,000.00
Other cash receipts relating to financing activities	(VI)52(5)	–	12,545.29
Sub-total of cash inflows from financing activities		–	667,545.29
Cash payments for distribution of dividends or settlement of interest expenses		<b>249,512,252.60</b>	249,250,981.29
Including: payments for distribution of dividends to non-controlling shareholders of subsidiaries		<b>277,173.16</b>	–
Other cash payments relating to financing activities	(VI)52(6)	<b>28,521,783.22</b>	–
Sub-total of cash outflows from financing activities		<b>278,034,035.82</b>	249,250,981.29
Net Cash Flow from Financing Activities		<b>(278,034,035.82)</b>	(248,583,436.00)
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>			
		–	–
<b>V. Net Increase in Cash and Cash Equivalents</b>			
Add: Opening balance of cash and cash equivalents	(VI)53(1)	<b>977,104,741.70</b>	186,656,045.09
	(VI)53(2)	<b>2,576,699,731.25</b>	1,825,572,649.15
<b>VI. Closing Balance of Cash and Cash Equivalents</b>			
	(VI)53(2)	<b>3,553,804,472.95</b>	2,012,228,694.24

The accompanying notes form part of the financial statements.



# The Company's Cash Flow Statement

For the period from 1 January 2019 to 30 June 2019

ITEM	Notes	<i>RMB</i>	
		Amount for the current period (Unaudited)	Amount for the prior period (Unaudited)
<b>I. Cash Flows from Operating Activities:</b>			
Cash receipts from the sale of goods and the rendering of services		<b>2,543,595,061.54</b>	3,034,837,456.92
Other cash receipts relating to operating activities	(XVI)35(1)	<b>75,640,707.83</b>	91,289,570.21
Sub-total of cash inflows from operating activities		<b>2,619,235,769.37</b>	3,126,127,027.13
Cash payments for goods purchased and services received		<b>1,458,880,455.53</b>	1,642,991,494.23
Cash payments to and on behalf of employees		<b>436,991,334.03</b>	403,718,493.34
Payments of various types of taxes		<b>5,977,206.78</b>	7,727,821.50
Other cash payments relating to operating activities	(XVI)35(2)	<b>431,095,038.61</b>	353,940,786.11
Sub-total of cash outflows from operating activities		<b>2,332,944,034.95</b>	2,408,378,595.18
Net Cash Flow from Operating Activities	(XVI)36(1)	<b>286,291,734.42</b>	717,748,431.95
<b>II. Cash Flows from Investing Activities:</b>			
Cash receipts from disposals and recovery of investments		<b>1,261,191,314.85</b>	1,306,346,610.95
Cash receipts from investment income		<b>326,541,544.61</b>	45,173,302.08
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		<b>3,721,231.91</b>	213,046.03
Other cash receipts relating to investing activities		<b>5,159,995.41</b>	51,469,527.53
Sub-total of cash inflows from investing activities		<b>1,596,614,086.78</b>	1,403,202,486.59
Cash payments to acquire or construct fixed assets, construction in progress, intangible assets and other long-term assets		<b>39,693,077.06</b>	47,137,000.07
Cash payments to acquire investments		<b>360,500,873.44</b>	1,571,995,816.49
Other cash payments relating to investing activities		<b>254,000,000.00</b>	30,000,000.00
Sub-total of cash outflows from investing activities		<b>654,193,950.50</b>	1,649,132,816.56
Net Cash Flow from Investing Activities		<b>942,420,136.28</b>	(245,930,329.97)

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

For the period from 1 January 2019 to 30 June 2019

ITEM	Notes	<i>RMB</i>	
		Amount for the current period (Unaudited)	Amount for the prior period (Unaudited)
<b>III. Cash Flows from Financing Activities:</b>			
Other cash receipts relating to financing activities		<b>81,000,000.00</b>	86,500,000.00
Sub-total of cash inflows from financing activities		<b>81,000,000.00</b>	86,500,000.00
Cash payments for distribution of dividends or settlement of interest expenses		<b>252,801,339.00</b>	250,179,775.61
Other cash payments relating to financing activities		<b>25,835,824.78</b>	–
Sub-total of cash outflows from financing activities		<b>278,637,163.78</b>	250,179,775.61
Net Cash Flow from Financing Activities		<b>(197,637,163.78)</b>	(163,679,775.61)
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>			
		–	–
<b>V. Net Increase in Cash and Cash Equivalents</b>			
	(XVI)36(1)	<b>1,031,074,706.92</b>	308,138,326.37
Add: Opening balance of cash and cash equivalents	(XVI)36(2)	<b>1,747,274,865.08</b>	1,105,004,995.34
<b>VI. Closing Balance of Cash and Cash Equivalents</b>			
	(XVI)36(2)	<b>2,778,349,572.00</b>	1,413,143,321.71

The accompanying notes form part of the financial statements.

# Consolidated Statement of Changes in Shareholders' Equity

For the period from 1 January 2019 to 30 June 2019

RMB

ITEM	Current period (Unaudited)							Total shareholders' equity
	Equity attributable to shareholders of the Company							
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	Non-controlling interests		
31 December 2018	1,233,841,000.00	2,572,524,766.32	1,021,506,867.83	711,068,358.95	2,941,622,541.24	(74,534,173.24)	8,406,029,361.10	
Changes in current period								
(I) Total comprehensive income	-	-	4,745,952.71	-	579,502,772.35	(5,961,300.63)	578,287,424.43	
(II) Profit distribution								
1. Distribution to shareholders	-	-	-	-	(370,152,300.00)	(277,173.16)	(370,429,473.16)	
30 June 2019	1,233,841,000.00	2,572,524,766.32	1,026,252,820.54	711,068,358.95	3,150,973,013.59	(80,772,647.03)	8,613,887,312.37	

RMB

ITEM	Prior period (Unaudited)							Total shareholders' equity
	Equity attributable to shareholders of the Company							
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	Non-controlling interests		
31 December 2017	1,233,841,000.00	2,572,587,684.82	1,230,619,792.07	625,743,635.42	2,364,509,602.80	(70,479,484.72)	7,956,822,230.39	
Effects due to implementation of New Financial Instruments Standards	-	-	179,650,842.09	-	100,405,157.91	-	280,056,000.00	
1 January 2018	1,233,841,000.00	2,572,587,684.82	1,410,270,634.16	625,743,635.42	2,464,914,760.71	(70,479,484.72)	8,236,878,230.39	
(I) Total comprehensive income								
(II) Contributions by investors and decrease in capital	-	-	(239,323,488.64)	-	448,896,441.39	(13,091,926.02)	196,481,026.73	
1. Capital increase by non-controlling shareholders	-	-	-	-	-	655,000.00	655,000.00	
(III) Profit distribution								
1. Distribution to shareholders	-	-	-	-	(370,152,300.00)	-	(370,152,300.00)	
30 June 2018	1,233,841,000.00	2,572,587,684.82	1,170,947,145.52	625,743,635.42	2,543,658,902.10	(82,916,410.74)	8,063,861,957.12	

The accompanying notes form part of the financial statements.

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

For the period from 1 January 2019 to 30 June 2019

*RMB*

ITEM	Current period (Unaudited)					Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	
31 December 2018	1,233,841,000.00	2,631,057,328.10	1,023,108,206.10	710,233,608.82	2,449,218,056.81	8,047,458,199.83
Changes for the year						
(I) Total comprehensive income	-	-	4,651,200.00	-	304,763,696.77	309,414,896.77
(II) Profit distribution						
1. Distributions to shareholders	-	-	-	-	(370,152,300.00)	(370,152,300.00)
30 June 2019	1,233,841,000.00	2,631,057,328.10	1,027,759,406.10	710,233,608.82	2,383,829,453.58	7,986,720,796.60

*RMB*

ITEM	Prior period (Unaudited)					Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	
31 December 2017	1,233,841,000.00	2,631,057,328.10	1,136,163,193.05	624,908,885.29	2,046,248,858.13	7,672,219,264.57
Effects due to implementation of New Financial Instruments Standards	-	-	274,857,013.05	-	5,198,986.95	280,056,000.00
1 January 2018	1,233,841,000.00	2,631,057,328.10	1,411,020,206.10	624,908,885.29	2,051,447,845.08	7,952,275,264.57
Changes in current period						
(I) Total comprehensive income	-	-	(239,236,800.00)	-	315,872,598.90	76,635,798.90
(II) Profit distribution						
1. Distribution to shareholders	-	-	-	-	(370,152,300.00)	(370,152,300.00)
30 June 2018	1,233,841,000.00	2,631,057,328.10	1,171,783,406.10	624,908,885.29	1,997,168,143.98	7,658,758,763.47

The accompanying notes form part of the financial statements.

# Notes to the Financial Statements

For the period from 1 January 2019 to 30 June 2019

## (I) BASIC INFORMATION ABOUT THE COMPANY

Upon approvals of *Reply on State-owned Equity Management of Sichuan Xinhua Winshare Chain Co., Ltd.* (Preparing for Establishment) (Filed as Chuan Guo Zi Wei [2005] No. 81) issued by the State-owned Assets Supervision and Administration Commission of Sichuan Province, and *Reply on Incorporating 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 Co., Ltd., 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 at Sichuan Provincial Administration for Industry and Commerce with the share capital of RMB733,370,000.

In accordance with resolutions made on 7th meeting of the second session of the Board of Directors meeting 2010 on 20 August 2010, the Company changed its name from Sichuan Xinhua Winshare Chain Co., Ltd. to Xinhua Winshare Publishing and Media Co., Ltd.

The Company publicly offered 401,761,000 shares of overseas listed foreign shares (including over-allotment) ("**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. Upon completion, the share capital of the Company was changed into RMB1,135,131,000.00.

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 the China Securities Regulatory Commission, the Company publicly offered 98,710,000 ordinary shares of A share at Shanghai Stock Exchange on 8 August 2016, its issue price was 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 registered address is No. 1, 1/F, Block 4, No. 239, Jinshi Road, Jinjiang District, Chengdu, Sichuan Province. The headquarters of the Company is located at No. 6 Wenxuan Road, Rongbei Shangmao Avenue, Chengdu, Sichuan Province.

Details of the structure of share capital of the Company are set out in Note (VI) 33.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

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 (for exclusive purpose of chain store); 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, solely operated by 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 licenses). 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; education ancillary services; catering business and ticketing agency (the items above exclude pre-licensing items while the post-licensing items are subject to the approval of licenses and shall be operated according to the licenses).

Details of subsidiaries of the Company are set out in Note (VIII) “Interests in Other Entities”.

The parent company of the Company is Sichuan Xinhua Publishing Group. The State-owned Assets Supervision and Administration Commission of Sichuan Province (“**Sichuan SASAC**”), in compliance with instructions of Sichuan Provincial People’s Government, incorporated 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 beneficially 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*.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

### **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 fair value is directly observable or estimated using valuation technique, fair value measurement and disclosure purposes in the financial statements are determined on such a basis.

Fair value measurements are categorized 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 2019, and found no events or circumstances that may cast significant doubts upon it. Hence the financial statements have been prepared on going concern basis.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (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 consolidated and Company's financial position as at 30 June 2019, and the consolidated and Company's results of operations and cash flows for the period from 1 January 2019 to 30 June 2019.

### 2. Accounting period

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

### 3. Operating cycle

An operating cycle refers to the period since when an enterprise purchases assets for processing purpose until the realization of those assets in cash or cash equivalents. The Group's operating 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.

### 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.



# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## **(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**

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 recognized 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 re-measured at its fair value at the acquisition date, with any difference between its fair value and its carrying amount being recognized 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.

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 recognized 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 recognizes 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.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## **(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

*(Continued)*

### **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 are 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.

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 are presented as "profit or loss attributable to non-controlling shareholders" 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 is still allocated against non-controlling interests.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## **(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

*(Continued)*

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

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 owners' 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/received is adjusted to capital reserve under owners' equity. If the capital reserve is not sufficient to absorb the difference, the excess is adjusted against retained earnings.

### **7. Classification of joint arrangements**

A joint arrangement is classified into joint operation and joint venture, depending on the rights and obligations of the parties to the arrangement, which is assessed by considering the structure and the legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. The joint arrangement of the Group refers to the joint venture. The Group accounts for investments in joint ventures using equity method. Refer to Note (III) 12.3.2 "Long-term equity investments accounted for using the equity method" for details.

### **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.



# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## **(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

*(Continued)*

### **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 recognized 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.

#### *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 items and the aggregate of liabilities items and shareholders' equity items is presented as exchange difference and recognized in 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 period's financial statements.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 10. Financial instruments

Financial assets and financial liabilities are recognized 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 recognized in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognized amounts. For accounts receivable excluding significant financing components or regardless of financing components of contracts less than one year recognized based on *Accounting Standard for Business Enterprises No. 14 – Revenue* (the “**Standard – Revenue**”), accounts receivable initially recognized shall be measured at transaction price defined based on the Standard – Revenue on initial recognition.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over each accounting period.

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 to the net carrying amount of the financial asset or the amortized cost of 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 including earlier repayment, extension, call option or other similar options etc. without considering future credit losses.

The amortized cost of a financial asset or a financial liability is the amount of a financial asset or a financial liability initially recognized net of principal repaid, plus or less the cumulative amortized amount arising from amortization of the difference between the amount initially recognized and the amount at the maturity date using the effective interest method, net of cumulative loss allowance (only applicable to financial assets).



# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## **(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

*(Continued)*

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

#### *10.1 Classification and measurement of financial assets*

Subsequent to initial recognition, the Group's financial assets of various categories are subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss.

If contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, such asset is classified into financial asset measured at amortized cost. Such financial assets include bank and cash, notes receivable, accounts receivable, other receivables, long-term receivables and etc.

The financial assets at fair value through profit or loss includes the financial assets classified as at fair value through profit or loss and financial assets designated as at fair value through profit or loss, which are presented under held-for-trading financial assets. Those that are held over one year from the balance sheet date and expected to be held for over one year are presented under other non-current financial assets.

- Financial assets failing to qualify as at amortized cost and those classified as at fair value through other comprehensive income are classified into financial assets at FVTPL.
- On initial recognition, to eliminate or significantly reduce accounting mismatches, the Group can designate financial assets irrevocably as financial assets at FVTPL.

On initial recognition, the Group may irrevocably designate non-trading equity instruments as financial assets at fair value through other comprehensive income on an individual basis. Such financial assets are presented under other equity instrument investments.



# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## **(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

*(Continued)*

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

#### *10.1 Classification and measurement of financial assets *(Continued)**

##### *10.1.1 Financial assets classified as at amortized cost*

The financial assets measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from derecognition, or impairment is recognized in profit or loss.

Interest income from the Group's financial assets measured at amortized cost is recognized based on the effective interest method. Interest income is determined by applying an effective interest rate to the carrying amount of the financial asset other than the following conditions:

- For the purchased or internally generated credit-impaired financial assets, the Group recognizes their interest income based on amortized cost and credit-adjusted effective interest rate of such financial assets since initial recognition.
- For the purchased or internally generated financial assets without credit-impairment but subsequently becoming credit-impaired, the Group subsequently recognizes their interest income based on amortized costs and effective interest rate of such financial assets. If there exists no credit impairment due to improvement in credit risk of the financial instruments subsequently, the Group recognizes interest income based on applying effective interest rate to carrying amount of the financial assets.

##### *10.1.2 Financial assets classified as at FVTOCI*

The contract clauses of financial assets stipulate that cash flows generated on a specified date are only payments of principal and interest based on the amount of outstanding principal and the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. The financial assets that meet the above conditions are classified as at FVTOCI. Except that gains or losses on impairment relating to financial assets at FVTOCI, impairment losses or gains related to such financial assets or interest income calculated using effective interest rate are recognized in profit or loss for the period, fair value changes in the above financial assets are included in other comprehensive income. Upon derecognition of the financial assets, cumulative gains or losses previously recognized in other comprehensive income are transferred and reclassified into profit or loss for the period.

The financial assets at fair value through other comprehensive income are classified by the Group as financing receivables.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

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

#### 10.1 Classification and measurement of financial assets *(Continued)*

##### 10.1.3 Financial assets designated as at fair value through other comprehensive income (FVTOCI)

Upon designation of non-trading equity instrument investments as financial assets at FVTOCI, the fair value change of such financial asset is recognized in other comprehensive income. Upon derecognition of the financial asset, cumulative gains or losses previously recognized in other comprehensive income are transferred and included in retained earnings. During the period for which the Group holds the investments in such non-trading equity instruments, dividend income is recognized and included in profit or loss for the period when the Group's right to collect dividend has been established; it is probable that economic benefits associated with dividend will flow the Group; and the amount of dividend can be reliably measured.

##### 10.1.4 Financial assets at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss are subsequently measured at fair value, gains or losses arising from fair value changes and dividends and interest income in relation to such financial assets are included in profit or loss for the period.

#### 10.2 Impairment of financial assets

The Group carries out impairment testing of and recognizes the loss allowance for financial assets measured at amortized cost and financial assets at fair value through other comprehensive income based on expected credit loss ("ECL").

The Group measures loss allowance for all accounts receivable arising from transactions regulated by the revenue standard based on the amount of full lifetime ECL.

For other financial assets, except for the purchased or internally generated credit-impaired financial assets, at each balance sheet date, the Group assesses changes in credit risk of relevant financial assets since initial recognition. If the credit risk of the above financial assets has increased significantly since initial recognition, the Group measures loss allowance based on the amount of full lifetime ECL; if credit risk of the financial asset has not increased significantly since initial recognition, the Group recognizes loss allowance based on 12-month ECL of the financial asset. Increase in or reversal of credit loss allowance is included in profit or loss as loss or gain on impairment. Except for financial assets classified as at FVTOCI, credit loss allowance offsets the carrying amount of financial assets. For the financial assets classified as FVTOCI, the Group recognizes credit loss allowance in other comprehensive income, without reducing the carrying amount of the financial assets presented in the statement of financial position.



# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## **(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

*(Continued)*

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

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

The Group measured loss allowance at the full lifetime ECL of the financial instruments in the prior accounting period. However, as at the balance sheet date for the current period, for the above financial instruments, due to failure to qualify as significant increase in credit risk since initial recognition, the Group measures loss allowance for the financial instrument at 12-month ECL at the balance sheet date for the current period. Relevant reversal of loss allowance is included in profit or loss as gain on impairment.

##### *10.2.1 Significant increase in credit risk*

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition by using reasonable and supportable forward-looking information available.

The following information is taken into account when the Group assesses whether credit risk has increased significantly:

- (1) Whether expected adverse changes in business, financial and economic conditions of the borrower which will affect debtor's ability to perform repayment obligation have changed significantly.
- (2) Whether the actual or expected operating results of the debtor have changed significantly.
- (3) Whether credit risk of other financial instruments issued by the same debtor has increased significantly.
- (4) Whether regulatory, economic or technical environment for the debtor has significant adverse changes.
- (5) Whether the debtor's expected performance and repayment activities have changed significantly.

At the balance sheet date, the Group assumes that credit risk of the financial instrument has not increased significantly since initial recognition when the Group determines that the financial instrument is only exposed to lower credit risk.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

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

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

##### 10.2.2 Credit-impaired financial assets

A financial asset is “credit-impaired” when one or more events that have an adverse impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment includes observable data about the following events:

- (1) Significant financial difficulty of the issuer or debtor;
- (2) A breach of contract by the debtor, such as a default or delinquency in interest or principal payments;
- (3) The creditor, for economic or contractual reasons relating to the debtor’s financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;
- (4) It becoming probable that the debtor will enter bankruptcy or other financial reorganizations;
- (5) The disappearance of an active market for that financial asset due to financial difficulties of issuer or debtor;
- (6) The purchase or origination of a financial asset at a significant discount that reflects the incurred credit losses.

##### 10.2.3 Recognition of ECL

The Group recognises credit loss for other receivables on an individual basis and recognises credit loss of related financial instruments for accounts receivable and contract assets on a collectively basis using a provision matrix. The Group classifies financial instruments into different groups based on shared risk characteristics. Shared credit risk characteristics include type of financial instruments, credit risk rating, the date of initial recognition, remaining contractual maturity, industry of debtor and location of debtor etc.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## **(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

*(Continued)*

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

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

##### *10.2.3 Recognition of ECL (Continued)*

ECL of relevant financial instruments is recognized based on the following methods:

- For a financial asset, credit loss is the present value of difference between the contractual cash flow receivable and the expected cash flows to be received.
- For credit-impaired financial assets other than the purchased or internally generated credit-impaired financial assets at the balance sheet date, credit loss is difference between the carrying amount of financial assets and the present value of expected future cash flows discounted at original effective interest rate.

The Group's measurement of ECL of financial instruments reflects factors including unbiased probability weighted average amount recognized by assessing a series of possible results, time value of money, reasonable and supportable information related to historical events, current condition and forecast of future economic position that is available without undue cost or effort at the balance sheet date.

##### *10.2.4 Reduction in financial assets*

The Group directly reduces the carrying amount of financial assets when ceasing to reasonably expect that the contractual cash flow of such financial assets may be fully or partially recoverable. Such reduction comprises derecognition of relevant financial assets.



# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

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

#### 10.3 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 transferred financial asset and the combination of the consideration received from the transfer and the accumulated changes in the fair value of other comprehensive income is recognized in profit or loss. If the Group transfers a financial asset that belongs to non-trading equity instrument designated as at FVTOCI, cumulative gains or losses previously recognized in other comprehensive income are transferred and included in retained earnings.

For a partial transfer of a financial asset that satisfies the derecognition criteria, the carrying amount of the financial asset in its entirety before transfer shall be amortized between the part of financial asset derecognized and the part of financial asset continued to be recognized at their respective fair values on the transfer dates. The difference between the sum of the consideration received from the part of financial asset derecognized and the amount corresponding to derecognition in the cumulative gains or losses previously recognized in other comprehensive income and the carrying amount of the part of financial asset derecognized at the date of derecognition is included in the profit or loss for the period or retained earnings.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group continues to recognized the transferred financial asset in its entirety. The consideration received from transfer of assets is recognized as a liability upon receipt.



# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## **(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

*(Continued)*

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

#### *10.4 Classification of financial liabilities and equity instruments*

The Group's financial instruments or their components are, on initial recognition, classified into financial liabilities or equity instruments on the basis of contractual terms for issuance and the economic substance reflected by such terms and in combination with definitions of financial liability and equity instrument, instead of only on the basis of the legal form.

##### *10.4.1 Classification 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 all other financial liabilities, mainly including notes payable, accounts payable, and other payables.

###### *10.4.1.1 Other financial liabilities*

All other financial liabilities as measured at amortized cost, and gains or losses arising from derecognition or amortization are recognized in profit or loss for the period.

##### *10.4.2 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 derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

##### *10.4.3 Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued (including refinanced), repurchased, sold and cancelled by the Group are recognized as changes of equity. Change of fair value of equity instruments is not recognized by the Group. Transaction costs related to equity transactions are deducted from equity.

The Group recognizes the distribution to holders of the equity instruments as distribution of profits, and dividends paid do not affect total amount of shareholders equity.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## **(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

*(Continued)*

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

#### *10.5 Offsetting financial assets and financial liabilities*

Where the Group has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize 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.

### **11. Inventories**

#### *11.1 Categories of inventories*

The Group's inventories mainly include raw materials, packaging materials, low cost and short-lived materials, work in progress, and goods on hand, 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.

#### *11.2 Valuation method of inventories upon delivery*

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

#### *11.3 Basis for determining net realizable 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 realizable value. If the net realizable value is below the cost of inventories, a provision for decline in value of inventories is made. Net realizable 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 realizable 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 realizable value on an item-by-item basis.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## **(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

*(Continued)*

### **11. Inventories *(Continued)***

#### **11.3 Basis for determining net realizable value of inventories and provision methods for decline in value of inventories *(Continued)***

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: aging within one year, no provision is made; aging for one to two years, provision is made at 10% of total pricing of book inventory at period end; aging for two to three years, provision is made at 20% of total pricing of book inventory at period end; aging for more than 3 years, provision is made at 100% of actual costs of book inventories at period end. The provision for outsourcing (for returnable part) general books is made at 3% of actual costs of book inventories at the period end.

The Group makes provisions for textbooks and supplementary materials purchased or produced for teaching in prior years in full amount. For those purchased or produced for current period's teaching, if the Group has a clear picture about the utilization 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 utilization 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 realizable 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.

#### **11.4 Inventory count system**

The perpetual inventory system is maintained for stock system.

#### **11.5 Amortization method for low cost and short-lived consumable items and packaging materials**

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

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## **(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

*(Continued)*

### **12. Long-term equity investments**

#### *12.1 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.

#### *12.2 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 initial investment cost of long-term equity and the carrying amount of the aggregate consideration paid is different, the difference is adjusted to capital reserve. If the capital 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.

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 recognized 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.



# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## **(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

*(Continued)*

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

#### *12.3 Subsequent measurement and recognition of profit or loss*

##### *12.3.1 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 recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

##### *12.3.2 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 recognized 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 period from 1 January 2019 to 30 June 2019

## **(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

*(Continued)*

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

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

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

Under the equity method, the Group recognizes its share of the net profit or loss and other comprehensive income of the investee for the period as investment income and other comprehensive income for the period. Meanwhile, carrying amount of long-term equity investment is adjusted: the carrying amount of long-term equity investment is decreased in accordance with its share of the investee's declared profit or cash dividends. Other changes in owners' equity of the investee other than net profit or loss and other comprehensive income are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized in the capital reserve. The Group recognizes its share of the investee's net profit or loss based on the fair value of the investee's individual identifiable assets, etc. at the acquisition date after making appropriate adjustments in accordance with the Group's accounting policies and accounting period. Unrealized gains or losses resulting from the Group's transactions with its associates and joint ventures, which do not constitute a business, are eliminated based on the proportion attributable to the Group and then investment gains or losses or is recognized. However, unrealized losses resulting from the Group's transactions with its associates and joint ventures 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. In addition, if the Group has incurred obligations to assume additional losses of the investee, a provision is recognized 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 recognized.

##### *12.3.3 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 recognized 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 previously 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 period from 1 January 2019 to 30 June 2019

## **(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

*(Continued)*

### **13. 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 recognized 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 amortization 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 recognizes the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

### **14. Fixed assets**

#### *14.1 Recognition criteria for fixed assets*

Fixed assets are tangible assets that are held for use in the production 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 recognized 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 derecognized. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 14. Fixed assets *(Continued)*

#### 14.2 Depreciation method 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.

#### 14.3 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 account 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 derecognized. 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 recognized in profit or loss for the period.

### 15. 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 capitalized 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 period from 1 January 2019 to 30 June 2019

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 16. Intangible assets

#### 16.1 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 amortized 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 amortization method at the end of the period, and makes adjustments when necessary.

#### 16.2 Research and development expenditure

Expenditure during the research phase is recognized 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 recognized as intangible asset. Expenditure during development phase that does not meet the following conditions is recognized 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;
- (4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- (5) the expenditure attributable to the intangible asset during its development phase can be reliably measured.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## **(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

*(Continued)*

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

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

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

### **17. 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 such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognized 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 recognized 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 recognized, 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 recognized shall not be reversed in a subsequent period.

### **18. Long-term prepaid expenses**

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

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## **(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

*(Continued)*

### **19. Employee benefits**

#### *19.1 Accounting treatment for short-term employee benefits*

In the accounting period in which an employee has rendered services, the Group recognizes 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 recognizes the employee welfare as profit or loss for the period in which they are incurred or cost of related assets. The non-monetary employee welfare shall be measured at 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 recognized 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.

#### *19.2 Accounting treatment of post-employment benefits*

The entire post-employment benefits are defined contribution plan.

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

#### *19.3 Accounting treatment of termination benefits*

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

### **20. Provisions**

Provisions are recognized 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 recognized 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.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## **(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

*(Continued)*

### **20. Provisions *(Continued)***

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

### **21. Revenue**

Revenue of the Group is primarily from following business categories:

- (1) Sales of textbooks and supplementary materials. Textbooks and supplementary materials are mainly sold by taking orders from education system and primary and middle schools, therefore, there are almost no returns of goods.
- (2) Sales of general books. General books sold through wholesales can be returned. Those sold through direct channels toward to ultimate clients, such as retail stores and internet (including self-owned and third party electronic commercial platform), etc., have almost no returns.
- (3) Education informatization and equipment business. The contracts of education informatization and equipment business are acquired mainly through participating in the bidding of education departments of different levels or independent purchase from schools. The Group purchases software and hardware primarily from the third party, and integrates them to provide integrated solution for the schools. For the products of education informatization and equipment business, the Group provide quality warranty of 1 to 3 years for the customers.
- (4) Printing service and supply of materials. Printing service and supply of materials mainly includes sales of all kinds of paper and small quantities of printing machinery and the main customers include terminal customers (principally publishing houses) and paper dealers.
- (5) Concessionaire sales. It mainly refers to the establishment of sales counters in the designated areas of the Group's retail stores by commodity suppliers, and sales by the sales staff of the supplier or the business staff of the retail stores.
- (6) Other operations are mainly logistics and warehousing services.



# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## **(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

*(Continued)*

### **21. Revenue *(Continued)***

The Group recognizes revenue based on the transaction price allocated to such performance obligation when a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation represents the commitment that a good and service that is distinct shall be transferred by the Group to the customer. Transaction price refers to the consideration that the Group is expected to receive a consideration due to the transfer of goods or services to the customer, but it does not include payments received on behalf of third parties and amounts that the Group expects to return to the customer.

If one of the following criteria is met and it is a performance obligation performed over time, the Group recognizes the revenue within a certain period of time according to the progress of the performance: 1) the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs; 2) the customer is able to control the goods under construction in the course of the Group’s performance; 3) the goods produced by the Group during the performance of the contract are irreplaceable and the Group has the right to charge for the accumulated part of the contract that has been performed so far during the whole contract period. Otherwise, the Group recognizes revenue at a certain point in time when “control” of the goods or services is transferred to the customer.

With respect to performance obligations performed overtime, the Group determines progress of performance by output method, i.e. determining the progress of performance in accordance with the value of merchandise or service already transferred to clients. Where the progress cannot be determined reasonably, the revenue is recognized based on the amount of cost that is expected to be compensated based on the cost already incurred, until the progress of performance is reasonably determined.

The Group’s unconditional (i.e., depending on the passage of time only) right to receive consideration from the customer is separately presented as receivables.

Contract liabilities refers to the Group’s obligation to transfer goods or services to a customer for a consideration paid or payable by the customer to the Group.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## **(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

*(Continued)*

### **21. Revenue *(Continued)***

#### *Variable consideration*

If the contract includes variable consideration (sales return, sales rebate and reward points), the Group determines the best estimates of the variable consideration based on the expected value or the most likely amount. Transaction price comprising the variable consideration does not exceed the amount that it is highly probable that a significant reversal will not occur when relevant uncertainty is eliminated. At each balance sheet, the Group re-estimates the amount of variable consideration which should be recognized in transaction price.

The Group's retail stores adopt a reward policy of membership loyalty cards for customers. For customers with consumption points exceeding a certain level, points can be converted into cash for purchase in the retail stores. The Group allocates sale consideration to the sold goods and issued points in accordance with corresponding respective selling prices. Sale consideration allocated to reward points is recognized as contract liabilities, and as revenue upon redemption.

#### *Significant financing component*

If the contract includes significant financing component (including education informatization and equipment business), the Group determines the transaction price based on the amount payable under the assumption that the customer pays that amount payable in cash when "control" of the goods or services is obtained by the customer. The difference between the transaction price and the contract consideration shall be amortized within the contract period using effective interest rate. If the Group expects, at contract inception, that the period between when the Group transfers the good or service to a customer and when the customer pays for that good or service will be one year or less, the Group needs not to consider the significant financing component.

#### *Sales with sales return terms attached*

For sales with sales return terms attached, as the customer obtains ownership of related goods, the Group recognizes revenue in accordance with the consideration (excluding expected refund amounts due to sales returns) that the Group is expected to receive due to the transfer of goods or services to the customer, and recognizes expected liabilities in accordance with expected refund amounts due to sales returns. The remaining amount, subsequent to deduction of expected costs from collecting the goods (including the decrease in value of the returned goods), is recognized as an asset (other current assets or other non-current assets) in accordance with the carrying value during the expected transfer of returned goods after deducting the costs of the above net assets carried forward.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## **(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

*(Continued)*

### **21. Revenue *(Continued)***

#### *Sales with quality assurance terms attached*

For sales with quality assurance terms, if the quality assurance provides a separate service to the customer other than ensuring that the goods or services sold meet the established standards, the quality assurance constitutes a single performance obligation. Otherwise, the Group will account for the quality assurance responsibility in accordance with the *Accounting Standards for Business Enterprises No. 13 – Contingencies*.

#### *Principal and agent*

The Group determines whether it is a principal or an agent at the time of the transaction based on whether it owns the “control” of the goods or services before the transfer of such goods or services to the customer. The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer, and the revenue shall be recognized based on the total consideration received or receivable; otherwise, the Group is an agent, and the revenue shall be recognized based on the amount of commission or handling fee that is expected to be charged, and such amount is determined based on the net amount of the total consideration received or receivable after deducting the prices payable to other related parties.

### **22. Government grants**

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognized 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.

#### **22.1 Basis for determination and accounting method of asset-related government grant**

Included in the Group’s government grants, as the government grants other than the book subsidy obtained by the Group are used in acquisition and construction of long-term assets, or to form long-term assets in other ways, such government grants are asset-related government grants.

A government grant related to an asset is recognized as deferred income, and amortized to profit or loss over the useful life of the related asset using the straight-line method.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 22. Government grants *(Continued)*

#### 22.2 Basis for determination and accounting method of income-related government grant

Included in the Group's government grants, as the book subsidy is mainly used by the press to publish special books, such government grants are income-related government grants.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized. If the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the period.

Government grants related to the Group's daily activities, based on the economic substance, are included in other income. Government grants not related to the Group's daily activities are included in non-operating income.

### 23. Deferred tax assets/liabilities

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

#### 23.1 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.

#### 23.2 Deferred tax assets and deferred tax liabilities

For temporary 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 recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the balance sheet liability method.

Deferred tax is generally recognized for all temporary differences. Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. 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 recognized.

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

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## **(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

*(Continued)*

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

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

Deferred tax liabilities are recognized 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 recognized to the extent that it is probable that there will be taxable profits against which to utilize 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 realized or the liability is settled.

Current and deferred tax expenses or income are recognized in profit or loss for the period, except when they arise from transactions or events that are directly recognized in other comprehensive income or in shareholders equity, in which case they are recognized 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 utilized. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realize 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 realize 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.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 24. Lease

A lease refers to a contract assigning a lessor's right to use an asset to a lessee for a certain period of time for consideration.

For a contract entered into or amended after the initial implementation date, the Group evaluates whether the contract is a lease or comprises a lease on the contract commencement/amendment date. The Group shall not reassess whether a contract is a lease or comprises a lease unless there are changes to the contract terms and conditions.

#### *The Group as lessee*

##### 24.1 *Right-of-use assets*

Except for short-term leases, the Group recognizes right-of-use assets for leases on the commencement date of lease term. The commencement date of lease term refers to the date from which a leased asset is provided by the lessor for the Group's use. Right-of-use assets are initially measured by their costs. These costs include:

- The initially measured amount of lease liabilities;
- For lease payments on or prior to the commencement date of lease term with lease incentives, the related amount of lease incentives enjoyed shall be deducted;
- Initial and direct expenses incurred to the Group;
- The expected costs incurred to the Group to demolish and remove leased assets, restore the premises where the leased assets are located, or restore the leased assets to the conditions bound by the lease terms.

After the commencement date of lease term, if remeasurement of the lease liability occurs, the Group adjusts the carrying amount of the right-of-use asset correspondingly.

For a leased asset which the ownership can be reasonably determined at the expiry of the lease term, its right-of-use asset is depreciated over its remaining useful life. A leased asset which the ownership cannot be reasonably determined at the expiry of the lease term is depreciated utilizing the shorter period between the lease term and the remaining useful life of the leased asset.

The Group determines whether a right-of-use asset has been impaired in accordance with the relevant regulations of the *Accounting Standards for Business Enterprises No. 8 – Asset Impairment* and applies accounting treatment accordingly.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 24. Lease *(Continued)*

#### *The Group as lessee (Continued)*

##### 24.2 Refundable lease deposit

Refundable lease deposit paid by the Group is measured at fair value on initial recognition in accordance with the *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments*. The difference between fair value and nominal amount on initial recognition is regarded as additional lease payment and included as cost for right-of-use asset.

##### 24.3 Lease liabilities

Except for short-term leases, the Group initially measures lease liabilities on the commencement date of lease term according to the present value of outstanding lease payments on that date. When calculating the present value of lease payments, the Group uses incremental borrowing rate as discount rate if the rate included in the lease cannot be determined.

Lease payments refer to the amount paid by the Group to a lessor which is related to the right to use lease assets during the lease term, including:

- Fixed payments and substantially fixed payments (deduct related lease incentive amount, if any);
- Variable lease payments which depend on an index or a rate;
- The exercise price of an option which the Group reasonably determines that the purchase option is to be exercised;
- The amount payable upon exercising an option to terminate a lease, provided that the exercising of such option by the Group can be reflected over the lease term;
- Estimated amount due based on the residual value of the guarantee provided by the Group.

Variable lease payments that depend on an index or a rate are initially measured using the index or rate as at the commencement date of lease term. Variable lease payments not included in the measurement of lease liabilities are accounted in profit or loss for the period or as relevant asset costs when actually incurred.

The Group accounts for interest expenses of lease liabilities for each period during the lease term according to fixed periodic rates.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 24. Lease *(Continued)*

*The Group as lessee (Continued)*

#### 24.3 Lease liabilities *(Continued)*

For the following cases after the commencement date of lease term, the Group shall remeasure lease liabilities and adjust the right-of-use assets correspondingly:

- If changes are caused by changes in lease term or assessment results of purchase option, the Group shall remeasure lease liabilities according to its present value calculated using the revised lease payments and discount rates;
- Should there be changes to the payable amounts estimated by residual value of the guarantee or the index or ratio used to determine lease payments, the Group shall remeasure lease liabilities according to its present value calculated using the revised lease payments and original discount rates.

Lease liabilities are presented in the balance sheet as current liabilities or non-current liabilities according to their liquidity. The closing carrying value of non-current lease liabilities that are payable within a year from the balance sheet date is reflected in the item “non-current liabilities due within a year”.

#### 24.4 Short-term leases

For short-term leases under office buildings, the Group chooses not to recognize right-of-use assets and lease liabilities. Short-term leases refer to those with lease term under 12 months and without purchase option as of the commencement date of lease term. Lease payments of short-term leases are included in profit or loss for the period within each period during lease term using the straight-line method.

*The Group as lessor*

#### 24.5 Classification of leases

A lease is classified as a finance lease if it transfers practically substantially all the risks and rewards incidental to ownership of a leased asset. Other leases which are not finance leases are operating leases.

#### 24.6 The Group as lessor accounting for operating lease business

During each period of the lease term, the Group recognizes rents of operating leases as rental income using the straight-line method. Initial direct expenses related to operating leases are capitalized when incurred, and are amortized to profit or loss in the period over the lease term using the same basis as for the recognition of rental income.



# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 25. Changes in significant accounting policies

#### *New Lease Standard*

The Group has adopted the *Accounting Standards for Business Enterprises No. 21 – Lease* amended by the Ministry of Finance in 2018 (hereinafter referred to as the “**New Lease Standard**” while the “**Original Lease Standard**” refers to the lease standard prior to amendment) since 1 January 2019 (“**initial implementation date**”). The New Lease Standard refined the definition of lease by adding contents such as lease identification, division and consolidation; cancelled the lessees’ distinction between the operating leases and financial leases, required confirmation of right-of-use assets and lease liabilities on all leases (except short-term leases and leases of low-value assets) on the commencement date of lease term; improved lessees’ subsequent measurements of leases and added accounting treatment methods under the circumstances of option revaluation and lease amendment; and added relevant disclosure requirements. See Note (III)24 for the Group’s accounting policies for the recognition and measurement of leases as lessee and lessor after amendment.

For contracts started to exist before the initial implementation date, the Group chooses not to reassess whether they are leases or contain leases on the initial implementation date.

For contracts signed or amended after the initial implementation date, the Group assesses whether they are leases or contain leases according to the definition of lease in the New Lease Standard. The New Lease Standard determines whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset or multiple identified assets for a period of time in exchange for consideration. The Group assessed the property lease contracts that are within the definition of lease in the New Lease Standard. The definition of lease in the New Lease Standard does not have material impacts on the scope of the Group’s contracts fulfilling the definition of lease.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 25. Changes in significant accounting policies *(Continued)*

#### *The Group as lessee*

Based on the accumulated amount affected by the initial implementation of the New Lease Standard, the Group adjusts the relevant itemized amounts in the financial statements without adjustments to comparable data of the period.

Operating leases before the initial implementation date are accounted for in a simplified manner using one or more of the following methods on a lease-by-lease basis:

- Leases to be completed within 12 months after the initial implementation date are treated as short-term leases;
- When measuring lease liabilities, the same discount rate is applied to leases with similar characteristics;
- Initial direct expenses are not included in the measurement of right-of-use assets;
- Lease term of leases with renewal option or termination option is determined by the actual exercising of such option and other latest circumstances prior to the initial implementation date.

The Group made the following amendments due to the implementation of the New Lease Standard on the initial implementation date:

On 1 January 2019, the Group recognized lease liabilities of RMB342,237,335.31 and right-of-use assets of RMB346,721,404.32. As for operating leases before the initial implementation date, the Group measured lease liabilities using the present value discounted by the incremental borrowing rates on the initial implementation date. The weighted average of such incremental borrowing rates was 4.75%-4.90%. Right-of-use assets were measured at amounts equal to the lease liabilities (necessarily adjusted according to the prepaid rents).



## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

### (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

#### 25. Changes in significant accounting policies *(Continued)*

*The Group as lessee (Continued)*

The following shows the Group's lease liabilities as recognized on 1 January 2019 and the adjustments to the material operating lease commitments as disclosed in the financial statements of 2018:

<b>Item</b>	<i>RMB</i> <b>1 January 2019</b>
I. Operating lease commitments as at 31 December 2018	275,671,378.00
Lease liabilities calculated by discounting the incremental borrowing rate on the initial implementation date	257,206,273.33
Add: Renewal option reasonably determined to be exercised	98,274,564.51
Less: Recognition of exemption – short-term lease	(13,243,502.53)
Lease liabilities related to original operating leases and recognized by the implementation of the New Lease Standard	342,237,335.31
II. Lease liabilities as at 1 January 2019	342,237,335.31
Presented as:	
Non-current liabilities due within one year	67,529,069.63
Lease liabilities	274,708,265.68

The following shows the composition of carrying amount of right-to-use assets as at 1 January 2019:

<b>Item</b>	<i>RMB</i> <b>1 January 2019</b>
Right-of-use assets:	
Right-of-use assets with the same amounts as lease liabilities and recognized by operating leases before the initial implementation date	342,237,335.31
Reclassification of prepaid rents	4,484,069.01
<b>Total:</b>	<b>346,721,404.32</b>

By categories:

<b>Item</b>	<i>RMB</i> <b>1 January 2019</b>
Buildings	346,721,404.32

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(Continued)*

### 25. Changes in significant accounting policies *(Continued)*

*The Group as lessee (Continued)*

The changes in accounting policies due to the aforementioned New Lease Standard had the following major impacts on the financial statement as at 1 January 2019:

#### The Group

	31 December 2018	Impact of implementing the New Lease Standard	1 January 2019
Prepayments	71,487,222.26	(3,085,354.31)	68,401,867.95
Right-of-use assets		346,721,404.32	346,721,404.32
Long-term prepaid expenses	21,063,047.60	(1,398,714.70)	19,664,332.90
<b>Total impacts to assets</b>		<b>342,237,335.31</b>	
Non-current liabilities due within a year		67,529,069.63	67,529,069.63
Lease liabilities		274,708,265.68	274,708,265.68
<b>Total impacts to liabilities</b>		<b>342,237,335.31</b>	

#### The Company

	31 December 2018	Impact of implementing the New Lease Standard	1 January 2019
Prepayments	14,540,721.77	(2,927,453.46)	11,613,268.31
Right-of-use assets		341,330,008.88	341,330,008.88
Long-term prepaid expenses	17,116,365.91	(96,049.75)	17,020,316.16
<b>Total impacts to assets</b>		<b>338,306,505.67</b>	
Non-current liabilities due within a year		65,449,243.85	65,449,243.85
Lease liabilities		272,857,261.82	272,857,261.82
<b>Total impacts to liabilities</b>		<b>338,306,505.67</b>	

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## **(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

*(Continued)*

### **25. Changes in significant accounting policies *(Continued)***

#### *Format of presentation of financial statements*

Since the preparation of the interim financial statements for 2019, the Group has implemented the *Notice of the Revised Format of Financial Statements for General Business Enterprise* (Cai Kuai (2019) No. 6, hereinafter referred to as "**Cai Kuai Document No. 6**") issued by the Ministry of Finance on 30 April 2019. Cai Kuai Document No. 6 has made amendments to the items presented in the balance sheet, income statement, cash flow statement and statement of changes in shareholders' equity. The item of "notes receivable and accounts receivable" is split into "notes receivable" and "accounts receivable", while "notes payable and accounts payable" is split into "notes payable" and "accounts payable". The items of "receivables finance" and "special accounts reserve" are incorporated. Clarifications or amendments are made to the presentation contents of the items of "other receivables", "non-current assets due within one year", "other receivables", "deferred income", "other equity instrument", "R&D expenses", "interest income" under "finance expense", "other income", "non-operating income", "non-operating expenses" and "other equity instruments' holders' investing capital". At the same time, presentation requirements are established for loss provisions for loan commitments, financial guarantee contracts, etc., while an item of "derecognition of income for financial assets measured at amortized cost" is incorporated under "investment income". Moreover, presentation layouts for some items in the income statement are adjusted, and the presentation for government grants in the cash flow statement is clarified. With respect to the changes in the above presented items, the Group restated the comparable data of prior year.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## **(IV) 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 of the Group.

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 recognized in the period of the change, if the change affects that period only; or recognized in the period of the change and future periods, if the change affects both.

### **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:

#### *Credit loss provision*

The Group determines credit loss provision on the basis of recoverability of accounts receivable. At the end of the reporting period, the Group made adjustments to the estimates of ECL rate and credit loss provision based on the historical data and forward-looking information of the existing customers. 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 realizable 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.

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

### (IV) KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES

*(Continued)*

#### Key assumptions and uncertainties in accounting estimates *(Continued)*

##### *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 recognized in profit or loss for the period.

##### *Determination of lease term of lease contract with renewal option*

The Group as lessee made judgements to determine lease term of lease contract with renewal option. Whether the Group reasonably determined and assessed the exercising of such renewal option would affect the length of lease term, which in turn had material impacts on the amounts of lease liabilities and right-of-use assets recognized with respect to the lease.

### (V) TAXES

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

Category of tax	Basis of tax calculation	Tax rate
Value-added tax	Note	16%/13%/10%/9%/6%/3%
City maintenance and construction tax	Value-added tax payable	5%/7%
Education surcharges	Value-added tax payable	3%
Local education surcharges	Value-added tax payable	2%
Enterprise income tax	Taxable income	25%

*Note: 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. In accordance with Notice on Adjustment of VAT Rates from the Ministry of Finance and State Administration of Taxation (Cai Shui [2018] No. 32), on 1 May 2018, the tax rates of 17% and 11% originally applicable to VAT sales or imported goods shall be adjusted to 16% and 10% respectively.*

*In accordance with Notice of Policies in Relation to the Deepening of Value-added Tax Reforms from the Ministry of Finance, the State Administration of Taxation and Customs (Announcement 2019 No. 39), on 1 April 2019, the tax rates of 16% and 10% originally applicable to VAT sales or imported goods shall be adjusted to 13% and 9% respectively.*

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (V) TAXES *(Continued)*

### 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.

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 [2019] No. 16) issued by the Ministry of Finance, State Administration of Taxation and Publicity Department of the Communist Party of China, enterprises which have completed transformation prior to 31 December 2018 may continue to be exempted from enterprise income tax for five years from 1 January 2019.

According to the above provisions, the Company and under its umbrella 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 thirteen publishing units enjoy income tax exemption until 31 December 2023.

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). Enterprise 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 period until 30 November 2019. Beijing Aerospace Cloud is renewing the certificate and expects to complete the formalities by 30 November 2019. The income tax of Beijing Aerospace Cloud is calculated at 15% of the taxable income according to the relevant tax provisions.

#### *Value-added tax*

Pursuant to *Notice on Persistently Promoting Cultural Value-added Tax Preferential Policies* (Cai Shui [2018] No. 53) issued by the Ministry of Finance and State Administration of Taxation: (1) for the period from 1 January 2018 to 31 December 2020, 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 2018 through 31 December 2020, 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 period from 1 January 2019 to 30 June 2019

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

### 1. Cash and bank balances

Item	30 June 2019 (Unaudited)			31 December 2018		
	Amounts of the original currencies	Exchange rate	Amount in RMB	Amounts of the original currencies	Exchange rate	Amount in RMB
Cash:						
RMB	3,486,253.75	1.0000	3,486,253.75	3,311,719.53	1.0000	3,311,719.53
Bank balances:						
RMB (Note 1)	3,804,133,498.22	1.0000	3,804,133,498.22	2,573,213,817.04	1.0000	2,573,213,817.04
USD	23,255.12	6.8747	159,871.99	22,633.96	6.8632	155,341.36
EUR	85.25	7.8170	666.43	84.92	7.8473	666.43
HKD	27,489.55	0.8797	24,182.56	20,756.55	0.8762	18,186.89
Other currency funds:						
RMB (Note 2)	28,991,101.23	1.0000	28,991,101.23	31,912,840.76	1.0000	31,912,840.76
Total			3,836,795,574.18			2,608,612,572.01

Note 1: At the end of the period, the bank balances include 3-month time deposits amounting to RMB60,000,000.00 with an interest rate of 1.76% to 2.03%; 6-month and over-6-month time deposits and certificate of deposits amounting to RMB254,000,000.00 with an interest rate of 2.25%-3.10%.

Note 2: Description of restricted currency funds is set out in Note (VI) 54.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

### 2. Held-for-trading financial assets

Item	RMB	
	30 June 2019 (Unaudited) Carrying amount	31 December 2018 Carrying amount
Financial assets at FVTPL (Note)		
Including: Bank wealth management products	480,290,000.00	1,261,790,000.00
Investment in A-share listed companies	104,177.61	641,274.52
Total	480,394,177.61	1,262,431,274.52

Note: The Group's classification of financial assets at FVTPL is mainly composed of purchased bank wealth management products with a maturity period of within one year and investment in A-share listed companies. The fair value of bank wealth management products is determined using the method of discounted cash flow. The details of measurement of fair value are set out in Note (X).

### 3. Notes receivable

#### (1) Categories of notes receivable

Category	RMB	
	30 June 2019 (Unaudited)	31 December 2018
Including: Bank acceptances	-	2,578,416.58
Commercial acceptances	-	1,840,383.60
Total	-	4,418,800.18

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

#### 4. Accounts receivable

(1) *Accounts receivable by aging:*

Aging	30 June 2019 (Unaudited)				31 December 2018			
	Amount	Proportion (%)	Credit loss provision	Carrying amount	Amount	Proportion (%)	Credit loss provision	Carrying amount
Within 1 year	1,902,568,349.62	87.97	(95,889,319.14)	1,806,679,030.48	1,639,966,040.12	88.03	(77,209,352.59)	1,562,756,687.53
More than 1 year but not exceeding 2 years	167,091,295.10	7.73	(96,730,112.09)	70,361,183.01	117,597,470.68	6.31	(67,742,910.04)	49,854,560.64
More than 2 years but not exceeding 3 years	27,395,131.12	1.27	(27,395,131.12)	-	34,325,001.94	1.84	(34,325,001.94)	-
More than 3 years	65,642,687.23	3.03	(65,642,687.23)	-	71,081,969.28	3.82	(71,081,969.28)	-
Total	2,162,697,463.07	100.00	(285,657,249.58)	1,877,040,213.49	1,862,970,482.02	100.00	(250,359,233.85)	1,612,611,248.17

RMB

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

(2) *Credit loss provision made or reversed in the current period*

See Note (IX) for details of recognition of credit loss.

(3) *Accounts receivable written off for the current period*

See Note (IX) for the accounts receivable written off for the current period.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

### 4. Accounts receivable *(Continued)*

(4) *Top five debtors with the largest balances of accounts receivable at the end of the period*

RMB

Name of entity	Relationship with the Group	30 June 2019		As a percentage of the total accounts receivable (%)	30 June 2019 credit loss provision (Unaudited)
		(Unaudited)	Aging		
People's Education Press Co., Ltd.	Third party	123,047,304.98	Within 1 year	5.68	(3,691,419.15)
Education Bureau of Anyue County	Third party	118,633,161.60	Within 1 year	5.49	(4,854,988.49)
Education Bureau of Pingchang County	Third party	48,555,778.19	Within 1 year, 1-2 years	2.25	(4,625,905.10)
Education and Technology Bureau of Hejiang County	Third party	34,820,000.00	Within 1 year	1.61	(4,220,660.22)
Education Technology Equipment Institute of Enyang District, Bazhong Municipality	Third party	29,344,694.00	Within 1 year, 1-2 years	1.36	(4,328,841.05)
Total		354,400,938.77		16.39	(21,721,814.01)

### 5. Financing receivables

(1) *Classification of financing receivables*

Item	30 June 2019 (Unaudited)	31 December 2018
Bank acceptances (Note 1)	7,422,713.53	—

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

### 5. Financing receivables *(Continued)*

- (2) *Notes receivables endorsed or discounted by the Group at the end of period and not yet due as at the balance sheet date*

Item	RMB	
	Amounts derecognized at the end of period (Unaudited)	Amounts not yet derecognized at the end of period (Unaudited)
Bank acceptances (Note 2)	12,042,833.76	—

*Note 1: In the process of managing corporate liquidity, the Group would discount or endorse the transfer of some of its bank acceptance bills receivables, and derecognize discounted or endorsed bank acceptance bills receivables given that substantially all risks and rewards have been transferred to the relevant counterparties. The business model of some of the Group's subsidiaries in managing bank acceptance bills receivables aims at both receiving contract cash flows and selling the financial assets. Therefore, these bank acceptance bills receivables are subsequently measured at fair value. Please refer to Note (X)1 for the determination of fair value.*

*The Group recognizes provision for impairment with respect to financing receivables based on ECL. As at the end of period, the Group's financing receivables had a closing balance of Stage 1, i.e. the relevant asset credit risk had not increased significantly since initial recognition and provision for bad debt was recognized as the amount of 12-month ECL. For the current period, the Group has not provided credit impairment loss for its financing receivables.*

*Note 2: As at the end of period, the Group had bank acceptances endorsed and not yet due of RMB12,042,833.76 (31 December 2018: RMB17,646,200.91). As for the derecognition of bank acceptances endorsed by the Group and not yet due as at the balance sheet date, please refer to Note (IX)2 for details.*

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

### 6. Prepayments

#### (1) Aging analysis of prepayments

Aging	30 June 2019 (Unaudited)		31 December 2018	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	68,365,083.03	73.80	55,165,030.36	77.17
More than 1 year but not exceeding 2 years	14,366,892.30	15.51	8,382,650.24	11.73
More than 2 years but not exceeding 3 years	6,733,755.56	7.27	1,900,160.28	2.66
More than 3 years	3,164,143.73	3.42	6,039,381.38	8.44
Total	92,629,874.62	100.00	71,487,222.26	100.00

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

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

Name of entity	Relationship with the Group	30 June 2019 (Unaudited)	Aging	Reasons for unsettlement
Chongqing Yagao Trading Co., Ltd.	Third party	5,892,540.00	Within 1 year	Goods not yet received
The Walt Disney Company (Hong Kong) Limited	Third party	3,878,013.93	Within 1 year, 1-2 years	Goods not yet received
STEM Innovations Co., Ltd.	Third party	3,247,104.17	Within 1 year, 1-2 years, 2-3 years	Goods not yet received
Chengdu Pinwei Technology Co., Ltd.	Third party	3,179,981.00	Within 1 year	Goods not yet received
Shanghai Foreign Language Education Press Co., Ltd.	Third party	2,692,277.48	Within 1 year, 1-2 years	Goods not yet received
Total		18,889,916.58		

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

#### 7. Other receivables

##### (1) Other receivables by categories

Item	30 June 2019	31 December 2018
	(Unaudited)	
Interest receivables	2,377,598.62	326,203.09
Dividend receivables	28,000,000.00	–
Other receivables	107,128,662.63	112,161,524.27
Total	137,506,261.25	112,487,727.36

##### (2) Other receivables by aging:

Aging	30 June 2019 (Unaudited)				31 December 2018			
	Amount	Proportion (%)	Credit loss provision	Carrying amount	Amount	Proportion (%)	Credit loss provision	Carrying amount
Within 1 year	86,581,713.17	62.96	(2,836,608.31)	83,745,104.86	71,271,472.89	63.36	(673,327.09)	70,598,145.80
More than 1 year but not exceeding 2 years	27,090,641.78	19.70	(917,731.55)	26,172,910.23	20,150,588.68	17.91	(948,106.94)	19,202,481.74
More than 2 years but not exceeding 3 years	8,422,271.65	6.13	(4,437,416.00)	3,984,855.65	7,352,996.53	6.54	(3,570,936.51)	3,782,060.02
More than 3 years	15,411,634.65	11.21	(8,894,658.67)	6,516,975.98	13,712,669.26	12.19	(8,292,530.82)	5,420,138.44
Total	137,506,261.25	100.00	(17,086,414.53)	120,419,846.72	112,487,727.36	100.00	(13,484,901.36)	99,002,826.00

##### (3) Credit loss provision made or reversed in the current period

See Note (IX) for details of recognition of credit loss.

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

See Note (IX) for the accounts receivable written off for the current period.

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

#### 7. Other receivables *(Continued)*

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

Nature of other receivables	RMB	
	30 June 2019 (Unaudited)	31 December 2018
Amount due from related parties	1,839,806.08	1,079,617.10
Deposit/security deposit	74,959,942.19	62,834,040.16
Petty cash	5,204,660.72	2,291,262.58
Interest from time deposits	2,377,598.62	326,203.09
Dividends receivable	28,000,000.00	-
Others	25,124,253.64	45,956,604.43
<b>Total</b>	<b>137,506,261.25</b>	<b>112,487,727.36</b>

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

Name of entity	Nature	RMB			
		30 June 2019 (Unaudited)	Aging	As a percentage of the total other receivables (%)	30 June 2019 credit loss provision (Unaudited)
Bank of Chengdu Co., Ltd. ("BoCD")	Dividends and interests receivable	28,292,623.28	Within 1 year	20.57	-
Tianjin Jiasong Warehouse Co., Ltd.	Deposit/guarantee deposit	7,667,033.88	Within 1 year	5.58	-
Anhui Sihe Digital Technology Development Co., Ltd.	Others	5,269,196.00	More than 3 years	3.83	(5,269,196.00)
Sichuan Longyang Tianfu New District Construction Investment Co., Ltd.	Deposit/guarantee deposit	5,119,158.24	Within 1 year	3.72	-
Education and Science and Technology Intellectual Property Bureau of Xide County	Deposit/guarantee deposit	3,419,198.45	Within 1 year	2.49	-
<b>Total</b>		<b>49,767,209.85</b>		<b>36.19</b>	<b>(5,269,196.00)</b>



## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

#### 8. Inventories

##### (1) Categories of inventories

Item	30 June 2019 (Unaudited)			31 December 2018		
	Gross carrying amount	Provision for decline in value	Carrying amount	Gross carrying amount	Provision for decline in value	Carrying amount
Goods on hand	1,712,658,055.01	(191,296,066.99)	1,521,361,988.02	1,878,279,312.31	(173,068,922.90)	1,705,210,389.41
Work-in-progress	118,556,251.97	-	118,556,251.97	161,510,325.29	-	161,510,325.29
Raw materials	22,276,184.01	(3,617,674.31)	18,658,509.70	58,095,851.77	(3,271,801.21)	54,824,050.56
Total	1,853,490,490.99	(194,913,741.30)	1,658,576,749.69	2,097,885,489.37	(176,340,724.11)	1,921,544,765.26

RMB

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

Category of inventories	31 December 2018	Increase in the current year	Decrease in the current year Write-off/reversal	30 June 2019 (unaudited)
Goods on hand	173,068,922.90	20,006,188.52	(1,779,044.43)	191,296,066.99
Raw materials	3,271,801.21	345,873.10	-	3,617,674.31
Total	176,340,724.11	20,352,061.62	(1,779,044.43)	194,913,741.30

RMB

Note: As the expected net realizable value is lower than the cost of inventories at the end of the reporting period, provision, amounting to RMB20,006,188.52, for decline in value of inventory goods for the current period and provision, amounting to RMB345,873.10, for decline in value of raw material inventories are made. Provision of RMB1,234,460.05 for decline in value of inventories has been written off due to retirement of inventories during the reporting period. Provision of RMB544,584.38 for the decline in value of inventories has been reversed due to the sale of goods that provision for the decline in value of inventories has been made.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

### 9. Other current assets

(1) *Category of other current assets*

Item	RMB	
	30 June 2019 (Unaudited)	31 December 2018
Refund costs receivable	44,923,206.21	37,695,738.35
VAT input tax to be deducted (Note)	31,621,183.09	33,178,327.54
Total	76,544,389.30	70,874,065.89

Note: VAT input tax to be deducted is the amount of VAT input tax to be deducted by the Group within one year in the future.

### 10. Long-term receivables

Item	30 June 2019 (Unaudited)			31 December 2018		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Goods sold by installments (Note)	242,057,300.81	-	242,057,300.81	267,742,224.79	-	267,742,224.79

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 the installments at a discount rate of 4.75%-5%.

## Notes to the Financial Statements (continued)

For the period from 1 January 2019 to 30 June 2019

**(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****11. Long-term equity investments UPTO**

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

Investee	31 December 2018	Changes for the period							30 June 2019 provision for impairment (Unaudited)	
		Increase in investments	Decrease in investments	Investment profit or loss recognized under equity method	Adjustment of other comprehensive income	Changes in other equity	Distribution of cash dividends or profits declared	Provision for impairment loss		Other decreases
<b>Joint Ventures</b>										
Hainan Publishing House Co., Ltd. ("Hainan Publishing House")	148,227,458.64	-	-	7,615,911.36	-	-	-	-	-	155,843,370.00
Sichuan Fudou Technology Co., Ltd. ("Sichuan Fudou") (Note 1)	240,630.39	-	-	(240,630.39)	-	-	-	-	-	-
Shenzhen Xuanca Venture Capital Investment Fund Management Co., Ltd. (Note 2)	608,008.31	-	-	5,554,914.98	-	-	-	-	-	6,162,923.29
Langshan Xinhua Winshare Education Technology Co. Ltd. (Note 3)	19,537,503.06	-	-	(1,715,707.08)	-	-	-	-	-	17,821,795.98
Subtotal	168,613,600.40	-	-	11,214,488.87	-	-	-	-	-	179,828,089.27
<b>Associates</b>										
Sichuan Winshare BLOGIS Supply Chain Co., Ltd (Note 4)	44,823,624.11	-	-	(1,046,487.58)	-	-	-	-	-	43,777,136.53
Commercial Press (Chengdu) Co., Ltd.	2,626,882.83	-	-	(84,614.85)	-	-	-	-	-	2,542,267.98
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	10,922,805.08	-	-	(608.02)	-	-	-	-	-	10,922,197.06
Guizhou Xinhua Winshare Book Audio-Visual Product Chainstore Co., Ltd. ("Guizhou Winshare")	-	-	-	-	-	-	-	-	-	-
Ming Bo Education Technology Holdings Co., Ltd.	36,994,885.76	-	-	265,419.61	-	-	-	-	-	37,260,305.37
Shanghai Jingjie Information Technology Co., Ltd.	2,158,978.36	-	-	(6,381.22)	-	-	-	-	-	2,152,597.14

RMB

## Notes to the Financial Statements (continued)

For the period from 1 January 2019 to 30 June 2019

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

## 11. Long-term equity investments UPTO (Continued)

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

Investee	31 December 2018	Changes for the period							30 June 2019 provision for impairment (Unaudited)		
		Increase in investments	Decrease in investments	Investment profit or loss recognized under equity method	Adjustment of other comprehensive income	Changes in other equity	Distribution of cash dividends or profits declared	Provision for impairment loss		Other decreases	
Sichuan Winshare Preschool Educational Management Co., Ltd. ("Winshare Preschool")	5,577,399.07	-	-	586,464.64	-	-	-	-	-	6,163,863.71	-
Chongqing Yunhan Internet and Media Co., Ltd. ("Chongqing Yunhan") (Note 5)	27,370,479.01	-	-	(3,624,159.57)	-	-	-	(23,746,319.44)	-	-	-
Chengdu Winshare Venture Capital Investment Fund Management Co., Ltd.	25,866,146.87	-	-	(1,234,038.08)	-	-	-	-	-	24,632,108.79	-
Sichuan Education and Science Forum Magazine Press Co., Ltd. ("Education and Science Forum")	143,598.78	-	-	230,793.38	-	-	-	-	-	374,392.16	-
Tibet Winshare Venture Capital Investment Fund Partnership (Limited Partnership) (Note 6)	28,651,097.51	-	(1,866,651.92)	42,752,588.85	-	-	-	-	-	69,537,034.44	-
Sichuan Jiaoyang Shihuo Film Co., Ltd.	67,491.26	-	-	62,972.31	-	-	-	-	-	130,463.57	-
Xinhua Yingxuan (Beijing) Screen Culture Co., Ltd. ("Xinhua Yingxuan")	20,313,569.82	-	-	(755,533.93)	-	-	-	-	-	19,558,035.89	-
Subtotal	205,516,958.46	-	(1,866,651.92)	37,146,415.54	-	-	-	(23,746,319.44)	-	217,050,402.64	-
Total	374,130,558.86	-	(1,866,651.92)	48,360,904.41	-	-	-	(23,746,319.44)	-	396,878,491.91	-

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

### 11. Long-term equity investments UPTO *(Continued)*

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

Note 1: Pursuant to the articles of association of Sichuan Fudou, 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., which accordingly became a joint venture of the Company. Winshare Education Technology transferred all of its equity to Winshare Investment Co. Ltd., ("**Winshare Investment**"), another subsidiary of the Company in April 2017 and therefore, the latter inherited all the rights of Winshare Education Technology in Sichuan Fudou Technology Co., Ltd.

Note 2: 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 accordingly.

Note 3: In March 2017, the Company and Xichang Xinhua Bookstore entered into an investment agreement, jointly establishing Liangshan Xinhua Winshare Education Technology Co. Ltd., with proportion of shareholding of 49% and 51% respectively. According to the articles of association, the resolution of Liangshan Xinhua Winshare Education Technology Co. Ltd. on annual financial budget plan, final accounting plan, profit distribution and make up losses etc. must be approved by the shareholders representing over 2/3 of the voting power. Therefore, the Company and the other shareholder have common control over the Liangshan Xinhua Winshare Education Technology Co. Ltd. which is a joint venture of the Group accordingly.

Note 4: 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 (Limited Partnership) to jointly establish Sichuan Winshare BLOGIS Supply Chain Co., Ltd. with the shareholding of 45%, 40% and 15%, respectively. According to the articles of association, the resolution on annual financial budget plan, final accounting plan, profit distribution and make up losses etc. must be approved by the shareholders representing over 50% of the voting power. Therefore, Sichuan Winshare BLOGIS Supply Chain Co., Ltd. is an associate of the Group.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

### 11. Long-term equity investments UPTO *(Continued)*

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

Note 5: In March 2019, all shareholders unanimously agreed to the capital reduction of Chongqing Yunhan by other shareholders of Chongqing Yunhan, namely Chongqing Wenrong Investment Co., Ltd., Chongqing Xinhua Media Co., Ltd. and Chongqing Publication Group Co., Ltd. pursuant to which Chongqing Wenrong Investment Co., Ltd., Chongqing Xinhua Media Co., Ltd. and Chongqing Publication Group Co., Ltd. reduced all of their respective shareholding and the registered capital of Chongqing Yunhan was reduced from RMB100,000,000.00 to RMB50,000,000.00. Upon completion of capital reduction, Chongqing Yunhan became a wholly-owned subsidiary of Sichuan Winshare Online E-commerce Co., Ltd. ("**Winshare Online**") and was included in the Group upon consolidation. For details, please refer to Note (VII).

Note 6: As a limited partner, Winshare Investment, a subsidiary of the Company, invested RMB28,433,348.08 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.

In January 2019, Tibet Winshare conducted cash allocation based on the exit money of Guoyun Cultural project according to the paid-up percentage of each partner. Winshare Investment, a subsidiary of the Company, received cash allocation of RMB1,866,651.92.

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

Item	30 June 2019 (Unaudited)		31 December 2018	
	Unrecognized investment losses for the period	Accumulated unrecognized investment losses	Reversed unrecognized investment losses for the prior year	Accumulated unrecognized investment losses
Guizhou Winshare Education and Science Forum	–	5,557,990.70	–	5,557,990.70
Sichuan Fudou	435,518.68	435,518.68	(106,711.55)	–
Total	435,518.68	5,993,509.38	(106,711.55)	5,557,990.70

RMB

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

### 12. Other equity instrument investments

Other equity instrument investments designated at FVTOCI

Item	RMB	
	30 June 2019 (Unaudited) Carrying amount	31 December 2018
Anhui Xinhua Media Co., Ltd.* ("Wanxin Media") (Note 1)	749,086,400.00	832,595,200.00
Jiangsu Hagong Intelligent Robot Co., Ltd. ("HGZN") (Note 2)	970,375.22	844,038.28
BoCD* (Note 3)	706,400,000.00	618,240,000.00
Others	375,393.81	375,393.81
<b>Total</b>	<b>1,456,832,169.03</b>	<b>1,452,054,632.09</b>

\* Also refer to the parent company's other equity instrument investments.

Note 1: The Company's investment in the listed shares of Wanxin Media accounts for 6.27% of Wanxin Media's equity. Wanxin Media's shares were listed on the Shanghai Stock Exchange on 18 January 2010. Subsequent changes in fair value of Wanxin Media's shares for current period are losses of RMB83,508,800.00, and are recognized in other comprehensive income. The Company's dividends received of RMB21,812,000.00 from Wanxin Media for current period are recognized in investment income.

Note 2: The subsidiary Sichuan Xinhua Printing Co., Ltd., ("Sichuan Xinhua Printing") acquired by the Company in August 2014, holds 0.02% of the equity of HGZN. The fair value was RMB783,556.84 on the acquisition date. Subsequent changes in fair value for current period are gains of RMB126,336.94, and are recognized in other comprehensive income. The Company's dividends received of RMB2,688.02 from HGZN for current period are recognized in investment income.

Note 3: The Company holds 2.21% (80 million shares) of BoCD. BoCD was listed on the Shanghai Stock Exchange on 31 January 2018. Changes in fair value for current period are gains of RMB88,160,000.00, and are recognized in other comprehensive income. The Company's dividends receivable of RMB28,000,000.00 from BoCD for current period are recognized in investment income.

Details of measurement of the above other equity instrument investments at fair value are set out in Note (X).

The Group has no plans to sell the above investments in the foreseeable future, thus the above investments are designated as financial assets at FVTOCI.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

### 13. Other non-current financial assets

Item	<i>RMB</i>	
	30 June 2019 (Unaudited)	31 December 2018
Citic M&A Investment Fund (Shenzhen) Partnership (Limited Partnership)* (Note 1)	<b>96,857,014.97</b>	94,837,468.07
Winshare Hengxin (Shenzhen) Equity Investment Fund Partnership (Limited Partnership) (Note 2)	<b>256,465,780.70</b>	248,097,708.00
Qingdao Goldstone Zhixin Investment Center (Limited Partnership) (Note 3)	<b>101,133,136.28</b>	148,790,378.40
Taizhou Xinheng Zhongrun Investment Fund (Limited Partnership) (Note 4)	-	15,931,213.44
<b>Total</b>	<b>454,455,931.95</b>	507,656,767.91

\* Also refer to the parent company's other non-current financial assets.

Note 1: The Company, as a limited partner, incurred costs of RMB100,000,000.00 from investment in Citic M&A Investment Fund (Shenzhen) Partnership (Limited Partnership). According to the partnership agreement, the proportion of the subscribed capital contribution of the Company accounts for 1% of its total subscribed capital.

According to the partnership agreement, the general partner is the managing partner of the partnership and has exclusive authority over the operation of the partnership, the investment operations of the partnership and the management and control of other matters. The distributable cash generated arising from project investments shall be distributed among all partners according to their proportion of equity in the relevant investment, of which the part belonging to limited partners shall be used to return their capital contribution first, until the accumulated amount distributed reaches their actual capital contribution at the time. Then, the partnership gives priority to the limited partners at an annual internal rate of return of 8%. Under the premise of meeting the agreed distribution order, the general partner will share the profits, and the total amount of the profits will be 20% of the total amount of the limited partners' profits.

Changes in fair value for current period are gains of RMB2,019,546.90, and are recognized in gains from changes in fair values.



# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

### 13. Other non-current financial assets *(Continued)*

*Note 2: As a limited partner, the Company's subsidiary, Winshare Investment invested RMB200,000,000.00 in Winshare Hengxin (Shenzhen) Equity Investment Fund Partnership (Limited Partnership). According to the partnership agreement, the proportion of the subscribed capital contribution of the Group accounts for 62.30% of its total subscribed capital.*

*According to the partnership agreement, the general partner is the managing partner of the partnership and has exclusive authority over the operation of the partnership, the investment operations of the partnership and the management and control of other matters. The distributable cash generated arising from project investments shall be distributed among all partners according to their proportion of equity in the relevant investment, of which the part belonging to limited partners shall be used to return their capital contribution first, until the accumulated amount distributed reaches their actual capital contribution at the time. Then, the partnership gives priority to the limited partners at an annual internal rate of return of 8%. Under the premise of meeting the agreed distribution order, the general partner will share the profits, and the total amount of the profits will be 20% of the total amount of the limited partners' profits.*

*In 2019, the Company's subsidiary, Winshare Investment, received the exit money of RMB20,638,255.90 with respect to the liquidation of investment project in May 2019.*

*Changes in fair value for current period are gains of RMB29,006,328.60, and are recognized in gains from changes in fair values.*

*Note 3: As a limited partner, the Company's subsidiary, Winshare Investment, invested RMB152,117,500.00 in Qingdao Goldstone Zhixin Investment Center (Limited Partnership). According to the partnership agreement, the proportion of the subscribed capital contribution of the Group accounts for 10.05% of its total subscribed capital.*

*According to the partnership agreement, the general partner is the managing partner of the partnership and will represent the partnership externally. The profits and losses of the partnership shall be distributed and shared between the general partners and the limited partners in proportion to their actual capital contributions.*

*Changes in fair value for current period are losses of RMB47,657,242.12, and are recognized in losses from changes in fair values.*

*Note 4: Winshare Investment, the Company's subsidiary, received transfer of title to limited partnership shares of Taizhou Xinheng Zhongrun Investment Fund (Limited Partnership). These shares accounts for 2.37% of the partnership's total subscribed capital. The Group's investment costs are RMB10,426,540.29. Such investment is subsequently measured at fair value.*

*In January 2019, the Company's subsidiary, Winshare Investment, received the exit money of RMB15,226,783.22 with respect to the liquidation of investment project.*

Details of measurement of the above non-current financial assets at fair value are set out in Note (X).

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

### 14. Investment properties

*Investment properties measured at cost*

<b>Item</b>	<i>RMB</i> <b>Buildings</b>
I. Cost	
1. 31 December 2018 and 30 June 2019 (Unaudited)	81,408,190.84
II. Accumulated depreciation	
1. 31 December 2018	(27,489,048.59)
2. Increase in the period	(1,318,501.16)
(1) Provision	(1,318,501.16)
3. 30 June 2019 (Unaudited)	(28,807,549.75)
III. Net book value	
1. 30 June 2019 (Unaudited)	52,600,641.09
2. 31 December 2018	53,919,142.25

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

### 15. Fixed assets

#### (1) Fixed assets

RMB

Item	Buildings	Machinery and equipment	Electronic equipment and others	Transportation vehicles	Total
I. Cost					
1. 31 December 2018	1,629,817,140.12	277,190,144.34	166,079,310.71	108,951,209.50	2,182,037,804.67
2. Increase in the period	16,739,032.71	8,742,009.25	9,826,051.96	254,639.54	35,561,733.46
(1) Transfer from acquisition of subsidiary	-	-	1,910,931.45	-	1,910,931.45
(2) Acquisition	-	6,919,491.63	7,915,120.51	254,639.54	15,089,251.68
(3) Transfer from construction in progress	16,739,032.71	1,822,517.62	-	-	18,561,550.33
3. Decrease in the period	(3,228,001.00)	-	(3,755,435.20)	(20,259,755.08)	(27,243,191.28)
(1) Disposal	(3,228,001.00)	-	(3,755,435.20)	(20,259,755.08)	(27,243,191.28)
4. 30 June 2019 (Unaudited)	1,643,328,171.83	285,932,153.59	172,149,927.47	88,946,093.96	2,190,356,346.85
II. Accumulated depreciation					
1. 31 December 2018	(466,042,775.32)	(208,231,224.23)	(131,548,866.66)	(91,852,656.35)	(897,675,522.56)
2. Increase in the period	(21,772,498.05)	(7,228,211.68)	(8,899,866.01)	(3,018,985.12)	(40,919,560.86)
(1) Provision	(21,772,498.05)	(7,228,211.68)	(8,899,866.01)	(3,018,985.12)	(40,919,560.86)
3. Decrease in the period	427,064.40	-	3,736,296.88	18,886,356.36	23,049,717.64
(1) Disposal	427,064.40	-	3,736,296.88	18,886,356.36	23,049,717.64
4. 30 June 2019 (Unaudited)	(487,388,208.97)	(215,459,435.91)	(136,712,435.79)	(75,985,285.11)	(915,545,365.78)
III. Carrying amount					
1. 30 June 2019 (Unaudited)	1,155,939,962.86	70,472,717.68	35,437,491.68	12,960,808.85	1,274,810,981.07
2. 31 December 2018	1,163,774,364.80	68,958,920.11	34,530,444.05	17,098,553.15	1,284,362,282.11

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

#### 15. Fixed assets *(Continued)*

(2) *Fixed assets of which certificates of title have not been obtained by the end of the period:*

RMB

<u>Item</u>	<u>Net carrying amount</u>	<u>Reasons why certificates of title have not been obtained</u>
Office building (Beijing Branch)	62,147,183.38	In process
Business Building (Guang'an Bookstore)	19,007,258.28	In process
Warehouse and office building (Sichuan Jiange)	5,711,944.14	In process
Warehouse and office building (Sichuan Xichong)	6,630,119.98	In process
Warehouse and office building (Northeast Delivery Center)	16,343,882.19	In process
Warehouse and office building (Yilong Distribution)	14,644,703.25	In process
Warehouse and office building (Sichuan Longquan)	8,022,345.66	In process
Warehouse and office building (Sichuan Peng'an)	4,888,643.69	In process
Warehouse and office building (Sichuan Guang'an)	8,880,109.54	In process
Warehouse and office building (Bazhong)	15,826,533.16	In process
Warehouse and office building (Sichuan Lezhi)	16,492,926.94	In process
<b>Total</b>	<b>178,595,650.21</b>	

The above fixed assets of which certificates of title have not been obtained have no material impacts 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 period from 1 January 2019 to 30 June 2019

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

*(Continued)*

#### 16. Construction in progress

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

Item	30 June 2019 (Unaudited)			31 December 2018		
	Carrying amount	Provision for impairment	Net carrying amount	Carrying amount	Provision for impairment	Net carrying amount
Publishing Media						
Creation Center*	586,076,190.41	-	586,076,190.41	577,034,488.41	-	577,034,488.41
Yilong textbook distribution center project*	-	-	-	99,099.10	-	99,099.10
Ziyang textbooks transfer station project*	29,892,913.89	-	29,892,913.89	29,373,389.91	-	29,373,389.91
Lezhi textbook distribution center*	-	-	-	14,637,028.47	-	14,637,028.47
Mianyang textbook warehouse*	-	-	-	46,019,878.87	-	46,019,878.87
Mianyang warehouse and office building*	47,785,828.28	-	47,785,828.28	-	-	-
Others	4,692,619.95	-	4,692,619.95	4,296,088.89	-	4,296,088.89
Total	668,447,552.53	-	668,447,552.53	671,459,973.65	-	671,459,973.65

RMB

## Notes to the Financial Statements (continued)

For the period from 1 January 2019 to 30 June 2019

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

## 16. Construction in progress (Continued)

## (2) Changes in construction in progress for current period

RMB

Item name	Budget amount	31 December 2018	Increase in the period	Transfer to fixed assets in the period	Transfer to others	30 June 2019 (Unaudited)	Amount injected as a proportion of budget amount (%)	Construction progress (%)	Amount of accumulated capitalized interest	Including: amount of capitalized interest per annum for the period	Interest rate for the period (%)	Source of funds
Publishing media creation center*	736,000,000.00	577,034,488.41	9,041,702.00	-	-	566,076,190.41	79.63	79.63	-	-	-	self-financing
Bazhong warehouse and office building*	21,200,000.00	-	-	-	-	-	79.13	79.13	-	-	-	self-financing
Yilong textbook distribution center project*	21,900,000.00	99,099.10	147,006.67	(246,105.77)	-	-	87.93	87.93	-	-	-	self-financing
Ziyang textbooks transfer station project*	30,000,000.00	29,373,389.91	519,523.98	-	-	29,892,913.89	99.64	99.64	-	-	-	self-financing
Lezhi textbook distribution center*	31,000,000.00	14,637,028.47	1,855,898.47	(16,492,926.94)	-	-	53.15	53.15	-	-	-	self-financing
Mianyang textbook warehouse*	52,700,000.00	46,019,876.87	1,765,949.41	-	-	47,785,828.28	90.66	90.66	-	-	-	self-financing
Yuechi warehouse and office building*	11,120,000.00	-	-	-	-	-	82.50	82.50	-	-	-	self-financing
Others	-	4,296,088.89	2,294,520.38	(1,822,517.62)	(75,471.70)	4,692,619.95	-	-	-	-	-	self-financing
Total	903,920,000.00	671,459,973.65	15,624,600.91	(18,561,550.33)	(75,471.70)	668,447,552.53	-	-	-	-	-	-

\* It is also the construction in progress of the parent company.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

### 17. Right-of-use assets

#### (1) Presentation of right-of-use assets

<b>Item</b>	<i>RMB</i> <b>Property</b>
I. Cost:	
1. 1 January 2019 (Unaudited)	346,721,404.32
2. Increase in the period	40,335,987.96
3. 30 June 2019 (Unaudited)	387,057,392.28
II. Accumulated depreciation	
1. 1 January 2019 (Unaudited)	–
2. Increase in the period	(42,671,369.91)
(1) Provision	(42,671,369.91)
3. 30 June 2019 (Unaudited)	(42,671,369.91)
III. Book value	
1. 30 June 2019 (Unaudited)	344,386,022.37
2. 1 January 2019 (Unaudited)	346,721,404.32

Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

RMB

Item	Land use rights	Patent	Software	Distribution channel	Others	Total
I. Cost						
1. 31 December 2018	356,454,080.19	7,232,248.23	122,637,586.29	44,944,000.00	4,850,056.44	536,117,971.15
2. Increase in the period	-	-	34,797,464.66	-	1,871,651.77	36,669,116.43
(1) Increase in acquisition of subsidiary	-	-	642,406.51	-	1,871,651.77	2,514,058.28
(2) Acquisition	-	-	4,460,076.37	-	-	4,460,076.37
(3) Transfer from development expenses	-	-	29,694,981.78	-	-	29,694,981.78
3. Decrease in the period	-	-	(71,031.75)	-	-	(71,031.75)
(1) Disposal	-	-	(71,031.75)	-	-	(71,031.75)
4. 30 June 2019 (Unaudited)	356,454,080.19	7,232,248.23	157,364,019.20	44,944,000.00	6,721,708.21	572,716,055.83
II. Accumulated amortization						
1. 31 December 2018	(83,909,704.38)	(3,474,062.93)	(75,899,497.50)	(23,460,799.84)	(2,632,599.05)	(189,376,663.70)
2. Increase in the period	(4,355,827.94)	(534,095.64)	(5,720,627.37)	(1,580,533.32)	(168,561.66)	(12,359,645.93)
(1) Provision	(4,355,827.94)	(534,095.64)	(5,720,627.37)	(1,580,533.32)	(168,561.66)	(12,359,645.93)
3. Decrease in the period	-	-	27,677.12	-	-	27,677.12
(1) Disposal	-	-	27,677.12	-	-	27,677.12
3. 30 June 2019 (Unaudited)	(88,265,532.32)	(4,008,158.57)	(81,592,447.75)	(25,041,333.16)	(2,801,160.71)	(201,708,632.51)
III. Provision for impairment						
1. 31 December 2018	-	-	-	(12,000,000.00)	-	(12,000,000.00)
2. 30 June 2019 (Unaudited)	-	-	-	(12,000,000.00)	-	(12,000,000.00)
IV. Book value						
1. 30 June 2019 (Unaudited)	268,188,547.87	3,224,089.66	75,771,571.45	7,902,666.84	3,920,547.50	359,007,423.32
2. 31 December 2018	272,544,375.81	3,758,185.30	46,738,088.79	9,483,200.16	2,217,457.39	334,741,307.45



# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

### 19. Goodwill

#### (1) Original carrying amount of goodwill

<i>RMB</i>				
Name of the investee and item resulting in goodwill	31 December 2018	Increase in the current period	Decrease in the current period	30 June 2019 (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 related asset groups, including 3 of the 15 publishing entities of the publishing segment.

The recoverable amount of these asset groups 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 nil to 2% (31 December 2018: nil to 2%). Discount rate of 15% (31 December 2018: 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 exceeding its recoverable amount.

#### (2) Provision for impairment loss of goodwill

<i>RMB</i>				
Name of the investee and item resulting in goodwill	31 December 2018	Increase in the current period	Decrease in the current period	30 June 2019 (Unaudited)
Others	(3,851,606.53)	-	-	(3,851,606.53)

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

#### 20. Long-term prepaid expenses

*RMB*

Item	31 December 2018	Impact of implementing the New Lease Standard				30 June 2019 (Unaudited)
		Increase in the current period	Amortization for the period	Decrease in the current period		
Leasehold improvement	19,476,208.53	-	13,770,630.33	(4,642,701.69)	-	28,604,137.17
Rent	1,586,839.07	(1,398,714.70)	-	(188,124.37)	-	-
Others	-	-	1,105,280.32	(267,799.33)	(7,531.45)	829,949.54
<b>Total</b>	<b>21,063,047.60</b>	<b>(1,398,714.70)</b>	<b>14,875,910.65</b>	<b>(5,098,625.39)</b>	<b>(7,531.45)</b>	<b>29,434,086.71</b>

#### 21. Deferred tax assets (liabilities)

(1) *Deferred tax assets*

*RMB*

Item	30 June 2019 (Unaudited)		31 December 2018	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment losses of assets	36,868,497.80	9,217,124.45	29,700,413.80	7,425,103.45
Employee benefits payable	7,874,463.96	1,968,615.99	16,998,739.52	4,249,684.88
<b>Total</b>	<b>44,742,961.76</b>	<b>11,185,740.44</b>	<b>46,699,153.32</b>	<b>11,674,788.33</b>

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

#### 21. Deferred tax assets (liabilities) *(Continued)*

##### (2) Deferred tax liabilities

Item	30 June 2019 (Unaudited)		31 December 2018	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Differences between carrying amount and fair value in acquisitions of subsidiary	35,128,351.32	8,782,087.83	36,830,474.16	9,207,618.54
Relocation compensation	37,428,724.80	9,357,181.20	37,428,724.80	9,357,181.20
Changes in fair value of other equity instrument investments	671,107.88	167,776.97	544,770.96	136,192.74
Changes in fair value of other non-current financial assets	77,104,036.60	19,276,009.15	53,822,750.16	13,455,687.54
Effect on investment in associates accounted for using the equity method	41,103,686.36	10,275,921.59	-	-
<b>Total</b>	<b>191,435,906.96</b>	<b>47,858,976.74</b>	128,626,720.08	32,156,680.02

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

##### (3) *The following deductible temporary difference and deductible taxable losses are not recognized as deferred tax assets*

Item	30 June 2019	31 December
	(Unaudited)	2018
Deductible temporary differences	141,757,685.31	138,180,146.15
Deductible taxable losses	294,024,442.87	261,953,962.25
<b>Total</b>	<b>435,782,128.18</b>	400,134,108.40

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 recognized on above items.

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

#### 21. Deferred tax assets (liabilities) *(Continued)*

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

Year	<i>RMB</i>	
	30 June 2019 (Unaudited)	31 December 2018
2019	–	45,459,185.02
2020	<b>91,493,878.70</b>	98,199,940.27
2021	<b>46,148,959.20</b>	45,528,559.27
2022	<b>42,551,468.41</b>	41,901,272.05
2023	<b>34,563,502.80</b>	30,865,005.64
2024	<b>79,266,633.76</b>	–
Total	<b>294,024,442.87</b>	261,953,962.25

#### 22. Other non-current assets

Item	<i>RMB</i>	
	30 June 2019 (Unaudited)	31 December 2018
Prepaid land funds	<b>35,355,837.99</b>	35,355,837.99
VAT input tax to be deducted (Note)	<b>63,968,390.36</b>	36,718,628.58
Prepaid purchase price for property	<b>13,132,697.00</b>	–
Others	<b>37,738,886.00</b>	37,738,886.00
Total	<b>150,195,811.35</b>	109,813,352.57

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

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

#### 23. Notes payable

Item	<i>RMB</i>	
	30 June 2019 (Unaudited)	31 December 2018
Bank acceptances	<b>12,823,627.90</b>	22,176,144.64

At the end of the period, the Group's deposit for the above-mentioned bank acceptance bills was RMB4,369,271.37.

The Group's bank acceptances will all be due within 3 months.

#### 24. Accounts payable

*Details of aging analysis of accounts payable are as follows:*

Item	<i>RMB</i>	
	30 June 2019 (Unaudited)	31 December 2018
Within 1 year	<b>2,699,967,785.88</b>	2,546,123,422.14
More than 1 year but not exceeding 2 years	<b>790,650,902.19</b>	714,272,450.41
More than 2 years but not exceeding 3 years	<b>228,689,909.21</b>	212,033,704.35
More than 3 years	<b>121,146,672.59</b>	125,908,194.69
Total	<b>3,840,455,269.87</b>	3,598,337,771.59

The above 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 period from 1 January 2019 to 30 June 2019

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

*(Continued)*

### 25. Contract liabilities

(1) *Presentation of contract liabilities:*

Item	<i>RMB</i>	
	30 June 2019 (Unaudited)	31 December 2018
Advanced receipts for sold goods	<b>322,292,465.23</b>	325,898,982.87
Membership card points	<b>14,324,815.38</b>	12,782,898.02
Total	<b>336,617,280.61</b>	338,681,880.89

(2) The Group's recognized revenue of RMB194,584,365.95, including the carrying amount of contract liabilities at the beginning of the period, for current period includes contract liabilities of RMB194,421,943.97 arising from advanced receipts for sold goods, and contract liabilities of RMB162,421.98 arising from membership card points.

(3) *Analysis on related contract liabilities*

The Group's receipts in advance for goods sold are mainly advanced receipts from books sold to customers such as schools and presale of book purchase cards in retail stores, and these transaction funds are recognized as contract liabilities upon receipt. For advanced receipts from book sales, revenue is recognized upon transfer of control of related goods to customers.

### 26. Employee benefits payable

(1) *Presentation of employee benefits payable*

Item	31 December 2018	<i>RMB</i>		30 June 2019 (Unaudited)
		Increase in the current period	Decrease in the current period	
I. Short-term benefits	337,230,836.42	<b>482,514,625.25</b>	<b>(602,237,111.30)</b>	217,508,350.37
II. Post-employment benefit – defined contribution plan	854,090.68	<b>69,198,817.54</b>	<b>(60,017,087.61)</b>	10,035,820.61
Total	338,084,927.10	<b>551,713,442.79</b>	<b>(662,254,198.91)</b>	227,544,170.98

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

#### 26. Employee benefits payable *(Continued)*

##### (2) Presentation of short-term benefits

<i>RMB</i>				
Item	31 December 2018	Increase in the current period	Decrease in the current period	30 June 2019 (Unaudited)
I. Wages or salaries, bonuses, allowances and subsidies	274,541,279.52	406,934,788.75	(526,478,736.64)	154,997,331.63
II. Staff welfare	4,458.55	3,788,686.07	(3,789,086.07)	4,058.55
III. Social security contributions	326,868.13	23,561,742.91	(23,451,054.12)	437,556.92
Including: Medical insurance	243,438.83	20,400,440.45	(20,311,017.20)	332,862.08
Work injury insurance	50,532.96	1,056,296.62	(1,046,886.79)	59,942.79
Maternity insurance	28,718.36	2,020,460.17	(2,008,651.86)	40,526.67
Other insurances	4,177.98	84,545.67	(84,498.27)	4,225.38
IV. Housing funds	1,388,144.97	33,648,983.41	(33,270,846.47)	1,766,281.91
V. Union running costs and employee education costs	60,741,604.37	13,992,671.79	(14,639,070.51)	60,095,205.65
VI. Others	228,480.88	587,752.32	(608,317.49)	207,915.71
<b>Total</b>	<b>337,230,836.42</b>	<b>482,514,625.25</b>	<b>(602,237,111.30)</b>	<b>217,508,350.37</b>

##### (3) Defined contribution plan

<i>RMB</i>				
Item	31 December 2018	Increase in the current period	Decrease in the current period	30 June 2019 (Unaudited)
I. Basic pension insurance expense	715,210.09	52,687,837.39	(52,383,756.32)	1,019,291.16
II. Unemployment insurance expense	70,257.22	1,789,281.72	(1,770,884.25)	88,654.69
III. Enterprise annuity	68,623.37	14,721,698.43	(5,862,447.04)	8,927,874.76
<b>Total</b>	<b>854,090.68</b>	<b>69,198,817.54</b>	<b>(60,017,087.61)</b>	<b>10,035,820.61</b>

Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

**(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS***(Continued)***27. Taxes payable**

Item	<i>RMB</i>	
	30 June 2019 (Unaudited)	31 December 2018
Income tax	3,104,812.74	3,774,290.71
Value added tax	10,397,254.77	19,323,294.47
City construction and maintenance tax	303,941.92	620,659.25
Education surcharges	224,233.73	432,111.36
Housing property tax	15,316.34	1,499,669.09
Individual income tax	3,547,438.01	4,010,239.94
Withholding of dividend income tax for H shareholders	11,889,991.86	–
Others	18,954,553.56	18,478,493.72
<b>Total</b>	<b>48,437,542.93</b>	<b>48,138,758.54</b>

**28. Other payables**

Item	<i>RMB</i>	
	30 June 2019 (Unaudited)	31 December 2018
Amounts due to related parties	4,409,196.86	6,929,554.20
Security deposit/deposit/quality warranty/performance security	53,185,670.42	67,959,185.69
Construction and infrastructure construction expenses	36,611,137.95	27,578,598.79
Amounts due to/from other entities	45,856,776.32	62,825,482.23
Dividends payable	121,096,964.38	–
Others	176,387,595.71	121,346,822.86
<b>Total</b>	<b>437,547,341.64</b>	<b>286,639,643.77</b>

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



# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

### 29. Deferred income

Item	<i>RMB</i>	
	30 June 2019 (Unaudited)	31 December 2018
Government grants (Note)	<b>108,414,734.02</b>	98,377,250.58

Item involving government subsidies:

Item	31 December 2018	<i>RMB</i>			
		New grants for the current period	Amount recognized in other income for the current period	30 June 2019 (Unaudited)	Related to an asset/related to income
Books subsidies (Note)	98,377,250.58	<b>21,330,099.99</b>	<b>(11,292,616.55)</b>	<b>108,414,734.02</b>	related to income

*Note:* 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.

### 30. Provisions

Item	<i>RMB</i>	
	30 June 2019 (Unaudited)	31 December 2018
Expected sales returns	<b>57,606,106.53</b>	48,879,492.72

*Note:* Expected sales returns are related to the customer's right of refund subsequent to purchase of books. On the basis of accumulated historical experiences, the Group assess the quantity of sales returns using the expected-value method on an organization level.

Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

**(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS***(Continued)***31. Lease liabilities**

	<b>30 June 2019</b>	<i>RMB</i>
	<b>(Unaudited)</b>	31 December 2018
Rents	<b>322,258,307.87</b>	
Less: Lease liabilities included in non-current liabilities due within one year	<b>(70,787,077.24)</b>	
<b>Total</b>	<b>251,471,230.63</b>	

**32. Deferred income**

	<b>30 June 2019</b>	<i>RMB</i>
<b>Item</b>	<b>(Unaudited)</b>	31 December 2018
Government grants	<b>66,944,468.84</b>	70,210,541.84

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

#### 32. Deferred income *(Continued)*

Items related to government grants:

Item	31 December 2018	RMB			
		New grants for the current period	Amount charged to other income for the current period	30 June 2019 (Unaudited)	Related to an asset/related to income
Copyright protection of audio and video cloud application system	1,216,004.37	-	(74,449.25)	1,141,555.12	related to an asset
Integration and Application Demonstration of Key Technology in Digital Education	1,696,747.52	-	(258,103.29)	1,438,644.23	related to an asset
Construction of Full Media Center of "Tibetan-Chinese Bilingual Language"	69,912.08	-	(7,999.66)	61,912.42	related to an asset
Western Culture Logistics and Distribution Base	1,444,489.27	-	(128,030.17)	1,316,459.10	related to an asset
CNONIX National Standard Application Promotion Demonstration – Based on Supply Chain Collaborative E – Commerce Platform	1,796,515.54	-	(558,079.07)	1,238,436.47	related to an asset
Special funds for technological transformation	15,612,541.49	-	(2,097,781.45)	13,514,760.04	related to an asset
R&D and industrialization project of rich media digital resources online edit system	3,169,672.54	-	(4,137.92)	3,165,534.62	related to an asset
Wisdom Bookstore Project	4,267,030.60	-	(491,999.35)	3,775,031.25	related to an asset
UClass Digital Teaching Application System	473,805.31	-	(472,664.80)	1,140.51	related to an asset
Winshare Cloud Digital Campus Development and Application Promotion	32,369.13	-	(14,361.62)	18,007.51	related to an asset
Special fund for Winshare Bookstores	3,749,664.18	-	(620,476.01)	3,129,188.17	related to an asset
Network Construction of Shuxiang Tianfu, Wisdom Xinhua Physical Bookstore – finance	2,712,956.19	-	(198,603.26)	2,514,352.93	related to an asset
Xinhua Winshare Longquan Bookstore Construction Project	292,003.79	-	(147,298.61)	144,705.18	related to an asset
Digital Media Education Service System Construction	808,396.72	-	-	808,396.72	related to an asset
Digital Evaluation Platform	2,665,005.75	-	(163,163.62)	2,501,842.13	related to an asset
Establishment of Big data based Math Analysis Model which is published on demand and Key Technology Research Project	3,491,850.62	-	-	3,491,850.62	related to an asset
Model project of semantics-based content resources linking technology and education compound application system R&D and application	475,192.79	-	-	475,192.79	related to an asset
Others	26,236,383.95	2,212,591.08	(241,516.00)	28,207,459.03	related to an asset
<b>Total</b>	<b>70,210,541.84</b>	<b>2,212,591.08</b>	<b>(5,478,664.08)</b>	<b>66,944,468.84</b>	

Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

**(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS***(Continued)***33. Share capital****For the current period***RMB*

Item	31 December 2018	Changes for the period					30 June 2019 (Unaudited)
		Issue of new shares	Bonus issue	Capitalization of surplus reserve	Others	Subtotal	
Promotor's shares	692,468,091.00	-	-	-	(1,718,000.00)	(1,718,000.00)	690,750,091.00
National Council for Social Security Fund	725,809.00	-	-	-	(725,809.00)	(725,809.00)	-
Overseas-listed foreign shares	441,937,100.00	-	-	-	-	-	441,937,100.00
Domestically-listed ordinary shares of RMB	98,710,000.00	-	-	-	2,443,809.00	2,443,809.00	101,153,809.00
Total	1,233,841,000.00	-	-	-	-	-	1,233,841,000.00

**For the prior period***RMB*

Item	31 December 2017	Changes for the period					30 June 2018 (Unaudited)
		Issue of new shares	Bonus issue	Capitalization of surplus reserve	Others	Subtotal	
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
Domestically-listed ordinary shares of RMB	98,710,000.00	-	-	-	-	-	98,710,000.00
Total	1,233,841,000.00	-	-	-	-	-	1,233,841,000.00

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

#### 34. Capital reserve

##### For the current period

Item	31 December 2018	<i>RMB</i>		30 June 2019 (Unaudited)
		Increase in the current period	Decrease in the current period	
Share capital premium				
Including: Capital contributed by investors	2,623,214,037.85	-	-	2,623,214,037.85
Effect of business combination involving enterprises under common control	(24,511,900.00)	-	-	(24,511,900.00)
Equity transaction with non- controlling shareholders	(55,415,409.56)	-	-	(55,415,409.56)
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>2,572,524,766.32</b>	<b>-</b>	<b>-</b>	<b>2,572,524,766.32</b>

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

### 34. Capital reserve *(Continued)*

For the prior period

Item	31 December 2017	Increase in the current period	Decrease in the current period	<i>RMB</i>
				30 June 2018 (Unaudited)
Share capital premium				
Including: Capital contributed by investors	2,623,214,037.85	-	-	2,623,214,037.85
Effect of business combination involving enterprises under common control	(24,511,900.00)	-	-	(24,511,900.00)
Equity transaction with non- controlling shareholders	(55,352,491.06)	-	-	(55,352,491.06)
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 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>2,572,587,684.82</b>	<b>-</b>	<b>-</b>	<b>2,572,587,684.82</b>

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

### 35. Other comprehensive income

For the current period

RMB

Item	31 December 2018	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 for the period			30 June 2019 (Unaudited)
				Income tax expenses	Post-tax amount attributable to owners of the Company	Post-tax amount attributable to non-controlling interests	
Other comprehensive income that cannot be reclassified into profit or loss	1,021,506,867.83	4,777,536.94	-	(31,584.23)	4,745,952.71	-	1,026,252,820.54
Profit or loss on changes in fair value of other equity instrument investments	1,021,506,867.83	4,777,536.94	-	(31,584.23)	4,745,952.71	-	1,026,252,820.54

For the prior period

RMB

Item	31 December 2017	Impact of implementing the New Financial Instrument Standards	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 for the period			30 June 2018 (Unaudited)
					Income tax expenses	Post-tax amount attributable to owners of the Company	Post-tax amount attributable to non-controlling interests	
Other comprehensive income not reclassified into profit or loss	1,230,619,792.07	179,650,842.09	(239,352,384.86)	-	28,896.22	(239,323,488.64)	-	1,170,947,145.52
Profit or loss on changes in fair value of other equity instrument investments	1,209,044,536.39	201,226,097.77	(239,352,384.86)	-	28,896.22	(239,323,488.64)	-	1,170,947,145.52
Share of other comprehensive income of the investee under equity method transferred from other comprehensive income to retained earnings	21,575,255.68	(21,575,255.68)	-	-	-	-	-	-

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

### 36. Surplus reserve

#### For the current period

<i>RMB</i>				
Item	31 December 2018	Increase in the current period	Decrease in the current period	30 June 2019 (Unaudited)
Statutory surplus reserve	711,068,358.95	-	-	711,068,358.95

#### For the prior period

<i>RMB</i>				
Item	31 December 2017	Increase in the current period	Decrease in the current period	30 June 2018 (Unaudited)
Statutory surplus reserve	625,743,635.42	-	-	625,743,635.42

### 37. Undistributed profits

Item	Current period (Unaudited)	Prior period (Unaudited)	Proportion of appropriation or distribution
Undistributed profits at the end of the prior year	2,941,622,541.24	2,364,509,602.80	
Impact of implementing the New Financial Instrument Standards	-	100,405,157.91	
Undistributed profits at the beginning of the current period	2,941,622,541.24	2,464,914,760.71	
Add: Net profit attributable to shareholders of the Company for the period	579,502,772.35	448,896,441.39	
Less: Appropriation to statutory surplus reserve	-	-	(1)
Distribution of dividends on ordinary shares	(370,152,300.00)	(370,152,300.00)	(2)
Undistributed profits at the end of the period	3,150,973,013.59	2,543,658,902.10	



# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

### 37. Undistributed 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 be lower than 25% of the registered capital.

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

On 21 May 2019, the resolution regarding the Company's 2018 Annual Profit Distribution Proposal was approved at 2018 annual general meeting of the Company. The profit distribution was based on the Company's total share capital of 1,233,841,000 shares before the implementation of the proposal. The cash dividend per share was RMB0.30 (tax-inclusive) (Prior period: RMB0.30 (tax-inclusive)) and the total cash dividends of RMB370,152,300.00 (tax-inclusive) (Prior period: RMB370,152,300.00 (tax-inclusive)) was distributed.

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

At the end of the period, the balance of the Group's undistributed profits included appropriation to surplus reserve by subsidiaries amounting to RMB98,503,003.33 (31 December 2018: RMB98,503,003.33).

### 38. Operating income and operating costs

#### (1) *Operating income and costs*

<b>Item</b>	<b>Amount incurred in the current period (Unaudited)</b>	<i>RMB</i> Amount incurred in the prior period (Unaudited)
Principal operating income	<b>3,804,537,930.80</b>	3,515,028,393.73
Other operating income	<b>69,847,457.40</b>	62,650,305.83
Including: Revenue from concessionaire sales	<b>144,442,650.17</b>	147,464,570.10
Cost from concessionaire sales	<b>(122,907,148.73)</b>	(125,975,877.73)
Net income from concessionaire sales	<b>21,535,501.44</b>	21,488,692.37
Operating costs	<b>2,331,152,105.99</b>	2,240,412,062.70

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

### 38. Operating income and operating costs *(Continued)*

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

Item	Operating income		Operating costs	
	Current period	Prior period	Current period	Prior period
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>RMB</i>				
<b>Publishing segment</b>				
Textbooks and supplementary materials	514,685,821.13	467,195,340.75	327,830,624.37	320,895,462.45
General books	446,279,815.26	376,943,081.52	284,730,535.89	248,984,464.55
Printing and supplies	88,743,885.65	110,257,643.32	76,762,638.33	107,958,583.56
Others	35,511,155.36	27,361,311.82	20,865,974.27	9,772,657.23
<b>Subtotal</b>	<b>1,085,220,677.40</b>	981,757,377.41	<b>710,189,772.86</b>	687,611,167.79
<b>Distribution segment</b>				
Education services	2,188,697,311.84	2,102,228,227.18	1,319,819,952.86	1,355,162,657.80
Including: Textbooks and supplementary materials	2,017,933,725.68	1,831,226,847.18	1,175,268,462.49	1,100,655,479.36
Educational informatization and equipment business	170,763,586.16	271,001,380.00	144,551,490.37	254,507,178.44
Online Sales	694,821,959.04	550,343,744.33	630,809,547.29	506,237,805.37
Retail	315,048,009.62	322,858,624.53	190,005,876.73	198,210,087.82
Others	196,120,005.62	185,237,430.53	148,209,512.20	130,094,433.06
<b>Subtotal</b>	<b>3,394,687,286.12</b>	3,160,668,026.57	<b>2,288,844,889.08</b>	2,189,704,984.05
<b>Others</b>	<b>164,676,846.84</b>	140,363,420.90	<b>139,272,557.33</b>	119,182,794.30
Less: inter-segment elimination	(770,199,422.16)	(705,110,125.32)	(807,155,113.28)	(756,086,883.44)
<b>Total</b>	<b>3,874,385,388.20</b>	3,577,678,699.56	<b>2,331,152,105.99</b>	2,240,412,062.70

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

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

### 39. Taxes and surcharges

Item	<i>RMB</i>	
	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Unaudited)
City construction and maintenance tax	1,638,459.36	2,216,473.33
Education surcharges	1,184,935.36	1,583,419.58
Property tax	8,599,220.86	9,962,278.36
Urban land use tax	1,306,584.75	877,752.07
Stamp duty	930,748.99	1,098,452.49
Vessel and vehicle tax	107,414.60	122,002.38
Disabled person security fund	319,117.89	184,216.27
Others	115,731.32	92,202.38
<b>Total</b>	<b>14,202,213.13</b>	<b>16,136,796.86</b>

### 40. Selling expenses

Item	<i>RMB</i>	
	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Unaudited)
Wages and other labor costs	277,387,877.69	228,660,792.17
Transportation costs	123,390,673.48	105,208,614.36
Business conference fees	21,396,422.81	18,795,656.30
Vehicle fees	8,540,809.84	13,682,694.01
Travel expenses	11,920,419.71	11,683,487.55
Advertising and promotion fees	40,464,213.82	35,556,787.34
Distribution commission	16,233,916.33	15,461,869.51
Packing expenses	7,203,309.66	5,311,630.65
Others	66,024,845.99	49,946,080.52
<b>Total</b>	<b>572,562,489.33</b>	<b>484,307,612.41</b>

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

### 41. Administrative expenses

Item	<i>RMB</i>	
	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Unaudited)
Wages and other labor costs	241,874,155.08	208,932,445.88
Business entertainment fees	58,715,968.41	51,290,370.62
Lease payments	18,659,931.64	60,853,664.16
Depreciation and amortization expenses	80,955,575.20	41,722,970.89
Conference fees	10,509,659.03	10,340,595.19
Property management fees	17,065,634.40	15,427,757.84
Travel expenses	4,612,214.45	3,316,822.73
Energy costs	8,425,400.59	8,472,195.63
Office expenses	3,815,827.46	3,301,393.58
Repair charges	9,779,607.04	10,085,217.92
Audit and other non-audit service fees	720,000.00	720,000.00
Others	27,777,916.45	28,966,943.19
Total	482,911,889.75	443,430,377.63

### 42. Finance expenses

Item	<i>RMB</i>	
	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Unaudited)
Interest expense	178,280.82	-
Interest expense on lease liabilities	8,995,548.78	-
Interest income	(13,663,921.52)	(10,730,054.99)
Interest income of long-term receivables	(4,509,351.75)	(4,012,591.38)
Exchange gains or losses and others	2,936,744.58	2,488,437.45
Total	(6,062,699.09)	(12,254,208.92)

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

### 43. Other income

Item	<i>RMB</i>	
	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Unaudited)
Book publishing subsidies	11,292,616.55	12,288,957.19
VAT first levied then returned	52,517,971.00	389,830.15
Other financial subsidies	10,152,401.09	13,539,735.33
Total	<b>73,962,988.64</b>	26,218,522.67

### 44. Investment income

Item	<i>RMB</i>	
	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Unaudited)
Income from long-term equity investments Including: Income from investments under equity method	48,360,904.41	2,209,094.82
Investment income (loss) on disposal of long-term equity investments	-	(20.32)
Investment income from other non-current financial assets	-	9,343,165.00
Investment income from other equity instrument investments	49,814,688.02	43,591,488.02
Investment income from disposal of financial assets at FVTPL	24,580,666.53	23,589,906.18
Total	<b>122,756,258.96</b>	78,733,633.70

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

#### 45. Losses from fair value change

	<i>RMB</i>	
Source of losses from fair value change	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Unaudited)
Financial assets at FVTPL	<b>(16,478,022.12)</b>	(12,654,946.22)

#### 46. Loss on credit impairment

	<i>RMB</i>	
Item	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Unaudited)
Credit impairment losses of accounts receivable	<b>(35,532,124.27)</b>	(48,176,375.87)
Credit impairment losses of other receivables	<b>(3,612,813.17)</b>	(189,222.84)
Total	<b>(39,144,937.44)</b>	(48,365,598.71)

#### 47. Impairment losses of assets

	<i>RMB</i>	
Item	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Unaudited)
Losses from decline in value for inventories	<b>(20,352,061.62)</b>	(5,796,336.83)

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

#### 48. Non-operating income

Item	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Unaudited)	<i>RMB</i>
			Amount included in non-recurring profit or loss for the current period
Others	<b>1,625,877.62</b>	4,761,835.99	1,625,877.62

#### 49. Non-operating expenses

Item	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Unaudited)	<i>RMB</i>
			Amount included in non-recurring profit or loss for the current period
Donations	<b>12,526,069.60</b>	8,067,998.68	12,526,069.60
Penalties	<b>10,752.97</b>	2,473.00	10,752.97
Others	<b>181,837.85</b>	896,385.53	181,837.85
Total	<b>12,718,660.42</b>	8,966,857.21	12,718,660.42

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

### 50. Income tax

Item	<i>RMB</i>	
	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Unaudited)
Current income tax calculated according to tax laws and relevant requirements	767,497.04	1,292,150.64
Deferred tax expenses	16,159,760.38	(4,964,004.19)
Total	<b>16,927,257.42</b>	(3,671,853.55)

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

Item	<i>RMB</i>	
	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Unaudited)
Accounting profit	590,468,729.14	432,132,661.82
Income tax expenses calculated at 25%	147,617,182.29	108,033,165.46
Tax concessions	(151,316,905.00)	(126,792,882.12)
Effect of expenses that are not deductible for tax purposes	14,084,699.55	9,633,377.19
Effect of tax-free income	(12,453,672.01)	(13,233,663.26)
Effect of unrecognized (utilized) deductible temporary differences	894,384.79	(104,948.38)
Effect of unrecognized deductible losses	18,101,567.80	18,793,097.56
Total	<b>16,927,257.42</b>	(3,671,853.55)



## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

#### 51. Calculation process of basic earnings per share

For the purpose of calculating basic earnings per share, net profit for the current period attributable to ordinary shareholders is as follows:

	<b>Current period</b>	<i>RMB</i> Prior period
Net profit for the current period attributable to ordinary shareholders	<b>579,502,772.35</b>	448,896,441.39
Including: Net profit from continuing operations	<b>579,502,772.35</b>	448,896,441.39

For the purpose of calculating basic earnings per share, the denominator is the weighted average number of outstanding ordinary shares and its calculation process is as follows:

	<b>Current period</b>	<i>Shares</i> Prior period
Number of ordinary shares outstanding at the beginning of the period	<b>1,233,841,000</b>	1,233,841,000
Number of ordinary shares outstanding at the end of the period	<b>1,233,841,000</b>	1,233,841,000

Earnings per share:

	<b>Current period</b>	<i>RMB</i> Prior period
Number of ordinary shares outstanding at the end of period divided by net profit for the current period attributable to ordinary shareholders	<b>0.47</b>	0.36
Number of ordinary shares outstanding at the end of period divided by net profit for the current period attributable to ordinary shareholders and attributable to continuing operation	<b>0.47</b>	0.36

The Company has no dilutive potential ordinary shares.

Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

**(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS***(Continued)***52. Notes to items in the cash flow statement***(1) Other cash receipts relating to operating activities*

Item	RMB	
	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Unaudited)
Interests	11,612,525.99	7,844,299.64
Government grants	28,216,428.08	23,793,937.25
Others	46,199,598.66	17,760,471.99
Total	86,028,552.73	49,398,708.88

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

Item	RMB	
	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Unaudited)
Selling expenses	294,872,765.67	255,646,820.24
Including: Transportation costs	123,390,673.48	105,208,614.36
Advertising and promotion fees	40,464,213.82	35,556,787.34
Business conference fees	21,396,422.81	18,795,656.30
Distribution commission	16,233,916.33	15,461,869.51
Travel expenses	11,920,419.71	11,683,487.55
Vehicles fees	8,540,809.84	13,682,694.01
Administrative expenses	195,861,033.76	183,639,749.09
Including: Lease payment	18,659,931.64	60,853,664.16
Business entertainment fees	58,715,968.41	51,290,370.62
Property management fees	17,065,634.40	15,427,757.84
Conference fees	10,509,659.03	10,340,595.19
Energy costs	8,425,400.59	8,472,195.63
Repair charges	9,779,607.04	3,316,822.73
Others	26,033,040.83	4,408,319.72
Total	516,766,840.26	443,694,889.05

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

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

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

<b>Item</b>	<b>Amount incurred in the current period (Unaudited)</b>	<i>RMB</i> Amount incurred in the prior period (Unaudited)
Receipt of time deposit over 3 months	–	20,000,000.00

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

<b>Item</b>	<b>Amount incurred in the current period (Unaudited)</b>	<i>RMB</i> Amount incurred in the prior period (Unaudited)
Increase of time deposit over 3 months and certificate of deposits	254,000,000.00	–

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

<b>Item</b>	<b>Amount incurred in the current period (Unaudited)</b>	<i>RMB</i> Amount incurred in the prior period (Unaudited)
Government grants	–	12,545.29

#### (6) Other cash payments relating to financing activities

<b>Item</b>	<b>Amount incurred in the current period (Unaudited)</b>	<i>RMB</i> Amount incurred in the prior period (Unaudited)
Lease payments	28,521,783.22	–

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

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

(1) *Supplementary information to the cash flow statement*

<b>Supplementary information</b>	<b>Amount incurred in the current period (Unaudited)</b>	<i>RMB</i> Amount incurred in the prior period (Unaudited)
<b>1. Reconciliation of net profit to cash flow from operating activities:</b>		
Net profit	<b>573,541,471.72</b>	435,804,515.37
Add: Provision for impairment and credit losses of assets	<b>59,496,999.06</b>	54,161,935.54
Depreciation of fixed assets	<b>40,919,560.86</b>	43,325,230.63
Depreciation of right-of-use assets	<b>42,671,369.91</b>	–
Depreciation of investment properties	<b>1,318,501.16</b>	1,441,362.40
Amortization of intangible assets	<b>12,359,645.93</b>	8,556,284.51
Amortization of long-term prepaid expenses	<b>5,098,625.39</b>	3,784,988.24
Asset disposal income	<b>(3,126,981.39)</b>	(1,412,396.50)
Losses from fair value change	<b>16,478,022.12</b>	12,654,946.22
Finance expenses	<b>4,721,465.23</b>	(4,012,591.38)
Investment income	<b>(122,756,258.96)</b>	(78,733,633.70)
Decrease in deferred income tax assets	<b>489,047.89</b>	1,013,708.15
Increase in deferred income tax liabilities (Less: decrease)	<b>15,670,712.49</b>	(5,977,712.34)
Decrease in inventories	<b>242,615,953.95</b>	4,705,523.35
Increase in receivables from operating activities	<b>(314,395,968.11)</b>	(501,366,371.75)
Increase in payables from operating activities	<b>88,926,081.33</b>	469,322,664.33
Others	<b>(25,771.79)</b>	–
Net cash flow from operating activities	<b>664,002,476.79</b>	443,268,453.07
<b>2. Net changes in cash and cash equivalents:</b>		
Closing balance of cash	<b>3,553,804,472.95</b>	2,012,228,694.24
Less: Opening balance of cash	<b>(2,576,699,731.25)</b>	(1,825,572,649.15)
Net increase in cash and cash equivalents	<b>977,104,741.70</b>	186,656,045.09

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

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

##### (2) Cash and cash equivalents

Item	RMB	
	30 June 2019 (Unaudited)	31 December 2018
Cash	3,553,804,472.95	2,576,699,731.25
Including: Cash on hand	3,486,253.75	3,311,719.53
Bank deposits readily available for payment	3,550,318,219.20	2,573,388,011.72
Balance of cash and cash equivalents	3,553,804,472.95	2,576,699,731.25

#### 54. Assets with restricted ownership

Assets with restricted ownership	RMB	
	30 June 2019 (Unaudited)	31 December 2018
Cash and bank balances <i>(Note)</i>	28,991,101.23	31,912,840.76

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 RMB4,369,271.37 (31 December 2018: RMB7,355,024.39), the special fund for housing reform and housing repair of RMB24,621,829.86 (31 December 2018: RMB24,557,816.37).

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

*(Continued)*

### 55. Net current assets

Item	RMB	
	30 June 2019 (Unaudited)	31 December 2018
Current assets	8,149,823,539.14	7,650,982,774.29
Less: Current liabilities	(5,140,233,151.72)	(4,779,315,869.83)
Net current assets	3,009,590,387.42	2,871,666,904.46

### 56. Total assets less current liabilities

Item	RMB	
	30 June 2019 (Unaudited)	31 December 2018
Total assets	14,120,395,140.30	13,287,712,452.79
Less: Current liabilities	(5,140,233,151.72)	(4,779,315,869.83)
Total assets less current liabilities	8,980,161,988.58	8,508,396,582.96

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (VII) CHANGES IN CONSOLIDATION SCOPE

### Merger under different control

#### (1) Merger under different control in the current period

Name of acquiree	Acquisition point in time	Acquisition cost	Proportion acquired (%)	Acquisition approach	Acquisition date	Determination basis of acquisition date	RMB	
							Revenue of the acquiree from acquisition date to the period-end	Net loss of the acquiree from the date of purchase to the period-end
Chongqing Yunhan	31 March 2019	-	50%	Capital reduction by counterparty shareholder	31 March 2019	Point in time when control is transferred	47,169.81	(1,841,808.40)

The Group's subsidiary Winshare Online originally held 50% of the equity of Chongqing Yunhan as accounted for using equity method. In March 2019, all shareholders unanimously agreed to the capital reduction of Chongqing Yunhan by other shareholders of Chongqing Yunhan, namely Chongqing Wenrong Investment Co., Ltd., Chongqing Xinhua Media Co., Ltd. and Chongqing Publication Group Co., Ltd. Upon completion of capital reduction, Winshare Online's shareholding in Chongqing Yunhan became 100%, and Chongqing Yunhan became a wholly-owned subsidiary of Winshare Online and was included in the Group upon consolidation in March 2019.

#### (2) Combination cost and goodwill

Combination cost	Chongqing Yunhan
Fair value of equity at the date of acquisition held prior to acquisition date	23,746,319.44
Total combination cost	23,746,319.44
Less: Share of fair value of identifiable net asset acquired	(23,772,091.23)
Amount of combination cost more than share of fair value of identifiable net assets acquired	(25,771.79)

Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

**(VII) CHANGES IN CONSOLIDATION SCOPE** *(Continued)***Merger under different control** *(Continued)*(3) *Identifiable assets and liabilities at the acquisition date in the acquiree*

RMB

	<b>Chongqing Yunhan</b>	
	<b>Fair value at the acquisition date</b>	<b>Carrying amount at the acquisition date</b>
Assets:	43,564,389.20	43,564,389.20
Current assets	39,043,149.52	39,043,149.52
Non-current assets	4,521,239.68	4,521,239.68
Liabilities:	19,792,297.97	19,792,297.97
Current liabilities	19,792,297.97	19,792,297.97
Net assets	23,772,091.23	23,772,091.23
Net assets acquired	23,772,091.23	23,772,091.23

(4) *Gains or losses arising from the remeasurement of equity held before acquisition date at fair value*

Name of acquiree	Carrying amount at acquisition date of equity originally held prior to acquisition date	Fair value at acquisition date of equity originally held prior to acquisition date	Gains or losses from remeasurement of equity originally held prior to acquisition date at fair value	Recognition method and main assumption of fair value at date of equity originally held prior to acquisition date	Amount of other comprehensive income related to equity originally held prior to acquisition date transferred to investment income
				at acquisition date	income
Chongqing Yunhan	23,746,319.44	23,746,319.44	-	Recognized at valuation price	-



# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (VIII) 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	RMB		
						Proportion of ownership interests (%)	Proportion of voting power (%)	Consolidated statements or not
Sichuan People's Education Times Xinhua Audio and Video Co., Ltd. (" <b>People's Education Times</b> ")		Chengdu	Sales of audio and video products	2,000,000.00	Sales and production of audio and video products	80.00	80.00	Y
Sichuan Xinhua Winshare Media Co., Ltd. (" <b>Winshare Media</b> ")	LLC	Chengdu	Periodicals	3,990,000.00	Sales of books and periodicals, etc.	100.00	100.00	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	350,000,000.00	Storage and distribution of goods	100.00	100.00	Y
Xinhua Winshare Commercial Chain (Beijing) Co., Ltd. (" <b>Beijing Winshare Commercial</b> ")		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
Winshare Online	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
Sichuan Watch Panda Magazine Co., Ltd. (" <b>Watch Panda</b> ")	LLC	Chengdu	Advertising Periodicals	2,000,000.00	Sales of periodicals	100.00	100.00	Y
Winshare VVI Advertising Media (Chengdu) Co., Ltd. (" <b>VVI Advertising</b> ")		Chengdu	Advertising	7,500,000.00	Advertising	53.00	53.00	Y
Sichuan Winshare Cloud Image Culture Innovation Technology Co., Ltd. (" <b>Winshare Cloud Image</b> ")	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

Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

**(VIII) INTERESTS IN OTHER ENTITIES** *(Continued)***1. Subsidiaries:** *(Continued)**(1) Subsidiaries incorporated by investments (Continued)*

RMB

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 (%)	Consolidated statements or not
Winshare International Cultural Communication Co., Ltd. (" <b>Winshare International</b> ")	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. (" <b>Winshare Quan Media</b> ")	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. (" <b>Winshare Music</b> ")	LLC	Chengdu	Business services	10,000,000.00	Business services and sales of musical instruments	100.00	100.00	Y
Beijing Aerospace Cloud	LLC	Beijing	Technical Services	31,783,300.00	Computer software development and system services	70.00	70.00	Y
Beijing Huaxia Shengxuan Book Co., Ltd. (" <b>Huaxia Shengxuan</b> ")	LLC	Beijing	Sales of publications	15,000,000.00	Sales of publications, etc.	100.00	100.00	Y
Sichuan Winshare Xuankehui Cultural Development Co., Ltd. (" <b>Xuankehui</b> ")	LLC	Chengdu	Wholesale and retail	50,000,000.00	Book wholesale and retail	100.00	100.00	Y

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

RMB

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 (%)	Consolidated statements or not
Xinhua Online	LLC	Chengdu	Sales of publications	50,000,000.00	Internet Publishing	100.00	100.00	Y
Beijing Shuchuan	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

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (VIII) INTERESTS IN OTHER ENTITIES *(Continued)*

### 1. Subsidiaries: *(Continued)*

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

RMB

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 (%)	Consolidated statements or not
Sichuan Xin Hua Shang Paper Co., Ltd. (" <b>Xin Hua Shang</b> ")	LLC	Chengdu	Paper sales	15,000,000.00	Sales of pulp, paper and paper products	51.00	51.00	Y
Winshare Sports Cultural Development Co., Ltd. (" <b>Winshare Sports</b> ")	LLC	Chengdu	Venue rental	100,000,000.00	Venue management services, advertising, self-owned housing rental	100.00	100.00	Y
Sichuan People's Publishing House Co., Ltd. (" <b>People's Publishing House</b> ")	LLC	Chengdu	Publication	34,000,000.00	Publication of books	100.00	100.00	Y
Sichuan Publication Printing Co., Ltd. (" <b>Publication Printing</b> ")	LLC	Chengdu	Publication	50,000,000.00	Textbook rental printed supplies	100.00	100.00	Y
Sichuan Education Publishing House Co., Ltd. (" <b>Education Publishing House</b> ")	LLC	Chengdu	Publication	10,000,000.00	Publication of books	100.00	100.00	Y
Sichuan Youth and Children's Publishing House Co., Ltd. (" <b>Youth and Children's Publishing House</b> ")	LLC	Chengdu	Publication	110,000,000.00	Publication of books and periodicals	100.00	100.00	Y
Sichuan Science & Technology Publishing House Co., Ltd. (" <b>Science &amp; Technology Publishing House</b> ")	LLC	Chengdu	Publication	4,000,000.00	Publication of books	100.00	100.00	Y
Sichuan Nature Exploration Magazine House Co., Ltd.	LLC	Chengdu	Publication	300,000.00	Publication of books	100.00	100.00	Y
Sichuan Fine Arts Publishing House Co., Ltd. (" <b>Fine Arts Publishing House</b> ")	LLC	Chengdu	Publication	16,250,000.00	Publication of books	100.00	100.00	Y
Sichuan Lexicographical Publishing House Co., Ltd. (" <b>Lexicographical Publishing House</b> ")	LLC	Chengdu	Publication	20,000,000.00	Publication of books	100.00	100.00	Y
Sichuan Literature & Art Publishing House Co., Ltd. (" <b>Literature &amp; Art Publishing House</b> ")	LLC	Chengdu	Publication	45,000,000.00	Publication of books	100.00	100.00	Y

Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

**(VIII) INTERESTS IN OTHER ENTITIES** *(Continued)***1. Subsidiaries:** *(Continued)***(3) Subsidiaries acquired in business combination not involving enterprises under common control** *(Continued)*

RMB

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 (%)	Consolidated statements or not
Sichuan Tiandi Publishing House Co., Ltd. <b>("Tiandi Publishing House")</b>	LLC	Chengdu	Publication	130,634,700.00	Publication of books	100.00	100.00	Y
Sichuan Era English Cultural Communication Co., Ltd.	LLC	Chengdu	Publication	600,000.00	Publication of books	51.00	51.00	Y
Sichuan Bashu Publishing House Co., Ltd. <b>("Bashu Publishing House")</b>	LLC	Chengdu	Publication	42,000,000.00	Publication of books	100.00	100.00	Y
Printing Materials	LLC	Chengdu	Wholesale and retail	30,000,000.00	Provision of printing-related materials	100.00	100.00	Y
Sichuan Digital Publishing Co., Ltd. <b>("Digital Publishing")</b>	LLC	Chengdu	Publication	10,000,000.00	Publication of books	100.00	100.00	Y
Sichuan Reader's Journal Co., Ltd. <b>("Reader's Journal")</b>	LLC	Chengdu	Publication	1,500,000.00	Reader's Journal-related publishing, advertising, wholesale and retail of goods, software and information technology services	100.00	100.00	Y
Sichuan Pictorial Co., Ltd. <b>("Pictorial")</b>	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
Chongqing Yunhan	LLC	Chongqing	Wholesale	50,000,000.00	Wholesale of publications	100.00	100.00	Y

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

### (VIII) 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 (Unaudited)	Prior period (Unaudited)	30 June 2019 (Unaudited)	31 December 2018
Beijing Winshare Commercial	49.00	49.00	(4,638,876.80)	(3,889,468.25)	(60,607,127.08)	(55,968,250.28)
Winshare Online	25.00	25.00	(2,235,146.81)	(8,315,040.87)	(22,149,300.51)	(19,914,153.70)

*a. Beijing Winshare Commercial*

*RMB*

	30 June 2019 (Unaudited)	31 December 2018
Current assets	146,671,548.74	139,896,495.59
Non-current assets	9,744,554.64	11,471,455.58
Current liabilities	227,334,730.06	212,819,482.35

*RMB*

	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Unaudited)
Operating income	64,502,947.26	64,701,853.01
Operating costs and expenses	73,970,042.76	72,639,543.31
Total loss, net loss	(9,467,095.50)	(7,937,690.30)
Net cash flow from operating activities	(1,321,393.44)	2,285,642.41
Net cash flow from investing activities	(180,902.71)	(261,349.54)
Net cash flow from financing activities	—	—

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (VIII) 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>30 June 2019</b> <b>(Unaudited)</b>	<i>RMB</i> 31 December 2018
Current assets	<b>1,753,078,419.50</b>	1,401,150,849.38
Non-current assets	<b>7,404,520.74</b>	47,585,386.61
Current liabilities	<b>1,848,451,142.27</b>	1,527,763,850.80
Non-current liabilities	<b>629,000.00</b>	629,000.00

	<b>Amount incurred</b> <b>in the current period</b> <b>(Unaudited)</b>	<i>RMB</i> Amount incurred in the prior period (Unaudited)
Operating income	<b>969,031,335.38</b>	561,844,081.99
Operating costs and expenses	<b>977,971,922.60</b>	595,104,245.48
Total loss, net loss	<b>(8,940,587.22)</b>	(33,260,163.49)
Net cash flow from operating activities	<b>165,938,555.05</b>	(79,288,531.18)
Net cash flow from investing activities	<b>(67,613,882.98)</b>	118,508.72
Net cash flow from financing activities	-	-

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

### (VIII) 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 and place of incorporation	Nature of business	Proportion of ownership interests in investee (%)	<i>RMB</i>
				Accounting method used for investment in joint ventures or associates
Joint ventures				
Hainan Publishing House	Haikou	Publication	50	Equity method
Associates				
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	Beijing	Wholesale of books, periodicals, newspapers and electronic publications	20	Equity method
Ming Bo Education Technology Holdings Co., Ltd.	Beijing	Publication of internet education	20.4	Equity method
Sichuan Winshare Baowan Supply Chains Co., Ltd.	Chengdu	Logistics transportation	45	Equity method

Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

**(VIII) INTERESTS IN OTHER ENTITIES** *(Continued)***3. Interests in joint ventures or associates** *(Continued)**(2) Key financial information of significant joint ventures**a. Hainan Publishing House*

	<b>30 June 2019/ Amount incurred in the current period (Unaudited)</b>	<i>RMB</i> 31 December 2018/ Amount incurred in the prior period (Unaudited)
Current assets	<b>405,597,812.54</b>	370,752,403.01
Including: cash and cash equivalents	<b>46,064,028.42</b>	35,812,005.50
Non-current assets	<b>60,567,253.67</b>	65,206,688.56
Total assets	<b>466,165,066.21</b>	435,959,091.57
Current liabilities	<b>180,543,851.54</b>	180,650,371.95
Non-current liabilities	<b>33,840,000.00</b>	18,620,000.00
Total liabilities	<b>214,383,851.54</b>	199,270,371.95
Equity attributable to the Company's shareholders	<b>250,215,678.03</b>	234,983,855.32
Non-controlling interests	<b>1,565,536.64</b>	1,704,864.30
Net assets calculated on pro-rata basis of shareholding	<b>125,107,839.02</b>	117,491,927.66
Adjustments		-
Goodwill	<b>30,735,530.98</b>	30,735,530.98
Carrying amount of equity investments in joint ventures	<b>155,843,370.00</b>	148,227,458.64
Operating income	<b>75,292,498.65</b>	45,399,566.78
Net profit and total comprehensive income	<b>15,092,495.05</b>	8,418,614.40
Profit or loss attributable to non-controlling shareholders	<b>(139,327.66)</b>	(190,348.58)
Interest income	<b>65,660.17</b>	43,733.64
Interest expense	-	15,036.74
Income tax	<b>76,302.91</b>	77,797.02



# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (VIII) 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>30 June 2019/ Amount incurred in the current period (Unaudited)</b>	<i>RMB</i> 31 December 2018/ Amount incurred in the prior period (Unaudited)
Current assets	<b>97,813,483.66</b>	103,843,732.68
Non-current assets	<b>5,769,390.46</b>	5,338,301.76
Total assets	<b>103,582,874.12</b>	109,182,034.44
Current liabilities and total liabilities	<b>48,971,888.84</b>	54,568,009.06
Net assets calculated on pro-rata basis of shareholding	<b>10,922,197.06</b>	10,922,805.08
Carrying amount of equity investments in associates	<b>10,922,197.06</b>	10,922,805.08
Operating income	<b>17,064,444.59</b>	18,864,547.92
Net profit (loss) and total comprehensive income	<b>(3,040.10)</b>	1,610,523.06

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (VIII) 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>30 June 2019/ Amount incurred in the current period (Unaudited)</b>	31 December 2018/ Amount incurred in the prior period (Unaudited)
		<i>RMB</i>
Current assets	<b>126,987,147.13</b>	134,504,113.82
Non-current assets	<b>96,251,389.89</b>	91,609,360.11
Total assets	<b>223,238,537.02</b>	226,113,473.93
Current liabilities	<b>39,809,010.18</b>	36,585,960.76
Non-current liabilities	<b>535,631.20</b>	8,180,033.95
Total liabilities	<b>40,344,641.38</b>	44,765,994.71
Equity attributable to owners of the parent	<b>182,648,555.73</b>	181,347,479.22
Non-controlling interests	<b>245,339.91</b>	–
Net assets calculated on pro-rata basis of shareholding	<b>37,260,305.37</b>	36,994,885.76
Carrying amount of equity investments in associates	<b>37,260,305.37</b>	36,994,885.76
Operating income	<b>51,816,784.51</b>	85,319,527.46
Net profit and total comprehensive income	<b>1,546,416.42</b>	13,445,344.45
Profit or loss attributable to non- controlling shareholders	<b>245,339.91</b>	–

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

### (VIII) INTERESTS IN OTHER ENTITIES *(Continued)*

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

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

##### c. Sichuan Winshare BLOGIS Supply Chain Co., Ltd.

	<b>30 June 2019/ Amount incurred in the current period (Unaudited)</b>	31 December 2018/ Amount incurred in the prior period (Unaudited)
		<i>RMB</i>
Current assets	<b>78,664,639.66</b>	83,521,529.51
Non-current assets	<b>44,892,211.65</b>	44,021,819.52
Total assets	<b>123,556,851.31</b>	127,543,349.03
Current liabilities	<b>25,261,532.37</b>	26,916,900.15
Non-current liabilities	<b>434,132.76</b>	481,592.76
Total liabilities	<b>25,695,665.13</b>	27,398,492.91
Equity attributable to owners of the parent	<b>97,282,525.63</b>	99,608,053.57
Non-controlling interests	<b>578,660.55</b>	536,802.55
Net assets calculated on pro-rata basis of shareholding	<b>43,777,136.53</b>	44,823,624.11
Carrying amount of equity investments in associates	<b>43,777,136.53</b>	44,823,624.11
Operating income	<b>140,777,373.57</b>	37,446,788.61
Net loss and total comprehensive income	<b>(2,296,866.41)</b>	(732,168.83)
Profit or loss attributable to non- controlling shareholders	<b>28,661.55</b>	-

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (VIII) INTERESTS IN OTHER ENTITIES *(Continued)*

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

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

	<b>30 June 2019/ Amount incurred in the current period (Unaudited)</b>	<i>RMB</i> 31 December 2018/ Amount incurred in the prior period (Unaudited)
Insignificant joint ventures		
Total carrying amount of investments	<b>23,984,719.27</b>	20,386,141.76
Sum of net loss and total comprehensive income calculated according to proportion of investment	<b>3,598,577.51</b>	786,946.63
Insignificant associates		
Total carrying amount of investments	<b>125,090,763.68</b>	85,405,164.50
Sum of net loss and total comprehensive income calculated according to proportion of investment	<b>37,928,091.53</b>	(2,414,265.59)

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Group's major financial instruments consist of cash and bank balances, financial assets measured at amortized cost, financing receivables-bank acceptances, financial assets at FVTPL, other equity instruments and payables. Risk exposures associated with these financial instruments and the risk management strategy adopted by the Group 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, minimize the adverse impacts of risks on the Group's operation performance, and maximize the benefits of the shareholders. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyze 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	<i>RMB</i>	
	30 June 2019 (Unaudited)	31 December 2018
Cash and bank balances		
USD	159,871.99	155,341.36
EUR	666.43	666.43
HKD	24,182.56	18,186.89

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

*(Continued)*

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

#### 1.1 Market risk *(Continued)*

##### 1.1.2 Interest rate risk

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

##### 1.1.3 Other price risk

The Group measured the investment in listed shares of Wanxin Media, HGZN and BoCD 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) 12). The directors of the Company regularly monitor the share prices of Wanxin Media, HGZN and BoCD. For the current period, the Group's investments in Wanxin Media, HGZN and BoCD equity recognized in other comprehensive income resulted in loss of RMB83,508,800.00, gain of RMB126,336.94 and an income of RMB88,160,000.00, respectively.

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

RMB

Item	Price fluctuation	Post-tax effects on other comprehensive income and shareholders' equity	
		Current period (Unaudited)	Prior period (Unaudited)
Other equity instrument investments			
Wanxin Media	Stock prices rise 5%	<b>37,454,320.00</b>	47,425,520.00
HGZN	Stock prices rise 5%	<b>48,518.76</b>	93,207.09
BoCD	Stock prices rise 5%	<b>35,320,000.00</b>	32,550,000.00
Other equity instrument investments			
Wanxin Media	Stock prices fall 5%	<b>(37,454,320.00)</b>	(47,425,520.00)
HGZN	Stock prices fall 5%	<b>(48,518.76)</b>	(93,207.09)
BoCD	Stock prices fall 5%	<b>(35,320,000.00)</b>	(32,550,000.00)

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## **(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS**

*(Continued)*

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

#### **1.2 Credit risk**

As at 30 June 2019, the Group's maximum exposure to credit risk which will cause a financial loss to the Group is due to failure to discharge an obligation by the counterparties, including: the carrying amounts of financial assets such as bank deposits, accounts receivable, financing receivables-bank acceptances, other receivables and long-term receivables etc.

In order to minimize 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 be collected by necessary actions. Therefore, the management of the Group considers that the Group's credit risk is significantly reduced.

Details such as the Group's specific method of assessing credit risk since initial recognition, evidence for determination of credit impairment of financial assets, combination methods of assessing expected credit risk of financial instruments on the basis of categorization, and policies on direct write-down of financial instrument are set out in Note (III) 10.2.1, Note (III) 10.2.2, Note (III) 10.2.3, and Note (III) 10.2.4.

The management considers the credit risk on liquid funds of the Group is limited because they are deposited with banks with high credit ratings.



# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

*(Continued)*

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

#### 1.2 Credit risk *(Continued)*

The following table shows the exposure to credit risk of the Group's financial assets:

Item	12-month/full lifetime ECL	<i>RMB</i>
		Carrying amount 30 June 2019 (Unaudited)
<b>Financial assets measured at amortized cost:</b>		
Cash and bank balances	Future 12-month ECL	3,836,795,574.18
Accounts receivable	Full lifetime ECL (not credit-impaired)	1,902,568,349.62
	Full lifetime ECL (credit-impaired)	260,129,113.45
Other receivables	Future 12-month ECL	108,467,694.23
	Full lifetime ECL (not credit-impaired)	–
	Full lifetime ECL (credit-impaired)	23,833,906.30
Long-term receivables	Future 12-month ECL	242,057,300.81
<b>Financial assets at FVTOCI:</b>		
Financing receivables-bank acceptances	Future 12-month ECL	7,422,713.53



# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

*(Continued)*

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

#### 1.2 Credit risk *(Continued)*

##### *Accounts receivable*

As part of the Group's credit risk asset management, the Group adopts the aging analysis to assess impairment losses of accounts receivable arising from the Group's operations. Such operations involve a large number of small customers with the same risk characteristics. Aging information may reflect these customers' solvency in regard of such accounts receivable. As at the end of period, description of credits risks and expected credit losses of accounts receivable is as follows:

Aging	Expected average loss rate	Amount (Unaudited)	<i>RMB</i>
			Provisions for impairment (Unaudited)
Within 1 year	5.04%	1,902,568,349.62	(95,889,319.14)
1 – 2 years	57.89%	167,091,295.10	(96,730,112.09)
2 – 3 years	100.00%	27,395,131.12	(27,395,131.12)
More than 3 years	100.00%	65,642,687.23	(65,642,687.23)
<b>Total</b>	<b>13.21%</b>	<b>2,162,697,463.07</b>	<b>(285,657,249.58)</b>

The expected average rate of loss is based on historical rate of bad debt, and takes into account of current circumstances and projections on future economic conditions. During the period, the Group's assessment method and significant assumptions did not change.

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

### (IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

*(Continued)*

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

##### 1.2 Credit risk *(Continued)*

*Accounts receivable (Continued)*

Changes in credit loss provision for accounts receivable:

RMB

	Full lifetime expected credit loss (credit impairment not incurred)	Full lifetime expected credit loss (credit impairment incurred)	Total
31 December 2018	65,181,335.17	185,177,898.68	250,359,233.85
Adjustment of expected credit loss for the current period	57,929,839.17	(12,369,152.87)	45,560,686.30
Reversal of incurred credit impairment	–	(10,028,562.03)	(10,028,562.03)
Write-off	–	(443,008.54)	(443,008.54)
Reversal of write-off	–	208,900.00	208,900.00
30 June 2019 (Unaudited)	123,111,174.34	162,546,075.24	285,657,249.58

*Other receivables*

Credit loss provision for other receivables:

RMB

	Stage 1 Future 12-month expected credit losses	Stage 2 Full lifetime expected credit losses (not credit-impaired)	Stage 3 Full lifetime expected credit losses (credit- impaired)	Total
Balance as at 31 December 2018	193,633.14	–	13,291,268.22	13,484,901.36
Adjustment of expected credit losses for the current year	399,398.77	–	3,350,038.72	3,749,437.49
Reversal of incurred credit impairment	–	–	(136,624.32)	(136,624.32)
Write-off	–	–	(11,300.00)	(11,300.00)
Balance as at 30 June 2019 (Unaudited)	593,031.91	–	16,493,382.62	17,086,414.53

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

*(Continued)*

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

#### 1.2 Credit risk *(Continued)*

##### *Long-term receivables*

The Group's balances of long-term receivables are receivables from governmental institutions and schools and not yet overdue. The management is of the opinion that these long-term receivables are exposed to lower credit risks.

#### 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.

The following is the maturity analysis for financial liabilities and lease 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	12,823,627.90	-	12,823,627.90
Accounts payable	3,840,455,269.87	-	3,840,455,269.87
Other payables	437,547,341.64	-	437,547,341.64
Lease liabilities	88,546,266.54	284,992,276.90	373,538,543.44
Total	4,379,372,505.95	284,992,276.90	4,664,364,782.85

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

*(Continued)*

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

#### 1.3 Liquidity risk *(Continued)*

End of the prior year

Item	RMB		
	Within 1 year	1 to 5 years	Total
Notes payable	22,176,144.64	–	22,176,144.64
Accounts payable	3,598,337,771.59	–	3,598,337,771.59
Other payables	286,639,643.77	–	286,639,643.77
<b>Total</b>	<b>3,907,153,560.00</b>	<b>–</b>	<b>3,907,153,560.00</b>

### 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 RMB12,042,833.76 (31 December 2018: RMB17,646,200.91), 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 derecognized. 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 from the end of the reporting period.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (X) 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, 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 follows:

Financial assets	Fair value at the end of each reporting period	31 December 2018	Fair value hierarchy	Valuation method and inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value	RMB
Other equity instrument investments – shares of A share listed company – Wanxin Media	749,086,400.00	832,595,200.00	Level 1	Quoted prices in active markets	N/A	N/A	
Other equity instrument investments – the shares of A share listed company – HGZN	970,375.22	844,038.28	Level 1	Quoted prices in active markets	N/A	N/A	
Held-for-trading financial assets – shares of A share listed companies	104,177.61	641,274.52	Level 1	Quoted prices in active markets	N/A	N/A	
Other equity instrument investments – the shares of A share listed company – Bank of Chengdu	706,400,000.00	-	Level 1	Quoted prices in active markets	N/A	N/A	
Held-for-trading financial assets – bank wealth management products	251,000,000.00	810,000,000.00	Level 2	Calculated based on a discounted cash flow model, the input values are 3-month USD LIBOR and 3-month RMB SHIBOR	N/A	N/A	

## Notes to the Financial Statements (continued)

For the period from 1 January 2019 to 30 June 2019

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

	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
	30 June 2019 (Unaudited)	31 December 2018			
<b>Financial assets</b>	<b>7,422,713.53</b>				
Financing receivables-bank acceptances		Level 2	Calculated based on a discounted cash flow model, the input values are discount rates for bank acceptance bills in the same term	N/A	N/A
Other equity instrument investments – shares of A share listed company – BoGD	-	Level 3	Adjusted quoted prices in active markets	• Liquidity discount	• The lower the liquidity discount, the higher the fair value
Other non-current financial assets – CITIC Buyout Investment Fund (Shenzhen) (Limited Partnership)	<b>96,857,014.97</b>	Level 3	Market approach Method of discounted future cash flow	• Price earnings ratio, price sales ratio, liquidity discount • Discount rate in line with expected risk level	• The higher the price earnings ratio and price sales ratio, the higher the fair value • The lower the liquidity discount, the higher the fair value • The lower the discount rate, the higher the fair value

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

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

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

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
						30 June 2019 (Unaudited)
Other non-current financial assets – Winshare Hengxin (Shenzhen) Equity Investment Fund (Limited Partnership)	248,097,708.00	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>	
Other non-current financial assets – Taizhou Xinheng Zhongrun Investment Fund (Limited Partnership)	-	Level 3	Adjusted quoted prices in active markets	<ul style="list-style-type: none"> <li>Liquidity discount</li> </ul>	<ul style="list-style-type: none"> <li>The lower the liquidity discount, the higher the fair value</li> </ul>	
Other non-current financial assets – Qingdao Jinshi Zhixin Investment Center (Limited Partnership)	148,790,378.40	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>	
	<b>101,133,136.28</b>					





# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (X) 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:

	Current period (Unaudited)	RMB Prior period
31 December 2018	<b>1,578,062,161.72</b>	957,988,258.36
From measured at cost to at fair value	–	520,056,000.00
Included in gains or losses on fair value change	<b>(16,631,366.62)</b>	(12,915,318.35)
Included in other comprehensive income of the current period	–	130,944,000.00
Purchases in the current period	<b>227,500,000.00</b>	150,000,000.00
Transfer into Level 1 in the current period <i>(Note)</i>	<b>(618,240,000.00)</b>	–
Disposals in the current period	<b>(486,569,469.34)</b>	(399,900,000.00)
30 June 2019 (Unaudited)	<b>684,121,325.76</b>	1,346,172,940.01

*Note:* Lock-up period of BoCD's shares held by the Company is from 31 January 2018 to 31 January 2019. They were transferred from Level 3 to Level 1 of the fair value hierarchy.

#### 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 amortized cost in the financial statements approximate their fair values.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (XI) 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 controlling party of the Company	Organization registration 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	70692370-8

*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. Sichuan Xinhua Publishing Group holds 13,133,000 additional H shares of the Company 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 (VIII) Interests in Other Entities for details of the subsidiaries of the Company.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

### 3. Joint ventures and associates of the Company

Please refer to Notes (VIII) for details of the significant joint ventures or associates of the Company.

Information of other joint ventures or associates which have had balances through related party transactions with the Group for the current period or for the prior period is as follows:

Name of other related party	Relationship between other related party and the Company
Commercial Press (Chengdu) Co., Ltd.	Associate
Shanghai Jingjie Information Technology Co., Ltd.	Associate
Chengdu Winshare Equity Investment Funds Management Co., Ltd.	Associate
Xinhua Yingxuan	Associate
Liangshan Xinhua Winshare Education Technology Co. Ltd.	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 Haiyi Hotel Co., Ltd.	Controlling shareholder's subsidiary
Sichuan Xinhua Silicon Valley Paradise Equity Investment Fund Management Co., Ltd.	Controlling shareholder's subsidiary
Sichuan Xinhua Wanyun Technology Co., Ltd.	Controlling shareholder's subsidiary
Sichuan Xinhua Publishing Group Co., Ltd. Huadao Resort Hotel	Controlling shareholder's branch
Sichuan Publication Group	Other enterprise over which the directors of the Company have significant influence
Sichuan Hengxi Property Management Co., Ltd.	Other enterprise over which the directors of the Company have significant influence
Sichuan Publishing Group Xichang Tianguang Yueying Hotel	Other enterprise over which the directors of the Company have significant influence

Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

**(XI) 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*

RMB

Related party	Type of related party transaction	Details of related party transaction	Pricing and decision-making procedures of related party transactions	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Unaudited)
Sichuan Xinhua International Hotel Co., Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	124,635.29	148,837.67
Sichuan Guanghan Sanxingdui Qushanyuan Cultural Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	210,802.68	352,953.37
Chengdu Huang Peng Property Co., Ltd.	Receipt of services	Payments for property management service fees	Price negotiated by both parties	4,285,365.33	3,774,174.05
Sichuan Xinhua Publishing Group Co., Ltd Huadao Resort Hotel	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	16,688.00	112,850.54
Ming Bo Education Technology Holdings Co., Ltd.	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	-	84,692.31
Commercial Press (Chengdu) Co., Ltd.	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	6,427,831.53	8,317,810.58
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	3,018,867.92	1,533,019.52
Hainan Publishing House	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	1,719,288.15	1,170,123.52
Sichuan Xinhua Haiyi Cultural Development Co., Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	396,868.17	274,741.73
Sichuan Xinhua Haiyi Hotel Co., Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	59,996.22	36,597.55
Sichuan Publishing Group Xichang Tianguang Yueying Hotel	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	-	562.26
<b>Total</b>				<b>16,260,343.29</b>	<b>15,806,363.10</b>

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (XI) 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/provision 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 (Unaudited)
Sichuan Xinhua Publishing Group	Sales of goods	Sales of publications service	Price negotiated by both parties	335,454.08	311,202.11
Sichuan Publication Group Co., Ltd.	Sales of goods	Sales of publications and payment of royalty	Price negotiated by both parties	-	5,431.62
Sichuan Xinhua Publishing Group Co., Ltd Huadao Resort Hotel	Provision of services	Provision of advertisement design and production service	Price negotiated by both parties	-	55.66
Liangshan Xinhua Winshare Education Technology Co. Ltd.	Sales of goods	Sales of goods	Price negotiated by both parties	109,830.47	398,427.26
Sichuan Xinhua Haiji Cultural Development Co., Ltd.	Provision of services	Provision of promotion service	Price negotiated by both parties	9,146.23	6,977.50
Sichuan Xinhua Silicon Valley Paradise Equity Investment Fund Management Co., Ltd.	Provision of services	Provision of advertisement design and production service	Price negotiated by both parties	60.00	-
Sichuan Winshare BLOGIS Supply Chain Co., Ltd.	Provision of services	Provision of consulting service	Price negotiated by both parties	40,981.61	-
Sichuan Xinhua Wanyun Technology Co., Ltd.	Provision of services	Provision of promotion service	Price negotiated by both parties	332,128.29	-
<b>Total</b>				<b>827,600.68</b>	<b>722,094.15</b>

Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

**(XI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS** *(Continued)***4. Related party transactions** *(Continued)**(2) Leases with related parties**The Group as lessor:*

							<i>RMB</i>	
Name of lessor	Name of lessee	Type of leased assets	Commencement date of leases	Expiration date of leases	Basis of determining the lease income	Lease income recognized in the current period	Lease income recognized in the prior period	
						(Unaudited)	(Unaudited)	
The Company	Sichuan Xinhua Publishing Group	Buildings	1 January 2016	31 December 2018	Contractual price negotiated by both parties	N/A	639,787.89	
The Company	Sichuan Xinhua Publishing Group	Buildings	1 January 2019	31 December 2021	Contractual price negotiated by both parties	639,787.89	N/A	
The Company	Xinhua Yingxuan	Buildings	1 March 2017	28 February 2019	Contractual price negotiated by both parties	90,801.43	-	
The Company	Xinhua Yingxuan	Buildings	1 March 2019	28 February 2021	Contractual price negotiated by both parties	133,970.06	N/A	

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

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

#### (2) Leases with related parties *(Continued)*

The Group as lessee:

							RMB	
Name of lessor	Name of lessee	Type of leased assets	Commencement date of leases	Expiration date of leases	Basis of determining the lease income	Lease payment recognized in the current period	Lease payment recognized in the prior period	
						(Unaudited)	(Unaudited)	
Sichuan Xinhua Publishing Group	The Group	Buildings	1 January 2019	31 December 2021	Contractual price negotiated by both parties	N/A	19,266,137.64	
Sichuan Publication Group	The Group	Buildings	1 January 2017	31 December 2019	Contractual price negotiated by both parties	6,624,471.62	6,614,185.64	
Sichuan Hengxi Property Management Co., Ltd.	The Group	Buildings	1 January 2017	31 December 2019	Contractual price negotiated by both parties	1,543,482.77	1,513,800.17	
Chengdu Winshare Equity Investment Funds Management Co., Ltd.	The Group	Buildings	1 June 2017	31 May 2020	Contractual price negotiated by both parties	N/A	459,764.10	
Total						8,167,954.39	27,853,887.55	

Note: The Group as lessee rents buildings from Sichuan Xinhua Publishing Group. For the current period, right-of-use assets amounted to RMB212,077,228.35 were recognized.

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

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

##### (3) Advance payments from a related party

Name of entity	Amount incurred in the current period (Unaudited)		Amount incurred in the prior period (Unaudited)	
	Advance payments	Fund appropriation	Advance payments	Fund appropriation
		fee		fee
Sichuan Winshare BLOGIS Supply Chain Co., Ltd (Note)	2,697,594.04	176,246.40	–	–

RMB

Note: The fund appropriation fee incurred during the current period amounted to RMB176,246.40 in aggregate and represented the advance payment of Sichuan Winshare BLOGIS Supply Chain Co., Ltd. for Beijing Commercial Supermarket of RMB2,697,594.04.

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

Item	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Unaudited)
Compensation for key management personnel	1,611,078.12	1,909,164.26

RMB

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.



# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

### 5. Amount due to/from related parties

		<i>RMB</i>	
<b>Item</b>	<b>Related party</b>	<b>30 June 2019 (Unaudited)</b>	31 December 2018
Accounts receivable	Shanghai Jingjie Information Technology Co., Ltd.	<b>195,984.00</b>	195,984.00
	Sichuan Xinhua Wanyun Technology Co., Ltd.	<b>140,000.00</b>	–
	Sichuan Xinhua Haiyi Cultural Development Co., Ltd.	<b>19,424.00</b>	19,424.00
<b>Total</b>		<b>355,408.00</b>	215,408.00
Other receivables	Sichuan Publication Group	<b>142,005.98</b>	–
	Sichuan Xinhua Publishing Group	<b>1,360,454.56</b>	10,500.00
	Xinhua Yingxuan	<b>310,866.74</b>	1,058,638.30
	Shanghai Jingjie Information Technology Co., Ltd.	<b>26,478.80</b>	10,478.80
<b>Total</b>		<b>1,839,806.08</b>	1,079,617.10
Prepayments	Ming Bo Education Technology Holdings Co., Ltd.	<b>1,200,000.00</b>	1,200,000.00
<b>Total</b>		<b>1,200,000.00</b>	1,200,000.00
Contract liabilities	Ming Bo Education Technology Holdings Co., Ltd.	<b>1,360,000.00</b>	1,360,000.00
<b>Total</b>		<b>1,360,000.00</b>	1,360,000.00
Accounts payable	Commercial Press (Chengdu) Co., Ltd.	<b>12,914,869.35</b>	8,096,016.99
	Hainan Publishing House	<b>1,011,811.50</b>	–
	Ming Bo Education Technology Holdings Co., Ltd.	<b>190.00</b>	190.00
	Shanghai Jingjie Information Technology Co., Ltd.	<b>18,941.36</b>	18,941.36
	Sichuan Xinhua Publishing Group	<b>40,788,780.95</b>	–
<b>Total</b>		<b>54,734,593.16</b>	8,115,148.35

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

### 5. Amount due to/from related parties *(Continued)*

Item	Related party	30 June 2019 (Unaudited)	31 December 2018
Other payables	Chengdu Huang Peng Property Co., Ltd.	943,605.50	208,130.64
	Sichuan Publication Group Co., Ltd.	764,997.32	612,886.38
	Sichuan Winshare BLOGIS Supply Chain Co., Ltd.	2,700,594.04	6,108,537.18
Total		4,409,196.86	6,929,554.20
Lease liabilities due within a year	Sichuan Xinhua Publishing Group	31,941,494.03	
Total		31,941,494.03	
Lease liabilities	Sichuan Xinhua Publishing Group	144,596,176.53	
Total		144,596,176.53	

### 6. Transactions with Bank of Chengdu Co., Ltd. and closing balance

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 and closing balance are detailed as follows:

#### (1) Dividend income

Current period (Unaudited)		Prior period (Unaudited)	
Amount	Proportion (%)	Amount	Proportion (%)
28,000,000.00	32.57	22,400,000.00	28.45

The shown proportion is the proportion of the amount of the transaction to total investment income in the current period.

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

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

#### 6. Transactions with Bank of Chengdu Co., Ltd. and closing balance *(Continued)*

##### (2) Interest income

Current period (Unaudited)		Prior period (Unaudited)	
Amount	Proportion (%)	Amount	Proportion (%)
547,650.66	4.01	863,022.83	5.85

RMB

The shown proportion is the proportion of the amount of the transaction to total amount of similar transactions.

##### (3) Amount due to/from

Item	30 June 2019	31 December 2018
	(Unaudited)	
Bank balances	73,139,357.26	71,059,856.45
Dividends receivable	28,000,000.00	–
Interests receivable	292,623.28	–

RMB

### (XII) CONTINGENCIES

At the balance sheet date, the Group has no significant contingencies of which disclosure is required.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (XIII) COMMITMENTS

### Capital commitments

	30 June 2019 (Unaudited)	31 December 2018
		<i>RMB</i>
Commitment for acquisition and construction of long-term assets that are contracted but not yet recognized in the financial statements	<b>120,760,934.01</b>	102,880,017.28

## (XIV) EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the balance sheet date, the Group did not have any significant events.

## (XV) 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 undistributed 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 associated with various type of capital. The Group optimizes the overall capital structure through issuing additional shares or borrowing or repayment of borrowings based on the choice of the management.

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## **(XV) OTHER SIGNIFICANT EVENTS** *(Continued)*

### **2. Segment reporting**

Based on the Group's internal organization 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.

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; and

Distribution: Distribution of textbooks and supplementary materials to schools and students and supply of informatisation and equipment services for secondary and primary school education; retailing, distribution and online sales of publications;

Other segment of the Group covers provision of logistic service, 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 is 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 period from 1 January 2019 to 30 June 2019

## (XV) OTHER SIGNIFICANT EVENTS *(Continued)*

### 2. Segment reporting *(Continued)*

#### (1) Segment reporting information

##### Current period (Unaudited)

RMB

	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	Total
External revenue	389,774,431.63	3,391,036,296.96	93,574,659.61	-	-	3,874,385,388.20
Inter-segment revenue	695,446,245.77	3,650,989.16	71,102,187.23	-	(770,199,422.16)	-
Total operating income	1,085,220,677.40	3,394,687,286.12	164,676,846.84	-	(770,199,422.16)	3,874,385,388.20
Operating profit	280,767,520.70	176,414,883.90	31,769,665.88	64,529,657.77	48,079,783.69	601,561,511.94
Non-operating income	265,693.46	1,266,908.40	93,275.76	-	-	1,625,877.62
Non-operating expenses	53,990.35	12,651,615.15	13,054.92	-	-	12,718,660.42
Total profit	280,979,223.81	165,030,177.15	31,849,886.72	64,529,657.77	48,079,783.69	590,468,729.14
Total assets	5,746,035,251.59	7,562,740,320.68	1,192,721,420.38	3,053,026,005.00	(3,434,127,857.35)	14,120,395,140.30
Total liabilities	1,935,110,283.74	6,202,631,756.53	529,894,666.13	179,423,718.75	(3,340,552,597.22)	5,506,507,827.93
Supplementary information						
Depreciation	10,148,815.68	63,248,094.53	11,512,521.72	-	-	84,909,431.93
Amortization	1,782,598.41	13,974,886.06	1,700,786.85	-	-	17,458,271.32
Interest income	696,317.12	8,833,123.52	148,808.70	8,495,023.93	-	18,173,273.27
Impairment losses recognized in the current period	18,741,822.16	40,047,495.23	707,681.67	-	-	59,496,999.06
Investment income recognized from long-term equity investment under equity method	293,765.69	2,280,790.94	45,786,347.78	-	-	48,360,904.41
Long-term equity investment balances under equity method	504,855.73	252,264,433.13	144,109,203.05	-	-	396,878,491.91
Capital expenditure	6,363,340.70	35,896,863.40	4,776,554.33	-	-	47,036,758.43
Including: Construction in progress	705,904.17	13,330,080.53	1,588,616.21	-	-	15,624,600.91
Expenditure arising from purchase of fixed assets	5,449,804.80	6,451,508.76	3,187,938.12	-	-	15,089,251.68
Expenditure arising from purchase of intangible assets	207,631.73	4,252,444.64	-	-	-	4,460,076.37
Development expenditure	-	11,862,829.47	-	-	-	11,862,829.47

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (XV) OTHER SIGNIFICANT EVENTS *(Continued)*

### 2. Segment reporting *(Continued)*

#### (1) Segment reporting information *(Continued)*

Prior period (Unaudited)

	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	<i>RMB</i> Total
External revenue	330,552,435.75	3,156,848,804.65	90,277,459.16	-	-	3,577,678,699.56
Inter-segment revenue	651,204,941.66	3,819,221.92	50,085,961.74	-	(705,110,125.32)	-
<b>Total operating income</b>	<b>981,757,377.41</b>	<b>3,160,668,026.57</b>	<b>140,363,420.90</b>	<b>-</b>	<b>(705,110,125.32)</b>	<b>3,577,678,699.56</b>
Operating profit (loss)	168,316,998.79	180,592,077.09	(16,527,312.93)	45,348,132.71	58,607,787.38	436,337,683.04
Non-operating income	3,199,713.16	1,303,729.63	258,393.20	-	-	4,761,835.99
Non-operating expenses	352,136.67	8,584,719.75	30,000.79	-	-	8,966,857.21
<b>Total profit (loss)</b>	<b>171,164,575.28</b>	<b>173,311,086.97</b>	<b>(16,298,920.52)</b>	<b>45,348,132.71</b>	<b>58,607,787.38</b>	<b>432,132,661.82</b>
<b>Total assets</b>	<b>5,227,916,624.02</b>	<b>6,373,866,524.91</b>	<b>1,172,958,295.06</b>	<b>3,128,275,630.60</b>	<b>(2,874,443,377.89)</b>	<b>13,028,573,696.70</b>
<b>Total liabilities</b>	<b>1,893,387,109.71</b>	<b>5,208,767,163.29</b>	<b>514,131,550.22</b>	<b>151,191,304.77</b>	<b>(2,802,765,388.41)</b>	<b>4,964,711,739.58</b>
Supplementary information						
Depreciation	10,446,378.70	28,064,490.73	6,255,723.60	-	-	44,766,593.03
Amortization	1,551,337.26	8,520,224.79	2,269,710.70	-	-	12,341,272.75
Interest income	709,382.58	5,706,827.45	492,523.90	7,833,912.44	-	14,742,646.37
Impairment losses recognized in the current period	18,494,787.01	36,472,919.28	(805,770.75)	-	-	54,161,935.54
Investment income (loss) recognized from long-term equity investment under equity method	82,103.27	2,930,352.04	(803,360.49)	-	-	2,209,094.82
Long-term equity investment balances under equity method	116,148.82	290,316,012.03	72,722,122.09	-	-	363,154,282.94
Capital expenditure	2,719,985.47	43,815,320.04	360,116.09	-	-	46,895,421.60
Including: Construction in progress	142,982.49	28,933,224.42	83,207.55	-	-	29,159,414.46
Expenditure arising from purchase of fixed assets	1,665,494.55	7,894,811.95	276,908.54	-	-	9,837,215.04
Expenditure arising from purchase of intangible assets	911,508.43	1,430,983.57	-	-	-	2,342,492.00
Development expenditure	-	5,556,300.10	-	-	-	5,556,300.10

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (XV) 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 the PRC customers and most of the Group's assets are located in China. Therefore, the regional data are not disclosed.

(3) *Concentration on major customers*

The Group's revenue from its single largest customer for the current period is RMB465,164,226.93 (prior period: RMB448,398,430.51), which is attributable to the distribution segment. Apart from the aforesaid single largest 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.

## (XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

### 1. Cash and bank balances

Item	30 June 2019 (Unaudited)			31 December 2018		
	Amount in the original currency	Exchange rate	Amount in RMB	Amount in the original currency	Exchange rate	Amount in RMB
Cash:						
RMB	2,973,878.29	1.0000	2,973,878.29	2,938,456.77	1.0000	2,938,456.77
Bank balances:						
RMB	3,029,320,598.65	1.0000	3,029,320,598.65	1,744,291,829.19	1.0000	1,744,291,829.19
USD	4,496.56	6.8747	30,912.50	3,845.47	6.8632	26,392.23
HKD	27,489.55	0.8797	24,182.56	20,756.55	0.8762	18,186.89
Total			3,032,349,572.00			1,747,274,865.08

RMB



## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

### (XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY *(Continued)*

#### 2. Accounts receivable

##### (1) Accounts receivable by aging:

Aging	30 June 2019 (Unaudited)				31 December 2018				RMB
	Amount	Proportion (%)	Credit loss provision	Carrying amount	Amount	Proportion (%)	Credit loss provision	Carrying amount	
Within 1 year	905,757,782.56	88.18	(48,023,540.95)	857,734,241.61	970,108,931.93	90.92	(36,595,551.88)	933,513,380.05	
More than 1 year but not exceeding 2 years	71,476,113.15	6.96	(40,352,177.93)	31,123,935.22	38,274,890.59	3.59	(19,585,977.23)	18,688,913.36	
More than 2 years but not exceeding 3 years	5,219,215.63	0.51	(5,219,215.63)	-	11,041,549.53	1.03	(11,041,549.53)	-	
More than 3 years	44,708,839.41	4.35	(44,708,839.41)	-	47,639,639.97	4.46	(47,639,639.97)	-	
Total	1,027,161,950.75	100.00	(138,303,773.92)	888,858,176.83	1,067,065,012.02	100.00	(114,862,718.61)	952,202,293.41	

##### (2) Credit loss provision made or reversed in the current period

Credit loss provision in the current period is RMB26,617,340.58, and the reversal of credit loss provision is RMB3,385,185.27.

##### (3) Accounts receivable written off in the current period

The reversal of credit loss provision written off in the current period is RMB208,900.00.

##### (4) Top five debtors with the largest balances of accounts receivable at the end of the period

Name of entity	Relationship with the Company	30 June 2019 (Unaudited)	Aging	As a percentage of the total accounts receivable		30 June 2019 credit loss provision (Unaudited)
				(%)		
Winshare Education Technology	Subsidiary	207,101,104.83	Within 1 year	20.16		-
Winshare Online	Subsidiary	149,389,633.63	Within 1 year, 1-2 years	14.54		-
Beijing Winshare Commercial	Subsidiary	86,907,883.26	Within 1 year, 1-2 years	8.46		-
Education Bureau of Anyue County	Third party	38,941,240.40	Within 1 year	3.79		(4,720,210.92)
Education and Technology Bureau of Hejiang County	Third party	34,820,000.00	Within 1 year	3.39		(4,220,660.22)
Total		517,159,862.12		50.34		(8,940,871.14)

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

### (XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY *(Continued)*

#### 3. Prepayments

##### (1) Aging analysis of prepayments:

Aging	30 June 2019 (Unaudited)		31 December 2018	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	15,058,565.72	73.08	12,098,289.24	83.21
1-2 years	4,543,640.14	22.05	2,190,138.89	15.06
2-3 years	755,371.75	3.67	90,464.00	0.62
More than 3 years	246,242.31	1.20	161,829.64	1.11
Total	20,603,819.92	100.00	14,540,721.77	100.00

Prepayment amounts aged more than one year are mainly prepayments for goods that are not settled by the suppliers.

##### (2) Top five entities of prepayments

Name of entity	Relationship with the Company	30 June 2019 (Unaudited)	Term	Reasons for unsettlement
STEM Innovations Co., Ltd.	Third party	3,247,104.17	Within 1 year, 1-2 years, 2-3 years	Goods not yet received
Sichuan Zhengcheng Education Technology Co., Ltd.	Third party	2,300,833.86	1-2 years	Goods not yet received
Sichuan Sensen Display Equipment Co., Ltd.	Third party	2,150,796.38	Within 1 year, 1-2 years	Services not yet rendered
Sichuan Meixin Mechanical and Electrical Equipment Engineering Co., Ltd.	Third party	870,620.69	Within 1 year	Goods not yet received
Guangdong Meika Cultural Music Video Co., Ltd.	Third party	617,620.96	Within 1 year	Goods not yet received
Total		9,186,976.06		

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

### (XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY *(Continued)*

#### 4. Other receivables

(1) *Other receivables by categories:*

Nature of other receivables	RMB	
	30 June 2019 (Unaudited)	31 December 2018
Interests receivable	2,377,598.62	326,203.09
Dividends receivable	28,000,000.00	280,000,000.00
Other receivables	586,729,882.16	513,729,650.9
<b>Total</b>	<b>617,107,480.78</b>	<b>794,055,853.99</b>

(2) *Other receivables by aging:*

Aging	30 June 2019 (Unaudited)				31 December 2018			
	Proportion		Credit loss provision	Carrying amount	Proportion		Credit loss provision	Carrying amount
	Amount	(%)			Amount	(%)		
Within 1 year	384,561,455.46	62.32	(3,648,727.09)	380,912,728.37	589,217,886.85	74.20	(352,269.53)	588,865,617.32
More than 1 year but not exceeding 2 years	58,220,491.76	9.43	(62,217.79)	58,158,273.97	81,541,344.79	10.27	(53,625.48)	81,487,719.31
More than 2 years but not exceeding 3 years	75,048,617.83	12.16	(76,944.01)	74,971,673.82	32,603,197.63	4.11	(68,394.47)	32,534,803.16
More than 3 years	99,276,915.73	16.09	(8,320,200.12)	90,956,715.61	90,693,424.72	11.42	(8,119,765.20)	82,573,659.52
<b>Total</b>	<b>617,107,480.78</b>	<b>100.00</b>	<b>(12,108,089.01)</b>	<b>604,999,391.77</b>	<b>794,055,853.99</b>	<b>100.00</b>	<b>(8,594,054.68)</b>	<b>785,461,799.31</b>

(3) *Credit loss provision for the current period*

The amount of credit loss provision for the current period is RMB3,514,034.33 and, no credit loss is reversed.

(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 period from 1 January 2019 to 30 June 2019

**(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY** *(Continued)***4. Other receivables** *(Continued)**(5) Other receivables by their nature*

Nature of other receivables	RMB	
	30 June 2019 (Unaudited)	31 December 2018
Amount due from related parties	536,020,126.80	477,384,415.63
Deposit/security deposit	43,919,417.71	29,876,616.46
Petty cash	3,694,636.63	1,874,166.45
Interest from time deposits	2,377,598.62	326,203.09
Dividends receivable	28,000,000.00	280,000,000.00
Others	3,095,701.02	4,594,452.36
<b>Total</b>	<b>617,107,480.78</b>	<b>794,055,853.99</b>

*(6) Top five entities with the largest balances of other receivables at the end of the period*

Name of entity	Nature	RMB			
		30 June 2019 (Unaudited)	Aging	As a percentage of the total other receivables (%)	30 June 2019 credit loss provision (Unaudited)
Printing Materials	Receivables from subsidiaries	200,575,247.10	Within 1 year, 1-2 years, above 3 years	32.50	-
Winshare Education Technology	Receivables from subsidiaries	62,678,462.34	Within 1 year, 1-2 years	10.16	-
Winshare Investment	Receivables from subsidiaries	42,569,614.17	Within 1 year, 1-2 years, 2-3 years	6.90	-
Tiandi Publishing House	Receivables from subsidiaries	41,285,335.62	Within 1 year	6.69	-
Reader's Journal Press	Receivables from subsidiaries	36,011,785.69	Within 1 year, above 3 years	5.84	-
<b>Total</b>		<b>383,120,444.92</b>		<b>62.09</b>	<b>-</b>

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

### (XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY *(Continued)*

#### 5. Inventories

##### (1) Categories of inventories

Item	30 June 2019 (Unaudited)			31 December 2018		
	Gross carrying amount	Provision for decline in value	Carrying amount	Gross carrying amount	Provision for decline in value	Carrying amount
Goods on hand	452,681,637.57	(75,251,887.58)	377,429,749.99	517,933,860.49	(66,871,592.11)	451,062,268.38
Work-in-progress	-	-	-	7,607,552.60	-	7,607,552.60
Raw materials	3,438,729.47	-	3,438,729.47	2,732,536.69	-	2,732,536.69
Total	456,120,367.04	(75,251,887.58)	380,868,479.46	528,273,949.78	(66,871,592.11)	461,402,357.67

The Group has no inventories pledged as collaterals at the end of the period.

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

Category of inventories	31 December 2018	Increase in the current period		30 June 2019 (Unaudited)
		Decrease in the current period Reversals	Write-off	
Goods on hand	66,871,592.11	9,614,755.52	(1,234,460.05)	75,251,887.58

#### 6. Other current assets

Item	30 June 2019 (Unaudited)	31 December 2018
VAT input tax to be deducted	27,423,504.59	19,344,485.83
Receivables from cost of sales returns	15,444,167.82	14,024,939.18
Total	42,867,672.41	33,369,425.01

Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

**(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY** *(Continued)***7. Long-term equity investment***(1) Investment in subsidiaries*

Investee	31 December 2018	<i>RMB</i>			30 June 2019 provision for impairment
		Increase in investment	Decrease in investment	30 June 2019 (Unaudited)	
Xinhua Online	40,000,000.00	-	-	40,000,000.00	(2,072,032.00)
People's Education Times	2,106,941.60	-	-	2,106,941.60	-
Winshare Media	3,990,000.00	-	-	3,990,000.00	-
Winshare Sports	124,915,135.82	-	-	124,915,135.82	-
Winshare Education Technology	333,840,776.30	-	-	333,840,776.30	-
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	350,000,000.00	-	-	350,000,000.00	-
Watch Panda	2,000,000.00	-	-	2,000,000.00	-
VIVI Advertising	4,000,000.00	-	-	4,000,000.00	-
Winshare Cloud Image	24,800,400.00	-	-	24,800,400.00	-
Publication Printing	598,185,830.79	-	-	598,185,830.79	-
Printing Materials	40,944,463.95	-	-	40,944,463.95	-
People's Publishing House	42,189,167.92	-	-	42,189,167.92	-
Education Publishing House	211,321,291.49	-	-	211,321,291.49	-
Youth and Children's Publishing House	385,039,941.53	-	-	385,039,941.53	-
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	17,559,756.46	-	-	17,559,756.46	-
Science & Technology Publishing House	24,294,897.94	-	-	24,294,897.94	-
Lexicographical Publishing House	27,809,021.68	-	-	27,809,021.68	-
Bashu Publishing House	45,244,860.20	-	-	45,244,860.20	-
Tiandi Publishing House	139,379,050.03	-	-	139,379,050.03	-
Reader's Journal Press	866,830.73	-	-	866,830.73	-
Pictorial	7,521,475.38	-	-	7,521,475.38	-
Winshare Investment	200,000,000.00	-	-	200,000,000.00	-

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

### (XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY *(Continued)*

#### 7. Long-term equity investment *(Continued)*

##### (1) Investment in subsidiaries *(Continued)*

Investee	31 December 2018	Increase in investment	Decrease in investment	30 June 2019 (Unaudited)	<i>RMB</i>
					30 June 2019 provision for impairment
Sichuan Xinhua Printing	248,599,490.28	-	-	248,599,490.28	-
Beijing Aerospace Cloud	22,248,300.00	-	-	22,248,300.00	-
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	-
Xuankehui	50,000,000.00	-	-	50,000,000.00	-
Total	3,243,781,047.66	-	-	3,243,781,047.66	(2,072,032.00)

## Notes to the Financial Statements (continued)

For the period from 1 January 2019 to 30 June 2019

**(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY** (Continued)**7. Long-term equity investment** (Continued)

## (2) Investment in joint ventures or associates

RMB

Investee	31 December 2018	Changes for the period							30 June 2019 Others (Unaudited)	30 June 2019 provision for impairment	
		Increase in investment	Decrease in investment	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			
Joint Ventures											
Hainan Publishing House	148,227,458.64	-	-	7,615,911.36	-	-	-	-	-	155,843,370.00	-
Liangshan Xinhua Winshare Education Technology Co. Ltd.	19,537,503.06	-	-	(1,715,707.08)	-	-	-	-	-	17,821,795.98	-
Subtotal	167,764,961.70	-	-	5,900,204.28	-	-	-	-	-	173,665,165.98	-
Associates											
Commercial Press (Chengdu) Co., Ltd.	2,626,882.83	-	-	(84,614.85)	-	-	-	-	-	2,542,267.98	-
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	10,922,805.08	-	-	(608.02)	-	-	-	-	-	10,922,197.06	-
Ming Bo Education Technology Holdings Co., Ltd.	36,994,885.76	-	-	265,419.61	-	-	-	-	-	37,260,305.37	-
Winshare Preschool	3,972,779.77	-	-	586,464.64	-	-	-	-	-	4,559,244.41	-
Xinhua Yingxuan	15,270,843.55	-	-	(755,533.93)	-	-	-	-	-	14,515,309.62	-
Subtotal	69,788,196.99	-	-	11,127.45	-	-	-	-	-	69,799,324.44	-
Total	237,553,158.69	-	-	5,911,331.73	-	-	-	-	-	243,464,490.42	-



## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

### (XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY *(Continued)*

#### 8. Investment properties

Investment properties measured at cost

<b>Item</b>	<i>RMB</i> <b>Buildings</b>
I. Cost	
1. 31 December 2018 and 30 June 2019 (Unaudited)	33,651,290.75
II. Accumulated depreciation	
1. 31 December 2018	(12,862,591.45)
2. Increase in the period	(450,095.02)
(1) Provision	(450,095.02)
3. 30 June 2019 (Unaudited)	(13,312,686.47)
III. Book value	
1. 30 June 2019 (Unaudited)	20,338,604.28
2. 31 December 2018	20,788,699.30

Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

**(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY** *(Continued)***9. Fixed assets**

*RMB*

Item	Buildings	Machinery and equipment	Electronic equipment and others	Transportation vehicles	Total
I. Cost					
1. 31 December 2018	1,165,638,574.29	80,774,473.19	125,999,951.34	85,874,240.84	1,458,287,239.66
2. Increase in the period	16,739,032.71	6,951.45	6,106,807.86	91,893.17	22,944,685.19
(1) Acquisition	-	6,951.45	6,106,807.86	91,893.17	6,205,652.48
(2) Transfer from construction in progress	16,739,032.71	-	-	-	16,739,032.71
3. Decrease in the period	-	-	(2,920,901.51)	(19,714,066.08)	(22,634,967.59)
(1) Disposal	-	-	(2,920,901.51)	(19,714,066.08)	(22,634,967.59)
4. 30 June 2019 (Unaudited)	1,182,377,607.00	80,781,424.64	129,185,857.69	66,252,067.93	1,458,596,957.26
II. Accumulated depreciation					
1. 31 December 2018	(378,148,931.23)	(65,716,838.63)	(95,378,147.17)	(73,628,375.38)	(612,872,292.41)
2. Increase in the period	(14,788,128.89)	(1,522,699.85)	(5,466,066.91)	(2,249,621.96)	(24,026,517.61)
(1) Provision	(14,788,128.89)	(1,522,699.85)	(5,466,066.91)	(2,249,621.96)	(24,026,517.61)
3. Decrease in the period	-	-	2,920,901.51	18,347,763.11	21,268,664.62
(1) Disposal	-	-	2,920,901.51	18,347,763.11	21,268,664.62
4. 30 June 2019 (Unaudited)	(392,937,060.12)	(67,239,538.48)	(97,923,312.57)	(57,530,234.23)	(615,630,145.40)
III. Book value					
1. 30 June 2019 (Unaudited)	789,440,546.88	13,541,886.16	31,262,545.12	8,721,833.70	842,966,811.86
2. 31 December 2018	787,489,643.06	15,057,634.56	30,621,804.17	12,245,865.46	845,414,947.25

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY *(Continued)*

### 10. Right-of-use assets

#### (1) Presentation of right-of-use assets

<b>Item</b>	<i>RMB</i> <b>Property</b>
I. Cost:	
1. 1 January 2019 (Unaudited)	341,330,008.88
2. Increase in the period	19,216,642.21
3. 30 June 2019 (Unaudited)	360,546,651.09
II. Accumulated depreciation	
1. 1 January 2019 (Unaudited)	–
2. Increase in the period	(37,755,610.79)
(1) Provision	(37,755,610.79)
3. 30 June 2019 (Unaudited)	(37,755,610.79)
III. Book value	
1. 30 June 2019 (Unaudited)	322,791,040.30
2. 1 January 2019 (Unaudited)	341,330,008.88

### 11. Intangible assets

Intangible assets are as follows:

<b>Item</b>	<b>Land use rights</b>	<b>Software</b>	<b>Others</b>	<i>RMB</i> <b>Total</b>
I. Cost				
1. 31 December 2018	188,210,645.50	71,284,434.19	167,700.00	259,662,779.69
2. Increase in the period	–	4,252,444.64	–	4,252,444.64
(1) Acquisition	–	4,252,444.64	–	4,252,444.64
3. 30 June 2019 (Unaudited)	188,210,645.50	75,536,878.83	167,700.00	263,915,224.33
II. Accumulated amortization				
1. 31 December 2018	(63,691,575.57)	(52,612,023.62)	(167,700.00)	(116,471,299.19)
2. Increase in the period	(2,512,781.77)	(1,840,987.04)	–	(4,353,768.81)
(1) Provision	(2,512,781.77)	(1,840,987.04)	–	(4,353,768.81)
3. Decrease in the period	–	–	–	–
(1) Other decrease	–	–	–	–
4. 30 June 2019 (Unaudited)	(66,204,357.34)	(54,453,010.66)	(167,700.00)	(120,825,068.00)
III. Book value				
1. 30 June 2019 (Unaudited)	122,006,288.16	21,083,868.17	–	143,090,156.33
2. 31 December 2018	124,519,069.93	18,672,410.57	–	143,191,480.50

Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

**(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY** *(Continued)***12. Long-term prepaid expenses**

*RMB*

Item	31 December 2018	Impact of implementing the New Lease Standard	Increase in the current period	Amortization in the current period	30 June 2019 (Unaudited)
Leasehold improvement	17,020,316.16	-	344,297.71	(3,480,150.60)	13,884,463.27
Rents	96,049.75	(96,049.75)	-	-	-
<b>Total</b>	<b>17,116,365.91</b>	<b>(96,049.75)</b>	<b>344,297.71</b>	<b>(3,480,150.60)</b>	<b>13,884,463.27</b>

**13. Other non-current assets**

*RMB*

Item	30 June 2019 (Unaudited)	31 December 2018
Receivables from subsidiaries	491,000,000.00	516,000,000.00
VAT input tax to be deducted	63,968,390.36	36,718,628.57
Prepaid purchase price for property	13,132,697.00	-
<b>Total</b>	<b>568,101,087.36</b>	<b>552,718,628.57</b>

**14. Accounts payable**

Details of aging analysis of accounts payable are as follows:

*RMB*

Item	30 June 2019 (Unaudited)	31 December 2018
Within 1 year	2,359,882,374.52	2,477,641,611.59
1-2 years	826,694,069.25	751,506,438.70
2-3 years	237,912,226.11	228,769,482.47
More than 3 years	143,276,818.04	138,492,878.39
<b>Total</b>	<b>3,567,765,487.92</b>	<b>3,596,410,411.15</b>

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

### (XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY *(Continued)*

#### 15. Contract liabilities

(1) *Presentation of contract liabilities:*

Item	RMB	
	30 June 2019 (Unaudited)	31 December 2018
Advanced receipts for sold goods	212,356,922.21	238,876,170.54
Membership card points	14,324,815.38	12,782,898.02
Total	<b>226,681,737.59</b>	251,659,068.56

- (2) The Group's recognized revenue of RMB133,359,373.02, including the carrying amount of contract liabilities at the beginning of the period, for current period includes contract liabilities of RMB133,196,951.04 arising from advanced receipts for sold goods, and contract liabilities of RMB162,421.98 arising from membership card points.

#### 16. Employee benefits payable

(1) *Presentation of employee benefits payable*

Item	31 December 2018	RMB		
		Increase in the current period	Decrease in the current period	30 June 2019 (Unaudited)
I. Short-term benefits	213,191,243.79	312,280,025.95	(395,573,229.78)	129,898,039.96
II. Post-employment benefits – defined contribution plan	615,008.56	50,572,828.63	(41,418,104.25)	9,769,732.94
Total	213,806,252.35	<b>362,852,854.58</b>	<b>(436,991,334.03)</b>	<b>139,667,772.90</b>

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

### (XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY *(Continued)*

#### 16. Employee benefits payable *(Continued)*

##### (2) Presentation of short-term benefits

Item	31 December 2018	<i>RMB</i>		30 June 2019 (Unaudited)
		Increase in the current period	Decrease in the current period	
I. Wages or salaries, bonuses, allowance and subsidies	167,607,067.58	264,043,156.35	(346,147,551.09)	85,502,672.84
II. Staff welfare	4,058.55	1,864,729.20	(1,864,729.20)	4,058.55
III. Social security contributions	122,128.71	14,636,915.13	(14,523,806.97)	235,236.87
Including: Medical insurance	80,459.26	12,480,757.91	(12,387,366.62)	173,850.55
Work-related injury insurance	25,574.04	833,132.77	(824,030.00)	34,676.81
Maternity insurance	16,095.41	1,321,159.45	(1,310,545.35)	26,709.51
Other insurances	-	1,865.00	(1,865.00)	-
IV. Housing funds	1,276,636.95	22,156,535.97	(21,919,893.03)	1,513,279.89
V. Union running costs and employee education costs	43,973,436.28	9,234,554.09	(10,773,114.28)	42,434,876.09
VI. Others	207,915.72	344,135.21	(344,135.21)	207,915.72
<b>Total</b>	<b>213,191,243.79</b>	<b>312,280,025.95</b>	<b>(395,573,229.78)</b>	<b>129,898,039.96</b>

##### (3) Defined contribution plan

Item	31 December 2018	<i>RMB</i>		30 June 2019 (Unaudited)
		Increase in the current period	Decrease in the current period	
I. Basic pension insurance	508,403.23	35,568,965.57	(35,282,243.08)	795,125.72
II. Unemployment insurance	37,981.96	1,190,070.72	(1,181,320.22)	46,732.46
III. Enterprise annuity	68,623.37	13,813,792.34	(4,954,540.95)	8,927,874.76
<b>Total</b>	<b>615,008.56</b>	<b>50,572,828.63</b>	<b>(41,418,104.25)</b>	<b>9,769,732.94</b>

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

### (XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY *(Continued)*

#### 17. Taxes payable

Item	<i>RMB</i>	
	30 June 2019 (Unaudited)	31 December 2018
City construction and maintenance tax	140,427.07	73,432.48
Education surcharges	98,793.91	32,434.52
Individual income tax	857,426.70	932,056.20
Withholding of dividend income tax for H shareholders	11,889,991.86	–
Others	18,466,263.56	17,290,684.99
<b>Total</b>	<b>31,452,903.10</b>	<b>18,328,608.19</b>

#### 18. Other payables

Item	<i>RMB</i>	
	30 June 2019 (Unaudited)	31 December 2018
Amounts due to related parties	484,450,737.13	387,325,273.85
Security deposit/deposit/quality warranty/ performance security	40,790,987.02	56,060,477.28
Construction and infrastructure construction expenses	32,993,679.31	27,090,838.32
Dividends payable	120,819,791.22	–
Others	58,921,011.80	18,525,192.19
<b>Total</b>	<b>737,976,206.48</b>	<b>489,001,781.64</b>

Other payables of large amounts and aged more than 1 year are mainly deposits and outstanding payments for construction.

Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

**(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY** *(Continued)***19. Lease liabilities**

Item	RMB	
	30 June 2019 (Unaudited)	31 December 2018
Rents	304,561,747.33	
Less: Lease liabilities included in non-current liabilities due within one year	(61,949,855.52)	
Total	242,611,891.81	

**20. Capital reserve***Current period*

Item	RMB			
	31 December 2018	Increase in the current period	Decrease in the current period	30 June 2019 (Unaudited)
Share capital premium				
Including: Capital contributed by investors	2,622,033,862.15	-	-	2,622,033,862.15
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
Total	2,631,057,328.10	-	-	2,631,057,328.10

*Prior period*

Item	RMB			
	31 December 2017	Increase in the current period	Decrease in the current period	30 June 2018 (Unaudited)
Share capital premium				
Including: Capital contributed by investors	2,622,033,862.15	-	-	2,622,033,862.15
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
Total	2,631,057,328.10	-	-	2,631,057,328.10



# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY *(Continued)*

### 21. Other comprehensive income

#### *Current period*

RMB

Item	Changes in the period						30 June 2019 (Unaudited)
	31 December 2018	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	Less: Income tax expenses	Post-tax amount attributable to owners of the Company	Post-tax amount attributable to non-controlling interests	
Other comprehensive income that cannot be reclassified into profit or loss	1,023,108,206.10	4,651,200.00	-	-	4,651,200.00	-	1,027,759,406.10
Gains or losses arising from fair value change of other equity instrument investments	1,023,108,206.10	4,651,200.00	-	-	4,651,200.00	-	1,027,759,406.10

#### *Prior period*

RMB

Item	Changes in the period							30 June 2018 (Unaudited)
	31 December 2017	Effect of implementation of New Financial Instrument Standards	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	Less: Income tax expenses	Post-tax amount attributable to owners of the Company	Post-tax amount attributable to non-controlling interests	
Other comprehensive income that cannot be reclassified into profit or loss	1,136,163,193.05	274,857,013.05	(239,236,800.00)	-	-	(239,236,800.00)	-	1,171,783,406.10
Gains or losses arising from fair value change of other equity instrument investments	1,136,163,193.05	274,857,013.05	(239,236,800.00)	-	-	(239,236,800.00)	-	1,171,783,406.10

Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

**(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY** *(Continued)***22. Surplus reserve***Current period*

Item	<i>RMB</i>			
	31 December 2018	Increase in the current period	Decrease in the current period	30 June 2019 (Unaudited)
Statutory surplus reserve	710,233,608.82	-	-	710,233,608.82

*Prior period*

Item	31 December 2017	Increase in the current period	Decrease in the current period	30 June 2018 (Unaudited)
	Statutory surplus reserve	624,908,885.29	-	-

**23. Undistributed profits**

Item	<i>RMB</i>		
	Current period (Unaudited)	Prior period (Unaudited)	Proportion of appropriation
Undistributed profits at the end of prior year	2,449,218,056.81	2,046,248,858.13	
Effect of implementation of New Financial Instrument Standards	-	5,198,986.95	
Undistributed profits at the beginning of current period	2,449,218,056.81	2,051,447,845.08	
Add: Net profit for the period	304,763,696.77	315,872,598.90	
Less: Appropriation to statutory surplus reserve	-	-	
Distribution of dividends on ordinary shares	(370,152,300.00)	(370,152,300.00)	Note (VI) 37(2)
Undistributed profits at the end of period	2,383,829,453.58	1,997,168,143.98	

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY *(Continued)*

### 24. Operating income and operating costs

Item	Amount incurred in the current period (Unaudited)	RMB
		Amount incurred in the prior period (Unaudited)
Principal operating income	<b>2,275,366,382.93</b>	3,505,965,145.54
Other operating income	<b>76,338,288.87</b>	55,317,207.16
Including: Revenue from concessionaire sales	<b>143,321,358.59</b>	147,464,570.10
Cost of concessionaire sales	<b>(122,113,945.51)</b>	(125,975,877.73)
Net income from concessionaire sales	<b>21,207,413.08</b>	21,488,692.37
Operating costs	<b>1,301,684,284.93</b>	2,615,077,015.88

### 25. Taxes and surcharges

Item	Amount incurred in the current period (Unaudited)	RMB
		Amount incurred in the prior period (Unaudited)
City construction and maintenance tax	<b>96,968.14</b>	68,537.83
Education surcharges	<b>85,749.30</b>	48,841.20
Property tax	<b>5,882,199.96</b>	7,186,810.47
Urban land use tax	<b>511,234.61</b>	–
Stamp duty	<b>56,385.49</b>	82,498.20
Vessel and vehicle tax	<b>69,905.40</b>	90,349.05
Disabled person security fund	<b>152,143.35</b>	55,036.22
Others	<b>6,159.80</b>	3,627.48
Total	<b>6,860,746.05</b>	7,535,700.45

Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

**(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY** *(Continued)***26. Selling expenses**

<b>Item</b>	<b>Amount incurred in the current period (Unaudited)</b>	<i>RMB</i> Amount incurred in the prior period (Unaudited)
Wages or salaries and welfares	<b>196,550,954.31</b>	154,983,964.22
Transportation costs	<b>82,573,234.09</b>	59,368,212.44
Business conference fees	<b>21,267,968.90</b>	18,275,883.12
Vehicle fees	<b>7,439,914.32</b>	11,977,527.18
Travel expenses	<b>9,572,568.98</b>	9,616,993.14
Issuance fees	<b>16,233,916.33</b>	9,374,834.69
Advertising and promotion	<b>12,126,357.87</b>	15,461,782.21
Packing expenses	<b>7,044,084.45</b>	4,904,245.04
Others	<b>46,642,936.80</b>	37,672,533.64
Total	<b>399,451,936.05</b>	321,635,975.68

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

### (XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY *(Continued)*

#### 27. Administrative expenses

<b>Item</b>	<b>Amount incurred in the current period (Unaudited)</b>	<i>RMB</i> Amount incurred in the prior period (Unaudited)
Wages or salaries and welfares	<b>164,883,922.05</b>	139,122,287.78
Business entertainment fees	<b>55,393,509.88</b>	48,270,236.46
Lease payments	<b>16,874,614.17</b>	54,523,168.72
Depreciation and amortization expenses	<b>69,350,966.90</b>	30,818,716.55
Conference fees	<b>10,088,428.98</b>	9,789,944.44
Energy costs	<b>6,934,776.23</b>	7,443,039.38
Property management fees	<b>13,129,243.20</b>	12,243,522.99
Travel expenses	<b>3,035,908.23</b>	1,974,647.43
Repair charge	<b>9,099,995.59</b>	9,740,002.38
Office expenses	<b>2,889,246.19</b>	2,187,954.77
Audit and other non-audit service fees	<b>720,000.00</b>	720,000.00
Others	<b>24,323,582.17</b>	25,868,698.74
<b>Total</b>	<b>376,724,193.59</b>	342,702,219.64

Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

**(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY** *(Continued)***28. Finance expenses**

*RMB*

<b>Item</b>	<b>Amount incurred in the current period (Unaudited)</b>	Amount incurred in the prior period (Unaudited)
Interest expenses	<b>3,468,830.21</b>	1,131,022.61
Interest expenses on lease liabilities	<b>8,551,684.80</b>	–
Interest income	<b>(11,648,607.61)</b>	(8,874,545.51)
Interest income from long-term receivables	<b>(593,315.30)</b>	(228,594.88)
Foreign exchange gains or losses and others	<b>1,431,975.89</b>	1,540,496.52
<b>Total</b>	<b>1,210,567.99</b>	(6,431,621.26)

**29. Other income**

*RMB*

<b>Item</b>	<b>Amount incurred in the current period (Unaudited)</b>	Amount incurred in the prior period (Unaudited)
Other fiscal subsidies	<b>1,601,110.59</b>	1,005,103.67

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

### (XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY *(Continued)*

#### 30. Investment income

<b>Item</b>	<b>Amount incurred in the current period (Unaudited)</b>	<i>RMB</i> Amount incurred in the prior period (Unaudited)
Income from long-term equity investments Including: Investment income under equity method	<b>5,911,331.73</b>	8,571,103.36
Investment income from other equity instrument investments	<b>49,812,000.00</b>	43,588,800.00
Investment income from disposal of financial assets at FVTPL	<b>24,729,544.61</b>	22,773,302.08
<b>Total</b>	<b>80,452,876.34</b>	74,933,205.44

#### 31. Loss on credit impairment

<b>Item</b>	<b>Amount incurred in the current period (Unaudited)</b>	<i>RMB</i> Amount incurred in the prior period (Unaudited)
Credit impairment losses for accounts receivable	<b>(23,232,155.31)</b>	(38,613,698.98)
Credit impairment losses for other receivables	<b>(3,514,034.33)</b>	(59,074.10)
<b>Total</b>	<b>(26,746,189.64)</b>	(38,672,773.08)

Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

**(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY** *(Continued)***32. Impairment losses of assets**

RMB

Item	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Unaudited)
Losses of decline in value of inventories	<b>(9,614,755.52)</b>	(4,482,265.35)

**33. Non-operating income**

Details of non-operating income are as follows:

RMB

Item	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Unaudited)
Others	<b>1,286,343.05</b>	1,317,927.82

**34. Non-operating expenses**

RMB

Item	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Unaudited)
Donations	<b>12,398,387.31</b>	8,067,998.68
Penalties	<b>1.97</b>	359.53
Others	<b>106,157.54</b>	472,879.53
Total	<b>12,504,546.82</b>	8,541,237.74



# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY *(Continued)*

### 35. 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 (Unaudited)
Interest income	9,597,212.08	5,988,790.16
Receipt of deposits and security deposits	-	10,567,711.39
Others	66,043,495.75	74,733,068.66
<b>Total</b>	<b>75,640,707.83</b>	<b>91,289,570.21</b>

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

*RMB*

Item	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Unaudited)
Selling expenses	202,900,981.74	165,069,980.00
Including: Transportation costs	82,573,234.09	59,368,212.44
Commissioned logistics costs	36,786,627.47	28,914,840.36
Business conference fees	21,267,968.90	18,275,883.12
Handling fees	15,231,118.33	14,595,507.21
Promotion fees	9,485,364.00	7,518,616.70
Vehicle fees	7,439,914.32	11,977,527.18
Administrative expenses	145,945,442.93	172,360,915.85
Including: Business entertainment fees	55,393,509.88	48,270,236.46
Lease payment	16,874,614.17	54,523,168.72
Property management fees	13,129,243.20	12,243,522.99
Conference fees	10,088,428.98	9,789,944.44
Repair charges	9,099,995.59	9,740,002.38
Energy costs	6,934,776.23	7,443,039.38
Amounts due to/from subsidiaries	63,655,173.36	5,318,437.19
Others	18,593,440.58	11,191,453.07
<b>Total</b>	<b>431,095,038.61</b>	<b>353,940,786.11</b>

Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

**(XVI) NOTES TO MAJOR 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*

*RMB*

<b>Supplementary information</b>	<b>Amount incurred in the current period (Unaudited)</b>	Amount incurred in the prior period (Unaudited)
<b>1. Reconciliation of net profit to cash flow from operating activities:</b>		
Net profit	<b>304,763,696.77</b>	315,872,598.90
Add: Provision for impairment and credit losses of assets	<b>36,360,945.16</b>	43,155,038.43
Depreciation of fixed assets	<b>24,026,517.61</b>	26,566,447.09
Depreciation of right-of-use assets	<b>37,755,610.79</b>	–
Depreciation of investment properties	<b>450,095.02</b>	450,095.02
Amortization of intangible assets	<b>4,353,768.81</b>	1,980,025.83
Amortization of long-term prepaid expenses	<b>3,480,150.60</b>	2,306,212.80
Asset disposal losses (less: gains)	<b>(2,354,928.94)</b>	4,165.61
Gains from fair value change	<b>(2,172,891.40)</b>	(9,553,741.44)
Finance expenses	<b>11,427,199.71</b>	902,427.73
Investment income	<b>(80,452,876.34)</b>	(74,933,205.44)
Decrease in inventories	<b>72,153,582.74</b>	1,060,515,716.73
Increase in receivables from operating activities	<b>(2,456,531.35)</b>	(850,851,891.76)
Increase in payables from operating activities (less: decrease)	<b>(121,042,604.76)</b>	201,334,542.45
Net cash flow from operating activities	<b>286,291,734.42</b>	717,748,431.95
<b>2. Net changes in cash and cash equivalents:</b>		
Closing balance of cash	<b>2,778,349,572.00</b>	1,413,143,321.71
Less: Opening balance of cash	<b>1,747,274,865.08</b>	1,105,004,995.34
Net increase in cash and cash equivalents	<b>1,031,074,706.92</b>	308,138,326.37

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

### (XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY *(Continued)*

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

##### (2) Cash and cash equivalents

Item	<i>RMB</i>	
	30 June 2019 (Unaudited)	31 December 2018
Cash	<b>2,778,349,572.00</b>	1,747,274,865.08
Including: Cash on hand	<b>2,973,878.29</b>	2,938,456.77
Bank deposits readily withdrawn on demand	<b>2,775,375,693.71</b>	1,744,336,408.31
Balance of cash and cash equivalents	<b>2,778,349,572.00</b>	1,747,274,865.08

Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

**(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY****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 (Unaudited)
Sichuan Xinhua International Hotel Co., Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	107,181.29	143,042.69
Sichuan Guanghan Sanxingdui Qushanyuan Cultural Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	210,802.68	307,541.37
Chengdu Huang Peng Property Co., Ltd.	Receipt of services	Payments for property management fees	Price negotiated by both parties	2,800,334.90	2,400,075.93
Sichuan Xinhua Haiji Cultural Development Co., Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	396,868.17	274,741.73
Sichuan Xinhua Publishing Group Co., Ltd. Huadao Resort Hotel	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	16,688.00	48,286.00
Commercial Press (Chengdu) Co., Ltd.	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	6,427,831.53	8,317,810.58
Hainan Publishing House	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	1,719,288.15	1,170,123.52
Bashu Publishing House	Purchase of goods	Payments for goods purchased and receiving service	Price negotiated by both parties	3,872,418.63	5,308,498.27
Education Publishing House	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	255,944,512.39	227,310,925.85
Publication Printing	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	93,363,251.74	81,590,717.38
Printing Materials	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	499,635.26	1,590,614.66
Lexicographical Publishing House	Purchase of goods	Payments for goods purchased and receiving service	Price negotiated by both parties	6,022,994.54	1,747,402.03
Science & Technology Publishing House	Purchase of goods	Payments for goods purchased and receiving service	Price negotiated by both parties	3,278,545.99	2,333,204.04
Fine Arts Publishing House	Purchase of goods	Payments for goods purchased and receiving service	Price negotiated by both parties	8,609,342.24	13,527,619.90
People's Publishing House	Purchase of goods	Payments for goods purchased and receiving service	Price negotiated by both parties	8,222,336.24	29,390,785.78
Youth and Children's Publishing House	Purchase of goods	Payments for goods purchased and receiving service	Price negotiated by both parties	-	2,387,894.56
Tiandi Publishing House	Purchase of goods	Payments for goods purchased and receiving service	Price negotiated by both parties	10,558,379.01	14,504,984.07
Literature & Art Publishing House	Purchase of goods	Payments for goods purchased and receiving service	Price negotiated by both parties	1,084,090.91	9,167,655.73

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (XVI) NOTES TO MAJOR 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)*

##### Purchase of goods/receipt of services *(Continued)*

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 (Unaudited)
Digital Publishing	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	109,910.82	108,920.36
Reader's Journal	Receipt of services	Payments for goods purchased	Price negotiated by both parties	67,358.50	11,320.75
Pictorial	Receipt of services	Payments for goods purchased	Price negotiated by both parties	15,915.09	15,547.17
Winshare Education Technology	Receipt of services	Payments for goods purchased	Price negotiated by both parties	3,556,545.26	2,353,728.66
Beijing Shuchuan	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	60,554,206.64	127,965,542.02
Wenchuan Logistics	Receipt of services	Commissioned logistics cost/ transportation cost	Price negotiated by both parties	46,174,457.30	49,010,193.03
Winshare Online	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	260,506,015.65	21,151,066.82
Sichuan Xinhua Printing	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	234,555.64	371,543.64
Sichuan Culture Communication	Receipt of services	Payments for design etc. service fees	Price negotiated by both parties	709,753.00	742,476.80
Winshare Music	Receipt of services	Payments for goods purchased	Price negotiated by both parties	-	165,106.80
Winshare Cloud Image	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	24,568.97	815,021.05
Xinhua Haiyi Hotel Co., Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	59,996.22	36,597.55
Winshare Quan Media	Receipt of services	Payments for promotion service provided	Price negotiated by both parties	64,733.94	-
Winshare Sports Culture	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	1,904.76	-
Total				775,214,423.46	604,268,988.74

Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

**(XVI) NOTES TO MAJOR 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/provision 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 (Unaudited)
Sichuan Xinhua Publishing Group	Sales of goods	Receipts for goods sold	Price negotiated by both parties	614.00	-
Liangshan Xinhua Winshare Education Technology Co. Ltd.	Sales of goods and provision of services	Receipts for goods sold and services rendered	Price negotiated by both parties	96,392.24	-
Winshare Online	Sales of goods	Receipts for goods sold	Price negotiated by both parties	21,410,000.00	1,085,732,694.39
Xinhua Online	Sales of goods	Receipts for goods sold	Price negotiated by both parties	-	14,021,275.25
Winshare Education Technology	Sales of goods	Receipts for goods sold	Price negotiated by both parties	1,354,313.95	79,335,432.78
Beijing Winshare Commercial	Sales of goods	Receipts for goods sold	Price negotiated by both parties	1,653,320.04	3,631,828.49
Winshare Cloud Image	Sales of goods	Receipts for goods sold	Price negotiated by both parties	-	222,246.64
Winshare Investment	Sales of goods	Receipts for goods sold	Price negotiated by both parties	9,090.91	-
Sichuan Xinhua Printing	Sales of goods	Receipts for goods sold	Price negotiated by both parties	52,843.88	-
Total				24,576,575.02	1,182,943,477.55

*(2) Guarantees for subsidiaries*

The Company has not provided any guarantee for subsidiaries for the current period.

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

### (XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY *(Continued)*

#### 37. Related party relationship and transactions *(Continued)*

##### (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 recognized in the current period (Unaudited)	Lease income recognized in the prior period (Unaudited)
The Company	Sichuan Xinhua Publishing Group	Buildings	1 January 2016	31 December 2018	Contractual price negotiated by both parties	N/A	639,787.89
The Company	Sichuan Xinhua Publishing Group	Buildings	1 January 2019	31 December 2021	Contractual price negotiated by both parties	639,787.89	N/A
The Company	Printing materials	Buildings	1 January 2017	31 December 2019	Contractual price negotiated by both parties	205,028.15	203,181.05
The Company	Bashu Publishing House	Buildings	1 January 2017	31 December 2019	Contractual price negotiated by both parties	391,340.05	387,814.47
The Company	Youth and Children's Publishing House	Buildings	1 January 2017	31 December 2019	Contractual price negotiated by both parties	507,487.88	502,915.92
The Company	Literature & Art Publishing House	Buildings	1 January 2017	31 December 2019	Contractual price negotiated by both parties	373,207.65	369,845.41
The Company	People's Publishing House	Buildings	1 January 2017	31 December 2019	Contractual price negotiated by both parties	761,231.82	837,355.00
The Company	Science & Technology Publishing House	Buildings	1 January 2017	31 December 2019	Contractual price negotiated by both parties	408,388.01	394,979.11
The Company	Tiandi Publishing House	Buildings	1 January 2017	31 December 2019	Contractual price negotiated by both parties	373,427.26	370,063.05
The Company	Lexicographical Publishing House	Buildings	1 January 2017	31 December 2019	Contractual price negotiated by both parties	294,057.18	291,408.02
The Company	Publication Printing	Buildings	1 January 2017	31 December 2019	Contractual price negotiated by both parties	274,886.36	302,375.00
The Company	Xinhua Yingxuan	Buildings	1 March 2017	28 February 2019	Contractual price negotiated by both parties	90,801.43	-
The Company	Xinhua Yingxuan	Buildings	1 March 2019	28 February 2021	Contractual price negotiated by both parties	133,970.06	N/A
Total						4,453,613.74	4,299,724.92

Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

**(XVI) NOTES TO MAJOR 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 expenses recognized in the current period (Unaudited)	Lease expenses recognized in the prior period (Unaudited)
Sichuan Xinhua Publishing Group	The Company	Buildings	1 January 2019	31 December 2021	Contractual price negotiated by both parties	N/A	18,971,659.52
Sichuan Publication Group	The Company	Buildings	1 January 2017	31 December 2019	Contractual price negotiated by both parties	6,624,471.62	6,614,185.64
Sichuan Hengxi Property Management Co., Ltd.	The Company	Buildings	1 January 2017	31 December 2019	Contractual price negotiated by both parties	276,200.82	276,200.82
Total						6,900,672.44	25,862,045.98

Note: The Company as lessee rents buildings from Sichuan Xinhua Publishing Group and recognizes right-of-use assets. See Note (XI) 4 for details.



# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY *(Continued)*

### 37. Related party relationship and transactions *(Continued)*

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

Related party	RMB			
	Current period (Unaudited)	30 June 2019 (Unaudited)	Prior period (Unaudited)	31 December 2018
Borrowings				
Winshare Media	6,000,000.00	6,117,205.48	7,000,000.00	–
Sichuan Culture Communication	20,000,000.00	20,392,876.71	20,000,000.00	–
Winshare International	14,000,000.00	14,265,808.22	–	–
Science & Technology				
Publishing House	–	20,400,000.00	–	20,000,000.00
Fine Arts Publishing House	–	20,403,000.00	–	20,003,000.00
Winshare Quan Media	–	9,690,000.00	9,500,000.00	9,500,000.00
Xuankehui	–	41,418,814.71	45,000,000.00	46,079,630.14
Pictorial	7,000,000.00	7,132,136.99	5,000,000.00	–
Lexicographical Publishing House	6,000,000.00	6,100,109.59	–	–
Bashu Publishing House	20,000,000.00	20,357,808.22	–	–
Winshare Investment	8,000,000.00	8,236,273.98	–	–
<b>Total</b>	<b>81,000,000.00</b>	<b>174,514,033.90</b>	<b>86,500,000.00</b>	<b>95,582,630.14</b>
Loans				
Winshare Investment	–	242,805,888.15	–	238,162,840.21
Wenchuan Logistics	–	166,179,000.00	–	162,979,584.65
Winshare Education Technology	–	197,678,462.34	30,000,000.00	194,089,712.34
Sichuan Xinhua Printing	–	30,417,388.69	–	34,808,686.64
Printing Materials	–	200,575,247.10	–	199,708,418.05
Reader's Journal	–	36,011,785.69	–	35,536,975.25
Winshare Cloud Image	–	5,108,750.00	–	5,000,000.00
Tiandi Publishing House	–	41,285,335.62	–	40,415,335.62
<b>Total</b>	<b>–</b>	<b>920,061,857.59</b>	<b>30,000,000.00</b>	<b>910,701,552.76</b>

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

### (XVI) NOTES TO MAJOR 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/loans from related parties are as follows:

Name of entity	Amount incurred in the current period (Unaudited)		Amount incurred in the prior period (Unaudited)	
	Amount	Proportion (%)	Amount	Proportion (%)
	<i>RMB</i>			
Winshare Media	109,775.09	3.35	135,259.75	12.68
Sichuan Culture Communication	370,638.40	11.28	382,114.25	35.81
Winshare International	258,066.23	7.85	222,877.36	20.89
Winshare Quan Media	179,245.28	5.46	103,127.42	9.67
Xuankehui	826,991.52	25.17	127,009.57	11.90
Pictorial	124,657.54	3.79	96,614.11	9.05
Bashu Publishing House	337,554.92	10.27	–	–
Lexicographical Publishing House	94,443.01	2.87	–	–
Science & Technology Publishing House	377,358.48	11.49	–	–
Fine Arts Publishing House	377,358.50	11.49	–	–
Winshare Investment	229,392.21	6.98	–	–
<b>Total</b>	<b>3,285,481.18</b>	<b>100.00</b>	1,067,002.46	100.00

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

### (XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY *(Continued)*

#### 37. Related party relationship and transactions *(Continued)*

##### (6) Receipts of interest

Interest received from the Company's borrowings/loans with related parties is as follows:

Name of entity	RMB	
	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Unaudited)
Sichuan Xinhua Printing	574,247.22	778,873.74
Printing Materials	1,635,526.51	1,635,526.51
Winshare Investment	4,380,233.91	4,604,096.67
Reader's Journal	447,934.38	447,934.38
Wenchuan Logistics	3,200,943.40	3,393,000.00
Winshare Education Technology	3,385,613.20	2,208,448.57
Winshare Cloud Image	102,594.34	–
Tiandi Publishing House	820,754.72	–
<b>Total</b>	<b>14,547,847.68</b>	13,067,879.87

Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

**(XVI) NOTES TO MAJOR 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>30 June 2019 (Unaudited)</b>	31 December 2018
Accounts receivable	Winshare Online	-	179,379,072.73
	Beijing Winshare Commercial	<b>102,403,282.99</b>	102,403,282.99
	Winshare Education Technology	<b>207,101,104.83</b>	205,530,799.83
	Winshare Cloud Image	<b>360,630.32</b>	426,607.76
	<b>Total</b>	<b>309,865,018.14</b>	487,739,763.31
Prepayments	Xinhua Shang	<b>35,595.86</b>	35,595.86
	Winshare Cloud Image	<b>483,511.48</b>	542,466.77
<b>Total</b>		<b>519,107.34</b>	578,062.63

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (XVI) NOTES TO MAJOR 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>30 June 2019 (Unaudited)</b>	31 December 2018
Other receivables	Publication Printing	-	50,000,000.00
	Education Publishing House	-	230,000,000.00
	Sichuan Xinhua Publishing Group	<b>1,345,454.56</b>	10,500.00
	Xinhua Yingxuan	<b>310,866.74</b>	1,058,638.30
	Printing Materials	<b>200,575,247.10</b>	199,708,418.05
	Winshare Education Technology	<b>62,678,462.34</b>	59,089,712.34
	Tiandi Publishing House	<b>41,285,335.62</b>	40,415,335.62
	Xinhua Shang	<b>2,500,000.00</b>	2,500,000.00
	Reader's Journal	<b>36,011,785.69</b>	35,536,975.25
	Digital Publishing	<b>17,935,711.48</b>	17,935,711.48
	Winshare Sports	<b>3,357,255.44</b>	3,357,255.44
	Fine Art Investment	<b>28,183,930.13</b>	28,183,930.13
	Science & Technology Publishing House	<b>3,433,847.60</b>	3,281,226.73
	Beijing Winshare Commercial	<b>20,266,215.65</b>	20,266,215.65
	Winshare Investment	<b>42,805,888.15</b>	13,162,840.21
	Literature & Art Publishing House	<b>4,811,324.73</b>	4,400,796.32
	People's Publishing House	<b>1,688,588.82</b>	1,688,588.82
	Sichuan Xinhua Printing	<b>30,417,388.69</b>	34,808,686.64
	Winshare Cloud Image	<b>5,108,750.00</b>	5,000,000.00
	Wenchuan Logistics	<b>10,179,000.00</b>	6,979,584.65
	Bashu Publishing House	<b>430,474.06</b>	-
	Winshare Online	<b>22,694,600.00</b>	-
<b>Total</b>		<b>536,020,126.80</b>	757,384,415.63

Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

**(XVI) NOTES TO MAJOR 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>30 June 2019 (Unaudited)</b>	31 December 2018
Other non-current assets	Wenchuan Logistics	<b>156,000,000.00</b>	156,000,000.00
	Winshare Education Technology	<b>135,000,000.00</b>	135,000,000.00
	Winshare Investment	<b>200,000,000.00</b>	225,000,000.00
<b>Total</b>		<b>491,000,000.00</b>	516,000,000.00
Accounts payable	Commercial Press (Chengdu) Co., Ltd.	<b>12,570,757.94</b>	8,096,016.99
	Hainan Publishing House	<b>122,481.66</b>	–
	Publication Printing	<b>401,567,789.24</b>	435,397,338.77
	Education Publishing House	<b>830,555,402.18</b>	939,234,727.62
	People's Publishing House	<b>47,294,497.02</b>	47,248,145.14
	Youth and Children's Publishing House	<b>24,833,381.52</b>	28,544,991.85
	Winshare Education Technology	<b>11,160,086.05</b>	11,062,134.58
	Digital Publishing	<b>123,363.68</b>	139,178.85
	Lexicographical Publishing House	<b>12,846,858.64</b>	6,860,893.36
	Tiandi Publishing House	<b>23,096,361.63</b>	18,234,998.28
	Literature & Art Publishing House	<b>40,977,497.29</b>	51,165,542.80
	Science & Technology Publishing House	<b>10,564,600.97</b>	8,963,121.43
	Fine Arts Publishing House	<b>25,099,999.91</b>	19,995,590.54
	Bashu Publishing House	<b>13,659,868.49</b>	16,856,089.77
	Xinhua Online	<b>1,805,893.78</b>	1,805,893.78
	Beijing Shuchuan	<b>163,885,633.89</b>	126,136,542.87
	Winshare Cloud Image	<b>2,269,380.00</b>	4,436,244.00
	Winshare Online	<b>104,761,345.84</b>	33,810,361.13
	Sichuan Xinhua Publishing Group	<b>40,788,780.95</b>	–
<b>Total</b>		<b>1,767,983,980.68</b>	1,757,987,811.76

# Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

## (XVI) NOTES TO MAJOR 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>	
		30 June 2019	31 December 2018
Related party		(Unaudited)	
Other payables	Youth and Children's Publishing House	23,161,400.00	23,161,400.00
	Xinhua Shang	200,000.00	200,000.00
	Sichuan Xinhua Printing	-	200,000.00
	People's Publishing House	-	3,000.00
	Publication Printing	258,449,177.96	258,449,177.96
	Fine Arts Publishing House	20,403,000.00	20,003,000.00
	Digital Publishing	50,000.00	50,000.00
	Winshare International	14,265,808.22	-
	Winshare Education Technology	31,860.00	31,860.00
	Pictorial	7,132,136.99	-
	Winshare Quan Media	9,690,000.00	9,500,000.00
	Xuankehui	41,418,814.71	46,079,630.14
	Science & Technology Publishing House	20,400,000.00	20,000,000.00
	Sichuan Culture Communication	20,392,876.71	-
	Wenchuan Logistics	28,032,309.22	9,647,205.75
	Winshare Investment	8,236,273.98	-
	Lexicographical Publishing House	6,100,109.59	-
	Bashu Publishing House	20,357,808.22	-
	Sichuan Winshare BLOGIS Supply Chain Co., Ltd.	3,000.00	-
	Winshare Cloud Image	5,956.05	-
	People's Publishing House	3,000.00	-
	Winshare Media	6,117,205.48	-
Total		484,450,737.13	387,325,273.85

## Notes to the Financial Statements *(continued)*

For the period from 1 January 2019 to 30 June 2019

### (XVI) NOTES TO MAJOR 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>	
		30 June 2019 (Unaudited)	31 December 2018
Related party			
Lease liabilities due within a year	Sichuan Xinhua Publishing Group	<b>31,941,494.03</b>	
Total		<b>31,941,494.03</b>	
Lease liabilities	Sichuan Xinhua Publishing Group	<b>144,596,176.53</b>	
Total		<b>144,596,176.53</b>	

### (XVII) APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated and the Company's financial statements were approved by the Board of Directors on 29 August 2019.



## Supplementary Information

### 1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS FOR THE PERIOD

*RMB*

Item	Current period
Profit on disposal of assets	3,126,981.39
Government grants recognized 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)	10,152,401.09
Investment income acquired from disposal of financial assets at FVTPL	25,209,525.02
Profit or loss on fair value change from holding financial asset at FVTPL	2,172,891.40
Other non-operating income and expenses other than the aforesaid items	(11,092,782.80)
Income tax effects	(4,069.18)
Effects attributable to non-controlling interests (after tax)	(1,293,962.07)
<b>Total</b>	<b>28,270,984.85</b>

### 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.

Profit for the reporting period	Weighted average return on net assets (%)	EPS (RMB)	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	6.61	0.47	N/A
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	6.28	0.45	N/A

The Company has no dilutive potential ordinary shares.



WINSHARE

## 新華文軒出版傳媒股份有限公司

XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.

No. 6, Wenxuan Road, Rong Bei  
Shang Mao Avenue, Jinniu District, Chengdu, Sichuan  
Postal Code : 610081

四川省成都市金牛區蓉北商貿大道文軒路6號  
郵政編碼 : 610081

Website 網址: [www.winshare.com.cn](http://www.winshare.com.cn)