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Definitions

In this report (excluding the financial report section), the following expressions shall have the meanings stated below unless the context otherwise requires:

Definitions of frequently-used terms

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 or BoCD	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.
CITIC Buyout Fund	CITIC Buyout Investment Fund (Shenzhen) Partnership (Limited Partnership)
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	formerly known as Sichuan Xinhua Publishing Group Co., Ltd.* (四川新華發行集團有限公司), changed to Sichuan Xinhua Publishing and Distribution Group Co., Ltd.* (四川新華出版發行集團有限公司) on 13 August 2020
COVID-19	Coronavirus disease 2019
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
Period or Reporting Period	From 1 January 2020 to 30 June 2020
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
Sanzhou	Aba, Ganzi and Liangshan autonomous regions in Sichuan Province
SASAC of Sichuan	State-owned Assets Supervision and Administration Commission of the Sichuan Provincial Government
September Online	the digital content push platform under Winshare Online
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Sichuan Daily	Sichuan Daily Newspaper Group
Sichuan Development	Sichuan Development (Holding) Co., Ltd.
SPG	formerly known as Sichuan Publication Group Co., Ltd.,* (四川出版集團有限責任公司) changed to Sichuan Cultural Industry Investment Group Co., Ltd.* (四川文化產業投資集團有限責任公司) on 13 August 2020
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
Tibet Winshare	Tibet Winshare Venture Capital Investment Fund Partnership (Limited Partnership)
Wan Xin Media	Anhui Xinhua Media Co., Ltd.
Winshare Hengxin	Winshare Hengxin (Shenzhen) Equity Investment Fund Partnership (Limited Partnership)
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. Chen Yunhua (being the executive Director) who appointed Mr. Zhang Peng (being the non-executive Director) as his proxy to vote on his behalf due to other business commitments, other Directors attended the seventh meeting of the 4th session of the Board in 2020 held by the Company on 25 August 2020 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 report contained in this interim report.
- V. The Board did not recommend payment of the interim dividend for the six months ended 30 June 2020.
- VI. The forward-looking statements included in this interim 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 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 interim 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*)

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

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
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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

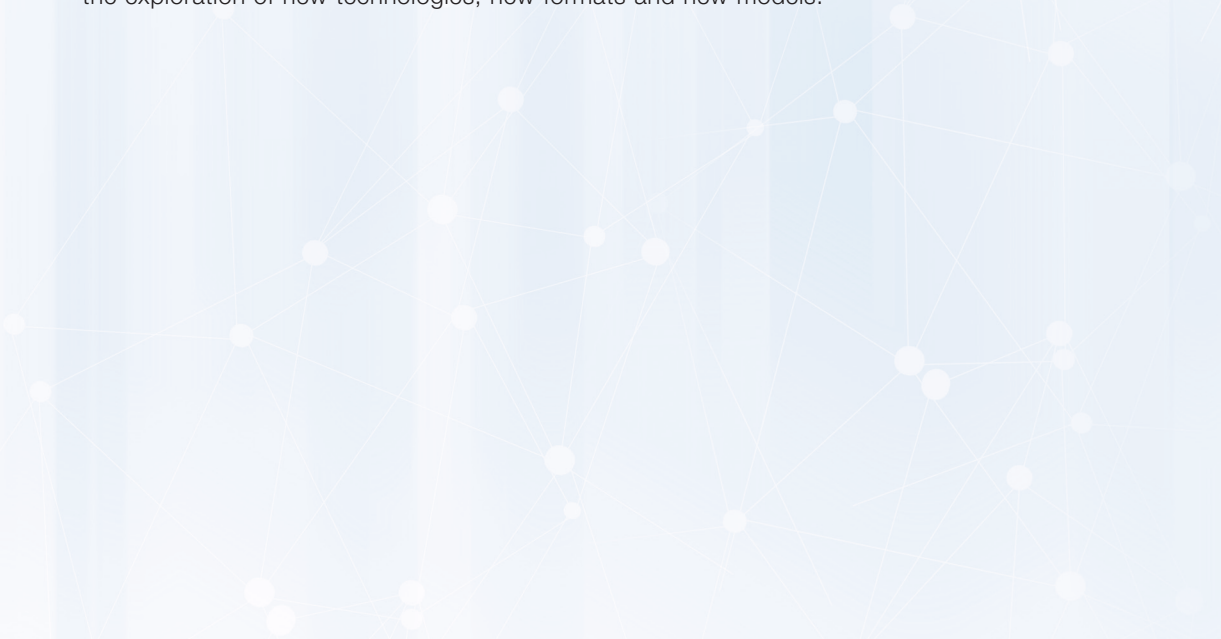
(I) BUSINESS REVIEW

INDUSTRY OVERVIEW

“National reading” has been included in the Government Work Report for the seventh consecutive year, making it a fundamental people’s livelihood project. As the State Council attaches greater importance to and introduces more support for cultural undertakings and cultural industry, a series of concession policies covering system development, talent training, finance, tax concession and industrial integration have been promulgated. This has strongly boosted the confidence of the publishing and media enterprises in development. As a result, the pace of development of publishing integration has quickened.

With the increasing cultural spending power and the changing reading styles among the people, the demand for reading service showed a growing trend of digitalisation, networkisation and intelligentisation with consumption features of personalisation, experience and diversity. Among which, the publication of children’s books and themed books was faster with market focus gradually shifting to general book publication. While the transformation and upgrade of physical bookstores accelerated, online and offline integrated development further progressed deeply. The expedited progress of new technological R&D and application also provided strong support for the structural adjustment, integrated development, transformation and upgrade of the publishing and media industry. The integration of the traditional publishing and media industry with emerging technologies including the Internet, Artificial Intelligence (AI), big data and Augmented Reality/Virtual Reality (AR/VR) acted as a catalyst to the development of a series of new cultural business segments, injecting new vitality to the traditional publication and distribution industry.

In a modern society with international division of labour and close collaboration, the outbreak of COVID-19 has a great impact on the global economy. Since the outbreak of COVID-19, various segments of the publishing industry such as content creation, production and printing, and offline sales, have been affected to varying extents. According to the statistics published by Open Book, in the first half of 2020, the overall book retail market decreased by 9.29% year-on-year. In particular, the online store channel increased by 6.74% year-on-year, whereas the physical store channel decreased by 47.36% year-on-year. However, objectively speaking, the outbreak of COVID-19 has also accelerated the transformation and upgrade of the publishing industry, allowed the players of the publishing industry to attach greater importance to integrated development, accelerated the layout of digital publishing business, and promoted the exploration of new technologies, new formats and new models.



Management Discussion and Analysis *(continued)*

RESULTS

During the Period, the Group steadily promoted the strategies of “revitalising the publishing sector in Sichuan Province” and “revitalising the physical bookstores”, and enhanced the overall market competitiveness of the Company under the guidance of high-quality development, innovative development, integrated development and a people-oriented development approach. Faced with the severe outbreak of COVID-19, the Group has taken effective measures to carry out epidemic prevention and control and resume work and production in an orderly manner, to actively respond to the impact of COVID-19 outbreak on the Group’s business.

During the Period, the Group recorded operating revenue of RMB3,606 million, representing a decrease of 6.92% as compared with the same period of last year. Net profit amounted to RMB568 million, representing a decrease of 1.03% as compared with the same period of last year. During the Period, the Group’s general book publication, physical store retailing and education informatized and equipment businesses were significantly affected by the COVID-19 outbreak, resulting in a decrease in operating income and profit for the Period as compared with the corresponding period of last year. In addition, the increase in gain from fair value changes of the items held by the funds invested by the Group during the Period has, to a certain extent, offset the impact of the COVID-19 outbreak on the Group’s profit. As the duration of the impact of the COVID-19 outbreak is uncertain, the operating results of the Group in the second half of 2020 are uncertain.

Revenue

During the Period, the Group recorded revenue of RMB3,606 million, representing a decrease of 6.92% as compared with RMB3,874 million for the same period of last year, among which, revenue of principal businesses amounted to RMB3,547 million, representing a decrease of 6.77% as compared with RMB3,805 million in the same period of last year, mainly due to the year-on-year decrease in sales revenue of the Group from the general book publication, physical store sales, education informatized and equipment businesses affected by the COVID-19 outbreak during the Period.

Management Discussion and Analysis *(continued)*

Operating costs

During the Period, operating costs of the Group amounted to RMB2,033 million, representing a decrease of 12.80% from RMB2,331 million in the same period last year, among which, costs of principal businesses amounted to RMB2,027 million, representing a decrease of 12.40% as compared to RMB2,314 million in the same period of last year. The decrease in operating costs was mainly driven by the decline in sales. As a result of the changes in sales structure, the consolidated cost ratio decreased year-on-year.

Gross profit margin

During the Period, consolidated gross profit margin of the Group was 43.63%, up by 3.80 percentage points from 39.83% in the same period of last year, among which, the gross profit margin of principal businesses was 42.86%, up by 3.67 percentage points from 39.19% in the same period of last year, mainly benefiting from the cost control of products and changes in sales structure.

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.

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 2020

Principal business by segment				<i>RMB</i>		
By segment	Principal business income	Principal business costs	Gross profit margin (%)	Change of	Change of	Change of
				Principal business income as compared with the same period of last year (%)	Principal business costs as compared with the same period of last year (%)	gross profit margin as compared with the same period of last year (ppts)
I. Publication	950,228,588.04	609,634,376.88	35.84	(11.02)	(12.67)	1.21
Textbooks and supplementary materials	598,669,031.39	344,169,133.75	42.51	16.32	4.98	6.21
General books	234,617,514.02	170,341,150.75	27.40	(47.43)	(40.17)	(8.80)
Printing and materials	97,517,550.03	84,494,173.27	13.35	9.89	10.07	(0.15)
Newspapers and journals	15,546,608.86	7,764,639.99	50.06	9.22	18.18	(3.78)
Others	3,877,883.74	2,865,279.12	26.11	(1.70)	29.60	(17.85)
II. Distribution	3,156,225,118.79	2,045,375,353.62	35.20	(5.49)	(10.43)	3.57
Education service	2,229,389,493.84	1,272,579,360.92	42.92	1.86	(3.58)	3.22
Of which: Textbooks and supplementary materials	2,187,432,118.53	1,240,671,447.58	43.28	8.40	5.56	1.52
Education informatized and equipment business	33,746,176.93	29,029,668.42	13.98	(80.24)	(79.92)	(1.37)
Online sales	683,797,468.76	595,293,772.21	12.94	(1.59)	(5.63)	3.73
Retailing	155,918,466.09	100,025,100.99	35.85	(46.88)	(47.36)	0.59
Others	87,119,690.10	77,477,119.50	11.07	(46.42)	(45.74)	(1.11)
III. Others	151,616,393.31	134,067,130.43	11.57	(7.19)	(3.67)	(3.24)
Inter-segment elimination total	(710,991,501.97)	(762,286,734.18)				
Total	3,547,078,598.17	2,026,790,126.75	42.86	(6.77)	(12.40)	3.67

Note: The "Newspapers and journals" business under the publication segment is separated from "Others" during the Period and the figures in the same period of last year have been restated.

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, market expansion and education service. Through keeping abreast of the latest changes in education policies, the Group conducted in-depth research on new demands and opportunities brought by changes in policies and teaching requirements, and actively provided services for the reform of national fundamental education and local education development. The Group developed competitive supplementary materials to further consolidate the system of all-subject based textbooks and supplementary materials publication.

During the Period, revenue from the sales of textbooks and supplementary materials publication business amounted to RMB599 million (including domestic sales), representing an increase of 16.32% as compared with the same period of last year; and cost of sales amounted to RMB344 million, representing an increase of 4.98% as compared with the same period of last year. Gross profit margin was 42.51%, up by 6.21 percentage points as compared with the same period of last year, mainly benefiting from the cost control of its products and the increased proportion of sales of supplementary materials.

Publication of General Books

Placing social benefits as a top priority and striving to align social benefits with economic benefits, the Group endeavoured to create high-quality publication products adhering to the theory of "targeted publishing, refined publishing and quality publishing". By optimising the product mix and topic selection of the publication segment, the Group steadily promoted key publication projects and created high-quality works, while stepping up online marketing efforts to overcome the impact of COVID-19 outbreak.

During the Period, revenue from the sales of general books under the Group's publication business amounted to RMB235 million (including domestic sales), representing a decrease of 47.43% as compared with the same period of last year; and cost of sales amounted to RMB170 million, representing a decrease of 40.17% as compared with the same period of last year. Gross profit margin was 27.40%, down by 8.80 percentage points as compared with the same period of last year. Due to the impact of the COVID-19 outbreak, there was no timely production of printing factories, nor normal operation of physical bookstores and normal logistics and distribution. Each segment of the general book publication business from compilation, printing to distribution suffered tremendously. Despite that the Group actively took measures to adjust its operating strategies, its operating results were still significantly affected.

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 supply of education informatized and equipment services to secondary and primary schools; retailing, distribution business and online sales of publications.

During the Period, revenue from the sales of the distribution segment amounted to RMB3,156 million, representing a decrease of 5.49% as compared with the same period of last year, mainly due to the delay in the new project bidding and inspection/acceptance of existing projects of the education informatized and equipment business affected by the COVID-19 outbreak, and the decrease in sales from the retailing business of physical bookstores.

During the Period, gross profit margin of the distribution segment was 35.20%, up by 3.57 percentage points from the same period of last year, mainly due to the changes in sales structure and the decrease in the proportion of sales from the education informatized and equipment service with a lower gross profit margin.

Education Service

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

During the Period, the Group continued to take a customer-oriented approach and continued to enhance its capabilities in product research and development and marketing service to achieve sustained and high efficiency growth 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 Company 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 informatized and education equipment, the Company seized the market opportunities arising from new college entrance exam curriculum reform and education informatized 2.0 action plan and provided products and services including professional subject classroom, innovation education space and smart campus. At the same time, the Company endeavoured to propel channel innovation, mechanism innovation and business innovation, and enhanced its capability of education service to achieve innovative and integrated development. In the first half of the year, faced with the tremendous difficulties and challenges brought by the COVID-19 outbreak, the Group not only ensured the timely delivery of books, but also worked with a number of publishing houses to provide complimentary electronic teaching materials on certain subjects to teachers and students. In order to realise "continuing learning during class suspension", the Company quickly diverted its resources to open live courses free of charge to primary three and secondary three students in the province through Guangdong Broadcasting and Television Network.

During the Period, revenue from the external sales of the education service business of the Group amounted to RMB2,229 million, representing an increase of 1.86% as compared with the same period of last year. Among which revenue from the sales of textbooks and supplementary materials during the Period amounted to RMB2,187 million, representing an increase of 8.40% as compared with the same period of last year; revenue from the education informatized and equipment business during the Period amounted to RMB33,746,200, representing a decrease of 80.24%, mainly due to the delay in the new project bidding and inspection/acceptance of existing projects affected by the COVID-19 outbreak.

Management Discussion and Analysis *(continued)*

During the Period, gross profit margin of the education service business was 42.92%, up by 3.22 percentage points as compared with the same period of last year, mainly due to the impact of the decrease in the proportion of sales from the education informatized and equipment business with a lower gross profit margin.

Online Sales

In the first half of 2020, the Group's Internet business developed steadily. In terms of sales channel building and marketing activities, the Group actively expanded the market space, carried out in-depth operations, flexibly arranged the pace of marketing, strengthened the expansion of the whole network channel, and expanded the marketing scale. In terms of supply chain development, the Group improved supply and distribution efficiency and continued to reduce commodity and logistics costs by integrating business resources and adopting the combination of procurement and sales. In terms of product operations, by accumulating user and order information through channels, the Group gained insights into market trends and focused on categories such as literature and children, and worked with publishers to launch competitive products. In the first half of the year, the Group maintained its top three position in book sales on major platforms such as Tmall and JD.com, and continued to consolidate its leading position in the national book e-commerce market.

During the Period, revenue from the sales of online sales business amounted to RMB710 million, representing an increase of 2.13% as compared with the same period of last year. Among which, operating income amounted to RMB684 million, representing a decrease of 1.59% as compared with the same period of last year. Gross profit margin was 12.94%, up by 3.73 percentage points as compared with the same period of last year, mainly benefitting from the ongoing enhancement of the overall operating level of the Group's online sales business.

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 strengthened brand operations, promoted integrated development from the original model of single store operation to the new model of "store operation + institution business" to continuously build a multi-segment modern reading service network system. In the first half of 2020, the Group strove to fight against the epidemic and resumed work in an orderly manner while optimising the existing business and minimising economic losses. Through cooperation with real estate companies, the Group introduced innovative business models and reduced store opening costs. The newly opened physical bookstore, Winshare BOOKS retail store has a floor area of nearly a million sq.m. At the same time, the Group provided a full range of reading and cultural consumption service to readers through online live streaming and all-staff marketing.

During the Period, revenue from the sales of retailing business amounted to RMB156 million, representing a decrease of 46.88% as compared with the same period of last year, mainly due to the closure of physical stores during the COVID-19 outbreak. Gross profit margin of the retailing business was 35.85%, which remained basically the same as compared with the same period of last year.

Management Discussion and Analysis *(continued)*

(II) ANALYSIS OF OPERATING RESULTS AND FINANCIAL PERFORMANCE

Breakdown of the relevant item changes in the financial statements

(For the six months ended 30 June 2020)

RMB

Item	Current period	Comparative period last year	Change (%)
Revenue	3,606,285,024.29	3,874,385,388.20	(6.92)
Operating costs	2,032,754,444.10	2,331,152,105.99	(12.80)
Selling expenses	606,376,116.13	572,562,489.33	5.91
Administrative expenses	476,028,730.70	482,911,889.75	(1.43)
Finance expenses	(18,843,738.56)	(6,062,699.09)	(210.81)
Research and development expenditure	773,305.17	1,929,084.96	(59.91)
Net cashflow generated from operating activities	268,432,331.35	664,002,476.79	(59.57)
Net cashflow generated from investing activities	(195,285,686.37)	591,136,300.73	(133.04)
Net cashflow generated from financing activities	(286,496,946.91)	(278,034,035.82)	(3.04)
Taxes and levies	20,356,301.32	14,202,213.13	43.33
Other incomes	17,314,528.24	73,962,988.64	(76.59)
Gain on fair value change (loss represented by "-")	127,162,814.85	(16,478,022.12)	N/A
Credit impairment loss (loss represented by "-")	(104,503,611.01)	(39,144,937.44)	(166.97)
Asset impairment loss (loss represented by "-")	(31,323,764.19)	(20,352,061.62)	(53.91)
Gain on asset disposal (loss represented by "-")	188,874.38	3,126,981.39	(93.96)
Non-operating income	5,348,531.32	1,625,877.62	228.96
Non-operating expenses	18,205,903.41	12,718,660.42	43.14
Income tax expenses	22,171,300.76	16,927,257.42	30.98
Non-controlling interests (net loss represented by "-")	(12,625,445.40)	(5,961,300.63)	(111.79)
Other comprehensive income net, after tax	(78,903,392.55)	4,745,952.71	(1,762.54)

Management Discussion and Analysis *(continued)*

EXPENSES

During the Period, selling expenses of the Group amounted to RMB606 million, representing an increase of 5.91% as compared with the same period of last year, mainly due to the year-on-year increase in labour costs and logistics expenses.

During the Period, administrative expenses of the Group amounted to RMB476 million, representing a decrease of 1.43% as compared with the same period of last year, mainly due to the decrease in the Group's related operating expenses during the COVID-19 outbreak.

During the Period, finance expenses of the Group amounted to RMB(18,843,700), as compared with RMB(6,062,700) in the same period of last year, among which, net interest expenses during the Period amounted to RMB24,524,400, representing an increase of RMB15,525,000 as compared with RMB8,999,400 in the same period of last year, mainly due to the increase in interest income arising from bank deposits as compared with the same period of last year.

During the Period, R&D expenses of the Group amounted to RMB773,300, representing a decrease of 59.91% 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 informatized business during the Period as compared with the same period of last year.

TAXES AND LEVIES

During the Period, taxes and levies of the Group amounted to RMB20,356,300, representing an increase of 43.33% as compared with the same period of last year, mainly due to the timing difference of the payment of property tax and stamp duty.

ASSET IMPAIRMENT

During the Period, provision for asset impairment loss of the Group amounted to RMB31,323,800, representing an increase of RMB10,971,700 as compared with RMB20,352,100 in the same period of last year, mainly due to the increase in provision for decline in value of inventory during the Period as compared with the same period of last year as a result of the increase in inventory balance and inventory turnover days affected by the COVID-19 outbreak during the Period.

CREDIT IMPAIRMENT

During the Period, the Group made provision for credit impairment loss of RMB104,503,600, representing an increase of RMB65,358,700 as compared with RMB39,144,900 in the same period of last year, mainly due to the increase in provision for credit impairment during the Period as compared with the same period of last year as a result of higher trade receivables and longer turnover days of trade receivables affected by the COVID-19 outbreak during the Period.

GAIN/LOSS ON FAIR VALUE CHANGE

During the Period, gain on fair value change of the Group amounted to RMB127,162,800, representing an increase of RMB143,640,800 as compared with loss on fair value change of RMB16,478,000 in the same period of last year, mainly due to the increase in gain on fair value change during the Period as a result of the items held by the funds invested by the Group including CITIC Buyout Fund and Winshare Hengxin.

Management Discussion and Analysis *(continued)*

INVESTMENT INCOME

During the Period, the Group recognised investment income of RMB105 million, representing a decrease of 14.48% as compared with the same period of last year, mainly due to the decrease in income from investment in associates and joint ventures recognised by using equity method during the Period.

OTHER INCOMES AND NON-OPERATING INCOME AND EXPENSES

During the Period, other incomes of the Group amounted to RMB17,314,500, representing a decrease of 76.59% as compared with the same period of last year, mainly due to the significant decline of VAT refund received during the Period as compared with the same period of last year since the progress of application for VAT refund of the Group was affected by the COVID-19 outbreak and the year-on-year decrease in book subsidy income recognised during the Period as a result of the decrease in revenue from the general book publication business.

During the Period, non-operating income of the Group amounted to RMB5,348,500, representing an increase of 228.96% as compared with the same period of last year, mainly due to the compensation received by the Group from the PRC government with respect to land requisition for renovation and construction of High Speed Rail and the compensation received with respect to housing demolition and relocation in Qionglai during the Period.

During the Period, non-operating expenses of the Group amounted to RMB18,205,900, representing an increase of 43.14% as compared with the same period of last year, mainly due to the increase in donation expenses including donation of anti-epidemic supplies by the Group during the Period affected by the COVID-19 outbreak.

GAIN ON ASSET DISPOSAL

During the Period, gain on asset disposal of the Group amounted to RMB188,900, representing a decrease of 93.96% as compared with the same period of last year, mainly due to the greater gain on disposal of vehicles for office use and disposal of properties by a subsidiary of the Group in the same period of last year.

INCOME TAX EXPENSES

During the Period, income tax expenses of the Group amounted to RMB22,171,300, as compared with RMB16,927,300 in the same period of last year, mainly due to the changes in deferred income tax expenses arising from the investment income from associates, such as Tibet Winshare recognised by Winshare Investment, a subsidiary of the Company using equity method and the fair value changes of funds held including Winshare Hengxin.

NON-CONTROLLING INTERESTS

During the Period, net loss of non-controlling interests amounted to RMB12,625,400, representing an increase of 111.79% in loss as compared with the same period of last year, mainly due to the fluctuations in the operating results of non-wholly owned subsidiaries.

Management Discussion and Analysis *(continued)*

OTHER COMPREHENSIVE INCOME

During the Period, other comprehensive income net, after tax of the Group amounted to RMB(78,903,400), as compared with RMB4,746,000 in the same period of last year, mainly due to the fluctuations in the market price of shares of listed companies held by the Company including Wan Xin Media and Bank of Chengdu.

PROFIT

Net profit of the Group for the Period amounted to RMB567,633,500, representing a decrease of RMB5,907,900 as compared with RMB573,541,500 in the same period of last year. Net profit attributable to owners of the parent company amounted to RMB580,259,000, which was basically the same as compared with RMB579,502,800 in the same period of last year. The decrease in profit was due to the increase in provision for credit impairment loss and asset impairment loss during the Period as compared with the same period of last year due to slow recovery of receivables, higher inventory balance and longer inventory turnover days affected by the COVID-19 outbreak; and the decrease in income from government grants such as value-added tax refund recognised during the Period as compared to the same period of last year. However, benefitting from the greater gains from fair value changes of the items held by the funds invested by the Group including CITIC Buyout Fund and Winshare Hengxin during the Period, the impact of the COVID-19 outbreak on the Group's profit is offset to a certain extent.

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, which was the same as compared with RMB0.47 in the same period of last year. For details regarding the calculation of earnings per share, please refer to note (VI) 50 to the consolidated financial statements in this interim report.

CASH FLOW

During the Period, net cashflow of the Group generated from operating activities was net inflow of RMB268 million, as compared with net inflow of RMB664 million in the same period of last year, mainly due to the delayed goods delivery and recovery of receivables as well as the delayed processing of value-added tax refund as compared with the same period of last year affected by the COVID-19 outbreak. In July, the recovery of this year's receivables for Spring semester complimentary textbooks and supplementary materials and the receivables in the Sanzhou region amounted to approximately RMB200 million.

During the Period, net cashflow of the Group generated from investing activities was net outflow of RMB195 million, as compared with net inflow of RMB591 million in the same period of last year, mainly due to the substantial increase in cash outflow as compared with the same period of last year as a result of the rolling purchase of wealth management products due for recovery during the Period.

During the Period, net cashflow of the Group generated from financing activities was net outflow of RMB286 million, as compared with net outflow of RMB278 million in the same period of last year, mainly due to the payment of 2019 dividend of RMB249 million during the Period where the progress of payment of dividend remained basically the same as the same period of last year.

Management Discussion and Analysis *(continued)*

ASSETS AND LIABILITIES ANALYSIS

(As at 30 June 2020)

RMB

Item	Amount 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 prior year	Amount as at the end of the prior 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 prior year (%)	Remark
Notes receivable	920,000.00	0.01	2,218,450.46	0.01	(58.53)	Mainly due to the maturity of and endorsed transfer of some of the commercial acceptance bills during the Period.
Financing receivables	3,258,168.30	0.02	7,007,859.79	0.05	(53.51)	Mainly due to the maturity of some of the commercial acceptance bills during the Period.
Other receivables	147,630,205.75	0.95	104,061,715.50	0.68	41.87	Mainly due to the declaration and payment of 2019 dividend of RMB33,600,000 received from Bank of Chengdu included in the balance at the end of the Period.
Other current assets	108,111,594.22	0.70	77,122,753.65	0.50	40.18	Mainly due to the increase in VAT input tax to be deducted as compared with the beginning of the Period.
Long-term receivables	210,185,373.42	1.36	350,957,672.37	2.29	(40.11)	Mainly due to the decrease in long-term receivables at the end of the Period as compared with the beginning of the Period as a result of collection by instalments from the education informatized and equipment business, which were transferred to trade receivables and non-current assets due within one year as the agreed payment term was approaching.
Development expenditures	23,948,366.50	0.15	15,224,896.49	0.10	57.30	Mainly due to the increase in R&D commitments to the education informatized business of the Group during the Period as compared with the beginning of the Period.

Management Discussion and Analysis *(continued)*

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 prior year	Amount as at the end of the prior 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 prior year (%)	Remark
Other non-current assets	184,231,255.70	1.19	121,821,923.19	0.79	51.23	Mainly due to the increase in large deposit certificate over one year as compared with the beginning of the Period.
Notes payable	44,011,429.41	0.28	14,054,710.75	0.09	213.14	Mainly due to the increase in the balance settled using the notes by the education informatized and logistics businesses at the end of the Period as compared with the beginning of the Period.
Other payables	466,679,145.74	3.01	297,303,824.56	1.94	56.97	Mainly due to payment of the 2019 dividend of RMB121 million payable to the H shareholders in July, included in the balance at the end of the Period.
Deferred income tax liabilities	80,749,867.39	0.52	54,883,601.32	0.36	47.13	Mainly due to the increase in deferred income tax liabilities arising from the investment in associate by Winshare Investment, a subsidiary of the Company using equity method and the fair value changes of funds held including Winshare Hengxin.

Management Discussion and Analysis *(continued)*

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2020, the Group had cash and short-term deposits of approximately RMB3,408 million (31 December 2019: RMB3,512 million). The Group did not have any interest-bearing bank and other borrowings.

As at 30 June 2020, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 40.45%, down by 0.04 percentage point as compared with 40.49% as at 31 December 2019. The Group's overall financial structure remained relatively stable.

GENERAL PARTICULARS OF ENTRUSTED WEALTH MANAGEMENT

On 29 October 2019, the Board of the Company considered and approved the use of idle funds of no more than RMB1,300 million 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. As at 30 June 2020, the balance of bank wealth management products purchased by the Group amounted to RMB1,298 million, all of which were capital-guaranteed wealth management products due within one year. None of the applicable percentage ratios in respect of the bank wealth management products purchased by the Group from a single bank on an aggregated basis within 12 months exceeded 5%.

CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2020, the Group's pledged deposits amounted to RMB6,595,300 (31 December 2019: RMB5,649,700), 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.

WORKING CAPITAL MANAGEMENT

	30 June 2020	30 June 2019
Current ratio	1.6	1.6
Inventory turnover days	191.9	140.1
Notes and accounts receivable turnover days	94.5	82.3
Notes and accounts payables turnover days	390.4	292.6

Management Discussion and Analysis *(continued)*

As at 30 June 2020, 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 191.9 days, which increased 51.8 days as compared with the same period of last year, mainly due to the decrease in sales revenue from the general book publication, physical book stores, education informatized and equipment businesses during the Period as compared with the same period of last year; and the increase in the inventory balance of the online sales, education informatized and equipment businesses at the end of the Period as compared with the end of the prior period affected by the COVID-19 outbreak.

The notes and accounts receivable turnover days was 94.5 days, up by 12.2 days as compared with the same period of last year, mainly due to the delay in goods delivery and recovery of receivables affected by the COVID-19 outbreak during the Period. As at the end of the Period, accounts receivable increased by approximately RMB200 million as compared with the beginning of the Period, mainly due to the increase in accounts receivable corresponding to the textbooks and supplementary materials business. In July 2020, the Group recovered the receivables for Spring semester complimentary textbooks and supplementary materials and the receivables in the Sanzhou region of approximately RMB200 million.

The notes and accounts payables turnover days was 390.4 days, up by 97.8 days as compared with the same period of last year, mainly due to the combined effect of the year-on-year decrease in sales scale and the year-on-year increase in average balance of accounts payables during the Period, and there was no material change in the settlement policy with suppliers.

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.

To further strengthen the competitiveness of the Company's principal publication business and enhance Winshare's publishing influence, during the Period, the Company contributed RMB100 million to Sichuan Tiandi Publishing House Co., Ltd., a wholly-owned subsidiary of the Company.

To safeguard the continuous development and ongoing operation of Winshare Investment, a wholly-owned subsidiary of the Company, the Company contributed RMB100 million to Winshare Investment.

Management Discussion and Analysis *(continued)*

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 a dividend payable of RMB33,600,000 (tax inclusive) from Bank of Chengdu. As at 30 June 2020, the market capitalisation of the shares held by the Company in Bank of Chengdu was RMB637 million.

The Company was interested in 6.27% shares of Wan Xin Media. During the Period, the Company received a dividend income of RMB19,942,400 (tax inclusive). As at 30 June 2020, the market capitalisation of the shares held by the Company in Wan Xin Media was RMB693 million.

Wan Xin Media and Bank of Chengdu are financial investments of the Company which generate attractive dividend income to the Group for the period and generate higher capital appreciation to the Group in the future. The Company will monitor the price trends of the A share market and these two stocks from time to time. Coupled with the funding needs for industrial development, the Company will formulate corresponding investment strategies so as to generate finance income to the Company in a continuous and steady manner.

Save as disclosed above, the Group 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 (VI) 11, 12 and 13 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 2020		RMB0,000 30 June 2020	
				Revenue	Net profit	Total assets	Net assets
Sichuan Education Publishing House Co., Ltd.	Publication of books	100	1,000.00	27,847.16	13,168.30	109,612.25	88,303.89
Sichuan Publication Printing Co., Ltd.	Plate-leased printing and supply of textbooks	100	5,000.00	16,045.70	6,249.73	76,197.56	69,062.06
Sichuan Tiandi Publishing House Co., Ltd.	Publication of books	100	23,063.47	8,643.49	(211.05)	48,851.13	36,964.51
Sichuan Youth and Children's Publishing House Co., Ltd.	Publication of books	100	11,000.00	10,211.84	(501.21)	57,487.57	45,693.39
Sichuan Printing Materials Co., Ltd.	Wholesale and retail of goods	100	3,000.00	14,398.81	(81.65)	38,113.69	3,967.66
Sichuan Winshare Education Technology Co., Ltd.	Software development and sales of electronic equipment	100	33,000.00	2,555.92	(3,973.61)	96,960.21	30,189.74
Sichuan Winshare Online E-commerce Co., Ltd.	Online sales of publications and other products	75	6,000.00	83,155.79	(202.39)	207,389.14	(9,703.46)
Sichuan Wenchuan Logistics Co., Ltd.	Storage and distribution of goods	100	35,000.00	14,737.18	(29.68)	56,861.33	33,547.29
Winshare Investment Co., Ltd.	Venture investment and enterprise investment	100	30,000.00	-	9,453.46	77,882.63	46,013.38

Management Discussion and Analysis *(continued)*

(IV) FUTURE PROSPECTS

In 2020, 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:

The Group will continue to further put into practice the strategy of “revitalising the publishing industry in Sichuan Province” adhering to the “three key publishing” concept with focus on the building of Winshare’s publishing business in continuously promoting the implementation of thematic publications and major publishing projects to achieve an improvement in quality and efficiency of Winshare’s publishing business. It will further push ahead the optimisation and upgrading of channels and the development of business integration on the education service business front, vigorously expanding the high school, vocational and preschool education service markets, strengthening the publication and distribution business of textbooks and supplementary materials as well as the education informatized and equipment business, and advancing new business expansion including research education, teacher training and online education. In addition to enhancing its collaborative service capabilities along the industry supply chain, the Group will optimise the cooperation with upstream suppliers and downstream sales channels, continue to expand its channels, and deepen its channel management capabilities to improve online sales scale and operating capabilities. It will also explore new business models, optimise business management mechanisms, and improve reading service capabilities to seek new profit growth drivers for physical bookstores. It will strengthen coordination in all respects along the supply chain, and enhance the comprehensive service capabilities at logistics, information, production and printing, and other platforms to provide strong support for the development of the Group’s business. By making use of the capital operations platform, the Group will gather social capital to continuously create a group of funds for the formation of a multi-level investment model integrating industry and finance with the aim of increasing income from capital operations and driving synergistic development between industrial operations and capital operations. On the basis of the existing platform of its journal and media segment, it will actively promote the development of media integration, and solidly advance the priorities of panda culture and national reading to create a new landscape in the media field.

(V) ANALYSIS OF CORE COMPETITIVENESS

- 1. Publication capabilities.** Over the four years since the strategic implementation to revitalise the publishing industry, the Group’s content resources development capabilities continued to increase. Currently, the Group has secured contracts with well-known writers such as Beimao, Feng Jikai, Haiyan, Tangjia Sanshao, Guo Jianlong and Zhang Yuanshan and cooperates with world-renowned media bodies including The Walt Disney Company and Nickelodeon from the US. These are the key publishing partners in China with world-renowned intellectual property rights such as PAW Patrol and Marvel. The Group has relatively strong competitiveness in the book market, with an expanding range of book genres with market influence. In particular, it has built strong content brand in the publication of children’s books. Its subsidiary, Sichuan Youth and Children’s Publishing House, owns the best-seller intellectual property rights – the exclusive publishing right of Hilarious School Diaries, which topped the charts of Open Book on children’s book best-sellers over a continuous period, with cumulative sales close to 90 million copies.

Management Discussion and Analysis *(continued)*

- 2. Reading service capabilities.** By integrating the online sales platforms of its cultural mall, mid-size to large-size bookstores, professional bookstores, community bookstores, commercial supermarket bookstores, smart bookstores and publications as well as the “publication supply chain synergistic service platform” for the publishing and distribution industry, the Group has built a reading service network system based in Sichuan Province with nationwide coverage while using a combination of online and offline methods, which is supported by the logistics service network centring on Chengdu, Tianjin and Wuxi. The Group has a number of brands including “Xinhua Winshare”, “Stackway”, “Winshare BOOKS”, “Kids Winshare”, “Winshare Cloud Image”, “Winshare Commercial Supermarket”, “winxuan.com” and “September Online”, providing consumers with convenient, comfortable, smart and personalised reading service.
- 3. Education service capabilities.** The Company is the only enterprise that is qualified to engage in the distribution of textbooks for primary and secondary schools in Sichuan Province. After years of accumulation of experience, the Company has developed an all-variety, full-coverage and high efficiency education service capabilities in the Sichuan regional market, and achieved a customer-centric transformation and upgrade from “product supplier” to service operator”. The Group is the pioneer in the digital education service business in China, providing education services such as digitalised resources, teaching softwares and hardwares as well as digitalised subject tools. At the same time, centring on the subject contents and classroom scenarios, the Group has developed education equipment products such as professional subject classroom and innovative education equipment. Its research education and teachers’ training business enjoys a branding strength in the regional market.

(VI) EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, the Group had a total of 7,590 (31 December 2019: 7,728) employees.

The Company improves its employee remuneration policies and remuneration management system continuously, by which it has established an incentive mechanism that aligns employees’ remuneration to the Company’s development. The standard remuneration package of the Company includes basic salary, performance-based bonus and benefits. Pensions, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing welfare funds, corporate annuity, etc. are available to the employees. For the six months ended 30 June 2020, the Group made post-retirement plan contributions and corporate annuity scheme contributions of RMB49,666,400, representing a decrease of RMB17,743,100 as compared with RMB67,409,500 in the same period of last year, which was mainly due to the relevant national policies on concession of social security expenses in the wake of the COVID-19 outbreak.

The Company attaches great importance to and cares about the growth and development of employees and continues to provide training and opportunities for exchange to help them enhance their professional skills and expand their areas of expertise. Based on the objectives and requirements of personnel training that are in line with the corporate strategies, the Company strengthens the training of the talent pool reserves of the Company starting from key positions. The Company strives to help the management expand their business horizon and enhance their business and operational capabilities. At the same time, the Company plans and implements various themed employee ability development activities based on the business development requirements of capabilities and qualities for different levels in order to drive business development with employee capabilities and qualities. During the Period, the Company, guided by the two major engines of “revitalising the publishing sector in Sichuan Province” and “revitalising the physical bookstores”, the Group continued to build a comprehensive system for talent cultivation, planning and implementation to build a talent pool and foster its team in a forward-looking manner.

Insisting on the “people-oriented” human resources principle, the Company takes the management approaches of “a horse race lies in a good horse” (賽馬識好馬) and “hard work makes talent” (實幹造就人才), and targets at the co-development between the people and the enterprise to give room for development of employees.

Management Discussion and Analysis *(continued)*

(VII) POTENTIAL RISKS

The industry in which the Group operates is greatly affected by policies such as industry orientation, tax incentives and education reform, and significant changes and adjustments of relevant policies may bring uncertainties to the Group's daily operating environment and market competitiveness. The Group will continue to track and study the direction of relevant national policies and respond to changes in policies in a timely manner.

In recent years, the Group has endeavoured to explore the application of emerging technologies to drive the integration between the publishing industry and technology. However, due to external uncertainties as well as difficulty and complexity of the technology projects, technological innovation achievements may be far from the Company's expectations. The Group will continue to conduct in-depth research on the trend of integrated development of industry and technology, improve its information capture capabilities and quick response capabilities, while further improving the technological innovation mechanism, and strengthening the management of technological innovation decision-making, research and development investment, and organisational implementation.

The Group has formulated sound business objectives and optimised the operating plans. However, due to uncertainties in the external market, coupled with the deficiencies in the quality of management team, team building and resource allocation, operating achievements far from the Company's expectations may arise. The Group will further improve the human resources management system and improve the level of operation and management to ensure the achievement of business objectives.

Currently, the COVID-19 epidemic has entered a stage of normalising prevention and control, and the duration is uncertain, which may bring uncertainties to the Group's operating results. The Group will strengthen its online marketing capabilities, promote technology and model innovation, promote the integrated development of publication business, and improve its ability to resist risks and achieve sustainable development.

(VIII) 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 2020, the Company utilised proceeds of RMB3,788,700. As at 30 June 2020, the proceeds utilised cumulatively amounted to RMB604,120,500. The unutilised proceeds amounted to RMB42,691,900. As of the date hereof, there was no change to the plans for the use of proceeds of the Company.

Other Information

INTERESTS IN SHARE CAPITAL

As at 30 June 2020, 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 2020, the interests in share capital were as follows:

Class of shares	Number of shares	Approximate percentage of issued share capital of the Company
A Shares	791,903,900	64.18%
including		
(i) Sichuan Xinhua Publishing Group (Note 1)	592,809,525	48.05%
(ii) Other promoters (Note 2)	46,322,618	3.75%
(iii) Chengdu Hua Sheng (Note 3)	53,336,000	4.32%
(iv) A Share public investors	99,435,757	8.06%
H Shares	441,937,100	35.82%
including		
(i) Sichuan Xinhua Publishing Group	27,148,000	2.20%
(ii) Other promoters (Note 4)	6,324,000	0.51%
(iii) H Share public investors	408,465,100	33.11%
Total Share Capital	1,233,841,000	100%

Note: Data on H Shares are originated from the "Disclosure of Interest" forms filed in the website of the Stock Exchange.

Notes:

1. Sichuan Xinhua Publishing Group, the controlling shareholder of the Company, is a wholly-owned subsidiary of Sichuan Development. The de facto controller of Sichuan Development is SASAC of Sichuan.
2. Other promoters include SPG, Sichuan Daily Newspaper Group and Liaoning Publication Group.
3. Social Legal Person Shares are held by Chengdu Hua Sheng, a promoter of the Company.
4. SPG, a promoter of the Company, holds 6,324,000 H Shares of the Company.

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

As at 30 June 2020, so far as is known to the Directors and Supervisors, the following persons (not being Directors, Supervisors or senior management of the Company) had, or were deemed to have interests or short positions in the shares, underlying shares and debentures of the Company which were required, pursuant to section 336 of the SFO, to be entered in the register required to be kept by the Company referred to therein:

Name of shareholder	Number of Shares directly or indirectly held	Capacity	Class of shares	Approximate percentage in the relevant class of shares	Approximate percentage of total issued share capital of the Company	Long position/ short position
Sichuan Development	623,382,470	Interests in controlled corporations	A Shares	78.72%	50.52%	Long position
	31,054,000 (Note 1)	Interests in controlled corporations	H Shares	7.03%	2.52%	Long position
Sichuan Xinhua Publishing Group	592,809,525	Beneficial owner	A Shares	74.86%	48.05%	Long position
	27,148,000 (Note 2)	Interests in controlled corporations	H Shares	6.14%	2.20%	Long position
Chengdu Hua Sheng	53,336,000 (Note 3)	Beneficial owner	A Shares	6.74%	4.32%	Long position
Wu Wenqian	53,336,000 (Note 3)	Interests in controlled corporations	A Shares	6.74%	4.32%	Long position
Edgbaston Investment Partners LLP	30,897,000	Investment manager	H Shares	6.99%	2.50%	Long position
Seafarer Capital Partners, LLC	30,875,500	Investment manager	H Shares	6.99%	2.50%	Long position

Note: Data on H Shares are originated from the "Disclosure of Interest" forms filed in the website of the Stock Exchange.

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 indirectly hold 30,572,945 A Shares of the Company through SPG, totalling 623,382,470 A Shares; and (ii) hold 24,730,000 H Shares of the Company through Sichuan Xinhua Publishing Group and hold 6,324,000 H Shares of the Company through SPG, totalling 31,054,000 H Shares.*
2. *Sichuan Xinhua Publishing Group hold 27,148,000 H Shares of the Company through Sudian Investment Co., Ltd., a wholly-owned subsidiary of Sichuan Xinhua Publishing Group. Sichuan Xinhua Publishing Group is directly interested in 592,809,525 A Shares of the Company.*
3. *Ms. Wu Wenqian is directly interested in 96% equity interests in Chengdu Hua Sheng. Accordingly, Ms. Wu Wenqian is deemed to hold 53,336,000 A Shares of the Company through Chengdu Hua Sheng.*

Save as disclosed above, as at 30 June 2020, so far as is known to the Directors and Supervisors, no other person (not being a Director, Supervisor or senior management of the Company) had any interest 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 the executive vice president of Chengdu Hua Sheng, as at 30 June 2020, 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 2020, the following Directors, Supervisors and chief executives of the Company had interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company, or which are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange:

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

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

CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Yang Miao resigned as executive Director of the Company due to personal reasons with effect from 12 May 2020.

Save as disclosed above, during the 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 Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SHARE APPRECIATION RIGHT INCENTIVE SCHEME

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

MATERIAL LITIGATION AND ARBITRATION

During the Period, the Company was not involved in any litigation, arbitration or claims of material importance and there was no litigation or claim of material importance which was known to the Directors to be pending or threatened by or against the Company.

Other Information *(continued)*

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors are of the view that, during the Period, the Company has complied with all applicable code provisions in the CG Code 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 Board will be postponed and thus, the term of the Directors and Supervisors of the Company 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 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 2020 (six months ended 30 June 2019: Nil).

EVENTS AFTER THE REPORTING PERIOD

As at the date of this interim report, the Group had no material events after the Reporting Period.

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 2020 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 has made appropriate disclosures accordingly.

By Order of the Board

Xinhua Winshare Publishing and Media Co., Ltd.*

He Zhiyong

Chairman

Consolidated Balance Sheet

At 30 June 2020

ITEM	Notes	<i>RMB</i>	
		30 June 2020 (Unaudited)	31 December 2019
Current Assets:			
Cash and bank balances	(VI)1	3,408,228,539.70	3,512,103,793.03
Held-for-trading financial assets	(VI)2	1,298,032,948.88	1,280,006,671.94
Notes receivable	(VI)3	920,000.00	2,218,450.46
Accounts receivable	(VI)4	1,959,878,759.41	1,761,441,147.35
Financing receivables	(VI)5	3,258,168.30	7,007,859.79
Prepayments	(VI)6	71,789,788.19	58,181,516.90
Other receivables	(VI)7	147,630,205.75	104,061,715.50
Inventories	(VI)8	2,117,761,786.71	2,157,448,334.24
Non-current assets due within one year	(VI)10	183,946,329.53	125,609,106.15
Other current assets	(VI)9	108,111,594.22	77,122,753.65
Total Current Assets		9,299,558,120.69	9,085,201,349.01
Non-current Assets:			
Long-term receivables	(VI)10	210,185,373.42	350,957,672.37
Long-term equity investments	(VI)11	483,021,036.65	449,653,943.26
Other equity instrument investment	(VI)12	1,330,917,031.34	1,409,845,288.08
Other non-current financial assets	(VI)13	662,599,224.56	527,436,409.71
Investment properties	(VI)14	66,656,663.25	68,648,805.99
Fixed assets	(VI)15	1,294,373,245.65	1,322,693,949.23
Construction in progress	(VI)16	638,984,299.30	626,686,549.71
Right-of-use assets	(VI)17	423,663,333.63	437,964,136.29
Intangible assets	(VI)18	354,014,589.02	367,011,714.16
Development cost		23,948,366.50	15,224,896.49
Goodwill	(VI)19	500,571,581.14	500,590,036.14
Long-term prepaid expenses	(VI)20	19,116,380.90	24,642,631.46
Deferred tax assets	(VI)21	19,697,868.51	16,124,167.44
Other non-current assets	(VI)22	184,231,255.70	121,821,923.19
Total Non-current Assets		6,211,980,249.57	6,239,302,123.52
TOTAL ASSETS		15,511,538,370.26	15,324,503,472.53

The accompanying notes form part of the financial statements.

Consolidated Balance Sheet *(continued)*

At 30 June 2020

ITEM	Notes	<i>RMB</i>	
		30 June 2020 (Unaudited)	31 December 2019
Current Liabilities:			
Notes payable	(VI)23	44,011,429.41	14,054,710.75
Accounts payable	(VI)24	4,322,683,578.83	4,315,781,514.83
Contract liabilities	(VI)25	359,483,519.52	376,701,382.73
Employee benefits payable	(VI)26	304,737,026.61	418,106,174.73
Taxes payable	(VI)27	48,942,728.97	49,032,631.64
Other payables	(VI)28	466,679,145.74	297,303,824.56
Non-current liabilities due within one year	(VI)30	104,937,766.05	93,885,902.56
Other current liabilities	(VI)29	174,736,533.50	172,783,579.12
Total Current Liabilities		5,826,211,728.63	5,737,649,720.92
Non-current Liabilities:			
Lease liabilities	(VI)30	313,614,507.93	353,248,365.44
Deferred income	(VI)31	53,727,435.54	58,755,458.63
Deferred income tax liabilities	(VI)21	80,749,867.39	54,883,601.32
Total Non-current Liabilities		448,091,810.86	466,887,425.39
TOTAL LIABILITIES		6,274,303,539.49	6,204,537,146.31
Shareholders' Equity:			
Share capital	(VI)32	1,233,841,000.00	1,233,841,000.00
Capital reserve	(VI)33	2,572,524,766.32	2,572,524,766.32
Other comprehensive income	(VI)34	900,394,467.28	979,297,859.83
Surplus reserve	(VI)35	792,353,770.15	792,353,770.15
Undistributed profits	(VI)36	3,839,339,067.31	3,629,232,391.16
Total Shareholder's Equity Attributable to the parent company		9,338,453,071.06	9,207,249,787.46
Non-controlling Interests		(101,218,240.29)	(87,283,461.24)
TOTAL SHAREHOLDERS' EQUITY		9,237,234,830.77	9,119,966,326.22
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		15,511,538,370.26	15,324,503,472.53

The accompanying notes form part of the financial statements.

The Parent Company's Balance Sheet

At 30 June 2020

ITEM	Notes	<i>RMB</i>	
		30 June 2020 (Unaudited)	31 December 2019
Current Assets:			
Cash and bank balances	(XVI)1	2,566,414,704.67	2,643,010,670.59
Held-for-trading financial assets		1,010,032,948.88	1,130,006,671.94
Accounts receivable	(XVI)2	1,049,443,233.78	761,232,857.11
Financing receivables		–	996,802.16
Prepayments	(XVI)3	22,718,347.06	15,731,020.78
Other receivables	(XVI)4	572,543,858.70	943,677,036.44
Inventories	(XVI)5	256,850,031.95	1,005,488,071.76
Non-current liabilities due within one year		75,575,627.85	37,854,904.23
Other current assets	(XVI)6	47,640,370.26	51,787,766.66
Total Current Assets		5,601,219,123.15	6,589,785,801.67
Non-current Assets:			
Long-term receivables		66,369,153.89	126,256,199.31
Long-term equity investments	(XVI)7	3,642,823,246.16	3,461,665,665.81
Other equity instrument investment	(VI)12	1,329,798,400.00	1,408,627,200.00
Other non-current financial assets	(VI)13	156,505,522.71	111,887,206.48
Investment properties	(XVI)8	19,438,414.25	19,888,509.27
Fixed assets	(XVI)9	882,432,480.57	895,397,065.87
Construction in progress	(VI)16	638,899,406.68	626,640,526.12
Right-of-use assets	(XVI)10	395,927,327.49	403,799,157.21
Intangible assets	(XVI)11	142,615,312.48	144,754,357.02
Development expenditure		5,399,999.85	2,399,999.93
Long-term prepaid expenses	(XVI)12	6,996,979.72	11,132,727.93
Other non-current assets	(XVI)13	679,107,706.93	601,698,374.42
Total Non-current Assets		7,966,313,950.73	7,814,146,989.37
TOTAL ASSETS		13,567,533,073.88	14,403,932,791.04

The accompanying notes form part of the financial statements.

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

At 30 June 2020

ITEM	Notes	<i>RMB</i>	
		30 June 2020 (Unaudited)	31 December 2019
Current Liabilities:			
Accounts payable	(XVI)14	3,461,236,082.20	4,321,954,237.88
Contract liabilities	(XVI)15	245,396,000.50	274,971,650.68
Employee benefits payable	(XVI)16	193,619,454.99	274,810,728.97
Taxes payable	(XVI)17	20,473,537.97	18,572,632.61
Other payables	(XVI)18	846,199,412.79	596,955,023.80
Non-current liabilities due within one year	(XVI)19	91,041,731.28	76,800,069.97
Other current liabilities		49,411,665.01	46,538,568.99
Total Current Liabilities		4,907,377,884.74	5,610,602,912.90
Non-current Liabilities:			
Lease liabilities	(XVI)19	302,768,048.43	338,778,490.39
Deferred income		5,609,612.57	6,599,375.93
Total Non-current Liabilities		308,377,661.00	345,377,866.32
TOTAL LIABILITIES		5,215,755,545.74	5,955,980,779.22
Shareholders' Equity:			
Share capital	(VI)32	1,233,841,000.00	1,233,841,000.00
Capital reserve	(XVI)20	2,631,057,328.10	2,631,057,328.10
Other comprehensive income	(XVI)21	902,071,406.10	980,900,206.10
Surplus reserve	(XVI)22	791,519,020.02	791,519,020.02
Undistributed profits	(XVI)23	2,793,288,773.92	2,810,634,457.60
TOTAL SHAREHOLDERS' EQUITY		8,351,777,528.14	8,447,952,011.82
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		13,567,533,073.88	14,403,932,791.04

The accompanying notes form part of the financial statements.

Consolidated Income Statement

For the period from 1 January to 30 June 2020

ITEM	Notes	RMB	
		Amount recognized in the current period (Unaudited)	Amount recognized in the same period last year (Unaudited)
I. Operating income	(VI)37	3,606,285,024.29	3,874,385,388.20
Less: Operating costs	(VI)37	2,032,754,444.10	2,331,152,105.99
Taxes and surcharges	(VI)38	20,356,301.32	14,202,213.13
Selling expenses	(VI)39	606,376,116.13	572,562,489.33
Administrative expenses	(VI)40	476,028,730.70	482,911,889.75
Research and development expenditure		773,305.17	1,929,084.96
Finance expenses	(VI)41	(18,843,738.56)	(6,062,699.09)
Including: Interest expense		11,553,034.25	9,173,829.60
Interest income		36,077,431.26	18,173,273.27
Add: Other income	(VI)42	17,314,528.24	73,962,988.64
Investment income	(VI)43	104,983,495.90	122,756,258.96
Including: Income from investments in associates and joint ventures		31,439,093.39	48,360,904.41
Gains (losses) from changes in fair values	(VI)44	127,162,814.85	(16,478,022.12)
Loss on credit impairment (loss represented by "-")	(VI)45	(104,503,611.01)	(39,144,937.44)
Impairment loss of assets (loss represented by "-")	(VI)46	(31,323,764.19)	(20,352,061.62)
Gains from disposal of assets		188,874.38	3,126,981.39
II. Operating profit		602,662,203.60	601,561,511.94
Add: Non-operating income	(VI)47	5,348,531.32	1,625,877.62
Less: Non-operating expenses	(VI)48	18,205,903.41	12,718,660.42
III. Total profit		589,804,831.51	590,468,729.14
Less: Income tax expenses	(VI)49	22,171,300.76	16,927,257.42
IV. Net profit		567,633,530.75	573,541,471.72
(I) Categorized by the nature of continuing operation:			
1. Net profit from continuing operations		567,633,530.75	573,541,471.72
2. Net profit from discontinued operations		-	-
(II) Categorized by ownership:			
1. Net profit attributable to shareholders of the parent company		580,258,976.15	579,502,772.35
2. Profit or loss attributable to non- controlling interests		(12,625,445.40)	(5,961,300.63)

Consolidated Income Statement *(continued)*

For the period from 1 January to 30 June 2020

ITEM	Notes	Amount recognized in the current period (Unaudited)	RMB
			Amount recognized in the same period last year (Unaudited)
V. Other comprehensive income, net of tax	(VI)34	(78,903,392.55)	4,745,952.71
Other comprehensive income attributable to shareholders of the parent company, net of tax		(78,903,392.55)	4,745,952.71
(I) Other comprehensive income not reclassified to profit or loss			
1. Changes in other equity instrument investment at fair value		(78,903,392.55)	4,745,952.71
Other comprehensive income attributable to non-controlling shareholders, net of tax		–	–
VI. Total comprehensive income		488,730,138.20	578,287,424.43
Total comprehensive income attributable to shareholders of the parent company		501,355,583.60	584,248,725.06
Total comprehensive income attributable to non-controlling shareholders		(12,625,445.40)	(5,961,300.63)
VII. Earnings per share:			
(I) Basic earnings per share	(VI)50	0.47	0.47
(II) Diluted earnings per share		N/A	N/A

The accompanying notes form part of the financial statements.

The Parent Company's Income Statement

For the period from 1 January to 30 June 2020

ITEM	Notes	RMB	
		Amount recognized in the current period (Unaudited)	Amount recognized in the same period last year (Unaudited)
I. Operating income	(XVI)24	2,517,133,308.87	2,351,704,671.80
Less: Operating costs	(XVI)24	1,405,357,589.26	1,301,684,284.93
Taxes and surcharges	(XVI)25	12,910,324.29	6,860,746.05
Selling expenses	(XVI)26	417,732,654.41	399,451,936.05
Administrative expenses	(XVI)27	367,721,581.84	376,724,193.59
Research and development expenditure		–	11,904.76
Finance expenses	(XVI)28	(12,531,055.37)	1,210,567.99
Including: Interest expenses		14,157,779.13	12,020,515.01
Interest income		30,698,775.73	12,241,922.91
Add: Other income	(XVI)29	1,874,084.75	1,601,110.59
Investment income	(XVI)30	56,241,716.90	80,452,876.34
Including: Gains (losses) from investments in associates and joint ventures		(13,989,376.44)	5,911,331.73
Gains from changes in fair values		44,618,316.23	2,172,891.40
Loss on credit impairment (loss represented by “-”)	(XVI)31	(54,993,211.59)	(26,746,189.64)
Impairment loss of assets (loss represented by “-”)	(XVI)32	(7,932,725.79)	(9,614,755.52)
Gains from disposal of assets		193,798.34	2,354,928.94
II. Operating profit		365,944,193.28	315,981,900.54
Add: Non-operating income	(XVI)33	4,811,114.23	1,286,343.05
Less: Non-operating expenses	(XVI)34	17,948,691.19	12,504,546.82
III. Total profit		352,806,616.32	304,763,696.77
Less: Income tax expenses		–	–
IV. Net profit		352,806,616.32	304,763,696.77
(I) Net profit from continuing operations		352,806,616.32	304,763,696.77
(II) Net profit from discontinued operations		–	–
V. Other comprehensive income, net of tax	(XVI)21	(78,828,800.00)	4,651,200.00
(I) Other comprehensive income not reclassified to profit or loss			
1. Changes in other equity instrument investment at fair value		(78,828,800.00)	4,651,200.00
VI. Total comprehensive income		273,977,816.32	309,414,896.77

The accompanying notes form part of the financial statements.

Consolidated Cash Flow Statement

For the period from 1 January to 30 June 2020

ITEM	Notes	<i>RMB</i>	
		Amount recognized in the current period (Unaudited)	Amount recognized in the same period last year (Unaudited)
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		3,549,628,516.17	3,949,417,669.19
Receipts of tax refunds		5,197,605.89	52,517,971.00
Other cash receipts relating to operating activities	(VI)51(1)	127,924,028.08	86,028,552.73
Sub-total of cash inflows from operating activities		3,682,750,150.14	4,087,964,192.92
Cash payments for goods purchased and services received		2,127,856,657.02	2,205,839,589.53
Cash payments to and on behalf of employees		698,685,678.52	662,254,198.91
Payments of various types of taxes		61,337,855.50	39,101,087.43
Other cash payments relating to operating activities	(VI)51(2)	526,437,627.75	516,766,840.26
Sub-total of cash outflows from operating activities		3,414,317,818.79	3,423,961,716.13
Net Cash Flow from Operating Activities	(VI)52(1)	268,432,331.35	664,002,476.79
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		1,220,255,827.32	1,318,923,005.89
Cash receipts from investment income		40,198,701.97	47,099,784.77
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		1,580,281.11	7,363,809.66
Other cash receipts relating to investing activities	(VI)51(3)	77,453,965.75	3,020,764.08
Sub-total of cash inflows from investing activities		1,339,488,776.15	1,376,407,364.40
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		41,385,839.27	67,770,190.23
Cash payments to acquire investments		1,248,282,104.26	463,500,873.44
Other cash payments relating to investing activities	(VI)51(4)	245,106,518.99	254,000,000.00
Sub-total of cash outflows from investing activities		1,534,774,462.52	785,271,063.67
Net Cash Flow from Investing Activities		(195,285,686.37)	591,136,300.73

Consolidated Cash Flow Statement *(continued)*

For the period from 1 January to 30 June 2020

ITEM	Notes	<i>RMB</i>	
		Amount recognized in the current period (Unaudited)	Amount recognized in the same period last year (Unaudited)
III. Cash Flows from Financing Activities:			
Cash payments for distribution of dividends, profit or settlement of interest expenses		249,011,574.86	249,512,252.60
Including: Payments for distribution of dividends, profit to non- controlling shareholders of subsidiaries		–	277,173.16
Other cash payments relating to financing activities	(VI)51(5)	37,485,372.05	28,521,783.22
Sub-total of cash outflows from financing activities		286,496,946.91	278,034,035.82
Net Cash Flow from Financing Activities		(286,496,946.91)	(278,034,035.82)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
		–	–
V. Net Increase in Cash and Cash Equivalents			
	(VI)52(1)	(213,350,301.93)	977,104,741.70
Add: Opening balance of cash and cash equivalents	(VI)52(2)	3,393,906,225.68	2,576,699,731.25
VI. Closing Balance of Cash and Cash Equivalents			
	(VI)52(2)	3,180,555,923.75	3,553,804,472.95

The accompanying notes form part of the financial statements.

The Parent Company's Cash Flow Statement

For the period from 1 January to 30 June 2020

ITEM	Notes	<i>RMB</i>	
		Amount recognized in the current period (Unaudited)	Amount recognized in the same period last year (Unaudited)
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		2,194,210,388.10	2,543,595,061.54
Other cash receipts relating to operating activities	(XVI)35(1)	73,044,711.01	75,640,707.83
Sub-total of cash inflows from operating activities		2,267,255,099.11	2,619,235,769.37
Cash payments for goods purchased and services received		1,245,485,096.83	1,458,880,455.53
Cash payments to and on behalf of employees		469,118,079.76	436,991,334.03
Payments of various types of taxes		13,342,278.32	5,977,206.78
Other cash payments relating to operating activities	(XVI)35(2)	352,842,387.96	431,095,038.61
Sub-total of cash outflows from operating activities		2,080,787,842.87	2,332,944,034.95
Net Cash Flow from Operating Activities	(XVI)36(1)	186,467,256.24	286,291,734.42
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		1,060,255,827.32	1,261,191,314.85
Cash receipts from investment income		37,347,795.54	326,541,544.61
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		801,873.97	3,721,231.91
Other cash receipts relating to investing activities		204,220,452.12	5,159,995.41
Sub-total of cash inflows from investing activities		1,302,625,948.95	1,596,614,086.78
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		28,305,271.57	39,693,077.06
Cash payments to acquire investments		1,140,282,104.26	360,500,873.44
Other cash payments relating to investing activities		310,000,000.00	254,000,000.00
Sub-total of cash outflows from investing activities		1,478,587,375.83	654,193,950.50
Net Cash Flow from Investing Activities		(175,961,426.88)	942,420,136.28

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

For the period from 1 January to 30 June 2020

ITEM	Notes	<i>RMB</i>	
		Amount recognized in the current period (Unaudited)	Amount recognized in the same period last year (Unaudited)
III. Cash Flows from Financing Activities:			
Other cash receipts relating to financing activities		80,000,000.00	81,000,000.00
Sub-total of cash inflows from financing activities		80,000,000.00	81,000,000.00
Cash payments for distribution of dividends, profit or settlement of interest expenses		252,315,454.00	252,801,339.00
Other cash payments relating to financing activities		29,397,793.34	25,835,824.78
Sub-total of cash outflows from financing activities		281,713,247.34	278,637,163.78
Net Cash Flow from Financing Activities		(201,713,247.34)	(197,637,163.78)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
V. Net Increase in Cash and Cash Equivalents			
Net Increase in Cash and Cash Equivalents	(XVI)36(1)	(191,207,417.98)	1,031,074,706.92
Add: Opening balance of cash and cash equivalents	(XVI)36(2)	2,561,250,163.76	1,747,274,865.08
VI. Closing Balance of Cash and Cash Equivalents			
Closing Balance of Cash and Cash Equivalents	(XVI)36(2)	2,370,042,745.78	2,778,349,572.00

The accompanying notes form part of the financial statements.

Consolidated Statement of Changes in Shareholders' Equity

For the period from 1 January to 30 June 2020

RMB

ITEM	Current period (Unaudited)							Total shareholders' equity
	Equity attributable to shareholders of the parent company							
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	Non-controlling interests		
I. 31 December 2019	1,233,841,000.00	2,572,524,766.32	979,297,859.83	792,353,770.15	3,629,232,391.16	(87,283,461.24)	9,119,966,326.22	
II. Changes in current period								
(I) Total comprehensive income	-	-	(78,903,392.55)	-	580,258,976.15	(12,625,445.40)	488,730,138.20	
(II) Owners' contributions and reduction in capital								
1. Others	-	-	-	-	-	(1,309,333.65)	(1,309,333.65)	
(III) Profit distribution								
1. Distributions to shareholders	-	-	-	-	(370,152,300.00)	-	(370,152,300.00)	
III. 30 June 2020	1,233,841,000.00	2,572,524,766.32	900,394,467.28	792,353,770.15	3,839,339,067.31	(101,218,240.29)	9,237,234,830.77	

RMB

ITEM	The same period last year (Unaudited)							Total shareholders' equity
	Equity attributable to shareholders of the parent company							
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	Non-controlling interests		
I. 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	
II. 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. Distributions to shareholders	-	-	-	-	(370,152,300.00)	(277,173.16)	(370,429,473.16)	
III. 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	

The accompanying notes form part of the financial statements.

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

For the period from 1 January to 30 June 2020

RMB

ITEM	Current period (Unaudited)					Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	
I. 31 December 2019	1,233,841,000.00	2,631,057,328.10	980,900,206.10	791,519,020.02	2,810,634,457.60	8,447,952,011.82
II. Changes in current period						
(I) Total comprehensive income	-	-	(78,828,800.00)	-	352,806,616.32	273,977,816.32
(II) Profit distribution						
1. Distributions to shareholders	-	-	-	-	(370,152,300.00)	(370,152,300.00)
III. 30 June 2020	1,233,841,000.00	2,631,057,328.10	902,071,406.10	791,519,020.02	2,793,288,773.92	8,351,777,528.14

RMB

ITEM	The same period last year (Unaudited)					Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	
I. 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
II. Changes in current period						
(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)
III. 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

The accompanying notes form part of the financial statements.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

(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 and Distribution Group Co., Ltd. (former name: Sichuan Xinhua Publishing Group Co., Ltd., "**Sichuan Xinhua Publishing Group**"), Chengdu Huasheng (Group) Industry Co., Ltd., Sichuan Daily Newspaper Group Co., Ltd., Sichuan Cultural Industry Investment Group Co., Ltd. (Client to confirm Eng name) (former name: Sichuan Publication Group Company Limited, "**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 Market Regulation 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)32.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(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.)

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 de facto controlled by Sichuan SASAC.

1. Scope of the consolidated financial statements

The consolidated and the parent company’s financial statements were approved by the Board of the Company on 25 August 2020.

Details of the scope of the consolidated financial statements for the period are set out in Note (VIII) “Interests in other entities”. Details of changes in the scope of consolidated financial statements for the period are set out in Note (VI) “Changes in consolidation scope”.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(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*.

Going concern

The Group assessed its ability to continue as a going concern for the 12 months subsequent to 30 June 2020, and found no events or circumstances that may cast significant doubts upon it. Hence the financial statements have been prepared on a going concern basis.

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.

For financial assets with transaction prices as the fair value upon initial recognition and using valuation technique of unobservable inputs in the subsequent measurement at the fair value, the technique is adjusted during the valuation to match the initial recognition results determined with the transaction prices.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

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

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

Fair value measurements are categorised into Level 1, 2 and 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

(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 the parent company's financial position as at 30 June 2020, and the consolidated and the parent company's results of operations, the consolidated and the parent company's statement of changes in shareholders' equity and the consolidated and the parent company's cash flows for the period from 1 January to 30 June 2020.

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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

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

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

5.1 *Business combinations involving enterprises under common control*

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

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

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

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

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

The cost of combination is the aggregate of the fair values of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are 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 acquirer remeasures its previously-held equity interests in the acquiree at their fair value on the acquisition date and recognizes any differences between such fair value and carrying amounts as investment income. Where equity interests in an acquiree held before the acquisition date involve other comprehensive income, the relevant other comprehensive income is transferred to investment income for the period that the acquisition date belongs to.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

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

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

The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria shall be measured at fair value at the acquisition date. Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and 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 it 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. Goodwill is tested for impairment at least at the end of each year.

6. Preparation of consolidated financial statements

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

A subsidiary is consolidated commencing from the obtaining of the control over such subsidiary by the Group and is ceased to be consolidated upon losing the control over such subsidiary by the Group.

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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

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

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

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

The impacts of internal transactions between the Company and its subsidiaries and among the subsidiaries on the consolidated financial statements 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 shareholders 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.

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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

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

Where equity interests in an acquiree are acquired in stages through multiple transactions ultimately constituting a business combination not involving enterprises under common control, the acquirer shall determine if these transactions are considered to be a “bundled transaction”. If yes, these transactions are accounted for as a single transaction where control is obtained. If no, these transactions are accounted for as multiple transactions where control is obtained at the acquisition date; in this case, the acquirer remeasures its previously-held equity interests in the acquiree at their fair value on the acquisition date and recognizes any differences between such fair value and carrying amounts in profit or loss for the period. Where equity interests in an acquiree held before the acquisition date involve changes in other comprehensive income or changes in other owners’ equity under equity method, they are transferred to income for the period that the acquisition date belongs to.

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) “13.3.2 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 (generally due within three months from the date of acquisition), 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 to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

9. Transactions denominated in foreign currencies and translation of financial statements 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 of the period and the actual figures of the previous period are presented as the translated amounts in the previous period's financial statements.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(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.

For all regular way purchase or sale of financial assets, assets to be received and liabilities to be assumed therefrom shall be recognized on a trade date basis, or assets sold shall be derecognized on a trade date basis.

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 initially recognized based on *ASBE No. 14 – Revenue* (the “**Standard – Revenue**”), accounts receivable 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 to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

10.1 Classification, recognition 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 mainly include bank and cash, notes receivable, accounts receivable, other receivables, long-term receivables and etc.

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 fair value through other comprehensive income (FVTOCI), among which those classified as accounts receivable and notes receivable at FVTOCI upon acquisition are presented under financing receivables.

Upon initial recognition, the Group can irrevocably designate non-trading equity instrument investments other than contingent considerations recognized in the business combination not under common control as financial assets at FVTOCI based on an individual financial asset. Such financial assets are presented as other equity instrument investments.

Financial assets meeting one of the following requirements indicate that the financial assets are held by the Group for trading:

- The obtaining of relevant financial assets is mainly for the purpose of sale in the near future.
- Relevant financial assets are part of the identifiable financial instrument combination under centralised management upon initial recognition and there is objective evidence indicating that recently there exists a short-term profit model.
- Relevant financial assets are derivatives, excluding derivatives that meet the definition of financial guarantee contracts as well as derivatives designated as effective hedging instruments.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

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

The financial assets at fair value through profit or loss (FVTPL) include those classified as at FVTPL and those designated as at FVTPL:

- Financial assets that are unqualified for the classification as at amortized cost and at FVTOCI are classified as at FVTPL.
- Upon initial recognition, to eradicate or significantly reduce accounting mismatches, the Group can irrevocably designate financial assets as at FVTPL.

Excluding derivative financial assets, financial assets at FVTPL are presented under held-for-trading financial assets. Those due over one year from the balance sheet date (or with no fixed term) and expected to be held for over one year are presented under other non-current financial assets.

10.1.1 Financial assets classified as at amortized cost

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 included in profit or loss for the current period.

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 book balance of the financial asset except for the following situations:

- For purchased or originated 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 purchased or originated 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, and such improvement can be associated with a particular event upon the application of the above rule, the Group recognizes interest income by applying effective interest rate to book balance of the financial assets.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

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

10.1.2 Financial assets at FVTOCI

Gains or losses on impairment and interest income calculated using effective interest rate that relate to a financial asset classified as at FVTOCI are recognized in profit or loss for the period, otherwise fair value changes in the financial asset are included in other comprehensive income. The amount of the financial asset included in profit or loss for each period is equal to the amount as if it had been measured at amortized cost through profit or loss for each period. Upon derecognition of the financial asset, cumulative gains or losses previously recognized in other comprehensive income are transferred and included in profit or loss for the period.

The fair value change of non-trading equity instrument investments designated as at FVTOCI 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 into the Group; and the amount of dividend can be reliably measured.

10.1.3 Financial assets at FVTPL

Financial assets at FVTPL 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 instruments

The Group carries out impairment testing of and recognizes the loss allowance for financial assets measured at amortized cost and financial assets at FVTOCI based on expected credit loss ("**ECL**").

The Group measures loss allowance for all accounts receivable, notes receivable, financing receivables arising from transactions regulated by the revenue standard and operating lease payments arising from the transactions regulated by the *ASBE No. 21 – Lease* based on the amount of full lifetime ECL.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

*10.2 Impairment of financial instruments *(Continued)**

For other financial instruments, 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 instruments 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 instruments 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, in which case the impairment amount is offset against 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.

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 instruments 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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

10.2 Impairment of financial instruments (Continued)

10.2.1 Significant increase in credit risk (Continued)

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 to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

10.2 Impairment of financial instruments (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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

10.2 Impairment of financial instruments (Continued)

10.2.3 Recognition of ECL

The Group recognises credit loss for other receivables-deposits/security deposits on an individual basis and recognises credit loss of related financial instruments for accounts receivable and other receivables other than deposits/security deposits 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.

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 to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

10.3 Transfer of financial assets

The Group derecognizes 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 on the date of derecognition plus the consideration received from the transfer of financial asset and the sum of corresponding amounts derecognized in the accumulated changes in the fair value of other comprehensive income is recognized in profit or loss for the period. 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. If the financial asset transferred by the Group is a non-trading equity instrument investment designated at FVTOCI, cumulative gains or losses previously recognized in other comprehensive income are transferred and included in retained earnings.

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

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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

10. Financial instruments *(Continued)*

*10.4 Classification of financial liabilities and equity instruments *(Continued)**

10.4.1 Classification, recognition and measurement of financial liabilities

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities. The Group's financial liabilities are all other financial liabilities, mainly including notes payable, accounts payable, other payables and etc.

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 to 30 June 2020

(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 of inventories in the ordinary course of business less the estimated costs to be incurred up to 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 of the Group, 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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(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 yearend; aging for two to three years, provision is made at 20% of total pricing of book inventory at yearend; aging for more than 3 years, provision is made at 100% of actual costs of book inventories at yearend. The provision for outsourcing (for returnable part) general books is made at 1% of actual costs of book inventories at the yearend.

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 carrying amounts, 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 to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

12. Assets held for sale

Non-current assets and disposal groups are classified as held for sale category when the Group recovers the book value through a sale (including an exchange of non-monetary assets that has commercial substance) rather than continuing use.

Non-current assets or disposal groups classified as held for sale are required to satisfy the following conditions at the same time: (1) the asset or disposal group is available for immediate sale in its present condition subject to terms that are usual and customary for sales of such asset or disposal group; (2) the sale is highly probable, i.e. the Group has made a resolution about a selling plan and obtained a confirmed purchase commitment and the sale is expected to be completed within one year.

Non-current assets or disposal groups classified as held for sale are measured at the lower of the book value and the net amount of the fair value less the cost of disposal. Where the carrying amount is higher than the net amount of fair value less the cost of disposal, the carrying amount should be reduced to the net amount of fair value less the cost of disposal, and such reduction is recognized as impairment loss of assets and included in profit or loss for the period. In the meantime, provision for impairment of held-for-sale assets is made. When there is increase in the net amount of fair value of non-current assets held for sale less the cost of disposal at the subsequent balance sheet date, the original deduction should be reversed from impairment loss of assets recognized after the classification as held for sale, and the reversed amount is included in profit or loss for the period. The impairment loss of assets recognized before the classification as held for sale is not reversed.

Non-current assets or non-current assets within disposal groups classified as held for sale are not depreciated or amortized, and the interests and other costs of liabilities of disposal group classified as held for sale continue to be recognized.

All or part of equity investments in an associate or joint venture are classified as held-for-sale assets. For the part that is classified as held for sale, it is no longer accounted for using the equity method since the date of the classification.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

13. Long-term equity investments

13.1 Judgement criteria for joint control and significant influence

Control exists when the investor has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power over the investee to affect its returns. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

13.2 Determination of initial investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the investment cost of the long-term equity investment is the attributable share of the carrying amount of the owners' equity of the acquiree at the date of combination. The difference between the initial investment cost of the long-term equity investment and the amount of cash paid, the carrying amounts of non-cash assets transferred and liabilities assumed is adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the aggregate cost on the date of acquisition. Where equity interests in an acquiree are acquired in stages through multiple transactions ultimately constituting a business combination not involving enterprises under common control, the acquirer shall determine if these transactions are considered to be a "bundled transaction". If yes, these transactions are accounted for as a single transaction where control is obtained. If no, the sum of carrying amounts of equity investments previously held in the acquiree and the new investment cost is deemed as the initial investment cost of the long-term equity investment that was changed to be accounted for using cost method. If the equity interests previously held were accounted for using the equity method, the corresponding other comprehensive income is not subject to accounting treatment temporarily.

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 to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

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

13.3 Subsequent measurement and recognition of profit or loss

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

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

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

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

Except for the investment in associates and joint ventures entirely or partly classified as held-for-sale assets, 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 a joint venture refers to a joint arrangement whereby the Group has only the rights to the net assets of such arrangement.

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.

Under the equity method, the Group recognizes its share of the net profit or loss and other comprehensive income of the investee for the year as investment income and other comprehensive income respectively. 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. Where the accounting policies and accounting period adopted by the investee are not consistent with those of the Company, the Company shall adjust the financial statements of the investee to conform to the Company's accounting policies and accounting period, and recognize investment income and other comprehensive income based on the adjusted financial statements.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

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

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

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

The Group's transactions with its associates and joint ventures where assets contributed or sold do not constitute a business, unrealised internal profit or loss is recognized as investment profit or loss to the extent that those attributable to the Group's proportionate shareholding are eliminated. However, unrealised losses resulting from the Group's internal transactions with its investees which represent impairment losses on the transferred assets are not eliminated.

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.

13.4 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.

14. Investment properties

An investment property is a property held to earn rentals or for capital appreciation or both. The investment property of the Group is 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 policy for the investment property which is consistent with that for buildings.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

15. Fixed assets

15.1 Recognition criteria

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.

15.2 Depreciation method

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

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

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

15.3 Other explanations

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.

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 yearend, and account for any change as a change in an accounting estimate.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

16. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period 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.

17. Intangible assets

17.1 Valuation method, useful life and impairment test for intangible assets

Intangible assets include land use rights, software and patents 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 estimated net residual value of intangible assets of the Group is zero. The useful life for each category of intangible assets is as follows:

Category	Useful life
Land use rights	40-70 years
Patents	10-15 years
Software	5-10 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 year, and makes adjustments when necessary.

For details of impairment test for intangible assets, please refer to Note (III) "18. Impairment of long-term assets".

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

17. Intangible assets *(Continued)*

17.2 Internal 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;
- (5) the expenditure attributable to the intangible asset during its development phase can be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognizes all of them in profit or loss for the period. The costs of intangible assets incurred in internal development activities only include the gross expenditures incurred for bringing the intangible assets to expected usage from the point of time of satisfaction of capitalization conditions. The expenditures included in the profit or loss capitalised before the same intangible asset meets the capitalization conditions during the course of development are not adjusted.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

18. Impairment of long-term assets

The Group reviews the long-term equity investments, investment properties measured by cost method, fixed assets, construction in progress, right-of-use assets 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.

19. Long-term prepaid expenses

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

20. Contract liabilities

Contract liabilities refer to the Group's obligation to transfer goods or services to a customer for which the Group has received or should receive consideration from the customer. Contract assets and contract liabilities under the same contract are presented in net amounts.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

21. Employee benefits

21.1 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.

21.2 Accounting treatment of post-employment benefits

The entire post-employment benefits of the Group 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.

21.3 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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

22. 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. Where the effect of the time value of money is material, the best estimate of provision is determined by discounting the estimated future cash outflows.

23. Revenue

Revenue of the Group is primarily from the 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 informatized and equipment business. The contracts of education informatized 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 digitalised solution for the schools. For the products of education informatized, the Group provides 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 to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

23. 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.

Where the contract includes two or more performance obligations, at contract inception, the Group allocates the transaction price to each single performance obligation according to the relative proportion of the stand-alone selling prices of the goods or services promised by each single performance obligation. However, where there is conclusive evidence that the contract discount or variable consideration is only related to one or more (not all) performance obligations in the contract, the Group shall allocate the contract discount or variable consideration to the relevant one or more performance obligations. The stand-alone selling price is the price at which the Group would sell a good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group shall consider all information that is reasonably available to the Group and maximize the use of observable inputs to estimate the stand-alone selling price.

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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

23. Revenue *(Continued)*

Variable consideration

If the contract includes variable consideration (such as sales rebate), 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 date, the Group re-estimates the amount of variable consideration which should be recognized in transaction price.

Additional purchase option

The additional purchase option of customers includes customer reward points. With respect to the additional purchase option with material rights provided to customers, the Group regards it as a single performance obligation, and recognizes relevant revenue upon obtaining the control over relevant goods or services by the customers who exercise the purchase option in future or upon lapse of such option. If a stand-alone selling price of the additional purchase option of customers is not directly observable, the Group shall consider all relevant information including the difference in discount obtained with and without the exercise of such option by customers and the possibility of exercising such option by customers during estimation.

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.

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 to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

23. Revenue *(Continued)*

Significant financing component

If the contract includes significant financing component (including education informatized 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 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 *ASBE 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.



Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

24. Types and accounting method of 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.

24.1 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 for the period over the useful life of the related asset using the straight-line method.

24.2 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, expenses or losses 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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

25. Deferred tax assets/deferred tax liabilities

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

25.1 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.

25.2 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.

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.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

25. Deferred tax assets/deferred tax liabilities *(Continued)*

25.2 Deferred tax assets and deferred tax liabilities (Continued)

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realised or the liability is settled.

Current and deferred tax expenses or income are 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.

25.3 Offset of income tax

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 to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

26. 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.

At the contract commencement date, the Group evaluates whether the contract is a lease or comprises a lease. 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.

26.1 The Group as lessee

26.1.1 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.

The right-of-use assets are depreciated in accordance with the depreciation provisions under the *ASBE No. 4 – Fixed Assets*. 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 provisions under the *ASBE No. 8 – Impairment of Assets* and applies accounting treatment to the impairment loss identified accordingly.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

26. Lease *(Continued)*

26.1 The Group as lessee *(Continued)*

26.1.2 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 as 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.

Upon commencement date of the lease term, the Group accounts for interest expenses of lease liabilities for each period during the lease term according to fixed periodic rates and includes the same in profit or loss for the period or the cost of relevant assets.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

26. Lease *(Continued)*

26.1 The Group as lessee *(Continued)*

26.1.2 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 the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the lease liability, the Group recognizes any difference in profit or loss for the period:

- 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.

26.1.3 Short-term leases

For short-term leases under office and operating 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.

26.1.4 Lease modification

If modification of lease occurs and meets the following conditions, the Group will conduct accounting treatment for the modification of lease as a separate lease:

- the modification of lease expands the scope of lease by increasing the right-of-use of one or more leased assets;
- the increased consideration and the individual price of the expanded part of scope of lease are equivalent after adjustment is made in accordance with situation of the contract.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

26. Lease *(Continued)*

26.1 The Group as lessee (Continued)

26.1.4 Lease modification (Continued)

If accounting treatment for the modification of lease as a separate lease is not conducted, the Group shall re-amortize the modified consideration of contract and redetermine the lease term on the effective date of modification of lease and discount the modified lease payments using the revised discount rate, in order to remeasure the lease liabilities.

If the modification of lease results in a narrower scope of lease or a shorter lease term, the Group reduces the carrying amount of the right-of-use assets accordingly and recognizes the gains or losses relevant to the partial or complete termination of the leases in profit or loss for the period.

26.2 The Group as lessor

26.2.1 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.

26.2.2 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 capitalised 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.

For the variable lease payments not included in lease payments but related to operating lease, the Group recognizes the amount in profit or loss during the period it is actually incurred.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(IV) KEY ASSUMPTIONS AND UNCERTAINTIES APPLIED IN ACCOUNTING ESTIMATES

In the application of accounting policies as set out in Note (III), 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 applied 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 of goodwill

The Group tests whether goodwill is impaired at least on an annual basis and when circumstances indicate that goodwill may be impaired. This requires an estimation of the future cash flows that will be generated by the asset groups or groups of asset group to which the goodwill is allocated, and a choice of a suitable discount rate in order to calculate the present value of those future cash flows.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(V) TAXES

1. Major categories of taxes and tax rates

Category of tax	Basis of tax calculation	Tax rate
Value-added tax	Note	13%, 9%, 6%, 3%
City maintenance and construction tax	Value-added tax payable	7%, 5%
Education surcharges	Value-added tax payable	3%
Local education surcharges	Value-added tax payable	2%
Enterprise income tax	Taxable income	25%, 15%

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 of Policies in Relation to the Deepening of Value-added Tax Reforms from the MoF, 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.

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 [2019] No. 16) issued by the Ministry of Finance, State Administration of Taxation and Publicity Department of the Chinese Communist Party, 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 its subsidiary 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 under the Company enjoy income tax exemption until 31 December 2023.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(V) TAXES *(Continued)*

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

Enterprise income tax (Continued)

The Company's subsidiary, Sichuan Winshare Education Technology Co., Ltd. ("Winshare Education Technology"), falls within the encouraged industries included in the *Notice to the Enterprise Income Tax on the Implementation of the Catalogue of Encouraged Industries in the Western Region* (Guo Shui [2015] No. 14), which has also been confirmed by Chengdu National Development and Reform Commission's Government Approval Letter ([2016] No. 38). Winshare Education Technology is subject to enterprise income tax 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. GR201911008465 on 2 December 2019, with a validity period until 1 December 2022. Beijing Aerospace Cloud is subject to enterprise income tax 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 to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Item	30 June 2020 (Unaudited)			31 December 2019		
	Amounts of the original currencies	Exchange rate	Amount in RMB	Amounts of the original currencies	Exchange rate	Amount in RMB
Cash on hand:						
RMB	2,864,952.61	1.0000	2,864,952.61	2,569,899.73	1.0000	2,569,899.73
Bank balances:						
RMB (Note 1)	3,372,270,077.75	1.0000	3,372,270,077.75	3,468,962,227.91	1.0000	3,468,962,227.91
USD	23,452.83	7.0795	166,034.31	22,988.19	6.9762	160,370.24
EUR	83.71	7.9610	666.42	85.27	7.8155	666.43
HKD	35,471.25	0.9134	32,399.44	27,371.58	0.8958	24,519.46
Other currency funds:						
RMB (Note 2)	32,894,409.17	1.0000	32,894,409.17	40,386,109.26	1.0000	40,386,109.26
Total			3,408,228,539.70			3,512,103,793.03

Note 1: At the end of the period, the bank balances include 3-month above time deposits and interests amounting to RMB196,371,958.89 (31 December 2019: RMB81,760,506.83) with an interest rate of 1.95%.

Note 2: At the end of the period, other cash and bank balances include the balances with Alipay App account and WeChat App account of RMB1,593,752.11 (31 December 2019: RMB3,949,048.74), and the remaining are restricted currency funds. Restricted currency funds are set out in Note (VI)53.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2. Held-for-trading financial assets

Item	<i>RMB</i>	
	30 June 2020 (Unaudited) Carrying amount	31 December 2019 Carrying amount
Financial assets at FVTPL (Note)		
Including: Bank wealth management products	1,298,000,000.00	1,280,000,000.00
Investment in A-share listed companies	32,948.88	6,671.94
Total	1,298,032,948.88	1,280,006,671.94

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

Categories of notes receivable

Category	<i>RMB</i>	
	30 June 2020 (Unaudited)	31 December 2019
Commercial acceptances	920,000.00	2,218,450.46

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

4. Accounts receivable

(1) Disclosure by aging

Aging	30 June 2020 (Unaudited)			31 December 2019			<i>RMB</i>	
	Amount	Proportion (%)	Credit loss provision	Carrying amount	Amount	Proportion (%)	Credit loss provision	Carrying amount
Within 1 year	2,019,963,624.17	83.42	(160,388,426.83)	1,859,575,197.34	1,849,180,130.42	87.29	(144,259,504.85)	1,704,920,625.57
More than 1 year but not exceeding 2 years	258,146,564.31	10.66	(157,843,002.24)	100,303,562.07	136,342,076.79	6.44	(79,821,555.01)	56,520,521.78
More than 2 years but not exceeding 3 years	59,145,964.94	2.44	(59,145,964.94)	-	56,242,467.72	2.65	(56,242,467.72)	-
More than 3 years	84,349,202.41	3.48	(84,349,202.41)	-	76,780,471.03	3.62	(76,780,471.03)	-
Total	2,421,605,355.83	100.00	(461,726,596.42)	1,959,878,759.41	2,118,545,145.96	100.00	(357,103,998.61)	1,761,441,147.35

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

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

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

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

No material accounts receivable was actually written off for the current period.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(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 2020 (Unaudited)	Aging	As a percentage of the total accounts receivable (%)	Credit loss provision as at 30 June 2020 (Unaudited)
People's Education Press Co., Ltd. Education Department of Sichuan Province	Third party	161,493,731.18	Within 1 year	6.67	(5,890,398.80)
Education and Science and Technology Intellectual Property Bureau of Xide County	Third party	132,129,508.02	Within 1 year	5.46	-
Education and Sports Bureau of Dongpo District, Meishan City	Third party	70,331,439.86	Within 1 year	2.90	(8,340,338.35)
Education, Technology and Sports Bureau of Pingchang County	Third party	69,455,790.12	Within 1 year	2.87	(8,549,584.72)
		55,306,492.84	1-2 years	2.28	(19,124,209.96)
Total		488,716,962.02		20.18	(41,904,531.83)

5. Financing receivables

(1) *Classification of financing receivables*

RMB

Item	30 June 2020 (Unaudited)	31 December 2019
Bank acceptance bills (Note 1)	3,258,168.30	7,007,859.79

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

5. Financing receivables *(Continued)*

- (2) *Notes receivables endorsed 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 acceptance bills (Note 2)	20,408,520.12	–

Note 1: In the process of managing corporate liquidity, the Group would endorse the transfer of some of its bank acceptance bills before they are due, and derecognize endorsed bank acceptance bills 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 under this business model are classified as financial assets at FVTOCI. Please refer to Note (X)1 for the determination of fair value.

As at the end of period, the Group has not provided credit impairment loss for its financing receivables.

Note 2: As at 30 June 2020, the Group had bank acceptance bills endorsed and not yet due of RMB20,408,520.12 (31 December 2019: RMB15,293,314.91). As for the derecognition of bank acceptance bills 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 to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

6. Prepayments

(1) *Aging analysis of prepayments*

Aging	30 June 2020 (Unaudited)		31 December 2019	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	54,636,098.27	76.11	42,647,237.72	73.30
More than 1 year but not exceeding 2 years	7,748,321.89	10.79	7,640,072.02	13.13
More than 2 years but not exceeding 3 years	4,657,741.87	6.49	5,074,493.12	8.72
More than 3 years	4,747,626.16	6.61	2,819,714.04	4.85
Total	71,789,788.19	100.00	58,181,516.90	100.00

RMB

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 at the end of the period*

Name of entity	Relationship with the Group	30 June 2020 (Unaudited)	Aging	As a percentage of the total prepayments (%)	Reasons for unsettlement
Sichuan Yuanin Cultural Technology Co., Ltd.	Third party	7,606,502.66	Within 1 year	10.60	Goods not yet received
Sichuan Ziguan Sports Industry Group Co., Ltd.	Third party	5,620,000.00	Within 1 year	7.83	Goods not yet received
Shanghai Yining Cultural Media Center	Third party	3,824,060.00	Within 1 year	5.33	Services not yet received
Echo Publishing Co., Ltd.	Third party	3,662,271.70	Within 1 year, more than 3 years	5.10	Services not yet received
Sichuan Yulian Tianxia Technology Co., Ltd.	Third party	3,272,366.70	Within 1 year	4.56	Goods not yet received
Total		23,985,201.06		33.42	

RMB

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

7. Other receivables

7.1 Other receivables by categories

Item	<i>RMB</i>	
	30 June 2020 (Unaudited)	31 December 2019
Dividend receivables	33,672,000.00	–
Other receivables	113,958,205.75	104,061,715.50
Total	147,630,205.75	104,061,715.50

7.2 Dividend receivables

Item	<i>RMB</i>	
	30 June 2020 (Unaudited)	31 December 2019
Bank of Chengdu Co., Ltd. ("BoCD")	33,600,000.00	–
Sichuan Education and Science Forum Magazine Press Co., Ltd. ("Education and Science Forum")	72,000.00	–
Total	33,672,000.00	–

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

7. Other receivables *(Continued)*

7.3 Other receivables

(1) Other receivables by aging

Aging	30 June 2020 (Unaudited)				31 December 2019			
	Amount	Proportion	Credit loss provision	Carrying amount	Amount	Proportion	Credit loss provision	Carrying amount
		(%)				(%)		
Within 1 year	83,225,675.93	63.82	(4,146,665.10)	79,079,010.83	77,211,850.33	63.98	(3,865,351.89)	73,346,498.44
More than 1 year but not exceeding 2 years	22,111,287.83	16.95	(329,006.82)	21,782,281.01	18,415,672.30	15.26	(288,359.34)	18,127,312.96
More than 2 years but not exceeding 3 years	5,895,229.57	4.52	(1,498,862.19)	4,396,367.38	6,567,956.05	5.44	(1,773,535.23)	4,794,420.82
More than 3 years	19,189,049.94	14.71	(10,488,503.41)	8,700,546.53	18,488,261.14	15.32	(10,694,777.86)	7,793,483.28
Total	130,421,243.27	100.00	(16,463,037.52)	113,958,205.75	120,683,739.82	100.00	(16,622,024.32)	104,061,715.50

RMB

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

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

(3) Other accounts receivable actually written off in the current period

No other accounts receivable was actually written off in the current period.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

7. Other receivables *(Continued)*

7.3 Other receivables *(Continued)*

(4) Other receivables presented by nature

Nature of other receivables	<i>RMB</i>	
	30 June 2020 (Unaudited)	31 December 2019
Amount due from related parties	779,573.37	30,478.80
Deposit/guarantee deposit	64,578,147.32	62,333,171.72
Petty cash	2,418,345.85	2,745,275.14
Others	62,645,176.73	55,574,814.16
Total	130,421,243.27	120,683,739.82

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

Name of entity	Nature	<i>RMB</i>			
		30 June 2020 (Unaudited)	Aging	As a percentage of the total other receivables (%)	Credit loss provision as at 30 June 2020 (Unaudited)
Tianjin Jiasong Warehouse Co., Ltd.	Deposit/guarantee deposit	7,667,033.88	1-2 years	5.88	-
Anhui Silhe Digital Technology Development Co., Ltd.	Others	5,269,196.00	More than 3 years	4.04	(5,269,196.00)
Education and Science and Technology Intellectual Property Bureau of Xide County	Deposit/guarantee deposit	3,419,198.45	1-2 year	2.62	-
Chengdu Zhonghang Real Estate Development Co., Ltd.	Deposit/guarantee deposit	3,113,802.00	2-3 years, more than 3 years	2.39	-
Santai Fengze Education Investment Co., Ltd.	Deposit/guarantee deposit	2,955,427.30	Within 1 year	2.27	-
Total		22,424,657.63		17.20	(5,269,196.00)

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

8. Inventories

(1) Categories of inventories

Item	30 June 2020 (Unaudited)			31 December 2019		
	Gross carrying amount	Provision for decline in value	Carrying amount	Gross carrying amount	Provision for decline in value	Carrying amount
Goods on hand	2,193,865,515.13	(235,397,130.19)	1,958,468,384.94	2,143,044,979.35	(209,060,781.56)	1,933,984,197.79
Work-in-progress	107,837,534.77	-	107,837,534.77	170,609,926.07	-	170,609,926.07
Raw materials	54,727,668.21	(3,271,801.21)	51,455,867.00	56,126,011.59	(3,271,801.21)	52,854,210.38
Total	2,356,430,718.11	(238,668,931.40)	2,117,761,786.71	2,369,780,917.01	(212,332,582.77)	2,157,448,334.24

RMB

(2) Provision for decline in value of inventories

Category of inventories	1 January 2020	Increase in the current period	Decrease in the current period		31 December 2019 (unaudited)
			Reversal in the current period	Write-off in the current period	
Goods on hand	209,060,781.56	31,323,764.19	-	(4,987,415.56)	235,397,130.19
Raw materials	3,271,801.21	-	-	-	3,271,801.21
Total	212,332,582.77	31,323,764.19	-	(4,987,415.56)	238,668,931.40

RMB

Note: As the expected net realizable value was lower than the cost of inventories at the end of the period, a provision for decline in value of inventories amounting to RMB31,323,764.19 was made during the current period. As the goods provided for the decline in value of inventories were sold, the provision for the decline in value of inventories amounting to RMB4,987,415.56 was written off.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

9. Other current assets

Item	RMB	
	30 June 2020 (Unaudited)	31 December 2019
Refund costs receivable (Note 1)	61,037,024.19	57,110,745.49
VAT input tax to be deducted (Note 2)	47,074,570.03	20,012,008.16
Total	108,111,594.22	77,122,753.65

Note 1: The refund cost receivable is the carrying amount of the goods expected to be returned to the Group within one year after deducting the estimated costs of recovering the returned goods (including the impairment of the value of returned goods).

Note 2: 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 2020 (Unaudited)			31 December 2019		
	Gross carrying amount	Provision for credit loss	Carrying amount	Gross carrying amount	Provision for credit loss	Carrying amount
Goods sold by instalments (Note)	394,131,702.95	-	394,131,702.95	476,566,778.52	-	476,566,778.52
Less: Long-term receivables included in non-current assets due within one year	183,946,329.53	-	183,946,329.53	125,609,106.15	-	125,609,106.15
Total	210,185,373.42	-	210,185,373.42	350,957,672.37	-	350,957,672.37

Note: Receivables of goods sold by instalments are the Group's receivables for education informatized business, which shall be collected by instalments in accordance with the contract. The agreed period in the contract is 2-5 years and the Group has discounted the instalments at a discount rate of 4.75%-5%.

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2020

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

11. Long-term equity investments

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

RMB

Investee	1 January 2020	Changes for the period							Provision for impairment as at 30 June 2020 (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
Joint Ventures										
Hainan Publishing House Co., Ltd. ("Hainan Publishing House")	165,107,228.38	-	-	4,103,400.08	-	-	-	-	-	169,210,628.46
Sichuan Fudou Technology Co., Ltd. ("Sichuan Fudou")	-	-	-	-	-	-	-	-	-	-
Shenzhen Xuancai Venture Capital Investment Fund Management Co., Ltd.	7,675,588.46	-	-	3,270,806.33	-	-	-	-	-	10,946,394.79
Liangshan Xinhua Winshare Education Technology Co. Ltd.	19,637,833.39	-	-	(1,010,976.95)	-	-	-	-	-	18,626,856.44
Subtotal	192,420,645.23	-	-	6,363,229.46	-	-	-	-	-	198,783,874.69
Associates										
Sichuan Winshare BLOGIS Supply Chain Co., Ltd.	44,325,539.63	-	-	481,891.04	-	-	-	-	-	44,807,430.67
Commercial Press (Chengdu) Co., Ltd.	2,846,167.54	-	-	(98,594.07)	-	-	-	-	-	2,747,573.47
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	11,063,418.98	-	-	(867,917.50)	-	-	-	-	-	10,195,501.48
Guizhou Xinhua Winshare Book Audio-Visual Product Chainstore Co., Ltd. ("Guizhou Winshare")	-	-	-	-	-	-	-	-	-	-
Ming Bo Education Technology Holdings Co., Ltd.	39,914,422.65	-	-	(14,203,204.69)	-	-	-	-	-	25,711,217.96
Shanghai Jingjie Information Technology Co., Ltd.	454,528.04	-	-	(85,961.26)	-	-	-	-	-	368,566.78

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

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

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

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

Investee	1 January 2020	Changes for the period							Provision for impairment as at 30 June 2020 (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")	6,718,343.79	-	-	(244,633.43)	-	-	-	-	-	6,473,710.36	-
Chengdu Winshare Venture Capital Investment Fund Management Co., Ltd. Education and Science Forum	30,599,541.14 484,419.10	-	-	19,897,028.90 105,956.03	-	-	-	(72,000.00)	-	50,496,570.04 518,375.13	-
Tibet Winshare Venture Capital Investment Fund Partnership (Limited Partnership) ("Tibet Winshare") (Note)	82,616,683.15 130,463.57	2,000,000.00	-	21,680,485.58 (3,230.21)	-	-	-	-	-	106,297,168.73 127,233.36	-
Sichuan Jiaoyang Shihuo Film Co., Ltd. Xinhua Yingxuan (Beijing) Screen Culture Co., Ltd. ("Xinhua Yingxuan")	18,116,255.53	-	-	(1,619,191.03)	-	-	-	-	-	16,497,064.50	-
Tianjin Tianxi Zhongda Cultural Development Co., Ltd. Winshare Yinshi (Beijing) Cultural Communication Co., Ltd. ("Winshare Yinshi")	19,581,323.06 382,191.85	-	-	81,493.42 (48,258.85)	-	-	-	-	-	19,662,816.48 333,933.00	-
Subtotal	257,233,298.03	2,000,000.00	-	25,075,863.93	-	-	(72,000.00)	-	-	284,237,161.96	-
Total	449,653,943.26	2,000,000.00	-	31,439,093.39	-	-	(72,000.00)	-	-	483,021,036.65	-

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

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

Note: As a limited partner, Winshare Investment Co., Ltd. ("Winshare Investment"), a subsidiary of the Company, invested RMB30,533,348.08 in Tibet Winshare, 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, 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. As a result, Tibet Winshare is an associate of the Group. For the period, the Group added investment of RMB2,000,000.00.

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

Item	30 June 2020 (Unaudited)		31 December 2019	
	Unrecognized investment losses for the period	Accumulated unrecognized investment losses	Unrecognized investment losses for the prior year	Accumulated unrecognized investment losses
Guizhou Winshare	–	5,557,990.70	–	5,557,990.70
Sichuan Fudou	1,315,348.95	2,152,550.45	837,201.50	837,201.50
Total	1,315,348.95	7,710,541.15	837,201.50	6,395,192.20

RMB

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(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 2020 (Unaudited)	31 December 2019
Anhui Xinhua Media Co., Ltd.* (“ Wanxin Media ”) (Note 1)	692,998,400.00	683,027,200.00
Jiangsu Hagong Intelligent Robot Co., Ltd. (“ HGZN ”) (Note 2)	743,237.53	842,694.27
BoCD* (Note 3)	636,800,000.00	725,600,000.00
Others	375,393.81	375,393.81
Total	1,330,917,031.34	1,409,845,288.08

* 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 income of RMB9,971,200.00 recognized in other comprehensive income. The Company's dividends received of RMB19,942,400.00 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. Changes in fair value of HGZN for current period are losses of RMB99,456.74, and are recognized in other comprehensive income. The Company's dividends received of RMB2,016.02 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 of BoCD for current period are losses of RMB88,800,000.00, and are recognized in other comprehensive income. The Company's dividends receivable of RMB33,600,000.00 from BoCD for current period are recognized in investment income.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

12. Other equity instrument investments *(Continued)*

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

The Group does not hold the above investments for the purpose of disposal in the near term for short-term gains, thus the above investments are designated as financial assets at FVTOCI.

13. Other non-current financial assets

Item	RMB	
	30 June 2020 (Unaudited)	31 December 2019
Citic M&A Investment Fund (Shenzhen) Partnership (Limited Partnership)* (Note 1)	156,505,522.71	111,887,206.48
Winshare Hengxin (Shenzhen) Equity Investment Fund Partnership (Limited Partnership) (Note 2)	371,286,407.57	292,338,697.14
Qingdao Goldstone Zhixin Investment Center (Limited Partnership) (Note 3)	101,552,153.77	102,430,506.09
Ningbo Meishan Free Trade Port Winshare Dingsheng Equity Investment Partnership (Limited Partnership) (Note 4)	33,255,140.51	20,780,000.00
Total	662,599,224.56	527,436,409.71

* 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 of Citic M&A Investment Fund (Shenzhen) Partnership (Limited Partnership).

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 RMB44,618,316.23, and are recognized in gains from changes in fair values.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(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.

Changes in fair value for current period are gains of RMB78,947,710.43, 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 RMB878,352.32, and are recognized in losses from changes in fair values.

Note 4: As a limited partner, the Company's subsidiary, Winshare Investment invested RMB20,780,000.00 in Ningbo Meishan Free Trade Port Winshare Dingsheng Equity Investment Partnership (Limited Partnership). According to the partnership agreement, the proportion of the subscribed capital contribution of the Group accounts for 66.45% of its total subscribed capital. During the current period, the Group made new investments of RMB8,000,000.00.

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 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 RMB4,475,140.51, and are recognized in gains from changes in fair values.

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 to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

14. Investment properties

Investment properties measured at cost

Item	RMB Buildings
I. Cost	
1. 1 January 2020	99,871,581.61
2. Decrease in the period	(971,840.00)
(1) Transfer to fixed assets	(971,840.00)
3. 30 June 2020 (Unaudited)	98,899,741.61
II. Accumulated depreciation	
1. 1 January 2020	(31,222,775.62)
2. Increase in the period	(1,257,357.74)
(1) Provision	(1,257,357.74)
3. Decrease in the period	237,055.00
(1) Transfer to fixed assets	237,055.00
4. 30 June 2020 (Unaudited)	(32,243,078.36)
III. Carrying amount	
1. 30 June 2020 (Unaudited)	66,656,663.25
2. 31 December 2019	68,648,805.99

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(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. 1 January 2020	1,702,841,406.31	285,792,120.33	176,555,703.11	93,677,136.25	2,258,866,366.00
2. Increase in the period	4,243,268.76	857,548.79	9,971,072.50	149,469.03	15,221,359.08
(1) Acquisition	340,443.47	843,397.85	9,971,072.50	149,469.03	11,304,382.85
(2) Transfer from construction in progress	2,930,985.29	14,150.94	-	-	2,945,136.23
(3) Transfer from investment properties	971,840.00	-	-	-	971,840.00
3. Decrease in the period	(385,404.00)	(126,495.72)	(5,831,643.83)	(509,718.69)	(6,853,262.24)
(1) Disposal	(385,404.00)	(126,495.72)	(5,831,643.83)	(509,718.69)	(6,853,262.24)
4. 30 June 2020 (Unaudited)	1,706,699,271.07	286,523,173.40	180,695,131.78	93,316,886.59	2,267,234,462.84
II. Accumulated depreciation					
1. 1 January 2020	(509,410,437.63)	(216,623,818.75)	(136,507,413.99)	(73,630,746.40)	(936,172,416.77)
2. Increase in the period	(23,106,598.67)	(7,308,478.23)	(9,408,558.66)	(2,902,411.08)	(42,726,046.64)
(1) Provision	(22,869,543.67)	(7,308,478.23)	(9,408,558.66)	(2,902,411.08)	(42,488,991.64)
(2) Transfer from investment property	(237,055.00)	-	-	-	(237,055.00)
3. Decrease in the period	385,404.00	75,665.72	5,081,749.37	494,427.13	6,037,246.22
(1) Disposal	385,404.00	75,665.72	5,081,749.37	494,427.13	6,037,246.22
4. 30 June 2020 (Unaudited)	(532,131,632.30)	(223,856,631.26)	(140,834,223.28)	(76,038,730.35)	(972,861,217.19)
III. Carrying amount					
1. 30 June 2020 (Unaudited)	1,174,567,638.77	62,666,542.14	39,860,908.50	17,278,156.24	1,294,373,245.65
2. 31 December 2019	1,193,430,968.68	69,168,301.58	40,048,289.12	20,046,389.85	1,322,693,949.23

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(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

Item	Carrying amount	Reasons why certificates of title have not been obtained
Office building (Beijing Branch)	60,109,570.81	Processing
Warehouse and office building (Sichuan Xichong)	6,426,116.29	Processing
Warehouse and office building (Sichuan Longquan)	7,798,466.25	Processing
Warehouse and office building (Sichuan Peng'an)	4,752,216.42	Processing
Business Building (Guang'an Bookstore)	18,546,956.47	Processing
Warehouse and office building (Sichuan Guang'an)	8,648,454.51	Processing
Warehouse and office building (Sichuan Nanchong)	14,274,576.87	Processing
Warehouse and office building (Sichuan Bazhong)	15,513,572.53	Processing
Total	136,069,930.15	

The above fixed assets of which certificates of title not yet obtained had 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 to 30 June 2020

(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 2020 (Unaudited)			31 December 2019		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Publishing Media Creation Center*	598,319,240.70	-	598,319,240.70	594,470,914.98	-	594,470,914.98
Yilong textbook distribution center project*	-	-	-	-	-	-
Ziyang textbooks transfer station project*	32,251,450.76	-	32,251,450.76	32,169,611.14	-	32,169,611.14
Lezhi branch complex* Renovation of Lezhi warehouse and office building*	500,000.00	-	500,000.00	-	-	-
Nanjiang business building (interior renovation)*	7,828,715.22	-	7,828,715.22	-	-	-
Others	84,892.62	-	84,892.62	46,023.59	-	46,023.59
Total	638,984,299.30	-	638,984,299.30	626,686,549.71	-	626,686,549.71

RMB

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2020

(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	1 January 2020	Increase in the period	Transfer to fixed assets in the period	Transfer to others	30 June 2020 (Unaudited)	Amount injected as a proportion of budget amount (%)	Construction progress (%)	Amount of accumulated capitalised interest	Including: Amount of capitalised interest per annum for the period	Interest capitalization rate for the period (%)	Source of funds
Publishing media creation center*	736,000,000.00	594,470,914.98	3,848,325.72	-	-	598,319,240.70	81.29	81.29	-	-	-	Self-financing
Yiyong textbook distribution center project*	21,900,000.00	-	61,787.12	(61,787.12)	-	-	88.21	88.21	-	-	-	Self-financing
Ziyang textbooks transfer station project*	32,730,000.00	32,169,911.14	61,839.82	-	-	32,251,450.76	98.54	98.54	-	-	-	Self-financing
Lezhi branch complex*	19,700,000.00	-	2,869,198.17	(2,869,198.17)	-	-	100.00	100.00	-	-	-	Self-financing
Renovation of Lezhi warehouse and office building*	3,500,000.00	-	500,000.00	-	-	500,000.00	74.29	74.29	-	-	-	Self-financing
Nanjing business building (interior renovation)*	9,651,048.00	-	7,828,715.22	-	-	7,828,715.22	81.12	81.12	-	-	-	Self-financing
Others	-	46,023.59	53,019.97	(14,150.94)	-	84,892.62	-	-	-	-	-	Self-financing
Total	823,481,048.00	626,686,549.71	15,242,885.82	(2,945,136.23)	-	638,984,299.30						

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

17. Right-of-use assets

Item	<i>RMB</i> Property
I. Cost:	
1. 1 January 2020	532,674,371.21
2. Increase in the period	52,634,522.34
3. Decrease in the period	(26,665,852.23)
4. 30 June 2020 (Unaudited)	558,643,041.32
II. Accumulated depreciation	
1. 1 January 2020	(94,710,234.92)
2. Increase in the period	(58,899,296.15)
(1) Provision	(58,899,296.15)
3. Decrease in the period	18,629,823.38
4. 30 June 2020 (Unaudited)	(134,979,707.69)
III. Carrying amount	
1. 30 June 2020 (Unaudited)	423,663,333.63
2. 31 December 2019	437,964,136.29

The lease terms of leased properties of the Group range from one to fifteen years. During the period, the expenses relating to short-term lease applying the simplified approach and included in profit or loss for the period amounted to RMB7,569,441.16 (the same period of last year: RMB18,659,931.64).

Total cash outflow which was related to leases for the current period was RMB45,054,813.21 (the same period of last year: RMB47,181,714.86).

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(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. 1 January 2020	356,454,080.19	9,027,647.58	184,736,715.94	44,944,000.00	8,018,825.17	603,181,268.88
2. Increase in the period	-	-	3,925,729.14	-	-	3,925,729.14
(1) Acquisition	-	-	3,454,031.04	-	-	3,454,031.04
(2) Transfer from development expenses	-	-	471,698.10	-	-	471,698.10
3. Decrease in the period	(982,887.00)	-	(42,735.00)	-	-	(1,025,622.00)
(1) Disposal	(982,887.00)	-	(42,735.00)	-	-	(1,025,622.00)
4. 30 June 2020 (Unaudited)	355,471,193.19	9,027,647.58	188,619,710.08	44,944,000.00	8,018,825.17	606,081,376.02
II. Accumulated amortization						
1. 1 January 2020	(92,120,164.30)	(4,601,266.49)	(90,537,194.31)	(32,944,000.00)	(3,966,929.62)	(224,169,554.72)
2. Increase in the period	(4,575,146.89)	(641,388.00)	(10,559,153.35)	-	(410,846.88)	(16,186,535.12)
(1) Provision	(4,575,146.89)	(641,388.00)	(10,559,153.35)	-	(410,846.88)	(16,186,535.12)
3. Decrease in the period	261,881.19	-	27,421.65	-	-	289,302.84
(1) Disposal	261,881.19	-	27,421.65	-	-	289,302.84
4. 30 June 2020 (Unaudited)	(96,433,430.00)	(5,242,654.49)	(101,068,926.01)	(32,944,000.00)	(4,377,776.50)	(240,066,787.00)
III. Provision for impairment						
1. 1 January 2020	-	-	-	(12,000,000.00)	-	(12,000,000.00)
2. 30 June 2020 (Unaudited)	-	-	-	(12,000,000.00)	-	(12,000,000.00)
IV. Carrying amount						
1. 30 June 2020 (Unaudited)	259,037,763.19	3,784,993.09	87,550,784.07	-	3,641,048.67	354,014,589.02
2. 31 December 2019	264,333,915.89	4,426,381.09	94,199,521.63	-	4,051,895.55	367,011,714.16

At the end of period, intangible assets developed as a result of internal research and development as a percentage of the balance of intangible assets were 15.63%.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

19. Goodwill

(1) Cost of goodwill

		<i>RMB</i>		
Name of the investee or item resulting in goodwill	1 January 2020	Increase in the current period	Decrease in the current period	30 June 2020 (Unaudited)
Acquisitions of 15 publishing companies (Note)	500,571,581.14	-	-	500,571,581.14
Others	3,870,061.53	-	(18,455.00)	3,851,606.53
Total	504,441,642.67	-	(18,455.00)	504,423,187.67

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 2019: nil to 2%). Discount rate of 14-15% (31 December 2019: 14%-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 carrying amount of the asset group exceeding its recoverable amount.

(2) Provision for impairment of goodwill

		<i>RMB</i>		
Name of the investee or item resulting in goodwill	1 January 2020	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 to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

20. Long-term prepaid expenses

Item	1 January 2020	<i>RMB</i>			30 June 2020 (Unaudited)
		Increase in the current period	Amortization for the period	Decrease in the current period	
Leasehold improvement	24,011,026.44	2,299,575.98	(7,580,829.66)	-	18,729,772.76
Others	631,605.02	74,942.27	(318,117.61)	(1,821.54)	386,608.14
Total	24,642,631.46	2,374,518.25	(7,898,947.27)	(1,821.54)	19,116,380.90

21. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets

Item	<i>RMB</i>		31 December 2019	
	30 June 2020 (Unaudited) Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment of assets	71,094,000.36	17,773,500.09	43,763,673.56	10,940,918.39
Employee benefits payable	7,697,473.68	1,924,368.42	20,732,996.20	5,183,249.05
Total	78,791,474.04	19,697,868.51	64,496,669.76	16,124,167.44

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

21. Deferred tax assets/deferred tax liabilities *(Continued)*

(2) *Deferred tax liabilities*

Item	30 June 2020 (Unaudited)		31 December 2019	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Differences between carrying amount and fair value in acquisitions of subsidiary	31,934,325.16	7,983,581.29	33,473,140.64	8,368,285.16
Relocation compensation	20,457,549.56	5,114,387.39	20,457,549.56	5,114,387.39
Changes in fair value of other equity instrument investments	443,970.21	110,992.55	543,426.95	135,856.74
Changes in fair value of other non-current financial assets	196,399,803.99	49,099,951.00	112,976,953.05	28,244,238.26
Effect on investment in associates accounted for using the equity method	73,763,820.65	18,440,955.16	52,083,335.07	13,020,833.77
Total	322,999,469.57	80,749,867.39	219,534,405.27	54,883,601.32

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 2020	31 December
	(Unaudited)	2019
Deductible temporary differences	64,370,782.49	118,727,162.49
Deductible taxable losses	313,851,822.57	280,621,367.62
Total	378,222,605.06	399,348,530.11

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 to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

21. Deferred tax assets/deferred tax 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 2020 (Unaudited)	31 December 2019
2020	–	72,442,473.64
2021	42,125,357.18	42,125,357.18
2022	39,848,677.12	39,848,677.12
2023	34,302,467.81	34,302,467.81
2024	91,902,391.87	91,902,391.87
2025	105,672,928.59	–
Total	313,851,822.57	280,621,367.62

22. Other non-current assets

Item	<i>RMB</i>	
	30 June 2020 (Unaudited)	31 December 2019
Prepaid land funds	35,355,837.99	35,355,837.99
VAT input tax to be deducted (Note 1)	64,202,906.93	48,592,877.42
Prepaid purchase price for property	13,904,800.00	17,105,497.00
Time deposits (Note 2)	50,000,000.00	–
Others	20,767,710.78	20,767,710.78
Total	184,231,255.70	121,821,923.19

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

Note 2: Time deposits are fixed deposits that the Group is unable to withdraw in advance within one year.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

23. Notes payable

Item	<i>RMB</i>	
	30 June 2020 (Unaudited)	31 December 2019
Commercial acceptance bills	26,132,957.64	3,129,159.00
Bank acceptance bills	17,878,471.77	10,925,551.75
Total	44,011,429.41	14,054,710.75

At the end of the period, the Group's deposit for the above-mentioned bank acceptance bills was RMB6,099,364.14.

The Group's bank acceptances bills 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 2020 (Unaudited)	31 December 2019
Within 1 year	3,263,777,331.34	3,237,967,685.53
More than 1 year but not exceeding 2 years	693,396,653.40	747,755,788.80
More than 2 years but not exceeding 3 years	240,796,831.98	205,784,181.87
More than 3 years	124,712,762.11	124,273,858.63
Total	4,322,683,578.83	4,315,781,514.83

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 to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

25. Contract liabilities

(1) *Presentation of contract liabilities:*

Item	<i>RMB</i>	
	30 June 2020 (Unaudited)	31 December 2019
Advanced receipts for sold goods	356,702,207.63	373,162,442.02
Membership card points	2,781,311.89	3,538,940.71
Total	359,483,519.52	376,701,382.73

(2) During the current period, the Group recognized the carrying amount of contract liabilities at the beginning of the period of RMB338,505,699.45, comprising contract liabilities of RMB337,478,618.46 arising from advanced receipts for sold goods, and contract liabilities of RMB1,027,080.99 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.

The Group's retail stores adopt a reward policy of membership loyalty cards for customers. For customers with consumption points reaching 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 the respective stand-alone selling prices. Sale consideration allocated to reward points is recognized as contract liabilities, and as revenue upon redemption.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

26. Employee benefits payable

(1) Presentation of employee benefits payable

Item	1 January 2020	<i>RMB</i>		30 June 2020 (Unaudited)
		Increase in the current period	Decrease in the current period	
I. Short-term benefits	413,560,586.44	532,069,448.66	(649,582,166.51)	296,047,868.59
II. Post-employment benefit				
– defined contribution plan	4,545,588.29	50,548,152.73	(46,404,583.00)	8,689,158.02
III. Termination benefits	–	2,698,929.01	(2,698,929.01)	–
Total	418,106,174.73	585,316,530.40	(698,685,678.52)	304,737,026.61

(2) Presentation of short-term benefits

Item	1 January 2020	<i>RMB</i>		30 June 2020 (Unaudited)
		Increase in the current period	Decrease in the current period	
I. Wages or salaries, bonuses, allowances and subsidies	347,903,667.52	453,351,790.88	(578,142,287.07)	223,113,171.33
II. Staff welfare	4,000.00	3,535,058.25	(3,535,058.25)	4,000.00
III. Social security contributions	343,522.12	18,551,917.74	(17,789,498.52)	1,105,941.34
Including: Medical insurance	257,059.38	16,146,910.85	(15,520,271.01)	883,699.22
Work injury insurance	48,334.73	473,786.80	(442,637.63)	79,483.90
Maternity insurance	33,946.91	1,883,223.05	(1,778,606.12)	138,563.84
Other insurances	4,181.10	47,997.04	(47,983.76)	4,194.38
IV. Housing funds	1,549,868.89	38,426,019.38	(38,562,026.83)	1,413,861.44
V. Union running costs and employee education costs	63,533,562.20	15,618,838.47	(8,915,678.58)	70,236,722.09
VI. Others	225,965.71	2,585,823.94	(2,637,617.26)	174,172.39
Total	413,560,586.44	532,069,448.66	(649,582,166.51)	296,047,868.59

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

26. Employee benefits payable *(Continued)*

(3) Defined contribution plan *(Note)*

Item	1 January 2020	<i>RMB</i>		30 June 2020 (Unaudited)
		Increase in the current period	Decrease in the current period	
I. Basic pension insurance expense	728,952.02	21,423,469.22	(20,070,181.61)	2,082,239.63
II. Unemployment insurance expense	79,115.09	881,783.53	(829,958.28)	130,940.34
III. Enterprise annuity	3,737,521.18	28,242,899.98	(25,504,443.11)	6,475,978.05
Total	4,545,588.29	50,548,152.73	(46,404,583.00)	8,689,158.02

Note: The Company participates in pension insurance and unemployment insurance plans established by government in accordance with the relevant requirements. According to the plans, the Group makes a monthly contribution equivalent to 16% and 0.6% of the employee's monthly basic wage and performance-linked compensation, respectively, to the plans. Save as the monthly contribution above, the Group has not undertaken further payment obligation. The corresponding expenses are included in profit or loss for the period or the cost of the relevant asset when incurred.

During the period, the Group's contributions of RMB21,423,469.22 and RMB881,783.53 (2019: RMB102,830,768.08 and RMB3,752,538.94) are payable to pension insurance and unemployment insurance plans respectively. As at 30 June 2020, the outstanding contributions of RMB2,082,239.63 and RMB130,940.34 (31 December 2019: RMB728,952.02 and RMB79,115.09) payable by the Group are contributions due during the reporting period and yet to be paid to the pension insurance and unemployment insurance plans. Such contributions payable were settled after the reporting period.

27. Taxes payable

Item	<i>RMB</i>	
	30 June 2020 (Unaudited)	31 December 2019
Income tax	702,941.39	7,916,246.19
Value added tax	27,442,841.38	18,776,491.60
City construction and maintenance tax	274,994.92	682,046.30
Education surcharges	192,523.26	477,162.50
Housing property tax	816,556.65	58,830.74
Individual income tax	1,346,472.07	3,041,441.68
Others	18,166,399.30	18,080,412.63
Total	48,942,728.97	49,032,631.64

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

28. Other payables

Item	<i>RMB</i>	
	30 June 2020 (Unaudited)	31 December 2019
Amounts due to related parties	45,617,971.11	6,210,151.46
Security deposit/deposit/quality warranty/performance security	50,059,433.86	67,405,502.62
Construction and infrastructure construction expenses	23,407,368.03	25,973,935.91
Amounts due to/from other entities	51,753,335.24	43,115,718.18
Dividends payable	121,204,647.42	–
Others	174,636,390.08	154,598,516.39
Total	466,679,145.74	297,303,824.56

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

29. Other current liabilities

Item	<i>RMB</i>	
	30 June 2020 (Unaudited)	31 December 2019
Government grants (Note 1)	101,493,336.70	103,535,074.58
Expected sales returns (Note 2)	73,243,196.80	69,248,504.54
Total	174,736,533.50	172,783,579.12

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

29. Other current liabilities *(Continued)*

Note 1: Item involving government subsidies:

Item	1 January 2020	<i>RMB</i>			
		New grants for the current period	Amount recognized in other income for the current period	30 June 2020 (Unaudited)	Related to an asset/related to income
Books subsidies	103,535,074.58	2,402,408.17	(4,444,146.05)	101,493,336.70	Related to income

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 other current liabilities.

Note 2: 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 assesses the quantity of sales returns using the expected-value method on an organization level.

30. Lease liabilities

	<i>RMB</i>	
	30 June 2020 (Unaudited)	31 December 2019
Rents	418,552,273.98	447,134,268.00
Less: Lease liabilities included in non-current liabilities due within one year	(104,937,766.05)	(93,885,902.56)
Total	313,614,507.93	353,248,365.44

31. Deferred income

Item	<i>RMB</i>	
	30 June 2020 (Unaudited)	31 December 2019
Government grants	53,727,435.54	58,755,458.63

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

31. Deferred income *(Continued)*

Items related to government grants:

RMB

Item	1 January 2020	Amount charged		30 June 2020 (Unaudited)	Related to an asset/ related to income
		New grants for the current period	to other income for the current period		
Copyright protection of audio and video cloud application system	1,067,105.88	-	(74,449.25)	992,656.63	related to an asset
Integration and Application Demonstration of Key Technology in Digital Education	1,205,627.58	-	(210,375.37)	995,252.21	related to an asset
Construction of Full Media Center of "Tibetan-Chinese Bilingual Language"	55,284.40	-	(3,844.52)	51,439.88	related to an asset
Western Culture Logistics and Distribution Base	1,188,449.34	-	(128,030.17)	1,060,419.17	related to an asset
CNONIX National Standard Application Promotion Demonstration – Based on Supply Chain Collaborative E – Commerce Platform	680,357.36	-	(558,079.07)	122,278.29	related to an asset
Special funds for technological transformation R&D and industrialization project of rich media digital resources online edit system	11,416,978.59	-	(2,097,781.45)	9,319,197.14	related to an asset
Wisdom Bookstore Project	2,953,109.95	-	(316,568.00)	2,636,541.95	related to an asset
UClass Digital Teaching Application System	3,227,328.56	-	(547,489.37)	2,679,839.19	related to an asset
Winshare Cloud Digital Campus Development and Application Promotion	570.26	-	(570.26)	-	related to an asset
Special fund for Winshare Bookstores	10,667.51	-	(7,340.00)	3,327.51	related to an asset
Network Construction of Shuxiang Tianfu, Wisdom Xinhua Physical Bookstore – finance	2,914,057.38	-	(215,130.79)	2,698,926.59	related to an asset
Digital Media Education Service System Construction	1,561,109.85	-	(368,202.60)	1,192,907.25	related to an asset
Digital Evaluation Platform	754,503.60	-	(80,839.68)	673,663.92	related to an asset
Establishment of Big data based Math Analysis Model which is published on demand and Key Technology Research Project	2,338,678.52	-	(163,163.61)	2,175,514.91	related to an asset
Model project of semantics-based content resources linking technology and education compound application system R&D and application	3,491,850.62	-	-	3,491,850.62	related to an asset
Others	475,192.79	-	-	475,192.79	related to an asset
	25,414,586.44	512,637.04	(768,795.99)	25,158,427.49	related to an asset
Total	58,755,458.63	512,637.04	(5,540,660.13)	53,727,435.54	

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS*(Continued)***32. Share capital****For the current period**

RMB

Item	1 January 2020	Changes for the period				Subtotal	30 June 2020 (Unaudited)
		Issue of new shares	Bonus issue	Capitalization of surplus reserve	Others		
Promotor's shares	692,468,091.00	-	-	-	-	-	692,468,091.00
Overseas-listed foreign shares	441,937,100.00	-	-	-	-	-	441,937,100.00
Domestically-listed ordinary shares of RMB	99,435,809.00	-	-	-	-	-	99,435,809.00
Total	1,233,841,000.00	-	-	-	-	-	1,233,841,000.00

For the same period of last year

RMB

Item	1 January 2019	Changes for the period				Subtotal	30 June 2019 (Unaudited)
		Issue of new shares	Bonus issue	Capitalization of surplus reserve	Others		
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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

33. Capital reserve

For the current period

		<i>RMB</i>		
Item	1 January 2020	Increase in the current period	Decrease in the current period	30 June 2020 (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	(55,415,409.56)	-	-	(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)
Total	2,572,524,766.32	-	-	2,572,524,766.32

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

33. Capital reserve *(Continued)*

For the same period of last year

Item	1 January 2019	Increase in the current period	Decrease in the current period	30 June 2019 (Unaudited)
<i>RMB</i>				
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 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)
Total	2,572,524,766.32	-	-	2,572,524,766.32

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

34. Other comprehensive income

For the current period

RMB

Item	1 January 2020	Changes for the period					30 June 2020 (Unaudited)
		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 parent company	Post-tax amount attributable to non-controlling shareholders	
Other comprehensive income that cannot be reclassified into profit or loss	979,297,859.83	(78,928,256.74)	-	24,864.19	(78,903,392.55)	-	900,394,467.28
Including: Profit or loss on changes in fair value of other equity instrument investments	979,297,859.83	(78,928,256.74)	-	24,864.19	(78,903,392.55)	-	900,394,467.28

For the same period of last year

RMB

Item	1 January 2019	Changes for the period					30 June 2019 (Unaudited)
		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 parent company	Post-tax amount attributable to non-controlling shareholders	
Other comprehensive income not 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
Including: 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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

35. Surplus reserve

For the current period

Item	1 January 2020	Increase in the current period	Decrease in the current period	RMB
				30 June 2020 (Unaudited)
Statutory surplus reserve	792,353,770.15	-	-	792,353,770.15

For the same period of last year

Item	1 January 2019	Increase in the current period	Decrease in the current period	RMB
				30 June 2019 (Unaudited)
Statutory surplus reserve	711,068,358.95	-	-	711,068,358.95

36. Undistributed profits

Item	Current period (Unaudited)	Prior year	RMB
			Proportion of appropriation or distribution
Undistributed profits at the beginning of the period	3,629,232,391.16	2,941,622,541.24	
Add: Net profit attributable to shareholders of the parent company for the period	580,258,976.15	1,139,047,561.12	
Less: Appropriation to statutory surplus reserve	-	(81,285,411.20)	(1)
Distribution of dividends on ordinary shares	(370,152,300.00)	(370,152,300.00)	(2)
Undistributed profits at the end of the period	3,839,339,067.31	3,629,232,391.16	

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

36. 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 2020, the resolution regarding the Company's 2019 Annual Profit Distribution Proposal was approved at 2019 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 year: RMB0.30 (tax-inclusive)) and the total cash dividends of RMB370,152,300.00 (tax-inclusive) (prior year: RMB370,152,300.00 (tax-inclusive)) was distributed.

(3) Appropriation to surplus reserve by subsidiaries

At the end of the current period, the balance of the Group's undistributed profits included appropriation to surplus reserve by subsidiaries amounting to RMB134,816,191.16 (31 December 2019: RMB134,816,191.16).

37. Operating income and operating costs

(1) Operating income and costs

Item	Amount incurred in the current period (Unaudited)	RMB
		Amount incurred in the same period of last year (Unaudited)
Principal operating income	3,547,078,598.17	3,804,537,930.80
Other operating income	59,206,426.12	69,847,457.40
Including: Revenue from concessionaire sales	98,550,682.65	144,442,650.17
Cost from concessionaire sales	(84,796,229.19)	(122,907,148.73)
Net income from concessionaire sales	13,754,453.46	21,535,501.44
Operating costs	2,032,754,444.10	2,331,152,105.99

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

37. Operating income and operating costs *(Continued)*

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

RMB

Item	Operating income		Operating costs	
	Current period (Unaudited)	Same period of last year (Unaudited)	Current period (Unaudited)	Same period of last year (Unaudited)
Publishing segment				
Textbooks and supplementary materials	598,669,031.39	514,685,821.13	344,169,133.75	327,830,624.37
General books	234,617,514.02	446,279,815.26	170,341,150.75	284,730,535.89
Printing and supplies	97,520,435.34	88,743,885.65	84,787,909.11	76,762,638.33
Newspapers and journals	15,546,608.86	14,233,604.02	7,764,639.99	6,570,231.64
Others	14,173,493.78	21,277,551.34	7,078,411.67	14,295,742.63
Subtotal	960,527,083.39	1,085,220,677.40	614,141,245.27	710,189,772.86
Distribution segment				
Education services	2,229,389,493.84	2,188,697,311.84	1,272,579,360.92	1,319,819,952.86
Including: Textbooks and supplementary materials	2,187,432,118.53	2,017,933,725.68	1,240,671,447.58	1,175,268,462.49
Educational informatized and equipment business	33,746,176.93	170,763,586.16	29,029,668.42	144,551,490.37
Online Sales	709,633,144.36	694,821,959.04	595,293,772.21	630,809,547.29
Retail	169,672,919.55	315,048,009.62	100,114,835.50	190,005,876.73
Others	99,089,815.19	196,120,005.62	78,749,674.04	148,209,512.20
Subtotal	3,207,785,372.94	3,394,687,286.12	2,046,737,642.67	2,288,844,889.08
Others	153,077,657.45	164,676,846.84	134,162,290.34	139,272,557.33
Less: Inter-segment elimination	(715,105,089.49)	(770,199,422.16)	(762,286,734.18)	(807,155,113.28)
Total	3,606,285,024.29	3,874,385,388.20	2,032,754,444.10	2,331,152,105.99

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 to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

38. Taxes and surcharges

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i>
		Amount incurred in the same period of last year (Unaudited)
City construction and maintenance tax	1,750,570.34	1,638,459.36
Education surcharges	1,248,788.61	1,184,935.36
Property tax	10,283,254.05	8,599,220.86
Urban land use tax	1,867,479.96	1,306,584.75
Stamp duty	4,936,899.98	930,748.99
Vessel and vehicle tax	113,364.60	107,414.60
Disabled person security fund	107,581.61	319,117.89
Others	48,362.17	115,731.32
Total	20,356,301.32	14,202,213.13

39. Selling expenses

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i>
		Amount incurred in the same period of last year (Unaudited)
Wages and other labor costs	308,770,417.04	277,387,877.69
Transportation costs	139,921,218.17	123,390,673.48
Business conference fees	15,276,412.71	21,396,422.81
Vehicle fees	7,281,242.81	8,540,809.84
Travel expenses	7,653,790.54	11,920,419.71
Advertising and promotion fees	46,176,272.88	40,464,213.82
Distribution commission	14,519,273.72	16,233,916.33
Packing expenses	5,246,149.34	7,203,309.66
Others	61,531,338.92	66,024,845.99
Total	606,376,116.13	572,562,489.33

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS*(Continued)***40. Administrative expenses**

Item	Amount incurred in the current period (Unaudited)	RMB
		Amount incurred in the same period of last year (Unaudited)
Wages and other labor costs	249,384,890.67	241,874,155.08
Business entertainment fees	46,545,798.63	58,715,968.41
Lease payments	7,569,441.16	18,659,931.64
Depreciation and amortization expenses	95,804,235.92	80,955,575.20
Conference fees	7,063,648.99	10,509,659.03
Property management fees	17,750,784.72	17,065,634.40
Travel expenses	2,151,731.47	4,612,214.45
Energy costs	6,138,248.58	8,425,400.59
Office expenses	2,951,070.79	3,815,827.46
Repair charges	8,147,381.03	9,779,607.04
Audit and other non-audit service fees	720,000.00	720,000.00
Others	31,801,498.74	27,777,916.45
Total	476,028,730.70	482,911,889.75

41. Finance expenses

Item	Amount incurred in the current period (Unaudited)	RMB
		Amount incurred in the same period of last year (Unaudited)
Interest expense	63,922.28	178,280.82
Interest expense on lease liabilities	11,489,111.97	8,995,548.78
Interest income	(29,703,730.17)	(13,663,921.52)
Interest income of long-term receivables	(6,373,701.09)	(4,509,351.75)
Exchange gains or losses and others	5,680,658.45	2,936,744.58
Total	(18,843,738.56)	(6,062,699.09)

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

42. Other income

Item	Amount incurred in the current period (Unaudited)	RMB
		Amount incurred in the same period of last year (Unaudited)
Book publishing subsidies	4,444,146.05	11,292,616.55
VAT first levied then returned	5,197,605.89	52,517,971.00
Other financial subsidies	7,672,776.30	10,152,401.09
Total	17,314,528.24	73,962,988.64

43. Investment income

Item	Amount incurred in the current period (Unaudited)	RMB
		Amount incurred in the same period of last year (Unaudited)
Income from long-term equity investments		
Including: Income from investments under equity method	31,439,093.39	48,360,904.41
Investment gains (losses) on disposal of long-term equity investments	(254,299.46)	–
Investment income from other equity instrument investments	53,544,416.02	49,814,688.02
Investment income from disposal of financial assets at FVTPL	20,254,285.95	24,580,666.53
Total	104,983,495.90	122,756,258.96

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

44. Gains (losses) from fair value change

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the same period of last year (Unaudited)
Financial assets at FVTPL	127,162,814.85	(16,478,022.12)

45. Gains (losses) on credit impairment

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the same period last year (Unaudited)
Credit impairment losses of accounts receivable	104,662,597.81	35,532,124.27
Impairment losses (gains) of other receivables	(158,986.80)	3,612,813.17
Total	104,503,611.01	39,144,937.44

46. Impairment gains (losses) of assets

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the same period of last year (Unaudited)
Losses from decline in value for inventories	31,323,764.19	20,352,061.62

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

47. Non-operating income

Item	Amount incurred in the current period (Unaudited)	Amount incurred in the same period of last year (Unaudited)	<i>RMB</i>
			Amount included in non- recurring profit or loss for the current period
Others	5,348,531.32	1,625,877.62	5,348,531.32

48. Non-operating expenses

Item	Amount incurred in the current period (Unaudited)	Amount incurred in the same period of last year (Unaudited)	<i>RMB</i>
			Amount included in non- recurring profit or loss for the current period
Donations	16,900,175.55	12,526,069.60	16,900,175.55
Penalties	12,952.74	10,752.97	12,952.74
Others	1,292,775.12	181,837.85	1,292,775.12
Total	18,205,903.41	12,718,660.42	18,205,903.41

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS*(Continued)***49. Income tax**

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the same period of last year (Unaudited)
Current income tax calculated according to tax laws and relevant requirements	(146,128.43)	767,497.04
Deferred tax expenses	22,317,429.19	16,159,760.38
Total	22,171,300.76	16,927,257.42

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

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the same period of last year (Unaudited)
Accounting profit	589,804,831.51	590,468,729.14
Income tax expenses calculated at 25%	147,451,207.88	147,617,182.29
Tax concessions	(135,020,319.75)	(151,316,905.00)
Effect of expenses that are not deductible for tax purposes	10,476,631.37	14,084,699.55
Effect of tax-free income	(13,386,104.01)	(12,453,672.01)
Effect of utilization of deductible losses for which no deferred income tax asset was recognized in the prior period	(179,251.88)	(1,715,090.64)
Effect of utilization of deductible temporary differences for which no deferred income tax asset was recognized in the prior period	(13,670,942.47)	(10,790,694.31)
Effect of deductible temporary differences or deductible losses for which no deferred income tax asset was recognized during the current period	26,500,079.62	31,501,737.54
Total	22,171,300.76	16,927,257.42

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

50. 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:

	Current period	<i>RMB</i> Same period of last year
Net profit for the current period attributable to ordinary shareholders	580,258,976.15	579,502,772.35
Including: Net profit from continuing operations	580,258,976.15	579,502,772.35

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:

	Current period	<i>Number of shares</i> Same period of last year
Number of ordinary shares outstanding at the beginning of the period	1,233,841,000	1,233,841,000
Number of ordinary shares outstanding at the end of the period	1,233,841,000	1,233,841,000

Earnings per share:

	Current period	<i>RMB</i> Same period of last year
Net profit for the current period attributable to ordinary shareholders divided by weighted number of ordinary shares outstanding at the end of year	0.47	0.47
Net profit for the current period attributable to ordinary shareholders and attributable to continuing operation divided by weighted number of ordinary shares outstanding at the end of year	0.47	0.47

The Company has no dilutive potential ordinary shares.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

51. Notes to items in the cash flow statement

(1) *Other cash receipts relating to operating activities*

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the same period of last year (Unaudited)
Interests	27,638,312.36	11,612,525.99
Government grants	5,047,161.38	28,216,428.08
Handling fee charged and amounts due to/from other entities	38,032,527.69	29,066,299.75
Others	57,206,026.65	17,133,298.91
Total	127,924,028.08	86,028,552.73

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

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the same period of last year (Unaudited)
Selling expenses	296,345,397.72	294,872,765.67
Including: Transportation costs	139,921,218.17	123,390,673.48
Advertising and promotion fees	46,176,272.88	40,464,213.82
Business conference fees	15,276,412.71	21,396,422.81
Distribution commission	14,519,273.72	16,233,916.33
Travel expenses	7,653,790.54	11,920,419.71
Vehicles fees	7,281,242.81	8,540,809.84
Administrative expenses	193,581,299.12	195,861,033.76
Including: Lease payment	7,569,441.16	18,659,931.64
Business entertainment fees	46,545,798.63	58,715,968.41
Property management fees	17,750,784.72	17,065,634.40
Conference fees	7,063,648.99	10,509,659.03
Energy costs	6,138,248.58	8,425,400.59
Repair charges	8,147,381.03	9,779,607.04
Others	36,510,930.91	26,033,040.83
Total	526,437,627.75	516,766,840.26

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

(3) Other cash receipts relating to investing activities

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the same period of last year (Unaudited)
Receipt of time deposit over 3 months	77,000,000.00	–
Recovery of interest from time deposit	453,965.75	–
Cash inflow due to acquisition of subsidiaries	–	3,020,764.08
Total	77,453,965.75	3,020,764.08

(4) Other cash payments relating to investing activities

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the same period of last year (Unaudited)
Cash outflow due to disposal of subsidiaries	5,106,518.99	–
Increase of time deposit over 3 months	240,000,000.00	254,000,000.00
Total	245,106,518.99	254,000,000.00

(5) Other cash payments relating to financing activities

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the same period of last year (Unaudited)
Payment for lease payments	37,485,372.05	28,521,783.22

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS*(Continued)***52. Supplementary information to the cash flow statement**(1) *Supplementary information to the cash flow statement*

Supplementary information	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the same period last year (Unaudited)
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	567,633,530.75	573,541,471.72
Add: Impairment losses of assets	31,323,764.19	20,352,061.62
Loss on credit impairment	104,503,611.01	39,144,937.44
Depreciation of fixed assets	42,488,991.64	40,919,560.86
Depreciation of right-of-use assets	58,023,324.88	42,671,369.91
Depreciation of investment properties	1,257,357.74	1,318,501.16
Amortization of intangible assets	16,186,535.12	12,359,645.93
Amortization of long-term prepaid expenses	7,898,947.27	5,098,625.39
Asset disposal gains	(188,874.38)	(3,126,981.39)
(Gains) losses from fair value changes	(127,162,814.85)	16,478,022.12
Finance expenses	2,293,990.71	4,721,465.23
Investment income	(104,983,495.90)	(122,756,258.96)
(Increase) decrease in deferred income tax assets	(3,573,701.07)	489,047.89
Increase in deferred income tax liabilities	25,891,130.26	15,670,712.49
Decrease in inventories	8,362,783.34	242,615,953.95
Increase in receivables from operating activities	(265,868,664.82)	(314,395,968.11)
(Decrease) increase in payables from operating activities	(95,654,084.54)	88,926,081.33
Others	–	(25,771.79)
Net cash flow from operating activities	268,432,331.35	664,002,476.79
2. Material investment and financing activities not involving cash receipts and payments:		
Right-of-use assets recognized for leased fixed assets	52,634,522.34	40,335,987.96
3. Net changes in cash and cash equivalents:		
Closing balance of cash for the period	3,180,555,923.75	3,553,804,472.95
Less: Opening balance of cash for the period	(3,393,906,225.68)	(2,576,699,731.25)
Net (decrease) increase in cash and cash equivalents	(213,350,301.93)	977,104,741.70

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

(2) Cash and cash equivalents

Item	<i>RMB</i>	
	30 June 2020 (Unaudited)	31 December 2019
Cash	3,180,555,923.75	3,393,906,225.68
Including: Cash on hand	2,864,952.61	2,569,899.73
Bank deposits readily available for payment	3,176,097,219.03	3,391,336,325.95
Other cash and bank balances readily available for payment	1,593,752.11	–
Balance of cash and cash equivalents	3,180,555,923.75	3,393,906,225.68

53. Assets with restricted ownership

Assets with restricted ownership	<i>RMB</i>	
	30 June 2020 (Unaudited)	31 December 2019
Cash and bank balances (Note)	31,300,657.06	36,437,060.52

Note: At the end of the period, the Group's cash and bank balances with restricted ownership consist of security deposit for the issuance of bank acceptance bills of RMB6,099,364.14 (31 December 2019: RMB3,277,665.53), security deposit placed in bank for the issuance of guarantee letter of RMB495,971.95 (31 December 2019: RMB2,372,042.16), the special fund for housing reform and housing repair of RMB24,705,320.97 (31 December 2019: RMB24,643,831.83). There were no bank deposits frozen as a result of the litigation of a subsidiary for the period (31 December 2019: RMB6,143,521.00).

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

54. Net current assets

	<i>RMB</i>	
Item	30 June 2020 (Unaudited)	31 December 2019
Current assets	9,299,558,120.69	9,085,201,349.01
Less: Current liabilities	(5,826,211,728.63)	(5,737,649,720.92)
Net current assets	3,473,346,392.06	3,347,551,628.09

55. Total assets less current liabilities

	<i>RMB</i>	
Item	30 June 2020 (Unaudited)	31 December 2019
Total assets	15,511,538,370.26	15,324,503,472.53
Less: Current liabilities	(5,826,211,728.63)	(5,737,649,720.92)
Total assets less current liabilities	9,685,326,641.63	9,586,853,751.61

(VII) CHANGES IN CONSOLIDATION SCOPE

1. Change of scope of consolidation due to other reasons

The liquidation of the Company's subsidiaries Sichuan People's Education Times Xinhua Audio and Video Co., Ltd. ("People's Education Times") and Winshare VIVI Advertising Media (Chengdu) Co., Ltd. ("VIVI Advertising") completed, which ceased to be consolidated into the Group for the period.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(VIII) INTERESTS IN OTHER ENTITIES

1. Subsidiaries:

(1) Subsidiaries incorporated by investments

RMB

Full name of subsidiary	Type of the subsidiary	Principal place of business and place of incorporation	Nature of business	Registered capital	Business scope	Proportion of ownership interests (%)	Proportion of voting power (%)	Consolidated statements or not
People's Education Times (Noted (VII))	LLC	Chengdu	Sales of audio and video product	2,000,000.00	Sales and production of audio and video product	80.00	80.00	N
Winshare Media	LLC	Chengdu	Periodicals	3,990,000.00	Sales of books and periodicals, etc.	100.00	100.00	Y
Winshare Education Technology	LLC	Chengdu	Technical Services	330,000,000.00	Software development and sales of electronic equipment	100.00	100.00	Y
Sichuan Wenchuan Logistics Co., Ltd. ("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. ("Beijing Winshare Commercial")	LLC	Beijing	Sales of publications	180,000,000.00	Sales of books, newspaper and periodicals	51.00	51.00	Y
Sichuan Winshare Arts Investment and Management Co., Ltd. ("Arts Investment")	LLC	Chengdu	Exhibition of artwork	20,000,000.00	Project investment and management, exhibition of artwork	100.00	100.00	Y
Sichuan Winshare Online E-commerce Co., Ltd. ("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.	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. ("Watch Panda")	LLC	Chengdu	Advertising Periodicals	2,000,000.00	Sales of periodicals	100.00	100.00	Y
VVI Advertising (Noted (VII))	LLC	Chengdu	Advertising	7,500,000.00	Advertising	53.00	53.00	N
Sichuan Winshare Cloud Image Culture Innovation Technology Co., Ltd. ("Winshare Cloud Image")	LLC	Chengdu	Software maintenance	25,000,000.00	Sales of software and hardware support kit	100.00	100.00	Y
Winshare Investment	LLC	Chengdu	Investment	300,000,000.00	Venture investment, business investment	100.00	100.00	Y

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

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

RMB

Full name of subsidiary	Type of the subsidiary	Principal place of business and 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. (" Winshare International ")	LLC	Chengdu	Business advisory services	50,000,000.00	Organisation and planning cultural and art exchange activities, business consulting, conference and exhibition services	100.00	100.00	Y
Winshare Quan Media (Beijing) Culture Communication Co., Ltd. (" Winshare Quan Media ")	LLC	Beijing	Business advisory services	10,000,000.00	Organisation of cultural and art exchange activities	100.00	100.00	Y
Sichuan Winshare Music Culture Communication Co., Ltd. (" Winshare Music ")	LLC	Chengdu	Business services	10,000,000.00	Business services and sales of musical instruments	100.00	100.00	Y
Beijing Aerospace Cloud	LLC	Beijing	Technical Services	41,783,300.00	Computer software development and system services	70.00	70.00	Y
Beijing Huaxia Shengxuan Book Co., Ltd. (" Huaxia Shengxuan ")	LLC	Beijing	Sales of publications	15,000,000.00	Sales of publications, etc.	100.00	100.00	Y
Sichuan Winshare Stackway Cultural Development Co., Ltd. (" Stackway ")	LLC	Chengdu	Wholesale and retail	50,000,000.00	Book wholesale and retail	100.00	100.00	Y
Chengdu Cangqiong Online Technology Co., Ltd.	LLC	Chengdu	Technical Services	30,000.00	Computer system services; manufacturing, agency, etc.	100.00	100.00	Y
Sichuan Moyuan Cultural Communication Co., Ltd.	LLC	Chengdu	Sales	1,000,000.00	Sales of books	75.00	75.00	Y
Sichuan Xinyaxuan Cultural Communication Co., Ltd.	LLC	Chengdu	Sales	1,000,000.00	Sales of books	75.00	75.00	Y
Sichuan Aiyuecheng Cultural Communication Co., Ltd.	LLC	Chengdu	Sales	1,000,000.00	Sales of publications	75.00	75.00	Y
Sichuan Xingyueyue Cultural Communication Co., Ltd.	LLC	Chengdu	Sales	1,000,000.00	Sales of publications	75.00	75.00	Y
Sichuan Tianyuge Cultural Communication Co., Ltd.	LLC	Chengdu	Sales	1,000,000.00	Sales of publications	75.00	75.00	Y
Sichuan Xuehaizhizhou Cultural Communication Co., Ltd.	LLC	Chengdu	Sales	1,000,000.00	Sales of publications	75.00	75.00	Y

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

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

1. Subsidiaries: *(Continued)*

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

RMB

Full name of subsidiary	Type of the subsidiary	Principal place of business and place of incorporation		Registered capital	Business scope	Proportion of ownership interests (%)	Proportion of voting power (%)	Consolidated statements or not
		Nature of business						
Xinhua Online	LLC	Chengdu	Sales of publications	50,000,000.00	Internet Publishing, wholesale and retail	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

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

RMB

Full name of subsidiary	Type of the subsidiary	Principal place of business and place of incorporation		Registered capital	Business scope	Proportion of ownership interests (%)	Proportion of voting power (%)	Consolidated statements or not
		Nature of business						
Sichuan Xin Hua Shang Paper Co., Ltd. ("Xin Hua Shang")	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. ("Winshare Sports")	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. ("People's Publishing House")	LLC	Chengdu	Publication	34,000,000.00	Publication of books	100.00	100.00	Y
Sichuan Publication Printing Co., Ltd. ("Publication Printing")	LLC	Chengdu	Publication	50,000,000.00	Textbook rental printed supplies	100.00	100.00	Y

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(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	Principal place of business and place of incorporation		Nature of business	Registered capital	Business scope	Proportion of ownership interests (%)	Proportion of voting power (%)	Consolidated statements or not
Sichuan Education Publishing House Co., Ltd. ("Education Publishing House")	LLC	Chengdu	Chengdu	Publication	10,000,000.00	Publication and distribution of books	100.00	100.00	Y
Sichuan Youth and Children's Publishing House Co., Ltd. ("Youth and Children's Publishing House")	LLC	Chengdu	Chengdu	Publication	110,000,000.00	Publication of books and periodicals	100.00	100.00	Y
Sichuan Science & Technology Publishing House Co., Ltd. ("Science & Technology Publishing House")	LLC	Chengdu	Chengdu	Publication	4,000,000.00	Publication of books	100.00	100.00	Y
Sichuan Nature Exploration Magazine House Co., Ltd.	LLC	Chengdu	Chengdu	Publication	300,000.00	Publication of periodicals	100.00	100.00	Y
Sichuan Fine Arts Publishing House Co., Ltd. ("Fine Arts Publishing House")	LLC	Chengdu	Chengdu	Publication	16,250,000.00	Sales of arts and crafts and publication of books	100.00	100.00	Y
Sichuan Lexicographical Publishing House Co., Ltd. ("Lexicographical Publishing House")	LLC	Chengdu	Chengdu	Publication	20,000,000.00	Publication of books	100.00	100.00	Y
Sichuan Literature & Art Publishing House Co., Ltd. ("Literature & Art Publishing House")	LLC	Chengdu	Chengdu	Publication	45,000,000.00	Publication of books	100.00	100.00	Y
Sichuan Tiandi Publishing House Co., Ltd. ("Tiandi Publishing House")	LLC	Chengdu	Chengdu	Publication	230,634,700.00	Publication of books	100.00	100.00	Y

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(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	Principal place of business and place of incorporation	Nature of business	Registered capital	Business scope	Proportion of ownership interests (%)	Proportion of voting power (%)	Consolidated statements or not
Sichuan Era English Cultural Communication Co., Ltd.	LLC	Chengdu	Publication	600,000.00	Publication of domestic books, newspapers and periodicals	51.00	51.00	Y
Sichuan Bashu Publishing House Co., Ltd. ("Bashu Publishing House")	LLC	Chengdu	Publication	42,000,000.00	Publication of books	100.00	100.00	Y
Sichuan Printing Materials Co., Ltd. ("Printing Materials")	LLC	Chengdu	Wholesale and retail	30,000,000.00	Wholesale and retail of goods	100.00	100.00	Y
Sichuan Digital Publishing Co., Ltd. ("Digital Publishing")	LLC	Chengdu	Publication	10,000,000.00	Publication of audio and video product, Internet publishing	100.00	100.00	Y
Sichuan Reader's Journal Co., Ltd. ("Reader's Journal")	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. ("Pictorial")	LLC	Chengdu	Publication	1,500,000.00	Publication of periodicals	100.00	100.00	Y
Sichuan Xinhua Printing	LLC	Chengdu	Publication	100,160,000.00	Printing of publications	100.00	100.00	Y
Sichuan Yunhan Internet and Media Co., Ltd. ("Sichuan Yunhan")	LLC	Chengdu	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 to 30 June 2020

(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)	Same period of last year (Unaudited)	30 June 2020 (Unaudited)	31 December 2019
Beijing Winshare Commercial	49.00	49.00	(7,398,946.86)	(4,638,876.80)	(78,714,672.54)	(71,315,725.67)
Winshare Online	25.00	25.00	(505,962.99)	(2,235,146.81)	(24,258,660.94)	(23,752,697.95)

a. Beijing Winshare Commercial

RMB

	30 June 2020 (Unaudited)	31 December 2019
Current assets	97,695,318.14	121,671,381.69
Non-current assets	1,792,370.66	2,645,702.47
Current liabilities	207,339,859.06	216,782,942.44
Non-current liabilities	20,630.82	307,051.25

RMB

	Amount incurred in the current period (Unaudited)	Amount incurred in the same period of last year (Unaudited)
Operating income	33,436,364.69	64,502,947.26
Operating costs and expenses	48,536,256.24	73,970,042.76
Total amount of loss, net loss	(15,099,891.55)	(9,467,095.50)
Net cash flow from operating activities	(5,234,506.64)	(1,321,393.44)
Net cash flow from investing activities	19,677.67	(180,902.71)
Net cash flow from financing activities	(229,273.58)	—

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(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

	30 June 2020 (Unaudited)	31 December 2019
		<i>RMB</i>
Current assets	2,066,920,897.79	1,884,945,460.85
Non-current assets	6,970,471.17	8,167,405.51
Current liabilities	2,170,297,012.72	1,987,494,658.15
Non-current liabilities	629,000.00	629,000.00

	Amount incurred in the current period (Unaudited)	Amount incurred in the same period of last year (Unaudited)
		<i>RMB</i>
Operating income	831,557,896.90	969,031,335.38
Operating costs and expenses	833,581,748.87	977,971,922.60
Total amount of loss, net loss	(2,023,851.97)	(8,940,587.22)
Net cash flow from operating activities	137,814,375.71	165,938,555.05
Net cash flow from investing activities	(136,512,931.86)	(67,613,882.98)
Net cash flow from financing activities	-	-

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

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

3. Interests in joint ventures or associates

(1) Significant joint venture or associates

Name of joint venture 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 venture or associates
Joint venture					
Hainan Publishing House Associates	Haikou	Publication	50		Equity method
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 to 30 June 2020

(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

	30 June 2020/ Amount incurred in the current period (Unaudited)	<i>RMB</i> 31 December 2019/ Amount incurred in the same period of last year (Unaudited)
Current assets	429,756,881.99	427,037,522.05
Including: Cash and cash equivalents	21,840,320.69	22,369,544.62
Non-current assets	64,739,037.01	55,342,532.74
Total assets	494,495,919.00	482,380,054.79
Current liabilities	196,506,296.89	192,752,537.08
Non-current liabilities	20,150,000.00	19,890,000.00
Total liabilities	216,656,296.89	212,642,537.08
Equity attributable to the parent company's shareholders	276,950,194.95	268,743,394.79
Non-controlling interests	889,427.16	994,122.92
Net assets calculated on pro-rata basis of shareholding	138,475,097.48	134,371,697.40
Goodwill	30,735,530.98	30,735,530.98
Carrying amount of equity investments in joint venture	169,210,628.46	165,107,228.38
Operating income	47,602,289.66	75,292,498.65
Net profit and total comprehensive income	8,102,104.40	15,092,495.05
Profit or loss attributable to non- controlling shareholders	(104,695.76)	(139,327.66)
Interest income	39,585.42	65,660.17
Interest expense	-	-
Income tax	-	76,302.91

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(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.

	30 June 2020/ Amount incurred in the current period (Unaudited)	<i>RMB</i> 31 December 2019/ Amount incurred in the same period of last year (Unaudited)
Current assets	93,783,338.37	105,702,082.60
Non-current assets	5,838,471.10	5,457,378.93
Total assets	99,621,809.47	111,159,461.53
Current liabilities and total liabilities	48,644,302.08	55,842,366.63
Net assets calculated on pro-rata basis of shareholding	10,195,501.48	11,063,418.98
Carrying amount of equity investments in associate	10,195,501.48	11,063,418.98
Operating income	5,886,110.16	17,064,444.59
Net loss and total comprehensive income	(4,339,587.51)	(3,040.10)
Dividends received from associate for the current period	-	2,400,000.00

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(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.

	30 June 2020/ Amount incurred in the current period (Unaudited)	<i>RMB</i> 31 December 2019/ Amount incurred in the same period of last year (Unaudited)
Current assets	131,324,056.80	141,332,370.97
Non-current assets	35,758,856.61	93,792,140.62
Total assets	167,082,913.41	235,124,511.59
Current liabilities	34,465,143.90	38,897,206.68
Non-current liabilities	6,552,230.87	535,631.20
Total liabilities	41,017,374.77	39,432,837.88
Equity attributable to the parent company's shareholders	126,035,382.16	195,658,934.54
Non-controlling interests	30,156.48	32,739.17
Net assets calculated on pro-rata basis of shareholding	25,711,217.96	39,914,422.65
Carrying amount of equity investments in associate	25,711,217.96	39,914,422.65
Operating income	73,317,041.26	51,816,784.51
Net profit and total comprehensive income	1,228,603.93	1,546,416.42
Profit or loss attributable to non- controlling shareholders	(1,665.27)	245,339.91

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(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.

	30 June 2020/ Amount incurred in the current period (Unaudited)	<i>RMB</i> 31 December 2019/ Amount incurred in the same period of last year (Unaudited)
Current assets	177,474,350.20	145,605,871.85
Non-current assets	142,345,523.06	56,511,513.76
Total assets	319,819,873.26	202,117,385.61
Current liabilities	206,330,549.24	90,195,513.24
Non-current liabilities	333,343.29	393,111.50
Total liabilities	206,663,892.53	90,588,624.74
Equity attributable to the parent company's shareholders	99,572,068.15	98,501,199.17
Non-controlling interests	13,583,912.58	13,027,561.70
Net assets calculated on pro-rata basis of shareholding	44,807,430.67	44,325,539.63
Carrying amount of equity investments in associate	44,807,430.67	44,325,539.63
Operating income	256,965,181.91	140,777,373.57
Net profit (loss) and total comprehensive income	1,627,219.86	(2,296,866.41)
Profit or loss attributable to non- controlling shareholders	556,350.88	28,661.55

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

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

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

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

	30 June 2020/ Amount incurred in the current period (Unaudited)	<i>RMB</i> 31 December 2019/ Amount incurred in the same period of last year (Unaudited)
Insignificant joint ventures		
Total carrying amount of investments	29,573,246.23	27,313,416.85
Sum of net profit and total comprehensive income calculated according to proportion of investment	2,259,829.38	3,598,577.51
Insignificant associates		
Total carrying amount of investments	203,523,011.85	161,929,916.77
Sum of net profit and total comprehensive income calculated according to proportion of investment	39,665,095.08	37,928,091.53

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Group's major financial instruments consist of financial assets measured at amortized cost, financing receivables-bank acceptance bills, financial assets at FVTPL, other equity instrument investments, other non-current assets – time deposits 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.

The Group adopts sensitivity analysis method to analyze the potential impact of reasonable and possible changes in risk variables on current profit and loss or on the owners' equity. As a risk variable seldom changes alone and correlation between variables greatly accounts for the final amount influenced by changes of a certain risk variable, the following content is based on the assumption that changes of each variable are independent of each other's.

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 the PRC, 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 2020 (Unaudited)	31 December 2019
Cash and bank balances		
USD	166,034.31	160,370.24
EUR	666.42	666.43
HKD	32,399.44	24,519.46

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(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 had no interest-bearing borrowings at the end of the period. As the impact of changes in the amount of lease liabilities and in the statement of profit or loss as a result of changes in interest rate was relatively small, the Group was not exposed to material interest rate risk.

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 direct investments in Wanxin Media, HGZN and BoCD equity recognized in other comprehensive income resulted in a gain of RMB9,971,200.00, and loss of RMB99,456.74 and loss of RMB88,800,000.00, 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	Effects on other comprehensive income and shareholders' equity	
		Current period (Unaudited)	Same period of last year (Unaudited)
Other equity instrument investments			
Wanxin Media	Stock prices rise 5%	34,649,920.00	37,454,320.00
HGZN	Stock prices rise 5%	37,161.88	48,518.76
BoCD	Stock prices rise 5%	31,840,000.00	35,320,000.00
Other equity instrument investments			
Wanxin Media	Stock prices fall 5%	(34,649,920.00)	(37,454,320.00)
HGZN	Stock prices fall 5%	(37,161.88)	(48,518.76)
BoCD	Stock prices fall 5%	(31,840,000.00)	(35,320,000.00)

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(IX) RISK EXPOSURES ASSOCIATED WITH FINANCIAL INSTRUMENTS

(Continued)

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

1.2 Credit risk

As at 30 June 2020, 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 cash and bank balances, accounts receivable, notes receivable, financing receivables-bank acceptance bills, other receivables, long-term receivables and other non-current assets – time deposits 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 cash and bank balances, interest receivables, financing receivables – bank acceptance bills and other non-current assets – time deposits of the Group is limited because these financial assets are deposited with or due from banks with high credit ratings.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(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 2020 (Unaudited)
Financial assets measured at amortized cost:		
Cash and bank balances	Future 12-month ECL	3,408,228,539.70
Other non-current assets	Future 12-month ECL	50,000,000.00
– time deposits		
Accounts receivable	Full lifetime ECL (not credit-impaired)	2,019,963,624.17
	Full lifetime ECL (credit-impaired)	401,641,731.66
Notes receivable	Lifetime ECL (not credit-impaired)	920,000.00
	Lifetime ECL (credit-impaired)	–
Other receivables	Future 12-month ECL	103,632,584.49
	Full lifetime ECL (not credit-impaired)	–
	Full lifetime ECL (credit-impaired)	24,370,312.93
Long-term receivables (including those expected to be recovered within one year)	Future 12-month ECL	394,131,702.95
Financial assets at FVTOCI:		
Financing receivables-bank acceptance bills	Future 12-month ECL	3,258,168.30

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(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. The Group's 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 30 June 2020 and 31 December 2019, description of credits risks and expected credit losses of accounts receivable of the Group's operations is as follows:

Aging	30 June 2020 (Unaudited)			31 December 2019		
	Expected average loss rate	Amount RMB	Credit loss provision RMB	Expected average loss rate	Amount RMB	Credit loss provision RMB
Within 1 year	7.94%	2,019,963,624.17	(160,388,426.83)	7.80%	1,849,180,130.42	(144,259,504.85)
1 – 2 years	61.14%	258,146,564.31	(157,843,002.24)	58.55%	136,342,076.79	(79,821,555.01)
2 – 3 years	100.00%	59,145,964.94	(59,145,964.94)	100.00%	56,242,467.72	(56,242,467.72)
More than 3 years	100.00%	84,349,202.41	(84,349,202.41)	100.00%	76,780,471.03	(76,780,471.03)
Total	19.07%	2,421,605,355.83	(461,726,596.42)	16.86%	2,118,545,145.96	(357,103,998.61)

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. For the current period, the Group's assessment method and significant assumptions did not change.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(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 losses (not credit-impaired)	Full lifetime expected credit losses (credit-impaired)	Total
1 January 2020	132,231,487.43	224,872,511.18	357,103,998.61
Adjustment of expected credit losses for the current period	16,128,921.98	88,533,675.83	104,662,597.81
Other changes	–	(40,000.00)	(40,000.00)
30 June 2020 (Unaudited)	148,360,409.41	313,366,187.01	461,726,596.42

Other receivables

Credit loss provision for other receivables:

RMB

Credit loss provision	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 1 January 2020	3,996,224.78	–	12,625,799.54
Adjustment of expected credit losses for the current period	150,440.32	–	339,997.04	490,437.36
Reversal of incurred credit impairment	–	–	(649,424.16)	(649,424.16)
30 June 2020 (Unaudited)	4,146,665.10	–	12,316,372.42	16,463,037.52

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(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 (including those expected to be recovered within one year) are receivables from governmental institutions and schools. 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)

RMB

Item	Within 1 year	1 to 5 years	More than 5 years	Total
Notes payable	44,011,429.41	-	-	44,011,429.41
Accounts payable	4,322,683,578.83	-	-	4,322,683,578.83
Other payables	458,560,943.71	-	-	458,560,943.71
Lease liabilities	123,884,346.16	328,403,446.86	19,415,395.76	471,703,188.78
Total	4,949,140,298.11	328,403,446.86	19,415,395.76	5,296,959,140.73

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(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	Within 1 year	1 to 5 years	More than		Total
			5 years		
Notes payable	14,054,710.75	–	–	–	14,054,710.75
Accounts payable	4,315,781,514.83	–	–	–	4,315,781,514.83
Other payables	280,478,818.31	–	–	–	280,478,818.31
Lease liabilities	117,651,794.69	367,146,193.28	23,393,626.48	–	508,191,614.45
Total	4,727,966,838.58	367,146,193.28	23,393,626.48	–	5,118,506,658.34

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 RMB20,408,520.12 (31 December 2019: RMB15,293,314.91), 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 to 30 June 2020

(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, bank wealth management products and financing receivables are measured at fair value at the end of each reporting year. The fair value measurements for such financial assets are detailed as follows:

Financial assets	Fair value at the end of each reporting year	Fair value hierarchy	Valuation method and inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value	RMB
						30 June 2020 (Unaudited)
Held-for-trading financial assets – shares of A share listed companies	32,948.88	Level 1	Quoted prices in active markets	N/A	N/A	
Other equity instrument investments – shares of A share listed company – Wanxin Media	692,998,400.00	Level 1	Quoted prices in active markets	N/A	N/A	
Other equity instrument investments – the shares of A share listed company – HGZN	743,237.53	Level 1	Quoted prices in active markets	N/A	N/A	
Other equity instrument investments – the shares of A share listed company – BoCD	636,800,000.00	Level 1	Quoted prices in active markets	N/A	N/A	
Held-for-trading financial assets – bank wealth management products	1,298,000,000.00	Level 2	Calculated based on a discounted cash flow model, the input values are 3-month USD LIBOR, EUR/USD exchange rate, USD/SFR exchange rate and gold/USD fixing price	N/A	N/A	

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

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 year	Fair value hierarchy	Valuation method and inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value	RMB
						30 June 2020 (Unaudited)
	31 December 2019					
Financing receivables-bank acceptance bills	7,007,859.79	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 non-current financial assets – CITIC Buyout Investment Fund (Shenzhen) (Limited Partnership)	111,887,206.48	Level 3	Market approach Method of discounted future cash flow	<ul style="list-style-type: none"> Price earnings ratio, price sales ratio, liquidity discount Discount rate in line with expected risk level 	<ul style="list-style-type: none"> 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 	
Other non-current financial assets – Winshare Hengxin (Shenzhen) Equity Investment Fund (Limited Partnership)	292,338,697.14	Level 3	Adjusted quoted prices in active markets Method of discounted future cash flow	<ul style="list-style-type: none"> Liquidity discount Discount rate in line with expected risk level 	<ul style="list-style-type: none"> The lower the liquidity discount, the higher the fair value The lower the discount rate, the higher the fair value The lower the discount rate, the higher the fair value 	
	30 June 2020 (Unaudited)					3,258,168.30
						156,505,522.71
						371,286,407.57

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2020

(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 year	Fair value hierarchy	Valuation method and inputs	Significant unobservable inputs	RMB	
					Fair value	Relationship between unobservable inputs and fair value
	30 June 2020 (Unaudited)	31 December 2019				
Other non-current financial assets – Qingdao Jinshi Zhixin Investment Center (Limited Partnership)	101,552,153.77	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"> Expected recoverable amount Discount rate in line with expected risk level 	<ul style="list-style-type: none"> The higher the expected recoverable amount, the higher the fair value The lower the discount rate, the higher the fair value 	
Other non-current financial assets – Ningbo Meishan Free Trade Port Winshare Dingsheng Equity Investment Partnership (Limited Partnership)	33,255,140.51	Level 3	Adjusted quoted prices in active markets Method of discounted future cash flow	<ul style="list-style-type: none"> Liquidity discount Discount rate in line with expected risk level 	<ul style="list-style-type: none"> The lower the liquidity discount, the higher the fair value The lower the discount rate, the higher the fair value 	
Held-for-trading financial assets – bank wealth management products	-	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"> Expected recoverable amount Discount rate in line with expected risk level 	<ul style="list-style-type: none"> The higher the expected recoverable amount, 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 to 30 June 2020

(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)	<i>RMB</i> Same period of last year (Unaudited)
1 January 2020	627,811,803.52	1,578,062,161.72
Included in gains or losses on fair value change	127,162,814.85	(16,631,366.62)
Purchases in the current period	8,000,000.00	227,500,000.00
Transfer into Level 1 in the current period	-	(618,240,000.00)
Disposals in the current period	(100,000,000.00)	(486,569,469.34)
30 June 2020 (Unaudited)	662,974,618.37	684,121,325.76

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 to 30 June 2020

(XI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent company of the Company

RMB10,000

Name of the parent company	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 company (%)	Proportion of the Company's voting power held by the parent company (%)	Ultimate controlling party of the Company	Organization registration code
Sichuan Xinhua Publishing Group	LLC	Chengdu	Luo Yong	Goods wholesale and retail, house lease, real estate, project investment	59,382.20	50.37 (Note)	50.37 (Note)	SASAC of Sichuan	70892370-8

Note: Sichuan Xinhua Publishing Group holds 592,809,525 promoter's shares of the Company, accounting for 48.05% of the total share capital of the Company. Sichuan Xinhua Publishing Group holds 28,586,000 H shares of the Company, accounting for 2.32% of the total share capital of the Company, resulting in an aggregate shareholding of 50.37% 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 to 30 June 2020

(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 venture 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 same period of last year 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
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	Associate
Ming Bo Education Technology Holdings Co., Ltd.	Associate
Xinhua Yingxuan	Associate
Sichuan Winshare BLOGIS Supply Chain Co., Ltd	Associate
Hainan Publishing House	Joint ventures
Liangshan Xinhua Winshare Education Technology Co. Ltd.	Joint ventures

4. Other related party relationships

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 Fanyue Culture Media 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 subsidiary
Sichuan Publishing 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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

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

5. Related party transactions

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

Purchase of goods/receipt of services

Related party	Type of related party transaction	Details of related party transaction	Pricing and decision-making procedures of related party transactions	Amount	RMB
				incurred in the current period (Unaudited)	Amount incurred in the same period of last year (Unaudited)
Sichuan Xinhua International Hotel Co., Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	58,552.26	124,635.29
Sichuan Guanghan Sanxingdui Qushanyuan Cultural Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	25,351.89	210,802.68
Chengdu Huang Peng Property Co., Ltd.	Receipt of services	Payments for property management service fees	Price negotiated by both parties	6,265,513.47	4,285,365.33
Sichuan Hengxi Property Management Co., Ltd.	Receipt of services	Payments for property management service fees	Price negotiated by both parties	1,866,283.53	1,543,482.77
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
Ming Bo Education Technology Holdings Co., Ltd.	Purchase of goods and receipt of services	Payments for goods purchased and service fees	Price negotiated by both parties	7,462,907.84	-
Commercial Press (Chengdu) Co., Ltd.	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	7,646,540.10	6,427,831.53
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	1,509,433.91	3,018,867.92
Hainan Publishing House	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	4,046,583.35	1,719,288.15
Sichuan Xinhua Haiyi Cultural Development Co., Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	93,613.11	396,868.17
Sichuan Xinhua Haiyi Hotel Co., Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	6,037.74	59,996.22
Total				28,980,817.20	17,803,826.06

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

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

5. 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 same period of last year (Unaudited)
Sichuan Xinhua Publishing Group	Sales of goods	Sales of publications service	Price negotiated by both parties	284,221.66	335,454.08
Sichuan Xinhua Wanyun Technology Co., Ltd.	Provision of services	Provision of promotion service	Price negotiated by both parties	-	332,128.29
Liangshan Xinhua Winshare Education Technology Co. Ltd.	Sales of goods	Sales of goods	Price negotiated by both parties	-	109,830.47
Sichuan Xinhua Haiyi Cultural Development Co., Ltd.	Provision of services	Provision of promotion service	Price negotiated by both parties	-	9,146.23
Sichuan Winshare BLOGIS Supply Chain Co., Ltd.	Provision of services	Provision of consulting service	Price negotiated by both parties	-	40,981.61
Sichuan Xinhua Fanyue Culture Media Co., Ltd.	Sales of goods	Sales of goods	Price negotiated by both parties	2,178.90	-
Sichuan Xinhua Silicon Valley Paradise Equity Investment Fund Management Co., Ltd.	Provision of services	Provision of design service	Price negotiated by both parties	-	60.00
Total				286,400.56	827,600.68

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

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

5. Related party transactions *(Continued)*

(2) Leases with related parties

The Group 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	
						Amount incurred in the current period (Unaudited)	Amount incurred in the same period of last year (Unaudited)
The Company	Sichuan Xinhua Publishing Group	Buildings	2019.1.1	2021.12.31	Contractual price negotiated by both parties	639,787.89	639,787.89
The Company	Xinhua Yingxuan	Buildings	2019.3.1	2021.2.28	Contractual price negotiated by both parties	103,214.62	133,970.06
The Company	Xinhua Yingxuan	Buildings	2017.3.1	2019.2.28	Contractual price negotiated by both parties	-	90,801.43

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

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

5. Related party transactions *(Continued)*

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

The Group 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	Lease payment recognized in the current period (Unaudited)	RMB
							Lease payment recognized in the same period of last year (Unaudited)
Sichuan Xinhua Publishing Group	The Company	Buildings	2019.1.1	2021.12.31	Contractual price negotiated by both parties	N/A	N/A
Sichuan Publication Group	The Company	Buildings	2020.1.1	2022.12.31	Contractual price negotiated by both parties	N/A	N/A
Sichuan Publication Group	The Company	Buildings	2017.1.1	2019.12.31	Contractual price negotiated by both parties	N/A	6,624,471.62
Chengdu Winshare Equity Investment Funds Management Co., Ltd.	The Group	Buildings	2020.6.1	2023.5.31	Contractual price negotiated by both parties	N/A	N/A
Chengdu Winshare Equity Investment Funds Management Co., Ltd.	The Group	Buildings	2017.6.1	2020.5.31	Contractual price negotiated by both parties	N/A	N/A

Note: During the current period, the Company as lessee rented buildings from Sichuan Xinhua Publishing Group. Depreciation of right-of-use assets amounting to RMB17,425,008.42 was recognized during the current period.

During the current period, the Group as lessee rented buildings from Sichuan Publishing Group. Right-of-use assets amounting to RMB33,387,829.66 were recognized, while depreciation of right-of-use assets amounting to RMB5,564,638.26 was recognized during the current period.

During the current period, the Group as lessee rented buildings from Chengdu Winshare Equity Investment Fund Management Co., Ltd. Right-of-use assets amounting to RMB2,299,261.37 were recognized, while depreciation of right-of-use assets amounting to RMB447,005.12 was recognized during the current period.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

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

5. Related party transactions *(Continued)*

(3) Advance payments from a related party

RMB

Name of entity	Amount incurred in the current period (Unaudited)		Amount incurred in the same period of last year (Unaudited)	
	Advance payments	Interest expense	Advance payments	Interest expense
Sichuan Winshare BLOGIS Supply Chain Co., Ltd (Note)	1,650,393.29	63,922.28	2,697,594.04	176,246.40

Note: The interest expenses incurred during the current period amounted to RMB63,922.28 in aggregate, which were related to the advance payments of Sichuan Winshare BLOGIS Supply Chain Co., Ltd. for Beijing Commercial Supermarket amounted to RMB1,650,393.29.

(4) Compensation for key management personnel

RMB

Item	Amount incurred in the current period (Unaudited)	Amount incurred in the same period of last year (Unaudited)
Compensation for key management personnel	1,584,814.56	1,611,078.12

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 to 30 June 2020

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

6. Amount due to/from related parties

Item	Related party	<i>RMB</i>	
		30 June 2020 (Unaudited)	31 December 2019
Accounts receivable	Shanghai Jingjie Information Technology Co., Ltd.	195,984.00	195,984.00
	Sichuan Xinhua Haiyi Cultural Development Co., Ltd.	-	1,754.00
	Sichuan Xinhua Publishing Group	941,648.63	962,648.63
Total		1,137,632.63	1,160,386.63
Prepayments	Ming Bo Education Technology Holdings Co., Ltd.	-	1,200,000.00
	Ren Min Eastern (Beijing) Book Industry Co., Ltd.	-	1,509,433.90
Total		-	2,709,433.90
Other receivables	Sichuan Xinhua Publishing Group	639,787.89	-
	Sichuan Publication Group	113,306.68	-
	Education and Science Forum	72,000.00	-
	Shanghai Jingjie Information Technology Co., Ltd.	26,478.80	26,478.80
	The Commercial Press (Chengdu) Co., Ltd.	-	4,000.00
Total		851,573.37	30,478.80
Accounts payable	Commercial Press (Chengdu) Co., Ltd.	15,317,821.41	20,863,621.86
	Hainan Publishing House	122,481.66	122,481.66
	Ming Bo Education Technology Holdings Co., Ltd.	85,612.76	190.00
	Liangshan Xinhua Winshare Education Technology Co. Ltd.	22,836,805.37	22,836,805.37
	Shanghai Jingjie Information Technology Co., Ltd.	-	18,941.36
Total		38,362,721.20	43,842,040.25
Contract liabilities	Ming Bo Education Technology Holdings Co., Ltd.	960,000.00	1,360,000.00
Total		960,000.00	1,360,000.00

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)***6. Amount due to/from related parties** *(Continued)*

Item	Related party	<i>RMB</i>	
		30 June 2020 (Unaudited)	31 December 2019
Other payables	Chengdu Huang Peng Property Co., Ltd.	769,091.18	6,353.75
	Sichuan Xinhua Publishing Group	42,439,553.86	–
	Ming Bo Education Technology Holdings Co., Ltd.	755,932.78	–
	Sichuan Winshare BLOGIS Supply Chain Co., Ltd.	1,653,393.29	6,203,797.71
Total		45,617,971.11	6,210,151.46
Lease liabilities due within a year	Sichuan Xinhua Publishing Group	33,049,866.26	32,732,098.83
	Sichuan Publication Group	10,860,442.82	–
	Chengdu Winshare Equity Investment Funds Management Co., Ltd.	733,279.01	–
Total		44,643,588.09	32,732,098.83
Lease liabilities	Sichuan Xinhua Publishing Group	109,423,656.57	148,175,155.93
	Sichuan Publication Group	17,310,794.44	–
	Chengdu Winshare Equity Investment Funds Management Co., Ltd.	1,369,935.15	–
Total		128,104,386.16	148,175,155.93

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

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

7. Transactions with Bank of Chengdu and closing balance of the period

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 listed companies are regarded as the related parties of the listed companies. You Zugang, the secretary of the board of directors of the Company, also serves as the director of Bank of Chengdu. The Group's transactions with Bank of Chengdu within the reporting period and the closing balance of the period are detailed as follows:

(1) Dividend income

Current period (Unaudited)		Same period of last year (Unaudited)	
Amount	Proportion (%)	Amount	Proportion (%)
33,600,000.00	32.01	28,000,000.00	32.57

RMB

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

(2) Interest income

Current period (Unaudited)		Same period of last year (Unaudited)	
Amount	Proportion (%)	Amount	Proportion (%)
1,261,816.58	4.25	547,650.66	4.01

RMB

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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

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

7. Transactions with Bank of Chengdu and closing balance of the period *(Continued)*

(3) Amount due to/from

Item	<i>RMB</i>	
	30 June 2020 (Unaudited)	31 December 2019
Bank balances	44,117,620.07	74,843,225.98
Balances for held-for-trading financial assets	200,000,000.00	–
Total	244,117,620.07	74,843,225.98

During the current period, the Company purchased the wealth management products of BoCD, which are disclosed as held-for-trading financial assets.

(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 to 30 June 2020

(XIII) COMMITMENTS

Capital and other commitments

	30 June 2020 (Unaudited)	31 December 2019
		<i>RMB</i>
Commitment for acquisition and construction of long-term assets that are contracted but not yet recognized in the financial statements	70,871,472.74	90,915,971.47
Subscribed capital contribution commitments for investments in partnership	171,220,000.00	179,220,000.00
Total	242,091,472.74	270,135,971.47

(XIV) EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the balance sheet date, the Group had no significant event.

(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 to 30 June 2020

(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 two reporting segments, namely 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 of publications like books, journals, audio-visual products and digital products; provision of printing services and supply of printing materials;

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

Other segment of the Group covers provision of capital operations, logistic service, advertising service, 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 to 30 June 2020

(XV) OTHER SIGNIFICANT EVENTS *(Continued)*

2. Segment reporting *(Continued)*

(1) Segment reporting information

Current period (Unaudited)

	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	Total
						<i>RMB</i>
External revenue	307,957,458.16	3,204,160,270.87	94,167,295.26	-	-	3,606,285,024.29
Inter-segment revenue	652,569,625.23	3,625,102.07	58,910,362.19	-	(715,105,089.49)	-
Total operating income	960,527,083.39	3,207,785,372.94	153,077,657.45	-	(715,105,089.49)	3,606,285,024.29
Operating profit	171,562,393.93	204,593,997.22	122,977,114.01	49,143,317.29	54,385,381.15	602,662,203.60
Non-operating income	409,101.85	4,833,853.62	105,575.85	-	-	5,348,531.32
Non-operating expenses	59,967.28	18,145,935.56	0.57	-	-	18,205,903.41
Total profit	171,911,528.50	191,281,915.28	123,082,689.29	49,143,317.29	54,385,381.15	589,804,831.51
Total assets	6,421,571,752.52	9,506,398,047.24	1,455,823,293.02	1,755,515,414.28	(3,627,770,136.80)	15,511,538,370.26
Total liabilities	2,235,332,560.48	6,794,273,191.55	536,148,865.07	246,911,616.93	(3,538,362,694.54)	6,274,303,539.49
Supplementary information						
Depreciation	10,024,391.45	76,816,352.88	14,928,929.93	-	-	101,769,674.26
Amortization	2,256,078.77	20,553,542.80	1,275,860.82	-	-	24,085,482.39
Interest income	428,817.78	35,270,155.99	378,457.49	-	-	36,077,431.26
Loss on credit impairment recognized in the current period	20,557,185.22	81,893,429.36	2,052,996.43	-	-	104,503,611.01
Impairment losses of assets recognized in the current period	27,078,995.64	4,335,898.58	(91,130.03)	-	-	31,323,764.19
Investment income (loss) recognized from long-term equity investment under equity method	184,219.24	(85,961.26)	45,330,211.85	(13,989,376.44)	-	31,439,093.39
Long-term equity investment balances under equity method	20,308,424.97	368,566.78	212,547,559.23	249,796,485.67	-	483,021,036.65
Capital expenditure	1,162,421.88	37,409,607.56	624,438.38	-	-	39,196,467.82
Including: Construction in progress	53,019.97	15,189,865.85	-	-	-	15,242,885.82
Expenditure arising from purchase of fixed assets	1,095,685.09	9,584,259.38	624,438.38	-	-	11,304,382.85
Expenditure arising from purchase of intangible assets	13,716.82	3,440,314.22	-	-	-	3,454,031.04
Development expenditure	-	9,195,168.11	-	-	-	9,195,168.11

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XV) OTHER SIGNIFICANT EVENTS *(Continued)*

2. Segment reporting *(Continued)*

(1) Segment reporting information *(Continued)*

Same period of last year (Unaudited)

	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	<i>RMB</i> 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 (loss)	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 (loss)	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
Loss on credit impairment recognized in the current period	9,326,148.51	29,111,107.26	707,681.67	-	-	39,144,937.44
Impairment losses of assets recognized in the current period	9,415,673.65	10,936,387.97	-	-	-	20,352,061.62
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 to 30 June 2020

(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 the PRC. 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 RMB475,129,508.02 (same period of last year: RMB465,164,226.93), 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 and the same period of last year.

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.

3. Other

The outbreak of novel coronavirus ("COVID-19") and the subsequent quarantine measures as well as the travel restrictions imposed by various countries have impacted the global economic and business environment and directly or indirectly affected the Group's operations. The Group's financial position and performance were affected in different aspects due to the mandatory quarantine measures imposed by the government in an effort to contain the spread of the COVID-19 outbreak. On the one hand, some of the Group's retail stores were temporarily suspended during the period from February 2020 to March 2020, resulting in a decrease in revenue from retailing business under the distribution segment and revenue from the sales of general books under the publication segment as compared with the same period of last year. On the other hand, due to the delay in school opening in various regions and the delay in the inspection/acceptance of the education informatized and equipment business under the distribution segment of the Group, the revenue from the education informatized and equipment business decreased as compared with the same period of last year.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Cash and bank balances

RMB

Item	30 June 2020 (Unaudited)			31 December 2019		
	Amount in the original currency	Exchange rate	Amount in RMB	Amount in the original currency	Exchange rate	Amount in RMB
Cash:						
RMB	2,487,858.14	1.0000	2,487,858.14	2,127,353.64	1.0000	2,127,353.64
Bank balances:						
RMB	2,563,862,597.55	1.0000	2,563,862,597.55	2,640,827,420.64	1.0000	2,640,827,420.64
USD	4,498.84	7.0795	31,849.54	4,497.70	6.9762	31,376.85
HKD	35,471.25	0.9134	32,399.44	27,371.58	0.8958	24,519.46
Total			2,566,414,704.67			2,643,010,670.59

Note: At the end of the current period, the bank balances include 3-month above term deposits and accrued interests amounting to RMB196,371,958.89 (31 December 2019: RMB81,760,506.83) with an interest rate of 1.95%.

Notes to the Financial Statements (continued)

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

2. Accounts receivable

(1) Accounts receivable by aging:

Aging	30 June 2020 (Unaudited)				31 December 2019			
	Amount	Proportion (%)	Credit loss provision	Carrying amount	Amount	Proportion (%)	Credit loss provision	Carrying amount
Within 1 year	1,109,797,283.73	88.17	(95,064,198.53)	1,014,733,085.20	799,177,959.03	87.27	(65,645,263.81)	733,532,695.22
More than 1 year but not exceeding 2 years	82,748,059.40	6.57	(48,037,910.82)	34,710,148.58	58,294,525.33	6.37	(30,594,363.44)	27,700,161.89
More than 2 years but not exceeding 3 years	13,827,831.22	1.10	(13,827,831.22)	-	11,553,018.03	1.26	(11,553,018.03)	-
More than 3 years	52,376,898.48	4.16	(52,376,898.48)	-	46,722,520.39	5.10	(46,722,520.39)	-
Total	1,258,750,072.83	100.00	(209,306,839.05)	1,049,443,233.78	915,748,022.78	100.00	(154,515,165.67)	761,232,857.11

RMB

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

The credit loss provision in the current period was RMB54,791,673.38, and there was no reversal of credit loss provision in the current period.

(3) Accounts receivable actually written off in the current period

No accounts receivable was actually written off in the current period.

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

RMB

Name of entity	Relationship with the Company	30 June 2020 (Unaudited)	Aging	As a percentage of the total accounts receivable (%)	Credit loss provision as at 30 June 2020 (Unaudited)
Winshare Education Technology	Subsidiary	208,893,318.36	Within 1 year	16.60	-
Sichuan's Provincial Education Office	Third party	132,129,508.02	Within 1 year	10.50	-
Beijing Winshare Commercial	Subsidiary	99,573,640.33	Within 1 year	7.91	-
Sichuan Longyang Tianfu New District Construction Investment Co., Ltd.	Third party	26,669,454.24	Within 1 year	2.12	(4,323,256.10)
Education Bureau of Nanbu County	Third party	10,799,959.99	Within 1 year	0.86	(1,757,053.96)
Total		478,065,880.94		37.99	(6,080,310.06)

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

3. Prepayments

(1) *Aging analysis of prepayments:*

Aging	30 June 2020 (Unaudited)		31 December 2019	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	21,536,305.44	94.79	13,395,431.17	85.16
1-2 years	610,887.00	2.69	1,671,991.25	10.63
2-3 years	24,000.00	0.11	548,094.47	3.48
More than 3 years	547,154.62	2.41	115,503.89	0.73
Total	22,718,347.06	100.00	15,731,020.78	100.00

RMB

Prepayment amounts aged more than one year are mainly prepayments for goods that are not settled by the suppliers.

(2) *Top five entities with the largest closing balances of prepayments by subjects of prepayment*

Name of entity	Relationship with the Company	30 June 2020 (Unaudited)	Period	Proportion to total prepayments (%)	Reasons for unsettlement
Sichuan Yuanin Cultural Technology Co., Ltd.	Third party	7,606,502.66	Within 1 year	33.48	Goods not yet received
Sichuan Yulian Tianxia Technology Co., Ltd.	Third party	3,272,366.70	Within 1 year	14.40	Goods not yet received
Sichuan Hetian Teaching Equipment Co., Ltd.	Third party	2,250,007.50	Within 1 year	9.90	Goods not yet received
Tianjin Master Logistics Equipment Co., Ltd.	Third party	1,896,765.00	Within 1 year	8.35	Goods not yet received
Hongyi Boiler Accessories Co., Ltd. (Zigong)	Third party	654,321.02	Within 1 year	2.88	Goods not yet received
Total		15,679,962.88		69.01	

RMB

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

4. Other receivables

4.1 Other receivables summary

(1) Other receivables by categories

Item	<i>RMB</i>	
	30 June 2020 (Unaudited)	31 December 2019
Dividend receivables	33,600,000.00	320,000,000.00
Other receivables	538,943,858.70	623,677,036.44
Total	572,543,858.70	943,677,036.44

4.2 Dividend receivables

(1) Dividend receivables

Item	<i>RMB</i>	
	30 June 2020 (Unaudited)	31 December 2019
Education Publishing House	–	250,000,000.00
Publication Printing	–	70,000,000.00
BoCD	33,600,000.00	–
Total	33,600,000.00	320,000,000.00

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

4. Other receivables *(Continued)*

4.3 Other receivables

(1) Other receivables by aging

Aging	30 June 2020 (Unaudited)				31 December 2019			
	Amount	Proportion (%)	Credit loss provision	Carrying amount	Amount	Proportion (%)	Credit loss provision	Carrying amount
Within 1 year	374,106,545.72	68.44	(292,315.89)	373,814,229.83	426,457,832.29	67.56	(268,482.52)	426,189,349.77
More than 1 year but not exceeding 2 years	55,665,400.80	10.18	(45,611.57)	55,619,789.23	83,304,851.14	13.20	(82,766.57)	83,222,084.57
More than 2 years but not exceeding 3 years	30,689,108.36	5.61	(62,531.75)	30,626,576.61	40,060,617.24	6.35	(72,589.32)	39,988,027.92
More than 3 years	86,173,320.34	15.77	(7,290,057.31)	78,883,263.03	81,342,714.08	12.89	(7,065,139.90)	74,277,574.18
Total	546,634,375.22	100.00	(7,690,516.52)	538,943,858.70	631,166,014.75	100.00	(7,488,978.31)	623,677,036.44

RMB

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

The amount of credit loss provision for the current period was RMB201,538.21, and there was no credit loss provision reversed for the period.

(3) Other receivables actually written off in the current period

There were no other receivables actually written off in the current period.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

4. Other receivables *(Continued)*

4.3 Other receivables *(Continued)*

(4) Other receivables by their nature

Nature of other receivables	RMB	
	30 June 2020 (Unaudited)	31 December 2019
Receivables from related parties	485,309,348.20	578,231,507.74
Deposit/security deposit	39,472,206.35	37,370,129.80
Petty cash	1,926,075.04	2,003,508.06
Others	19,926,745.63	13,560,869.15
Total	546,634,375.22	631,166,014.75

(5) Top five entities with the largest balances of other receivables at the end of the period

Name of entity	Nature	RMB			
		30 June 2020 (Unaudited)	Aging	As a percentage of the total other receivables (%)	Credit loss provision as at 30 June 2020 (Unaudited)
Printing Materials	Receivables from subsidiaries	200,780,275.25	Within 1 year, 2-3 years, above 3 years	36.73	-
Winshare Education Technology	Receivables from subsidiaries	60,713,364.74	Within 1 year, 1-2 years, 2-3 years	11.11	-
Winshare Investment	Receivables from subsidiaries	52,305,888.15	Within 1 year, 1-2 years, 2-3 years, above 3 years	9.57	-
Reader's Journal	Receivables from subsidiaries	36,961,406.57	Within 1 year, 1-2 years, above 3 years	6.76	-
Arts Investment	Receivables from subsidiaries	28,183,930.12	Above 3 years	5.16	-
Total		378,944,864.83		69.33	-

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

5. Inventories

(1) Categories of inventories

Item	30 June 2020 (Unaudited)			31 December 2019		
	Gross carrying amount	Provision for decline in value	Carrying amount	Gross carrying amount	Provision for decline in value	Carrying amount
Goods on hand	340,054,455.35	(86,872,582.16)	253,181,873.19	1,083,195,112.75	(81,299,103.70)	1,001,896,009.05
Work-in-progress	-	-	-	762,941.79	-	762,941.79
Raw materials	3,668,158.76	-	3,668,158.76	2,829,120.92	-	2,829,120.92
Total	343,722,614.11	(86,872,582.16)	256,850,031.95	1,086,787,175.46	(81,299,103.70)	1,005,488,071.76

RMB

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	1 January 2020	Increase in the current period	Decrease in the current period		30 June 2020 (Unaudited)
			Reversals	Write-off	
Goods on hand	81,299,103.70	7,932,725.79	-	(2,359,247.33)	86,872,582.16

RMB

6. Other current assets

Item	30 June 2020 (Unaudited)	31 December 2019
	VAT input tax to be deducted	3,234,774.07
Receivables from cost of sales returns	44,405,596.19	41,457,055.06
Total	47,640,370.26	51,787,766.66

RMB

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

7. Long-term equity investment

(1) Investment in subsidiaries

Investee	1 January 2020	Change for the current period			30 June 2020 (Unaudited)	Provision for impairment as at 30 June 2020
		Addition in investment	Reduction in investment	Provision for impairment		
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	36,800,000.00	-	-	-	36,800,000.00	(55,000,000.00)
Wenchuan Logistics	350,000,000.00	-	-	-	350,000,000.00	-
Watch Panda	2,000,000.00	-	-	-	2,000,000.00	-
VIVI Advertising	2,746,101.61	-	(2,746,101.61)	-	-	-
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	60,731,819.65	-	-	-	60,731,819.65	-
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	100,000,000.00	-	-	239,379,050.03	-
Reader's Journal	866,830.73	-	-	-	866,830.73	-
Pictorial	7,521,475.38	-	-	-	7,521,475.38	-

RMB

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)***7. Long-term equity investment** *(Continued)**(1) Investment in subsidiaries (Continued)*

Investee	1 January 2020	Change for the current period			30 June 2020 (Unaudited)	RMB
		Addition in investment	Reduction in investment	Provision for impairment		Provision for impairment as at 30 June 2020
Winshare Investment	200,000,000.00	100,000,000.00	-	-	300,000,000.00	-
Sichuan Xinhua Printing	248,599,490.28	-	-	-	248,599,490.28	-
Beijing Aerospace Cloud	29,248,300.00	-	-	-	29,248,300.00	-
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	-
Stackway	50,000,000.00	-	-	-	50,000,000.00	-
Total	3,204,527,149.27	200,000,000.00	(4,853,043.21)	-	3,399,674,106.06	(57,072,032.00)

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

7. Long-term equity investment *(Continued)*

(2) Investment in joint ventures or associates

RMB

Investee	1 January 2020	Changes for the period							30 June 2020 (Unaudited)	Provision for impairment as at 30 June 2020	
		Increase in investment	Decrease in investment	Investment profit or loss recognized under equity method	Adjustment of other comprehensive income	Distribution of cash dividends or profits declared	Provision for impairment loss	Others			
Joint Ventures											
Hainan Publishing House	165,107,228.38	-	-	4,103,400.08	-	-	-	-	-	169,210,628.46	-
Liangshan Xinhua Winshare Education Technology Co., Ltd.	19,637,833.39	-	-	(1,010,976.95)	-	-	-	-	-	18,626,856.44	-
Subtotal	184,745,061.77	-	-	3,092,423.13	-	-	-	-	-	187,837,484.90	-
Associates											
Commercial Press (Chengdu) Co., Ltd.	2,846,167.54	-	-	(98,594.07)	-	-	-	-	-	2,747,573.47	-
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	11,063,418.98	-	-	(867,917.50)	-	-	-	-	-	10,195,501.48	-
Ming Bo Education Technology Holdings Co., Ltd.	39,914,422.65	-	-	(14,203,204.69)	-	-	-	-	-	25,711,217.96	-
Winshare Preschool	5,113,724.49	-	-	(244,633.43)	-	-	-	-	-	4,869,091.06	-
Xinhua Yingxuan	13,073,529.26	-	-	(1,619,191.03)	-	-	-	-	-	11,454,338.23	-
Winshare Yinshi	382,191.85	-	-	(48,258.85)	-	-	-	-	-	333,933.00	-
Subtotal	72,393,454.77	-	-	(17,081,799.57)	-	-	-	-	-	55,311,655.20	-
Total	257,138,516.54	-	-	(13,989,376.44)	-	-	-	-	-	243,149,140.10	-

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

8. Investment properties

Investment properties measured at cost

Item	<i>RMB</i> Buildings
I. Cost	
1.1 January 2020 and 30 June 2020 (Unaudited)	33,651,290.75
II. Accumulated depreciation	
1. 1 January 2020	(13,762,781.48)
2. Increase in the period	(450,095.02)
(1) Provision	(450,095.02)
3. 30 June 2020 (Unaudited)	(14,212,876.50)
III. Carrying amount	
1. 30 June 2020 (Unaudited)	19,438,414.25
2. 31 December 2019	19,888,509.27

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

9. Fixed assets

RMB

Item	Buildings	Machinery and equipment	Electronic equipment and others	Transportation vehicles	Total
I. Cost					
1. 1 January 2020	1,238,099,947.91	81,458,865.35	132,830,672.81	72,639,856.11	1,525,029,342.18
2. Increase in the period	3,094,541.97	683,005.30	8,725,666.32	-	12,503,213.59
(1) Acquisition	163,556.68	683,005.30	8,725,666.32	-	9,572,228.30
(2) Transfer from construction in progress	2,930,985.29	-	-	-	2,930,985.29
3. Decrease in the period	(385,404.00)	-	(3,052,499.39)	(401,542.69)	(3,839,446.08)
(1) Disposal	(385,404.00)	-	(3,052,499.39)	(401,542.69)	(3,839,446.08)
4. 30 June 2020 (Unaudited)	1,240,809,085.88	82,141,870.65	138,503,839.74	72,238,313.42	1,533,693,109.69
II. Accumulated depreciation					
1. 1 January 2020	(408,263,288.80)	(67,650,520.02)	(97,063,040.47)	(56,655,427.02)	(629,632,276.31)
2. Increase in the period	(15,670,629.78)	(1,213,698.38)	(6,199,651.14)	(2,329,879.44)	(25,413,858.74)
(1) Provision	(15,670,629.78)	(1,213,698.38)	(6,199,651.14)	(2,329,879.44)	(25,413,858.74)
3. Decrease in the period	385,404.00	-	3,010,605.52	389,496.41	3,785,505.93
(1) Disposal	385,404.00	-	3,010,605.52	389,496.41	3,785,505.93
4. 30 June 2020 (Unaudited)	(423,548,514.58)	(68,864,218.40)	(100,252,086.09)	(58,595,810.05)	(651,260,629.12)
III. Carrying amount					
1. 30 June 2020 (Unaudited)	817,260,571.30	13,277,652.25	38,251,753.65	13,642,503.37	882,432,480.57
2. 31 December 2019	829,836,659.11	13,808,345.33	35,767,632.34	15,984,429.09	895,397,065.87

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

10. Right-of-use assets

(1) Presentation of right-of-use assets

Item	<i>RMB</i> Buildings
I. Cost:	
1. 1 January 2020	484,692,835.22
2. Increase in the period	50,310,672.67
3. Decrease in the period	(21,765,990.38)
4. 30 June 2019 (Unaudited)	513,237,517.51
II. Accumulated depreciation	
1. 1 January 2020	(80,893,678.01)
2. Increase in the period	(50,440,605.10)
(1) Provision	(50,440,605.10)
3. Decrease in the period	14,024,093.09
4. 30 June 2020 (Unaudited)	(117,310,190.02)
III. Carrying amount	
1. 30 June 2020 (Unaudited)	395,927,327.49
2. 1 January 2020	403,799,157.21

The lease term of buildings of the Company ranged from one to fifteen years. During the current period, the expenses related to short-term lease upon which the simplified approach was applied and included in profit or loss for the current period amounted to RMB6,355,853.56 (same period last year: RMB16,874,614.17).

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

11. Intangible assets

Intangible assets are as follows:

	<i>RMB</i>			
Item	Land use rights	Software	Others	Total
I. Cost				
1. 1 January 2020	188,210,645.50	81,743,728.19	167,700.00	270,122,073.69
2. Increase in the period	–	3,440,314.22	–	3,440,314.22
(1) Acquisition	–	3,440,314.22	–	3,440,314.22
3. Decrease in the current period	(982,887.00)	–	–	(982,887.00)
(1) Disposal	(982,887.00)	–	–	(982,887.00)
4. 30 June 2020 (Unaudited)	187,227,758.50	85,184,042.41	167,700.00	272,579,500.91
II. Accumulated amortization				
1. 1 January 2020	(68,709,653.87)	(56,490,362.80)	(167,700.00)	(125,367,716.67)
2. Increase in the period	(2,485,245.26)	(2,373,107.69)	–	(4,858,352.95)
(1) Provision	(2,485,245.26)	(2,373,107.69)	–	(4,858,352.95)
3. Decrease in the period	261,881.19	–	–	261,881.19
(1) Disposal	261,881.19	–	–	261,881.19
4. 30 June 2020 (Unaudited)	(70,933,017.94)	(58,863,470.49)	(167,700.00)	(129,964,188.43)
III. Carrying amount				
1. 30 June 2020 (Unaudited)	116,294,740.56	26,320,571.92	–	142,615,312.48
2. 31 December 2019	119,500,991.63	25,253,365.39	–	144,754,357.02

12. Long-term prepaid expenses

	<i>RMB</i>			
Item	1 January 2020	Increase in the current period	Amortization in the current period	30 June 2020 (Unaudited)
Leasehold improvement	11,132,727.93	2,265,231.37	(6,400,979.58)	6,996,979.72

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

13. Other non-current assets

Item	<i>RMB</i>	
	30 June 2020 (Unaudited)	31 December 2019
Receivables from subsidiaries	551,000,000.00	536,000,000.00
VAT input tax to be deducted	64,202,906.93	48,592,877.42
Prepaid purchase price for property	13,904,800.00	17,105,497.00
Time deposits	50,000,000.00	—
Total	679,107,706.93	601,698,374.42

14. Accounts payable

Details of aging analysis of accounts payable are as follows:

Item	<i>RMB</i>	
	30 June 2020 (Unaudited)	31 December 2019
Within 1 year	2,421,329,767.91	3,181,812,542.19
1-2 years	677,311,962.49	755,498,406.59
2-3 years	231,541,881.50	248,315,320.29
More than 3 years	131,052,470.30	136,327,968.81
Total	3,461,236,082.20	4,321,954,237.88

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

15. Contract liabilities

(1) *Presentation of contract liabilities:*

Item	<i>RMB</i>	
	30 June 2020 (Unaudited)	31 December 2019
Advanced receipts for sold goods	242,614,688.61	271,432,709.97
Membership card points	2,781,311.89	3,538,940.71
Total	245,396,000.50	274,971,650.68

- (2) During the current period, the Company's recognized revenue of RMB178,302,586.17 was included in the carrying amount of contract liabilities at the beginning of the year. It included contract liabilities of RMB177,275,505.18 arising from advanced receipts for sold goods, and contract liabilities of RMB1,027,080.99 arising from membership card points.

16. Employee benefits payable

(1) *Presentation of employee benefits payable*

Item	1 January 2020	<i>RMB</i>		30 June 2020 (Unaudited)
		Increase in the current period	Decrease in the current period	
I. Short-term benefits	270,510,956.48	344,487,838.57	(429,741,158.02)	185,257,637.03
II. Post-employment benefits				
– defined contribution plan	4,299,772.49	43,042,402.16	(38,980,356.69)	8,361,817.96
III. Termination benefits	–	396,565.05	(396,565.05)	–
Total	274,810,728.97	387,926,805.78	(469,118,079.76)	193,619,454.99

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)***16. Employee benefits payable** *(Continued)**(2) Presentation of short-term benefits*

Item	1 January 2020	<i>RMB</i>		30 June 2020 (Unaudited)
		Increase in the current period	Decrease in the current period	
I. Wages or salaries, bonuses, allowance and subsidies	225,935,050.17	292,272,243.37	(382,798,547.39)	135,408,746.15
II. Staff welfare	4,000.00	1,736,644.63	(1,736,644.63)	4,000.00
III. Social security contributions	144,971.12	12,359,726.38	(11,612,638.22)	892,059.28
Including: Medical insurance	101,099.77	10,796,359.85	(10,187,323.05)	710,136.57
Work-related injury insurance	22,952.27	419,599.58	(386,231.65)	56,320.20
Maternity insurance	20,919.08	1,142,951.95	(1,038,268.52)	125,602.51
Other insurances	–	815.00	(815.00)	–
IV. Housing funds	1,329,715.55	25,974,496.44	(26,274,944.06)	1,029,267.93
V. Union running costs and employee education costs	42,889,303.92	10,217,435.04	(5,357,347.71)	47,749,391.25
VI. Others	207,915.72	1,927,292.71	(1,961,036.01)	174,172.42
Total	270,510,956.48	344,487,838.57	(429,741,158.02)	185,257,637.03

(3) Defined contribution plan

Item	1 January 2020	<i>RMB</i>		30 June 2020 (Unaudited)
		Increase in the current period	Decrease in the current period	
I. Basic pension insurance	523,499.98	17,233,855.01	(15,961,335.55)	1,796,019.44
II. Unemployment insurance	38,751.33	678,711.23	(627,898.52)	89,564.04
III. Enterprise annuity	3,737,521.18	25,129,835.92	(22,391,122.62)	6,476,234.48
Total	4,299,772.49	43,042,402.16	(38,980,356.69)	8,361,817.96

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

17. Taxes payable

Item	<i>RMB</i>	
	30 June 2020 (Unaudited)	31 December 2019
Value-added tax	2,147,008.56	–
City construction and maintenance tax	46,805.38	73,336.23
Education surcharges	30,622.93	33,602.87
Individual income tax	844,417.04	1,137,885.87
Others	17,404,684.06	17,327,807.64
Total	20,473,537.97	18,572,632.61

18. Other payables

Item	<i>RMB</i>	
	30 June 2020 (Unaudited)	31 December 2019
Amounts due to related parties	604,784,040.14	473,561,751.60
Security deposit/deposit/quality warranty/ performance security	32,328,333.57	54,670,829.22
Construction and infrastructure construction expenses	22,237,910.73	24,199,581.82
Dividend payables	121,204,647.42	–
Others	65,644,480.93	44,522,861.16
Total	846,199,412.79	596,955,023.80

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 to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)***19. Lease liabilities**

Item	<i>RMB</i>	
	30 June 2020 (Unaudited)	31 December 2019
Rents	393,809,779.71	415,578,560.36
Less: Lease liabilities included in non-current liabilities due within one year	(91,041,731.28)	(76,800,069.97)
Total	302,768,048.43	338,778,490.39

20. Capital reserve*Current period*

Item	1 January 2020	<i>RMB</i>		
		Increase in the current period	Decrease in the current period	30 June 2020 (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

Same period of last year

Item	1 January 2019	<i>RMB</i>		
		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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

21. Other comprehensive income

Current period

RMB

Item	1 January 2020	Changes in the period					30 June 2020 (Unaudited)
		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 parent company	Post-tax amount attributable to non-controlling shareholders	
Other comprehensive income that cannot be reclassified into profit or loss	980,900,206.10	(78,828,800.00)	-	-	(78,828,800.00)	-	902,071,406.10
Including: Gains or losses arising from fair value change of other equity instrument investments	980,900,206.10	(78,828,800.00)	-	-	(78,828,800.00)	-	902,071,406.10

Same period of last year

RMB

Item	1 January 2019	Changes in the period					30 June 2019 (Unaudited)
		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 parent company	Post-tax amount attributable to non-controlling shareholders	
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
Including: 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

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)***22. Surplus reserve***Current period*

Item	<i>RMB</i>			
	1 January 2020	Increase in the current period	Decrease in the current period	30 June 2020 (Unaudited)
Statutory surplus reserve	791,519,020.02	-	-	791,519,020.02

Same period of last year

Item	<i>RMB</i>			
	1 January 2019	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

23. Undistributed profits

Item	<i>RMB</i>		Proportion of appropriation or distribution
	Current period (Unaudited)	Prior year	
Undistributed profits at the end of prior period	2,810,634,457.60	2,449,218,056.81	
Add: Net profit for the period	352,806,616.32	812,854,111.99	
Less: Appropriation of statutory surplus reserve	-	(81,285,411.20)	
Distribution of dividends on ordinary shares	(370,152,300.00)	(370,152,300.00)	Note (VI)36(2)
Undistributed profits at the end of period	2,793,288,773.92	2,810,634,457.60	

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

24. Operating income and operating costs

Item	Amount incurred in the current period (Unaudited)	RMB
		Amount incurred in the same period of last year (Unaudited)
Principal operating income	2,460,192,570.12	2,275,366,382.93
Including: Textbooks and supplementary materials	2,187,432,118.53	2,017,933,725.68
Other operating income	56,940,738.75	76,338,288.87
Including: Revenue from concessionaire sales	97,527,282.59	143,321,358.59
Cost of concessionaire sales	(84,035,799.67)	(122,113,945.51)
Net income from concessionaire sales	13,491,482.92	21,207,413.08
Operating costs	1,405,357,589.26	1,301,684,284.93

25. Taxes and surcharges

Item	Amount incurred in the current period (Unaudited)	RMB
		Amount incurred in the same period of last year (Unaudited)
City construction and maintenance tax	9,938.25	96,968.14
Education surcharges	7,089.91	85,749.30
Property tax	7,710,815.08	5,882,199.96
Urban land use tax	1,048,261.40	511,234.61
Stamp duty	3,984,813.90	56,385.49
Vessel and vehicle tax	76,625.40	69,905.40
Disabled person security fund	63,206.45	152,143.35
Others	9,573.90	6,159.80
Total	12,910,324.29	6,860,746.05

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)***26. Selling expenses**

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the same period of last year (Unaudited)
Wages and other labour costs	211,769,635.49	196,550,954.31
Transportation costs	99,366,652.77	82,573,234.09
Business conference fees	15,118,036.51	21,267,968.90
Vehicle fees	6,470,957.07	7,439,914.32
Travel expenses	6,540,496.22	9,572,568.98
Handling fees	14,519,273.72	16,233,916.33
Promotion fees	12,470,732.33	12,126,357.87
Packing expenses	5,186,461.44	7,044,084.45
Others	46,290,408.86	46,642,936.80
Total	417,732,654.41	399,451,936.05

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

27. Administrative expenses

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the same period of last year (Unaudited)
Wages and other labour costs	174,971,757.70	164,883,922.05
Business entertainment fees	44,319,144.42	55,393,509.88
Lease payments	6,355,853.56	16,874,614.17
Depreciation and amortization expenses	79,865,029.01	69,350,966.90
Conference fees	6,615,418.14	10,088,428.98
Energy costs	4,881,012.94	6,934,776.23
Property management fees	13,899,647.38	13,129,243.20
Travel expenses	1,517,036.89	3,035,908.23
Repair charge	7,804,161.82	9,099,995.59
Office expenses	1,861,803.38	2,889,246.19
Audit and other non-audit service fees	720,000.00	720,000.00
Others	24,910,716.60	24,323,582.17
Total	367,721,581.84	376,724,193.59

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

28. Finance expenses

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the same period of last year (Unaudited)
Interest expenses	3,367,801.42	3,468,830.21
Interest expenses on lease liabilities	10,789,977.71	8,551,684.80
Interest income	(27,605,412.27)	(11,648,607.61)
Interest income from long-term receivables	(3,093,363.46)	(593,315.30)
Foreign exchange gains or losses and others	4,009,941.23	1,431,975.89
Total	(12,531,055.37)	1,210,567.99

29. Other income

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the same period of last year (Unaudited)
Other fiscal subsidies	1,874,084.75	1,601,110.59

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

30. Investment income

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the same period of last year (Unaudited)
Income from long-term equity investments Including: Investment income (losses) under equity method	(13,989,376.44)	5,911,331.73
Investment income (losses) due to disposal of long-term equity investments	(716,702.20)	–
Investment income from other equity instrument investments	53,542,400.00	49,812,000.00
Investment income from disposal of financial assets at FVTPL	17,405,395.54	24,729,544.61
Total	56,241,716.90	80,452,876.34

31. Gains (losses) on credit impairment

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the same period of last year (Unaudited)
Bad debt losses for accounts receivable	54,791,673.38	23,232,155.31
Impairment losses for other receivables	201,538.21	3,514,034.33
Total	54,993,211.59	26,746,189.64

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)***32. Impairment gains (losses) of assets**

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the same period of last year (Unaudited)
Losses of decline in value of inventories	7,932,725.79	9,614,755.52

33. Non-operating income

Details of non-operating income are as follows:

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the same period of last year (Unaudited)
Others	4,811,114.23	1,286,343.05

34. Non-operating expenses

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the same period of last year (Unaudited)
Donations	16,870,175.55	12,398,387.31
Penalties	12,097.03	1.97
Others	1,066,418.61	106,157.54
Total	17,948,691.19	12,504,546.82

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

35. Notes to items in the cash flow statement

(1) Other cash receipts relating to operating activities

Item	Amount incurred in the current period (Unaudited)	RMB
		Amount incurred in the same period of last year (Unaudited)
Interests	25,539,994.46	9,597,212.08
Others	47,504,716.55	66,043,495.75
Total	73,044,711.01	75,640,707.83

(2) Other cash payments relating to operating activities

Item	Amount incurred in the current period (Unaudited)	RMB
		Amount incurred in the same period of last year (Unaudited)
Selling expenses	205,950,145.29	202,900,981.74
Including: Transportation costs	99,366,652.77	82,573,234.09
Commissioned logistics costs	33,547,152.23	36,786,627.47
Business conference fees	15,118,036.51	21,267,968.90
Handling fees	14,519,273.72	15,231,118.33
Promotion fees	12,470,732.33	9,485,364.00
Vehicle fees	6,470,957.07	7,439,914.32
Travel expenses	6,540,496.22	9,572,568.98
Administrative expenses	112,834,996.57	145,945,442.93
Including: Business entertainment fees	44,319,144.42	55,393,509.88
Lease payment	6,355,853.56	16,874,614.17
Property management fees	13,899,647.38	13,129,243.20
Conference fees	6,615,418.14	10,088,428.98
Repair charges	7,804,161.82	9,099,995.59
Energy costs	4,881,012.94	6,934,776.23
Amounts due to/from subsidiaries	12,091,475.73	63,655,173.36
Others	21,965,770.37	18,593,440.58
Total	352,842,387.96	431,095,038.61

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

36. Supplementary information to the cash flow statement

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

Supplementary information	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the same period of last year (Unaudited)
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	352,806,616.32	304,763,696.77
Add: Impairment loss of assets	7,932,725.79	9,614,755.52
Credit impairment losses	54,993,211.59	26,746,189.64
Depreciation of fixed assets	25,413,858.74	24,026,517.61
Depreciation of right-of-use assets	49,654,701.71	37,755,610.79
Depreciation of investment properties	450,095.02	450,095.02
Amortization of intangible assets	4,858,352.95	4,353,768.81
Amortization of long-term prepaid expenses	6,400,979.58	3,480,150.60
Asset disposal gains	(193,798.34)	(2,354,928.94)
Gain from fair value change	(44,618,316.23)	(2,172,891.40)
Finance expenses	8,179,073.22	11,427,199.71
Investment income	(56,241,716.90)	(80,452,876.34)
Decrease in inventories	740,705,314.02	72,153,582.74
Increase in receivables from operating activities	(299,678,187.17)	(2,456,531.35)
Decrease in payables from operating activities	(664,195,654.06)	(121,042,604.76)
Net cash flow from operating activities	186,467,256.24	286,291,734.42
2. Material investment and financing activities not involving cash receipts and payments:		
Right-of-use assets recognized on leased fixed assets	50,310,672.67	19,216,642.21
3. Net changes in cash and cash equivalents:		
Closing balance of cash	2,370,042,745.78	2,778,349,572.00
Less: Opening balance of cash	(2,561,250,163.76)	(1,747,274,865.08)
Net (decrease) increase in cash and cash equivalents	(191,207,417.98)	1,031,074,706.92

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

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

(2) Cash and cash equivalents

Item	<i>RMB</i>	
	30 June 2020 (Unaudited)	31 December 2019
Cash	2,370,042,745.78	2,561,250,163.76
Including: Cash on hand	2,487,858.14	2,127,353.64
Bank deposits readily withdrawn on demand	2,367,554,887.64	2,559,122,810.12
Balance of cash and cash equivalents	2,370,042,745.78	2,561,250,163.76

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)***37. Related party relationship and transactions****(1) Sales and purchase of goods, provision and receipt of services***Purchase of goods/receipt of services*

Related party	Type of related party transaction	Details of related party transaction	Pricing and decision-making procedures of related party transactions	Amount incurred in the current period (Unaudited)	RMB
					Amount incurred in the same period of last year (Unaudited)
Sichuan Xinhua International Hotel Co., Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	58,552.26	107,181.29
Sichuan Guanghan Sanxingdui Qushanyuan Cultural Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	25,351.89	210,802.68
Chengdu Huang Peng Property Co., Ltd.	Receipt of services	Payments for property management fees	Price negotiated by both parties	4,773,692.81	2,800,334.90
Sichuan Hengxi Property Management Co., Ltd.	Receipt of services	Payments for property management fees	Price negotiated by both parties	369,793.53	276,200.82
Sichuan Xinhua Haiji Cultural Development Co., Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	23,730.10	396,868.17
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
Commercial Press (Chengdu) Co., Ltd.	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	7,646,540.10	6,427,831.53
Hainan Publishing House	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	3,683,337.25	1,719,288.15
Bashu Publishing House	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	4,705,690.45	3,872,418.63
Education Publishing House	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	257,865,600.98	255,944,512.39
Publication Printing	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	160,457,036.90	93,363,251.74
Printing Materials	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	441,565.56	499,635.26
Lexicographical Publishing House	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	1,794,624.14	6,022,994.54
Science & Technology Publishing House	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	790,480.91	3,278,545.99
Fine Arts Publishing House	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	8,946,663.58	8,609,342.24
People's Publishing House	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	10,851,691.72	8,222,336.24
Tiandi Publishing House	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	12,458,694.73	10,558,379.01
Literature & Art Publishing House	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	4,156,340.20	1,084,090.91

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT 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	Amount incurred in the current period (Unaudited)	RMB
					Amount incurred in the same period of last year (Unaudited)
Digital Publishing	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	31,931.48	109,910.82
Reader's Journal	Receipt of services	Payments for goods purchased	Price negotiated by both parties	455,471.70	67,358.50
Pictorial	Receipt of services	Payments for goods purchased	Price negotiated by both parties	-	15,915.09
Winshare Education Technology	Receipt of services	Payments for goods purchased	Price negotiated by both parties	1,418,151.91	3,556,545.26
Beijing Shuchuan	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	31,978,903.71	60,554,206.64
Wenchuan Logistics	Receipt of services	Commissioned logistics cost/ transportation cost	Price negotiated by both parties	57,252,193.46	46,174,457.30
Winshare Online	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	127,347,281.24	260,506,015.65
Sichuan Xinhua Printing	Receipt of services	Payments for printing service fees	Price negotiated by both parties	133,960.47	234,555.64
Sichuan Culture Communication	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	516,467.91	709,753.00
Winshare Cloud Image	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	869,860.41	24,568.97
Xinhua Haiyi Hotel Co., Ltd.	Receipt of services	Payments for hotel and conference service fees	Price negotiated by both parties	6,037.74	59,996.22
Winshare Quan Media	Receipt of services	Payments for goods purchased	Price negotiated by both parties	107,889.90	64,733.94
Winshare Sports	Purchase of goods	Payments for goods purchased	Price negotiated by both parties	-	1,904.76
Total				699,167,537.04	775,490,624.28

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT 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	Amount incurred in the current period (Unaudited)	RMB
					Amount incurred in the same period of last year (Unaudited)
Sichuan Xinhua Publishing Group	Sales of goods	Receipts for goods sold	Price negotiated by both parties	334.59	614.00
Sichuan Xinhua Fanyue Culture Media Co., Ltd.	Sales of goods	Receipts for goods sold	Price negotiated by both parties	2,178.90	-
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	55,349,109.04	21,410,000.00
Winshare Online	Provision of services	Receipts for logistics and transportation services commissioned	Price negotiated by both parties	19,672,994.54	-
Winshare Education Technology	Sales of goods	Receipts for goods sold	Price negotiated by both parties	-	1,354,313.95
Beijing Winshare Commercial	Sales of goods	Receipts for goods sold	Price negotiated by both parties	976,861.86	1,653,320.04
Stackway	Sales of goods	Receipts for goods sold	Price negotiated by both parties	5,177,233.18	-
Winshare Investment	Sales of goods	Receipts for goods sold	Price negotiated by both parties	-	9,090.91
Xinhua Printing	Sales of goods	Receipts for goods sold	Price negotiated by both parties	-	52,843.88
Total				81,178,712.11	24,576,575.02

(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 to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT 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	Lease income recognized in the current period (Unaudited)	RMB Lease income recognized in the same period of last year (Unaudited)
The Company	Sichuan Xinhua Publishing Group	Buildings	2019.1.1	2021.12.31	Contractual price negotiated by both parties	639,787.89	639,787.89
The Company	Printing materials	Buildings	2020.1.1	2020.12.31	Contractual price negotiated by both parties	205,028.15	N/A
The Company	Printing materials	Buildings	2017.1.1	2019.12.31	Contractual price negotiated by both parties	N/A	205,028.15
The Company	Bashu Publishing House	Buildings	2020.1.1	2020.12.31	Contractual price negotiated by both parties	391,340.05	N/A
The Company	Bashu Publishing House	Buildings	2017.1.1	2019.12.31	Contractual price negotiated by both parties	N/A	391,340.05
The Company	Youth and Children's Publishing House	Buildings	2020.1.1	2020.12.31	Contractual price negotiated by both parties	507,487.88	N/A
The Company	Youth and Children's Publishing House	Buildings	2017.1.1	2019.12.31	Contractual price negotiated by both parties	N/A	507,487.88
The Company	Literature & Art Publishing House	Buildings	2020.1.1	2020.12.31	Contractual price negotiated by both parties	382,873.92	N/A
The Company	Literature & Art Publishing House	Buildings	2017.1.1	2019.12.31	Contractual price negotiated by both parties	N/A	373,207.65
The Company	People's Publishing House	Buildings	2020.1.1	2020.12.31	Contractual price negotiated by both parties	771,090.22	N/A
The Company	People's Publishing House	Buildings	2017.1.1	2019.12.31	Contractual price negotiated by both parties	N/A	761,231.82
The Company	Science & Technology Publishing House	Buildings	2020.1.1	2020.12.31	Contractual price negotiated by both parties	412,960.56	N/A
The Company	Science & Technology Publishing House	Buildings	2017.1.1	2019.12.31	Contractual price negotiated by both parties	N/A	408,388.01
The Company	Tiandi Publishing House	Buildings	2020.1.1	2020.12.31	Contractual price negotiated by both parties	378,264.11	N/A
The Company	Tiandi Publishing House	Buildings	2017.1.1	2019.12.31	Contractual price negotiated by both parties	N/A	373,427.26
The Company	Lexicographical Publishing House	Buildings	2020.1.1	2020.12.31	Contractual price negotiated by both parties	294,057.18	N/A
The Company	Lexicographical Publishing House	Buildings	2017.1.1	2019.12.31	Contractual price negotiated by both parties	N/A	294,057.18
The Company	Publication Printing	Buildings	2020.1.1	2020.12.31	Contractual price negotiated by both parties	282,000.00	N/A
The Company	Publication Printing	Buildings	2017.1.1	2019.12.31	Contractual price negotiated by both parties	N/A	274,886.36
The Company	Xinhua Yingxuan	Buildings	2017.3.1	2019.12.31	Contractual price negotiated by both parties	N/A	90,801.43
The Company	Xinhua Yingxuan	Buildings	2019.3.1	2021.2.28	Contractual price negotiated by both parties	103,214.62	133,970.06
Total						4,368,104.58	4,453,613.74

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT 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	Lease expenses recognized in the current period (Unaudited)	RMB
							Lease expenses recognized in the same period of last year (Unaudited)
Sichuan Xinhua Publishing Group	The Company	Buildings	2019.1.1	2021.12.31	Contractual price negotiated by both parties	N/A	N/A
Sichuan Publication Group	The Company	Buildings	2020.1.1	2022.12.31	Contractual price negotiated by both parties	N/A	N/A
Sichuan Publication Group	The Company	Buildings	2017.1.1	2019.12.31	Contractual price negotiated by both parties	N/A	6,624,471.62

Note: During the current period, the Company as lessee rented buildings from Sichuan Xinhua Publishing Group. Depreciation of right-of-use assets amounted to RMB17,425,008.42 was recognized during the current period.

During the current period, the Company as lessee rented buildings from Sichuan Publication Group. Right-of-use assets amounted to RMB33,387,829.66 were recognized, while depreciation of right-of-use assets amounted to RMB5,564,638.26 was recognized during the current period.

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

37. Related party relationship and transactions *(Continued)*

(4) Borrowings/loans with related parties

Related party	Current period (Unaudited)	30 June 2020 (Unaudited)	RMB	
			Same period of last year (Unaudited)	31 December 2019
Borrowings				
Winshare Media	8,000,000.00	8,150,126.03	6,000,000.00	-
Sichuan Culture Communication	22,000,000.00	22,412,846.58	20,000,000.00	-
Winshare Sports	-	12,283,232.88	-	12,055,232.88
Pictorial	8,000,000.00	7,135,030.13	7,000,000.00	-
Lexicographical Publishing House	4,000,000.00	4,036,646.58	6,000,000.00	-
Winshare Investment	38,000,000.00	38,320,449.32	8,000,000.00	-
Bashu Publishing House	-	20,380,000.00	20,000,000.00	20,000,000.00
Science & Technology Publishing House	-	21,180,000.00	-	20,800,000.00
Winshare International	-	-	14,000,000.00	-
Fine Arts Publishing House	-	20,380,000.00	-	20,003,000.00
Winshare Quan Media	-	9,500,000.00	-	9,500,000.00
Stackway	-	38,764,202.77	-	42,238,814.71
Total	80,000,000.00	202,542,534.29	81,000,000.00	124,597,047.59
Loans				
Winshare Investment	-	252,305,888.15	-	247,555,888.15
Wenchuan Logistics	-	172,965,000.00	-	169,572,000.00
Winshare Education Technology	70,000,000.00	255,713,364.74	-	244,867,614.73
Sichuan Xinhua Printing	-	21,323,886.98	-	25,943,113.01
Printing Materials	-	200,780,275.25	-	200,575,247.10
Reader's Journal	-	36,961,406.57	-	36,486,596.13
Tiandi Publishing House	-	1,347,181.90	-	60,861,657.53
Total	70,000,000.00	941,397,003.59	-	985,862,116.65

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT 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 same period of last year (Unaudited)	
	Amount	Proportion (%)	Amount	Proportion (%)
	<i>RMB</i>			
Winshare Media	141,124.83	4.40	109,775.09	3.35
Sichuan Culture Communication	389,477.90	12.17	370,638.40	11.28
Winshare International Pictorial	–	–	258,066.23	7.85
Bashu Publishing House	135,030.13	4.22	124,657.54	3.79
Lexicographical Publishing House	358,490.56	11.20	337,554.92	10.27
Science & Technology Publishing House	36,646.58	1.14	94,443.01	2.87
Fine Arts Publishing House	358,490.56	11.20	377,358.48	11.49
Winshare Sports	358,490.56	11.20	377,358.50	11.49
Winshare Quan Media	215,094.34	6.72	–	–
Stackway	170,283.02	5.32	179,245.28	5.46
Winshare Investment	720,946.01	22.52	826,991.52	25.17
	317,276.55	9.91	229,392.21	6.98
Total	3,201,351.04	100.00	3,285,481.18	100.00

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

37. Related party relationship and transactions *(Continued)*

(6) Receipts of interest

Interests received from the Company's borrowings/loans with related parties are as follows:

Name of entity	Amount incurred in the current period (Unaudited)	RMB
		Amount incurred in the same period of last year (Unaudited)
Sichuan Xinhua Printing	359,220.73	574,247.22
Printing Materials	1,635,526.51	1,635,526.51
Winshare Investment	4,481,132.08	4,380,233.91
Reader's Journal	447,934.38	447,934.38
Winshare Cloud Image	–	102,594.34
Wenchuan Logistics	3,200,943.40	3,200,943.40
Winshare Education Technology	2,075,427.29	3,385,613.20
Tiandi Publishing House	101,188.92	820,754.72
Total	12,301,373.31	14,547,847.68

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)***37. Related party relationship and transactions** *(Continued)**(7) Amounts due from/to related parties*

		<i>RMB</i>	
Related party		30 June 2020 (Unaudited)	31 December 2019
Accounts receivable	Stackway	1,080,355.36	–
	Beijing Winshare Commercial	99,573,640.33	99,734,700.73
	Winshare Education Technology	208,893,318.36	218,953,808.22
	Winshare Cloud Image	240,979.68	240,979.68
	Total	309,788,293.73	318,929,488.63
Prepayments	Xinhua Online	–	1,805,893.78

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

37. Related party relationship and transactions *(Continued)*

(7) Amounts due from/to related parties *(Continued)*

		<i>RMB</i>	
Related party		30 June 2020 (Unaudited)	31 December 2019
Other receivables	Publication Printing	282,000.00	70,000,000.00
	Education Publishing House	–	250,000,000.00
	Sichuan Xinhua Publishing Group	639,787.89	4,000.00
	Printing Materials	200,780,275.25	200,575,247.10
	Winshare Education Technology	60,713,364.74	64,867,614.73
	Tiandi Publishing House	1,347,181.90	60,861,657.53
	Winshare Online	13,853,255.56	50,457,794.05
	Xinhua Shang	2,500,000.00	2,500,000.00
	Reader's Journal	36,961,406.57	36,486,596.13
	Digital Publishing	17,935,711.48	17,935,711.48
	Youth and Children's Publishing House	507,487.88	–
	Fine Art Investment	28,183,930.12	28,183,930.12
	Science & Technology Publishing House	3,016,533.52	3,133,678.65
	Beijing Winshare Commercial	20,266,215.65	20,266,215.65
	Winshare Investment	52,305,888.15	47,555,888.15
	Literature & Art Publishing House	3,731,112.24	3,348,238.32
	People's Publishing House	3,310,913.04	2,539,822.82
	Sichuan Xinhua Printing	21,323,886.98	25,943,113.01
	Wenchuan Logistics	16,965,000.00	13,572,000.00
	Lexicographical Publishing House	294,057.18	–
	Bashu Publishing House	391,340.05	–
Total		485,309,348.20	898,231,507.74

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)***37. Related party relationship and transactions** *(Continued)**(7) Amounts due from/to related parties (Continued)*

		<i>RMB</i>	
Related party		30 June 2020 (Unaudited)	31 December 2019
Other non-current assets	Wenchuan Logistics	156,000,000.00	156,000,000.00
	Winshare Education Technology	195,000,000.00	180,000,000.00
	Winshare Investment	200,000,000.00	200,000,000.00
Total		551,000,000.00	536,000,000.00
Accounts payable	Commercial Press (Chengdu) Co., Ltd.	15,317,821.41	20,863,621.86
	Hainan Publishing House	122,481.66	122,481.66
	Shanghai Jingjie Information Technology Co., Ltd.	-	18,941.00
	Publication Printing Education Publishing House	423,901,318.71	438,426,203.84
	People's Publishing House	926,585,471.90	1,086,449,536.05
	Youth and Children's Publishing House	55,088,645.63	53,331,453.64
	Winshare Education Technology	22,341,880.94	22,540,453.01
	Digital Publishing	1,869,012.25	19,561,806.52
	Lexicographical Publishing House	118,243.36	121,367.37
	Tiandi Publishing House	13,774,154.03	16,325,171.13
	Literature & Art Publishing House	8,930,236.73	728,417.24
	Science & Technology Publishing House	44,826,360.43	43,452,923.36
	Fine Arts Publishing House	9,837,711.37	10,292,535.55
	Bashu Publishing House	21,198,013.92	22,215,611.46
	Printing Materials	10,636,152.55	11,440,199.58
	Beijing Shuchuan	75,952.20	263,287.12
	Winshare Cloud Image	178,951,013.11	179,738,669.66
	Winshare Online	999,534.89	228,390.00
Total		64,637,219.18	140,580,296.04
Total		1,799,211,224.27	2,066,701,366.09

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

37. Related party relationship and transactions *(Continued)*

(7) Amounts due from/to related parties *(Continued)*

		<i>RMB</i>	
Related party		30 June 2020 (Unaudited)	31 December 2019
Other payables	Youth and Children's Publishing House	25,231,528.40	23,161,400.00
	Xinhua Shang	200,000.00	200,000.00
	Sichuan Xinhua Publishing Group Co., Ltd.	42,199,503.04	–
	Sichuan Winshare BLOGIS Supply Chain Co., Ltd.	3,000.00	3,000.00
	Chengdu Huang Peng Property Co., Ltd.	6,353.75	6,353.75
	Bashu Publishing House	20,380,000.00	20,000,000.00
	Sichuan Xinhua Printing	200,000.00	200,000.00
	People's Publishing House	3,000.00	3,000.00
	Publication Printing	258,449,177.96	258,449,177.96
	Fine Arts Publishing House	20,383,000.00	20,003,000.00
	Digital Publishing	50,000.00	50,000.00
	Winshare Sports	12,283,232.88	12,055,232.88
	Xinhua Online	66,880,000.00	66,880,000.00
	Winshare Quan Media	9,500,000.00	9,500,000.00
	Stackway	38,767,202.77	42,238,814.71
	Winshare Cloud Image	10,592.00	3,700.00
	Science & Technology Publishing House	21,180,000.00	20,800,000.00
	Winshare Education Technology	360.00	360.00
	Wenchuan Logistics	8,994,278.40	–
	VIVI Advertising	7,712.30	7,712.30
	Sichuan Culture Communication	22,412,846.58	–
	Winshare Media	8,150,126.03	–
	Winshare Investment	38,320,449.32	–
	Lexicographical Publishing House	4,036,646.58	–
	Pictorial	7,135,030.13	–
Total		604,784,040.14	473,561,751.60

Notes to the Financial Statements *(continued)*

For the period from 1 January to 30 June 2020

(XVI) NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

37. Related party relationship and transactions *(Continued)*

(7) Amounts due from/to related parties *(Continued)*

		<i>RMB</i>	
Related party		30 June 2020 (Unaudited)	31 December 2019
Receipts in advance	Winshare Online	-	78,332,519.56
Lease liabilities due within a year	Sichuan Xinhua Publishing Group	33,049,866.26	32,732,098.83
	Sichuan Publication Group	10,860,442.82	-
Total		43,910,309.08	32,732,098.83
Lease liabilities	Sichuan Xinhua Publishing Group	109,423,656.57	148,175,155.93
	Sichuan Publication Group	17,310,794.44	-
Total		126,734,451.01	148,175,155.93

(XVII) COMPARATIVE FIGURES

The Group has restated some of the comparative figures in the financial statements for the comparative period in line with the presentation for the current year.

Supplementary Information

1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS FOR THE PERIOD

Item	RMB	
	Current period	
Profit on disposal of assets	188,874.38	
Gain on disposal of long-term equity investments	(254,299.46)	
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)	7,672,776.30	
Investment income acquired from disposal of financial assets at FVTPL	20,254,285.95	
Profit or loss on fair value change from holding financial asset at FVTPL (Note)	44,618,316.23	
Other non-operating income and expenses other than the aforesaid items	(12,857,372.09)	
Income tax effects	(580,188.73)	
Effects attributable to non-controlling shareholders (after tax)	(780,535.52)	
Total	58,261,857.06	

Note: The principal business of Winshare Investment Co., Ltd., a subsidiary of Xinhua Winshare Publishing and Media Co., Ltd. ("Xinhua Winshare"), is investment holding. Its gains or losses from fair value changes from holding of financial assets at FVTPL are not recognized as non-recurring profit or loss. The income of the fair value change for the current period amounted to RMB82,544,498.62.

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE ("EPS")

The return on net assets and EPS have been prepared by Xinhua Winshare 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 parent company	6.14	0.47	N/A
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	5.52	0.42	N/A

The Company has no dilutive potential ordinary shares.

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