新華文軒出版傳媒股份有限公司

XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 811)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

The board of directors (the "**Board**") of Xinhua Winshare Publishing and Media Co., Ltd.* (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2011 (the "**Year**").

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

	Notes	**2011** *RMB'000*	2010 *RMB'000*
Revenue	*4, 5*	**4,485,577**	3,724,239
Cost of sales		**(2,745,029)**	(2,319,725)
Gross profit		**1,740,548**	1,404,514
Other income and gains	*6*	**230,475**	158,411
Distribution and selling expenses		**(927,203)**	(798,168)
Administrative expenses		**(473,476)**	(294,189)
Other expenses		**(69,664)**	(51,742)
Share of losses of associates		**(2,366)**	(4,042)
Share of profit of a jointly controlled entity		**3,253**	3,284
Finance income, net	*7*	**13,069**	23,474
Profit before tax		**514,636**	441,542
Income tax expense	*8*	**(1,367)**	(1,359)
Profit for the year	*10*	**513,269**	440,183
Profit for the year attributable to:			
Owners of the Company		**522,394**	436,937
Non-controlling interests		**(9,125)**	3,246
		513,269	440,183
EARNINGS PER SHARE			
Basic (RMB)	*12*	**0.46**	0.39

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Notes	**2011** **RMB'000**	2010 *RMB'000*
Profit for the year	*10*	**513,269**	440,183
Fair value (loss) gain on available-for-sale equity investment	*14*	**(263,518)**	756,486
Other comprehensive (loss) income for the year	*9*	**(263,518)**	756,486
Total comprehensive income for the year		**249,751**	1,196,669
Total comprehensive income attributable to:			
Owners of the Company		**258,876**	1,193,423
Non-controlling interests		**(9,125)**	3,246
		249,751	1,196,669

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
Non-current Assets			
Property, plant and equipment		**963,842**	889,820
Prepaid lease payments for land use rights		**99,929**	104,615
Investment properties		**23,244**	27,071
Goodwill	*13*	**504,301**	504,301
Other intangible assets		**30,836**	29,398
Interests in associates		**93,641**	80,121
Interests in a jointly controlled entity		**104,537**	70,549
Available-for-sale equity investments	*14*	**1,185,956**	1,449,850
Deferred tax assets		**34,430**	32,499
Property under development		**173,284**	126,783
Long-term prepayments	*15*	**422,120**	253,934
		3,636,120	3,568,941
Current Assets			
Trade and bills receivables	*16*	**587,352**	471,355
Prepayments, deposits and other receivables	*17*	**345,200**	423,471
Inventories		**1,055,122**	822,993
Short-term investments		**108,000**	–
Pledged bank deposits and restricted cash		**103,062**	103,021
Cash and short-term deposits		**1,794,486**	1,874,076
		3,993,222	3,694,916
Current Liabilities			
Interest-bearing bank and other borrowings	*21*	**376,950**	94,250
Trade and bills payables	*18*	**1,569,545**	1,292,300
Deposits received, other payables and accruals		**875,961**	921,119
Tax liabilities		**1,460**	3,002
		2,823,916	2,310,671
Net Current Assets		**1,169,306**	1,384,245
Total Assets less Current Liabilities		**4,805,426**	4,953,186

	Notes	**2011**	2010
		RMB'000	*RMB'000*
Capital and Reserves			
Issued capital	*19*	**1,135,131**	1,135,131
Treasury shares	*20*	**(6,900)**	(6,900)
Reserves		**3,110,978**	3,161,906
Proposed dividend	*11*	**340,539**	340,539
Equity attributable to owners of the Company		**4,579,748**	4,630,676
Non-controlling interests		**188,178**	171,385
Total Equity		**4,767,926**	4,802,061
Non-current Liabilities			
Interest-bearing other borrowings	*21*	**37,500**	151,125
		37,500	151,125
Total Equity and Non-current Liabilities		**4,805,426**	4,953,186

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The company was established in the People's Republic of China (the "**PRC**") on 11 June 2005 as a joint stock limited company as part of the reorganisation (the "**Reorganisation**") of Sichuan Xinhua Publishing Group Co., Ltd. ("**Xinhua Publishing Group**"). Details of the formation of the joint stock limited company are set out in the Company's prospectus dated 16 May 2007 (the "**Prospectus**").

On 30 May 2007, the Company's H shares ("**H shares**") were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and 406,340,000 H shares, consisting of 369,400,000 new shares and 36,940,000 shares converted from the Company's domestic shares (the "**Domestic Shares**") were issued to the public. On 7 June 2007, an additional 32,361,000 new H shares and 3,236,100 H shares converted from the Domestic Shares were issued to the public as a result of the partial exercise of the over-allotment option as detailed in the Prospectus.

On 22 June 2010, the Company entered into an equity transfer agreement with Sichuan Publication Group Company Limited ("**SPG**") to acquire 100% equity interests in fifteen wholly-owned subsidiaries (the "**Fifteen Publishers**") of SPG (the "**Acquisition**"). The Acquisition was approved by shareholders at the extraordinary general meeting of the Company on 20 August 2010. For details of the Acquisition, please refer to the Company's announcement dated 22 June 2010 and the circular dated 28 June 2010.

The registered office of the Company is located at 12/F, No. 86 Section One, People's South Road, Qingyang District, Chengdu, Sichuan, the PRC.

The Group is principally engaged in the production and trading of publications and related products in the PRC.

In the opinion of the directors of the Company (the "**Directors**"), the parent of the Company is Xinhua Publishing Group, a state-owned enterprise established in the PRC. Xinhua has become a wholly-owned subsidiary of Sichuan Development (Holding) Co., Ltd. (四川發展(控股)有限責任公司) ("**Sichuan Development**") as a result of a reorganisation conducted by the State-owned Assets Supervision and Administration Commission of the Sichuan Provincial Government (the "**SASAC of Sichuan**") as directed by the Sichuan Provincial Government in 2009. Accordingly, Sichuan Development, which is wholly owned and controlled by the SASAC of Sichuan, has become the ultimate holding company of the Company.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**")and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain available-for-sale equity investment that are measured at fair values, Historical cost is generally based on the fair value of the consideration given in exchange for goods.

These financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted the following new and revised IFRSs for the first time.

Amendments to IFRSs	Improvements to IFRSs issued in 2010
IAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to IAS 32	Classification of Rights Issues
Amendments to IFRIC – Int 14	Prepayments of a Minimum Funding Requirement
IFRIC – Int 19	Extinguishing Financial Liabilities with Equity Instruments

Except as described below, the application of the new and revised IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2010)

The amendments to IAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. In the current year, for each component of equity, the Group has chosen to present such an analysis in the notes to the consolidated financial statements with a single-line presentation of other comprehensive income in the consolidated statement of changes in equity. Such amendments have been applied retrospectively, and hence the disclosures in these consolidated financial statements have been modified to reflect the change.

IAS 24 Related Party Disclosures (as revised in 2009)

IAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities whilst the previous version of HKAS 24 did not contain specific exemption for government-related entities. The Group is government-related entities as defined in IAS 24 (as revised in 2009). Under IAS 24 (as revised in 2009), the Group has been exempted from making the disclosures required by paragraph 18 of IAS 24 (as revised in 2009) in relation to related party transactions and outstanding balances (including commitments) with (a) the PRC government that ultimately has control over the Group and (b) other entities that are controlled, jointly controlled, or significantly influenced by the PRC government. Rather, in respect of these transactions and balances, IAS 24 (as revised in 2009) requires the Group to disclose (a) the nature and amount of each individually significant transaction, and (b) a qualitative or quantitative indication of the extent of transactions that are collectively, but not individually, significant.

IAS 24 (as revised in 2009) requires retrospective application. The application of IAS 24 (as revised in 2009) has had no impact on the Group's financial performance and positions.

4. REVENUE

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

5. SEGMENT INFORMATION

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

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

Product:	Editorial and publishing of publications
Zhongpan:	Bulk purchase of publications from third-party publishers and the Product segment for distribution to book wholesalers, the Subscription segment and the Retailing segment
Subscription:	Distribution of textbooks and supplementary materials to schools and students
Retailing:	Retailing of books and audio-visual products
Others:	Online distribution of publications, sales of artwork and property development which do not separately meet the definition of a reporting segment

Segment revenues and results

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

For the year ended 31 December 2011

	Product *RMB'000*	Zhongpan *RMB'000*	Subscription *RMB'000*	Retailing *RMB'000*	Others *RMB'000*	Total *RMB'000*
REVENUE AND OTHER INCOME						
External sales	**628,372**	**260,941**	**2,662,796**	**800,161**	**133,307**	**4,485,577**
Inter-segment sales	**953,908**	**2,371,636**	**–**	**10**	**2,660**	**3,328,214**
Other income	**96,873**	**16,709**	**8,709**	**67,259**	**9,585**	**199,135**
Segment revenue and other income	**1,679,153**	**2,649,286**	**2,671,505**	**867,430**	**145,552**	**8,012,926**
Eliminations						**(3,328,214)**
Group revenue and other income						**4,684,712**
Segment profit (loss)	**237,048**	**32,314**	**288,140**	**38,054**	**(28,809)**	**566,747**
Elimination of intersegment results						**(57,906)**
Unallocated expenses						**(49,921)**
Unallocated income and gains						**10,040**
Gains on short-term investments						**1,444**
Dividends from available-for-sale equity investments						**44,232**
Profit before tax						**514,636**

For the year ended 31 December 2010

	Product *RMB'000*	Zhongpan *RMB'000*	Subscription *RMB'000*	Retailing *RMB'000*	Others *RMB'000*	Total *RMB'000*
REVENUE AND OTHER INCOME						
External sales	544,641	135,303	2,450,503	549,557	44,235	3,724,239
Inter-segment sales	392,015	1,981,551	–	–	–	2,373,566
Other income	65,049	23,305	151	16,954	12,798	118,257
Segment revenue and other income	1,001,705	2,140,159	2,450,654	566,511	57,033	6,216,062
Eliminations						(2,373,566)
Group revenue and other income						3,842,496
Segment profit (loss)	104,555	107,875	297,832	(24,222)	(7,089)	478,951
Elimination of intersegment results						(53,682)
Unallocated expenses						(47,355)
Unallocated income and gains						25,695
Gains on short-term investments						571
Dividends from available-for-sale equity investments						37,362
Profit before tax						441,542

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

Intersegment sales are charged at prices mutually agreed between entities within different segments.

Geographical information

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

Information about major customers

For the year ended 31 December 2011, the Group's revenue from one (2010: one) customer amounted to RMB855,693,000 (2010: RMB699,444,000), which is derived from Subscription Segment and Retailing Segment. Except the one customer, the Group has not had any single external customers, the sales to whom amounted to 10% or more of the Group's revenues for the year ended 31 December 2010 and 2011.

6. OTHER INCOME AND GAINS

	2011	2010
	RMB'000	*RMB'000*
Government grants (i)	**68,531**	42,024
Gross rental income	**14,219**	9,187
Commission income	**33,015**	31,036
Gains on short-term investments	**1,444**	571
Dividends from available-for-sale equity investments		
listed equity investment	**6,232**	4,362
unlisted equity investments	**38,000**	33,000
Gain on bargain purchase recognised in business combination	**–**	10,932
Others	**69,034**	27,299
	230,475	158,411

Notes:

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

	2011	2010
	RMB'000	*RMB'000*
Government grants for compilation of publications (a)	**14,918**	32,574
Value-added tax ("**VAT**") refund (b)	**50,884**	3,690
Others	**2,729**	5,760
	68,531	42,024

(a) Various government grants have been received for compilation of publications in certain subjects. The government grants are recorded as other income when compilation costs incur to which they relate. Government grants received for which related compilation has not yet been undertaken are included in deferred income under deposits received, other payables and accruals in the consolidated statement of financial position.

(b) Pursuant to the effective VAT regulations in China, the Company's subsidiaries engaged in publishing business that were acquired by the Company in August 2010 enjoyed VAT refund for sales of certain publications. Income from VAT refund is recognized in the period when it becomes receivable.

There are no unfulfilled conditions or contingencies relating to the government grants.

7. FINANCE INCOME, NET

	2011	2010
	RMB'000	*RMB'000*
Bank interest income	**24,374**	29,482
Interest expense on bank and other borrowings wholly repayable within five years	**(11,305)**	(6,008)
	13,069	23,474

8. INCOME TAX EXPENSE

	2011	2010
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax	**3,298**	2,025
Deferred tax	**(1,931)**	(666)
	1,367	1,359

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

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

	2011		2010	
	RMB'000	*%*	*RMB'000*	*%*
Profit before tax	**514,636**		441,542	
Income tax at the PRC statutory income tax rate of 25%	**128,659**	**25.0**	110,386	25.0
Income not subject to tax	**(11,058)**	**(2.1)**	(9,341)	(2.1)
Expenses not deductible for tax purposes	**31,007**	**6.0**	24,997	5.7
Tax effect of changes in unrecognised deductible temporary difference	**(601)**	**(0.1)**	(277)	(0.1)
Tax losses not recognised	**10,499**	**2.0**	11,126	2.5
Tax concessions*	**(157,139)**	**(30.5)**	(135,532)	(30.7)
Tax charge at the Group's effective rate	**1,367**	**0.3**	1,359	0.3

* In March 2009, the Ministry of Finance and the State Administration of Taxation jointly issued the Circular Cai Shui [2009] No. 34 (the "**Circular**"), pursuant to which an entity qualified as a cultural enterprise or transformed from a cultural public institution to a culture enterprise is exempted from enterprise income tax from 1 January 2009 to 31 December 2013.

Pursuant to the Circular, the Company and two subsidiaries qualified as cultural enterprises were granted enterprise income tax exemptions from 2009 to 2013. In 2010, the Company acquired Fifteen publishers engaged in publication business and thirteen out of the fifteen publishers were also qualified as cultural restructuring enterprises and were granted enterprise income tax exemptions from 2010 to 2013.

9. OTHER COMPREHENSIVE (LOSS) INCOME

	2011 *RMB'000*	2010 *RMB'000*
Fair value (loss) gain on an available-for-sale equity investment	**(263,518)**	756,486
Income tax	**–**	–
Other comprehensive income, net of income tax	**(263,518)**	756,486

10. PROFIT FOR THE YEAR

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

	2011 *RMB'000*	2010 *RMB'000*
Depreciation for property, plant and equipment	**81,872**	72,266
Depreciation for investment properties	**1,694**	1,134
Amortisation of intangible assets*	**6,144**	4,528
Total depreciation and amortisation	**89,710**	77,928
Recognition of lease prepayments for land use rights	**4,689**	4,682
Auditors' remuneration	**2,400**	3,865
Minimum lease payments under operating leases on properties	**83,369**	67,771
Loss/(gain) on disposal of property, plant and equipment	**473**	(89)
Impairment of trade and other receivables	**10,941**	13,635
Write-down of inventories to net realisable value	**21,680**	2,576
Staff costs:		
Directors' and supervisors' emoluments	**3,053**	2,118
Other staff costs		
Wages, salaries and other employee benefits	**491,382**	381,522
Post-employment pension scheme contributions	**52,890**	24,177
	544,272	405,699
	547,325	407,817
Cost of inventory sold	**2,745,029**	2,319,725
Foreign exchange differences	**(649)**	(296)

* The amortisation of intangible assets for the year is included in administrative expenses on the consolidated income statement.

11. DIVIDENDS

	2011 *RMB'000*	2010 *RMB'000*
Dividends recognised as distribution during the year:		
2010 Final and special dividends – RMB30 cents (2010: 2009 final and special dividends – RMB28 cents)	**340,539**	317,837

The final and special dividends of RMB340,539,000 in total, equivalent to RMB30 cents per share in respect of the year ended 31 December 2011 (final and special dividends of RMB340,539,000 in total, equivalent to RMB30 cents per share in respect of the year ended 31 December 2010) per share has been proposed by the director. The proposed dividends for the year is subject to approval by the shareholders in annual general meeting.

12. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year, which is derived from the 1,135,131,000 ordinary shares in issue during the year deducting the weighted average number of treasury shares of 6,900,428 (2010: 2,306,444) shares. Further details of the treasury shares are set out in note 20.

	2011 *RMB'000*	2010 *RMB'000*
Earnings:		
Profit attributable to owners of the Company	**522,394**	436,937

	Number of shares 2011	2010
Shares:		
Ordinary shares in issue during the year	**1,135,131,000**	1,135,131,000
Less: Weighted average number of treasury shares	**(6,900,428)**	(2,306,444)
	1,128,230,572	1,132,824,556

The Group had no potential ordinary shares in issue during the years presented.

13. GOODWILL

	2011	2010
	RMB'000	*RMB'000*
COST		
At 1 January	**504,301**	3,307
Acquisition of subsidiaries	**–**	500,994
At 31 December	**504,301**	504,301
IMPAIRMENT		
At 1 January	**–**	–
Impairment loss recognised in the year	**–**	–
At 31 December	**–**	–
CARRYING VALUES		
At 31 December	**504,301**	504,301

For the purpose of impairment testing, goodwill of RMB500,994,000 as at 31 December 2011 has been allocated to one cash generating unit, comprising a group of Fifteen publishers in the product business segment. The carrying amount of goodwill as at 31 December 2011 is as follow:

	31 December 2011
	RMB'000
Goodwill	
– Product (Fifteen publishers acquired in August 2010, the Product Cash-generating Unit ("**CGU**")	**500,994**

The recoverable amount of the Product CGU has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by the management covering a five-year period, and a discount rate of 14% (2010: 14%). the Product CGU's cash flows beyond the five-year period are extrapolated using a 2% (2010: nil) growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and the Product CGU's gross margin, such estimation is based on the Product CGU's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the Product CGU to exceed the aggregate recoverable amount of the Product CGU.

14. AVAILABLE-FOR-SALE EQUITY INVESTMENTS

	31 December 2011 *RMB'000*	31 December 2010 *RMB'000*
Listed equity investment, at fair value*	**679,383**	942,901
Unlisted equity investments, at cost**	**506,573**	506,949
Total	**1,185,956**	1,449,850
Analysed for reporting purposes as:		
Non-current assets	**1,185,956**	1,449,850

* The Group's listed equity investment represents investment in Anhui Xinhua Media Co., Ltd. ("**Wan Xin Media**"), which accounts for 6.85% of the shareholding interest of Wan Xin Media. Wan Xin Media's shares were listed on the Shanghai Stock Exchange on 18 January 2010. As at 31 December 2011, the equity investment in Wan Xin Media was stated at fair value, which is also its quoted market value, of RMB679,383,000 (31 December 2010: RMB942,901,000). During the year, the fair value loss in respect of the Group's available-for-sale equity investment in Wan Xin Media recognised in other comprehensive (loss)/income amounted to RMB263,518,000 (2010: gain of RMB756,486,000).

** As at 31 December 2011, the unlisted equity investments with a carrying amount of RMB506,573,000 (31 December 2010: RMB506,949,000) were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair values can not be measured reliably. The Group does not intend to dispose of these investments in the near future.

15. LONG-TERM PREPAYMENTS

	31 December 2011 *RMB'000*	31 December 2010 *RMB'000*
Long-term prepayments	**422,120**	253,934

The balance as at 31 December 2010 and 2011 mainly represented the prepayments made for purchasing land use rights and the Group is in the process of procedures for obtaining the land use right certificates.

16. TRADE AND BILLS RECEIVABLES

	31 December 2011 *RMB'000*	31 December 2010 *RMB'000*
Bills receivables	**6,103**	7,724
Trade receivables	**667,813**	544,138
Less: Allowance for doubtful debts	**(78,998)**	(75,023)
Less: Allowance for sales returns	**(7,566)**	(5,484)
	587,352	471,355

The Group allows a credit period of not more than 270 days to its trade customers. The following is an aged analysis of trade and bills receivables, net of allowance for doubtful debts and sales returns, presented based on the date the Group is entitled to receive the sales consideration at the end of the reporting period.

	31 December 2011 *RMB'000*	31 December 2010 *RMB'000*
Within 3 months	**448,513**	346,396
3 to 6 months	**80,966**	67,662
6 months to 1 year	**43,036**	31,277
1 to 2 years	**9,259**	19,327
Over 2 years	**5,578**	6,693
	587,352	471,355

For new customers requesting credit from the Group, management evaluates the customers' credit quality and defines credit limits and credit terms for each new customer. The Group also seeks to maintain strict control over its outstanding receivables. Over 83% (2010: 79%)of the Group's trade receivables were neither past due nor impaired as at 31 December 2011, which is attributable to the implementation of abovementioned policies.

Included in the Group's trade receivable balance are debt which are past due as at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Included in the balance as at 31 December 2011 were trade receivables from the Xinhua Publishing Group, SPG and associates of RMB24,789,000 (31 December 2010: RMB13,325,000), RMB7,304,000 (31 December 2010: RMB6,394,000) and RMB23,220,000 (31 December 2010: RMB26,384,000), respectively.

Aging of trade receivables which are past due but not impaired

	31 December 2011 *RMB'000*	31 December 2010 *RMB'000*
Less than three months past due	**19,541**	13,880
Over three months past due	**14,837**	26,020
Total	**34,378**	39,900

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the management is of the opinion that no provision for impairment is necessary at this stage because there has not been a significant change in the credit quality of the individual debtors and the balances are considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

Movement in the allowance for doubtful debts

	2011 *RMB'000*	2010 *RMB'000*
At 1 January	**75,023**	60,530
Charged for the year	**23,679**	29,720
Amount written off	**(5,217)**	(1,331)
Amount reversed	**(14,487)**	(13,896)
At 31 December	**78,998**	75,023

The Group does not hold any collateral over these balances.

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 December 2011 *RMB'000*	31 December 2010 *RMB'000*
Deposits	**23,404**	6,013
Prepayments to suppliers	**79,487**	57,264
Input value-added tax recoverables	**42,441**	81,157
Due from the Xinhua Publishing Group	**594**	211
Due from SPG	**2,350**	3,167
Due from associates	**129,526**	97,146
Prepaid expenses	**8,814**	1,906
Other receivables	**58,584**	176,607
	345,200	423,471

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

18. TRADE AND BILLS PAYABLES

	31 December 2011 *RMB'000*	31 December 2010 *RMB'000*
Bills payable	**107,600**	239,737
Trade payable	**1,461,945**	1,052,563
	1,569,545	1,292,300

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the date the Group is obligated to pay the supplier, is as follows:

	31 December 2011 *RMB'000*	31 December 2010 *RMB'000*
Within 3 months	**786,900**	536,098
3 to 6 months	**318,806**	387,617
6 months to 1 year	**263,265**	180,641
1 to 2 years	**93,444**	34,356
Over 2 years	**107,130**	153,588
	1,569,545	1,292,300

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

Included in the balance as at 31 December 2011 were trade payables to the Xinhua Publishing Group, SPG, a jointly-controlled entity and associates of RMB1,284,000 (31 December 2010: RMB435,000), RMB27,399,000 (31 December 2010: RMB1,780,000), RMB1,876,000 (31 December 2010: RMB1,368,000) and RMB24,802,000 (31 December 2010: RMB4,160,000), respectively.

As at 31 December 2011, the Group's bills payable of RMB107,600,000 (31 December 2010: RMB239,737,000) were secured by the Group's pledged bank deposits amounting to RMB82,796,000 (31 December 2010: RMB98,270,000) and guarantees granted by the Company up to an amount of RMB79,000,000 (31 December 2010: RMB149,000,000).

19. ISSUED CAPITAL

	31 December 2011 *RMB'000*	31 December 2010 *RMB'000*
Issued and fully paid:		
693,194,000 domestic shares of RMB1.00 each	**693,194**	693,194
441,937,000 H shares of RMB1.00 each	**441,937**	441,937
	1,135,131	1,135,131

20. TREASURY SHARES

	31 December 2011 *RMB'000*	31 December 2010 *RMB'000*
At beginning of year	**(6,900)**	–
Acquisition of a subsidiary	**–**	(6,900)
	(6,900)	(6,900)

Sichuan Youth and Children's Publishing House Co., Ltd., was acquired by the Company as a wholly-owned subsidiary in August 2010. On the acquisition date, Sichuan Youth and Children's Publishing House Co., Ltd., being one of the founding shareholders of the Company, held 6,900,428 shares, representing 0.61% of the issued capital of the Company, which were accounted for as treasury shares and recorded at par value by the Company, and the excess of quoted market price over par value of RMB17,259,000 was recorded in the capital reserve.

21. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Note	31 December 2011 *RMB'000*	31 December 2010 *RMB'000*
Bank loans – secured	*(a)*	**272,700**	173,000
Bank loans – unsecured	*(a)*	**93,000**	10,000
Other borrowings – unsecured	*(b)*	**48,750**	62,375
Total interest-bearing bank and other borrowings		**414,450**	245,375
Analysed into:			
Interest-bearing bank and other borrowings repayable:			
Within one year		**376,950**	94,250
In the second year		**–**	151,125
In the third to fifth years, inclusive		**37,500**	–
		414,450	245,375
Total interest-bearing bank and other borrowings		**414,450**	245,375
Less: Portion classified as current liabilities		**(376,950)**	(94,250)
Non-current portion		**37,500**	151,125

Note:

(a) Bank loans

	2011			2010		
	Effective contractual interest rate %	**Maturity**	***RMB'000***	Effective contractual interest rate %	Maturity	*RMB'000*
Bank loans-secured	(i) 6.14-6.72 and 105% of benchmark rate of People's Bank of China	2012	272,700	5.31 and 105% of benchmark rate of People's Bank of China	2011-2012	173,000
Bank loans-unsecured	(ii) 6.10-7.87	2012	93,000	Benchmark rate of People's Bank of China	2011	10,000

Certain of the Group's bank loans are secured by:

(i) leasehold lands and leaseholds land in the property under development of the Group amounting to RMB30,503,000 (31 December 2010: RMB31,181,000) and RMB116,615,000 (31 December 2010: 116,615,000), respectively.

(ii) guarantees granted by the Company and Sichuan Chuangye Financing Guarantee Co., Ltd, an independent third party, up to an amount of RMB110,000,000 and RMB50,000,000, respectively (31 December 2010: guarantee by the Company up to RMB40,000,000).

(b) Other borrowings

The balance of the unsecured other borrowings as at 31 December 2011 represented two entrusted loans granted by Chengdu Huasheng (Group) Industry Co., Ltd ("**Chengdu Huasheng**") to Chengdu Xin Hui Industrial Company Limited ("**Chengdu Xin Hui**"), a subsidiary of the Group.

On 30 March 2011, an entrusted loan agreement was entered into among Chengdu Xin Hui and Chengdu Huasheng, pursuant to which Chengdu Huasheng granted a loan amounting to RMB37,500,000 to Chengdu Xin Hui, which bear interest at rates of 6.40% per annum and will mature on 29 March 2014.

On 22 September 2011, an entrusted loan agreement was entered into among Chengdu Xin Hui and Chengdu Huasheng, pursuant to which Chengdu Huasheng granted a loan amounting to RMB11,250,000 to Chengdu Xin Hui, which bear interest at rates of 6.56% per annum and will mature on 22 September 2012.

The interest expense incurred for the aforesaid entrusted loans was RMB1,785,000 during the year.

As at the end of the reporting period, the Group has the following undrawn borrowing facilities:

	31 December 2011 ***RMB'000***	31 December 2010 *RMB'000*
Floating rate		
– expiring within one year	**148,300**	90,000
– expiring beyond one year	**10,000**	131,000
	158,300	221,000

22. EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group had the following significant events:

(a) Proposed final dividend and special dividend

A meeting of the Board of Directors of the Company was held on 23 March 2012, in which final and special dividends of approximately RMB340,539,000 in total, equivalent to RMB0.3 per share (tax inclusive), were proposed by the Board in respect of the year.

(b) Proposed disposals of investments in subsidiaries

(i) A resolution of the Board of Directors was passed on 26 October 2011, pursuant to which, the Company proposed to dispose its 28.5% equity interest in Chengdu Xinhui, a subsidiary of the Company, and retain 34% equity interest in Chengdu Xinhui. The proposal was approved by the SASAC of Sichuan and/or other statutory authorities in January 2012. In January 2012, the Company conducted the disposal of its 28.5% equity interest in Chengdu Xinhui by way of public tender auctions listing procedures as required by relevant PRC laws and regulations. Chengdu Huasheng won the bid through the public bidding procedures and entered into an equity transfer agreement with the Company in March to acquire the 28.5% equity interest in Chengdu Xinhui at cash consideration of RMB117,635,300. The proposed disposal is subject to the approval by the independent shareholders of the Company at the annual general meeting of the Company to be held on 17 May 2012.

(ii) A resolution of the Board of Directors was passed on 26 October 2011, pursuant to which, the Company proposed to dispose its 51% equity interest in Sichuan Winshare Logistics Company Limited ("**Winshare Logistics**"), a subsidiary of the Company. The proposal was approved by the SASAC of Sichuan and/or other statutory authorities in December 2011. In January 2012, the Company conducted the disposal of its 51% equity interest in Winshare Logistics by way of public tender auctions listing procedures as required by relevant PRC laws and regulations. Chengdu Huasheng won the bid through the public bidding procedures and entered into an agreement with the Company in February to acquire the 51% equity interest in Winshare Logistics at cash consideration of RMB24,676,100.

(iii) A resolution of the Board of Directors was passed on 26 October 2011, pursuant to which, the Company proposed to dispose its 17% equity interest in Sichuan Winshare Pre-school Educational Management Company Limited ("**Winshare Pre-school Education**"), a subsidiary of the Company, and will retain 34% equity interest in Winshare Pre-school Education. The proposal was approved by the SASAC of Sichuan and/or other statutory authorities in December 2011. In January 2012, the Company conducted the disposal of its 17% equity interest in Winshare Pre-school by way of public tender auctions listing procedures as required by relevant PRC laws and regulations. Chengdu Huasheng won the bid through the public bidding procedures and entered into an agreement with the Company in February to acquire the 17% equity interest in Winshare Properties at cash consideration of RMB1,109,100.

(iv) A resolution of the Board of Directors was passed on 26 October 2011, pursuant to which, the Company proposed to dispose its 51% equity interests in Sichuan Winshare Properties Company Limited ("**Winshare Properties**"), a subsidiary of the Company. The proposal was approved by the SASAC of Sichuan and/or other statutory authorities in December 2011. In January 2012, the Company conducted the disposal of its 51% equity interest in Winshare Properties by way of public tender auctions listing procedures as required by relevant PRC laws and regulations. Chengdu Huasheng won the bid through the public bidding procedures and entered into an agreement with the Company in February to acquire the 51% equity interest in Winshare Properties at cash consideration of RMB24,220,400.

The summarised financial information of the abovementioned subsidiaries as at 31 December 2011 and for the year ended 31 December 2011 is set out below:

	Chengdu Xinhui *RMB'000*	Winshare Logistics *RMB'000*	Winshare Pre-school Education *RMB'000*	Winshare Properties *RMB'000*
Current assets	461,685	2,315	945	47,028
Non-current assets	1,695	50,866	4,538	914
Current liabilities	30,483	5,093	1,221	338
Non-current liabilities	349,700	–	–	–
Income recognised in profit or loss	1,172	–	516	–
Expenses recognised in profit or loss	(7,597)	(1,310)	(3,556)	(1,535)

None of the abovementioned proposed disposals was completed as at the date of this announcement.

(c) Proposed disposals of investments in an associate

A resolution of the Board of Directors was passed on 13 January 2011, pursuant to which, the Company proposed to dispose its 33.8% equity interest in Hainan Chuangxiang Culture Development Company Limited ("**Hainan Chuangxiang**"), an associate of the Company, to Xinhua Group at cash consideration of RMB3,380,000. The proposed disposal is subject to the approval of the SASAC of Sichuan and/or other statutory authorities.

RESULTS AND DIVIDEND

In 2011, the turnover of the Group was RMB4,486 million, representing an increase of 20.4% as compared to 2010. The profit attributable to the equity holders of the Company was RMB522 million, representing an increase of 19.6 % as compared to 2010. The basic earnings per share of the Group was RMB0.46.

The Board has proposed to distribute a final dividend of RMB0.10 per share (tax inclusive) and a special dividend of RMB0.20 per share (tax inclusive) for the year ended 31 December 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

In 2011, the PRC national economic and social development remained stable growth, while the overall demand in the cultural consumption market continued steady expansion. The PRC further propelled cultural reform and continued to issue many favorable policies to support development of the cultural industry. Subsequent to the "Revitalization Plan for the Cultural Industry" and "Twelfth Five-Year Plan for National Economic and Social Development" issued by the PRC government, which set the cultural industry as a pillar industry for the national economy, in October 2010, the 6th Plenary Session of the 17th Central Committee of the Communist Party of China further clarified the implementation of the strategy for powerful nation in culture, exerting great effort on the development of the cultural industry through various means. With regards to this, the General Administration of Press and Publication of the PRC promulgated the guidelines for the reformation and development of the publishing and media groups" for encouraging the cross-regional and cross-industries development of the publishing and media groups, which created favorable policy environment for deepened reform and development of the publishing and distribution industry of PRC. It is an inevitable trend for the publishing and distribution enterprises in the PRC to cultivate large publishing and media groups with highly centralized assets and resources, break down geographic and sector restrictions, unify fragmentation, and realize rapid market expansion.

In view of the industry development trend, although the growth potential for the traditional publication market is relatively limited, as the new media, such as internet and digital reading become more and more acceptable to the public, the industry integration is becoming more obvious. The market needs deep involvement of traditional publishing enterprises that have valuable content resources. The content value of traditional publishing will attract further attention and enhancement, which will bring opportunities for transformation and upgrade of the traditional publishing and distribution enterprises.

Operating Results and Financial Review

During the Year, the effect of resource integration in the Group's publishing and distribution industry chain became more obvious, financial results of our publishing and distribution segment experienced relatively significant increment, and our social influence was further enhanced. Meanwhile, the market competitiveness of the Group's traditional core business segments (education subscription, retail chain, and nationwide Zhongpan, etc.) through improving operating strategies as well as strengthening channels management, has been further enhanced.

Revenue

During the Year, the Group recorded a sales revenue of RMB4,486 million, representing an increase of 20.4% as compared with the same period last year, mainly attributable to the growth of revenue in the retailing segment, subscription segment and product segment from the Fifteen Publishers.

Gross Profit Margin

The gross profit margin of the Group for the Year was 38.8%, which was higher than the 37.7% for the corresponding period last year, primarily attributable to the resource integration in the upstream publishing segments subsequent to the acquisition of the 100% equity interests in the Fifteen Publishers. At the same time, the decline in the sales of our paper trading business, which has a relatively low gross profit margin, also resulted in a higher overall gross profit margin of the Group.

Segment analysis

Segment revenues of the Group for the Year and the corresponding period last year are as follows:

	2011 RMB'000	2010 RMB'000	Change %	Percentage of segment sales to revenue before intersegment sales elimination 2011 %	2010 %	Percentage of segment external sales to consolidated revenue 2011 %	2010 %
Product segment							
External sales	**628,372**	544,641	15.4	**8.1**	8.9	**14.0**	14.6
Intersegment sales	**953,908**	392,015	143.3	**12.2**	6.5		
Total	**1,582,280**	936,656	68.9	**20.3**	15.4		
Zhongpan segment							
External sales	**260,941**	135,303	92.9	**3.3**	2.2	**5.8**	3.6
Intersegment sales	**2,371,636**	1,981,551	19.7	**30.4**	32.5		
Total	**2,632,577**	2,116,854	24.4	**33.7**	34.7		
Subscription segment							
External sales	**2,662,796**	2,450,503	8.7	**34.1**	40.2	**59.4**	65.8
Intersegment sales	**–**	–	–	**–**	–		
Total	**2,662,796**	2,450,503	8.7	**34.1**	40.2		
Retailing segment							
External sales	**800,161**	549,557	45.6	**10.2**	9.0	**17.8**	14.8
Intersegment sales	**10**	–	–	**–**	–		
Total	**800,171**	549,557	45.6	**10.2**	9.0		
Other segment							
External sales	**133,307**	44,235	201.4	**1.7**	0.7	**3.0**	1.2
Intersegment sales	**2,660**	–	–	**–**	–		
Total	**135,967**	44,235	207.4	**1.7**	0.7		
Revenue before intersegment sales elimination	**7,813,791**	6,097,805	28.1	**100**	100		
Intersegment sales elimination	**(3,328,214)**	(2,373,566)	40.2				
Consolidated revenue	**4,485,577**	3,724,239	20.4			**100**	100

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

	2011		2010	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	RMB'000	***%***	*RMB'000*	*%*
Product segment (including intersegment revenue)	**371,560**	**23.5**	144,867	15.5
Zhongpan segment (including intersegment revenue)	**295,543**	**11.2**	345,054	16.3
Subscription segment	**855,816**	**32.1**	801,297	32.7
Retailing segment	**235,243**	**29.4**	136,828	24.9
Other segment (including intersegment revenue)	**24,387**	**17.9**	7,913	17.9
Intersegment revenue elimination	**(42,001)**	**N/A**	(31,445)	N/A
Total	**1,740,548**	**38.8**	1,404,514	37.7

Product segment

The Group's Product segment covers businesses including publication, printing and paper trading, etc.. During the Year, the Group continued to steadily drive integration of the publishing and distribution businesses and fully utilized the mutual support between publishing products and distribution channels, showing the effects on industrial chains integration. During the Year, in order to strengthen the cost control over publication segment, the Group initially established the originality research and development platform for educational products and the paper purchase and centralized printing platform, realizing integrated operation and management of education product business and management of mass originality products by product line and specification of initial stage.

During the Year, the Product segment recorded revenue of RMB1,582 million (including intersegment sales), of which the revenue from external sales amounted to RMB628 million, representing an increase of 15.4% as compared with the corresponding period last year, mainly attributable to the growth in the revenue from acquisition of the Fifteen Publishers. However, impacted by the market environment, the sales of papers to external parties by subsidiaries during the Year suffered relatively substantial decline.

During the Year, the gross profit margin of the Product segment was 23.5%, representing an increase of 8.0 percentage points as compared with 15.5% in the same period last year, primarily attributable to the combined effect on the increase in the percentage of sales of its own publication products, especially its originality education products, relatively and the decline in the percentage of sales of our paper trading business, which has a low gross profit margin.

Zhongpan segment

The Group's Zhongpan segment covers the centralized purchasing and delivery of the Group's products across its internal channels. It also includes distribution to external customers through the Group's nationwide distribution network. During the Year, the Group continued to steadily propel establishment of nationwide Zhongpan business, aggressively expanded and improved customer resources, leveraged sales implementation and commodity turnover rate, resulting in a sales growth in the Zhongpan Segment to some extent. Meanwhile, during the Year, the Group aggressively expanded "Courtyard Bookhouse" market outside Sichuan Province and attained preliminary achievement.

During the Year, the Zhongpan segment recorded revenue of RMB2,633 million (including intersegment sales, of which the revenue from external sales amounted to RMB261 million, representing an increase of 92.9% compared to the same period last year.

During the Year, the gross profit margin of the Zhongpan segment decreased from 16.3% in the same period last year to 11.2%, which was mainly due to the adjustment in transaction price.

Subscription Segment

The Group's Subscription segment covers sales of textbooks, supplementary materials and promotion of our digitalized classroom system "You Ke". Facing the impact from the continuous decrease in the number of students in Sichuan Province and the policy on reusing education materials, the Group strengthened regional classification guidance, tapped potential and improved efficiency, actively promoted the "channel upgrade" strategy, etc., and utilized channels advantages to further enhance the operation and sales of supplementary materials. At the same time, the Company continued to propel market expansion of digitalized education services for primary and secondary schools, casting sound market influence in the aspect of digitalized education across the nation, especially in Sichuan region.

During the Year, the Subscription segment recorded sales revenue of RMB2,663 million, representing an increase of 8.7% as compared with the same period last year, which was mainly due to the growth in the sales of supplementary materials and the considerable growth in the sales of high school textbooks during the Year as a result of the curriculum reform policy against high schools in Sichuan Province. Meanwhile, the growth in sales of the Subscription segment was also driven by the Group's initial success in the business of digitalized education services for primary and secondary schools.

During the Year, the gross profit margin of the Subscription segment was 32.1%, similar to the corresponding period last year.

Retailing Segment

The Group's Retailing segment covers the retail outlet business, the group-buying business and distribution business to the libraries of primary and secondary schools in Sichuan Province (the "**libraries distribution business**"), etc.. During the Year, facing the impact of e-bookstores and digital publications on traditional book retail business, the Group, focusing on its business idea of "refining management, innovating retailing business form, improving profitability", improved the book sales under the retail store business through measures including utiliting all-round store functions, enriching joint venture product items and conducting value-added channel operations. As Sichuan Provincial Government increased its capital contribution to the construction of libraries of the primary and secondary schools in Sichuan Province since 2010 and the market demand for the libraries distribution business with respect to the primary and secondary schools in Sichuan Province also raised, the Group, capitalizing on its strong commodity organization, distribution and service capacity as well as sound social image, acquired such businesses through bidding, improving its revenue from the Retailing segment.

During the Year, the Retailing segment recorded sales revenue of RMB800 million, representing an increase of 45.6% compare to the same period last year, mainly attributable to the RMB212 million increase in the sales revenue of the libraries distribution business from RMB76 million in the same period last year.

The gross profit margin of the Retailing segment rose to 29.4% for the Year as compared with 24.9% in the same period last year, of which the gross profit margin from the retail store business, excluding the effect of the libraries distribution business, remained similar as compared with the same period last year.

Expenses and Costs

Selling and distribution costs and administrative expenses

During the Year, the total of the selling and distribution costs and administrative expenses was RMB1,400 million, representing an increase of 28.2% from RMB1,090 million in the corresponding period last year. Excluding the figures due to consolidation with the Fifteen Publishers, the selling and distribution costs and administrative expenses increased by 19.3% over the corresponding period last year, which was mainly due to the factors, among others: (i) further increment in the percentage of sales of supplementary materials resulting in an increase in the related sales promotional expenses; (ii) increase in the related operating expenses arising from the increase in the sales of libraries distribution business, and (iii) increases in labor costs and other operating expenses brought by rises in commodity price.

Other expenses

Other expenses for the Year amounted to approximately RMB70 million, representing an increase of 34.6% as compared with approximately RMB52 million in the same period last year, which was primarily due to the increase in impairment provision by the Fifteen Publishers during the Year.

Net Finance Income

The net finance income for the Year amounted to approximately RMB13 million, decreased by 44.3% when compared with approximately RMB23 million in the same period last year, which was mainly due to the decrease in the average daily holding of monetary assets as a result of the Company acquisition of the equity interests in the Fifteen Publishers in August 2010 and external investment during the Year, thereby causing the decrease in financial revenue. Meanwhile, the increase in the interest expenses of the Group was due to the rise in loan amounts and loan interest rates for certain subsidiaries of the Company.

Profit

The Group's profit for the Year amounted to RMB513 million, representing an increase of 16.6% from RMB440 million in the corresponding period last year. The profit attributable to equity holders of the Company increased by 19.6% to RMB522 million from the same period last year.

Earnings Per Share

Earnings per share is calculated by dividing profits attributable to equity holders of the Company for the Year by the weighted average number of ordinary shares in issue for the Year. The Group's earnings per share for the Year was RMB0.46, representing an increase of 20.0% from RMB0.39 in the corresponding period last year. Please refer to note 12 to results announcement for the calculation of earnings per share.

Liquidity and Financial Resources

As at 31 December 2011, the Group had cash and short-term deposits of approximately RMB1,794 million, and the interest-bearing bank and other borrowings of the subsidiaries of the Company of approximately RMB102 million of fixed-interest financing and RMB313 million of floating-rate financing. The Company did not have any interest-bearing bank and other borrowings for the Year.

As at 31 December 2011, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 37.5% (31 December 2010: 33.9%). The increase in the gearing ratio was mainly due to the increase in financing as a result of operation expansion by subsidiaries of the Company for the Year, but the Group's overall financial structure remained relatively stable.

A substantial portion 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 no foreign exchange hedging arrangement has been made.

Working Capital Management

	31 December 2011	31 December 2010
Current ratio	**1.4**	1.6
Inventory turnover days	**124.9 days**	119.6 days
Trade and bills receivables turnover days	**43.1 days**	39.0 days
Trade and bills payables turnover days	**190.3 days**	198.0 days

As at 31 December 2011, the current ratio of the Group was 1.4 (31 December 2010: 1.6), representing a decrease, which was mainly due to the increase in the Group's investment in properties under development and increase in financing by subsidiaries.

Inventory turnover days for the Year was 124.9 days, representing a slight increase as compared with 119.6 days in 2010, which was mainly due to earlier opening of school term in the spring of 2012 and the demand from the Company's libraries distribution business, resulting in a relatively large inventory stock by the end of 2011. Trade and bills receivables turnover days increased from 39.0 days in 2010 to 43.1 days in the Year. Excluding the trade and bills receivables from the Fifteen Publishers, the trade and bills receivables turnover days would be 37.3 days, which remained similar to the same period last year. Trade and bills payables turnover days decreased from 198.0 days in 2010 to 190.3 days in the Year. The credit terms granted by the suppliers did not change.

Overview of Material Investments

During the Year, the Group continued to adjust and cement its traditional publishing and distribution businesses, propelled integrated operation of its publishing and distribution businesses, tapped value-added potential in its channels, innovated business development mode, improved industrial layout, established comprehensive cultural chain services and professional education services brand, as well as strengthened its efforts in aspects such as logistic capacity building, culture, education and channel upgrade, with a view to achieving the strategic objective of establishment of a first-class cultural media group in the PRC.

In order to accommodate to the Group's business development needs and increase its logistics and distribution capacities, in April 2011, Sichuan Wenchuan Logistics Co., Ltd.* (四川文傳物流有限公司), a wholly-owned subsidiary of the Company, was established in the PRC with a registered capital of RMB100 million. Currently, the Company intends to kick off the project of establishment of the "Western China Cultural Products Logistics and Distribution Centre" in the international container logistics centre in Qingbaijiang District, Chengdu City (成都市青白江區) mainly through such project company.

For the purpose of implementing digitalized education strategy and exploring market outside Sichuan Province, in July 2011, the Company made a capital contribution of RMB20 million to its subsidiary, Sichuan Winshare Education Technology Co., Ltd.* (四川文軒教育科技有限公司).

In order to explore the book retailing market in PRC commercial supermarkets, fully capitalize on its competitive advantages arising from the nationwide distribution network and integrated operation on production and sales, in December 2011, the Group established Xinhua Winshare Commercial Chain (Beijing) Co., Ltd.* (新華文軒商業連鎖(北京)有限公司) with independent third parties including Fujian Dushi Zhiguang Communications and Culture Co., Ltd.* (福建省都市之光傳媒文化有限公司), Zhangzhou Xiangcheng Bowen Books and Culture Co., Ltd.* (漳州市薌城區博文圖書文化有限公司), and another individual. During the Year, the Company completed the capital contribution of RMB5.1 million in the first stage, with 51% shareholding therein.

During the Year, the Company obtained dividend income for 2010 of RMB6.23 million from its stakeholding company Wan Xin Media (Shanghai Stock Exchange stock code: 601801). Calculated based on the market value as at 31 December 2011, the market value of the Company's 62,320,000 shares in Wan Xin Media reduced proximately by RMB264 million and the Lockup period for such shares were lifted on 28 February 2012. Besides, during the Year, the Company also obtained dividend incomes for 2011 of RMB26 million from Sichuan International Studies University Chengdu Institute and dividend income for 2010 of RMB12 million from Bank of Chengdu Co., Ltd.

With a view to integrating the Group's business resources and focusing on development of principal businesses, the Company conducted various equity disposal plans in accordance with relevant laws and regulations on transfer of state-owned assets. As of the date of this announcement, resolutions on disposal of 51% equity interest in Sichuan Winshare Logistics Co., Ltd.* (四川文軒物流有限公司), 51% equity interest in Sichuan Winshare Properties Co., Ltd.* (四川文軒置業有限公司), 17% equity interest in Sichuan Winshare Preschool Educational Management Co., Ltd.* (四川文軒幼兒教育管理有限公司), and 28.5% equity interest in Chengdu Xin Hui Industrial Co., Ltd.* (成都鑫匯實業有限公司) have been approved by the Board and such disposals have been approved by and/or filed with the State-owned Assets Supervision **Sichuan SASAC** and/or other statutory authorities; such equity interests were/will be sold through public tender auction listing procedures, and their respective reserve prices were determined by reference to (among other things) the appraised net assets values of such companies assessed by PRC qualified independent valuation institutions. Chengdu Hua Sheng has won the option to buy for the above equity interests through public tender auction listing procedure and entered into separate agreements with the Company. In addition, the Company intended to transfer 33.8% equity interest in Hainan Chuangxiang Cultural Development Co., Ltd.* (海南創享文化發展有限公司) to Sichuan Xinhua Publishing Group Co., Ltd.* (四川新華發行集團有限公司), the plan of which has been approved by the Board and pending approval by Sichuan SASAC and/or other statutory authorities. Please refer to announcements of the Company dated 13 January 2012, 18 January 2012, 17 February 2012, 24 February 2012, and 23 March 2012 for details of the above equity interest disposals.

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

Future Prospects

As the state is pushing forward cultural system reform, the emerging business environment in the publishing industry is assimilating with the traditional publishing industry, and transformation within the industry is taking place, the Group will continue to propel in-depth integration of its principal businesses of publication and distribution, perfect and improve value of publications' contents and service capacity of channels , so as to attain steady improvement in the traditional principal businesses. Meanwhile, capitalizing on resources integration and strategic corporation, the Group will integrate its capital and resources to promote innovative industry environment and transformation of traditional businesses towards businesses of new mode, so as to further strengthen the Group's market core competitiveness and continuous growth ability.

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

1. on the basis of in-depth integration of resources in the publishing industry, propel the construction of "Xinhua Winshare Publishing and Media Creativity Centre" (temporary name) to promote enhancement of the innovation and research and development capabilities of the Group's publications, improve the value of publications' contents, produce best-selling books that are popular for long, as well as leverage overall operation capacity and market competitiveness of the Group's publishing business;

2. on the basis of continuous improvement of "cultural mall" mode for large retail stores, explore and propel upgrade of the Company's middle and small size retail stores, further improve operation capacity and profitability of publication retailing channels; meanwhile, explore the sales mode of commercial supermarkets and tackle changes in publication consumption market;

3. further improve operation capacity of the Group's e-commerce business and propel construction of the digital publishing platform, leverage the Group's service capacity as digitalized classroom solution supplier through perfecting digitalized education application system "You Ke", as well as facilitate integration of traditional principal businesses and digitalized publishing business to realize innovation and transformation of the Group's business mode;

4. facilitate construction of the Group's logistics network and information system, emphasize construction of "Western China Cultural Products Logistics and Distribution Centre", as well as the Group's traditional publishing and distribution businesses, e-commerce and digitalized businesses in terms of overall logistics and information, to further improve the Group's logistics and distribution capacities and information processing capacity; and

5. leveraging the overall advantage of the Group's resources and assets, study and further expand financing channels, realize capital and resources integration, and steadily propel cross-region development in related cultural and education industries to further enhance the Group's competitiveness and sustainable development capability.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to implementing sound corporate governance. The Company has adopted and complied with all applicable code provisions of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules during the Year.

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

For the purpose of governing securities transactions by the Directors and supervisors, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as the code of conduct for securities transactions by the Directors and supervisors of the Company. Having made specific enquiries to each of the Directors and supervisors of the Company, all Directors and supervisors confirmed that they have complied with all the terms set out in the Model Code during the Year ended 31 December 2011.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") in compliance with the relevant requirements under the Listing Rules with written terms of reference.

The Audit Committee has reviewed the audited consolidated financial statements for the Year in this annual results announcement and has discussed the financial reporting and internal control with the management. The Audit Committee considered that these financial statements have been prepared in accordance with the applicable accounting standards and requirements and appropriate disclosures have been made.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2011, the Group had a total of 7,938 staff (2010: 7,835).

The Company reviews the remuneration policy regularly as well as improves and perfects its remuneration management system continuously, by which it has established an incentive mechanism that aligns staff's remuneration to the Company's development. During the Year, the Company reviewed and perfected its remuneration management system as well as set up a dedicated team and engaged external professional advisory bodies to systematically streamline the existing remuneration system in each organization of the Company, with a view to establishing unified target salaries that are based on the value of position, perfecting the performance-based allocation method. Meanwhile, the Company also adhered to the principle of "unified regulation, hierarchical control, process supervision" to perfect its salary management system, with a view to rolling out a scientific and standardized income allocation.

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, etc. are also available to employees. In order to enhance long-term incentives of the Company's remuneration and benefit system, the Company formulated its corporate annuity plan, which was approved by and/or filed with staff representative meeting, the Board and relevant competent departments of the Company and has become effective from 2012 onwards.

The Company continued to provide regular trainings according to the human resources training objectives for staff such as business training, online classroom training sessions and continued to improve its training system, with a view to enhancing the business qualities and working abilities of the Company's staff, so as to lay a solid foundation for sustainable development of the Group.

DIVIDENDS

The Board proposed distribution of final and special dividends for the Year ended 31 December 2011 totaling RMB0.30 (tax inclusive) per share (2010: RMB0.30 per share in total), totaling RMB341 million (tax inclusive). The total dividend comprises the final dividend of RMB0.10 per share (tax inclusive) (2010: final dividend of RMB0.10 per share) and the special dividend of RMB0.20 per share (tax inclusive) (2010: special dividend of RMB0.20 per share). Dividends payable to holders of the Domestic Shares will be made and paid in RMB, whereas dividends payable to holders of the Company's H Shares will be declared in RMB and paid in Hong Kong dollars, the exchange rate of which will be calculated based on the average exchange rate published by The People's Bank of China during the week prior to the annual general meeting to be held on 17 May 2012 ("**2011 AGM**").

In accordance with the "Corporate Income Tax Law of the People's Republic of China" and its implementation regulations effective on 1 January 2008, where a PRC domestic enterprise distributes dividends for financial periods beginning from 1 January 2008 to non-resident enterprise shareholders, it is required to withhold 10% corporate income tax for such non-resident enterprise shareholders. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of final and special dividends as corporate income tax, distribute the final and special dividends to non-resident enterprise shareholders, i.e. any shareholders who hold the Company's shares in the name of non-individual shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or holders of H Shares registered in the name of other groups and organizations.

Due to changes in the PRC tax laws and regulations, according to the "Announcement on the List of Fully and Partially Invalid and Repealed Tax Regulatory Documents" issued by the State Administration of Taxation on 4 January 2011, individual shareholders who hold the Company's H Shares and whose names appeared on the register of members of H Shares of the Company can no longer be exempted from personal income tax pursuant to the "Circular on the Questions Concerning Tax on the Profits Earned by Enterprises with Foreign Investment, Foreign Enterprises and Individual Foreigners from the Transfer of Stocks (Stock Rights) and on Dividend Income" (Guo Shui Fa [1993] No. 045) issued by the State Administration of Taxation, whilst pursuant to the letter titled "Tax arrangements on dividends paid to Hong Kong residents by mainland companies" issued by the Stock Exchange to the issuers on 4 July 2011 and the "State Administration of Taxation Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045" (Guo Shui Han [2011] No. 348), it is confirmed that the overseas resident individual shareholders holding the stocks issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatments pursuant to the provisions in the tax arrangements between the countries where they reside and China or the tax arrangements between China mainland and Hong Kong (Macau). Therefore, the Company will withhold 10% of the dividend as individual income tax, unless it is otherwise specified by the relevant tax regulations and tax arrangements, in which case the Company will withhold individual income tax of such dividends in accordance with the tax rates and according to the relevant procedures as specified by the relevant regulations.

The proposed final and special dividends for 2011 are subject to the approval by the shareholders at the 2011 AGM to be held on 17 May 2012 by the Company.

Holders of H Shares and Domestic Shares whose names appear on the register of members of the Company on 17 May 2012 will be entitled to attend and vote at the 2011 AGM. Holders of H Shares and Domestic Shares whose names appear on the register of members of the Company on 27 May 2012 (the "**Dividend Entitlement Date**"), will be entitled to the final and special dividends for 2011 (if approved by the shareholders). Please refer to the paragraph headed "CLOSURES OF REGISTER OF MEMBERS" below for details of the arrangements about the closure of register of members for ascertaining the shareholders who are entitled to attend the 2011 AGM and to receive the final and special dividends for 2011.

Should the holders of H Shares have any doubt on the aforesaid arrangements, they are recommended to consult their tax advisors for the relevant tax impact in the PRC, Hong Kong and/or other countries (regions) on the possession and disposal of the H Shares.

Each shareholder should read this paragraph carefully. If anyone would like to change the shareholder's identity, please enquire about the relevant procedures with the nominees or trustees. The Company is neither obligated nor responsible for ascertaining the identity of the shareholders. In addition, the Company will strictly comply with the relevant laws or regulations on withholding corporate income tax and individual income tax and strictly follow the Company's H Share register as at the Dividend Entitlement Date and will not entertain any requests or claims or accept any liabilities in relation to any delay or inaccuracy in ascertaining the identity of the shareholders or any disputes over the mechanism of withholding of corporate income tax and individual income tax.

ANNUAL GENERAL MEETING

The 2011 AGM of the Company will be held at Sichuan Xinhua International Hotel, No. 8 Guzhongshi Street, Chengdu, Sichuan, the PRC (中國四川省成都市古中市街8號四川新華國際酒店) on 17 May 2012. Details of the 2011 AGM will be set out in the notice of 2011 AGM to be despatched by the Company. Such notice will also be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.winshare.com.cn).

CLOSURES OF REGISTER OF MEMBERS

In order to ascertain the shareholders who are entitled to attend the 2011 AGM and to receive the final and special dividends for 2011 (if approved by the shareholders), the register of members of H Shares would be closed during the following periods:

To ascertain shareholders who are entitled to attend and vote at the 2011 AGM:

Deadline for lodging transfer documents	4:30 p.m. on 16 April 2012, Monday
Closure of register of members of the Company	From 17 April 2012 to 17 May 2012 (both days inclusive)
Record date	17 May 2012
Date of convening of the 2011 AGM	17 May 2012

To ascertain Shareholders who are entitled to the final and special dividends for 2011:

Deadline for lodging transfer documents	4:30 p.m. on 22 May 2012, Tuesday
Closure of register of members of the Company	From 23 May 2012 to 27 May 2012 (both days inclusive)
Dividend entitlement Date	27 May 2012

In order to attend and vote at the 2011 AGM and to qualify for the proposed final and special dividends for 2011, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Shares registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for holders of H Shares, or the head office of the Company at No. 6 Wenxuan Road, Shang Mao Avenue, Cheng Bei, Chengdu, Sichuan, the PRC (Postal code: 610081) for holders of Domestic Shares, for registration before the deadlines for lodging the transfer documents.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The results announcement for the Year ended 31 December 2011 of the Company will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.winshare.com.cn), and the annual report for 2011 (including the audited financial statements) will be despatched to the shareholders on or before 30 April 2012 and will be published on the Stock Exchange's website and the Company's website.

By Order of the Board
Xinhua Winshare Publishing and Media Co., Ltd. *
Gong Cimin
Chairman

Sichuan, the PRC
23 March 2012

As at the date of this announcement, the Board comprises (a) Mr. Gong Cimin, Mr. Zhao Miao and Mr. Luo Yong as executive Directors; (b) Mr. Luo Jun, Mr. Zhang Chengxing and Mr. Zhao Junhuai as non-executive Directors; and (c) Mr. Chan Yuk Tong, Mr. Han Xiaoming and Mr. Han Liyan as independent non-executive Directors.

* *For identification purposes only*