WIN SHARE

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 2012

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 2012 (the "**Year**").

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

	Notes	**2012** *RMB'000*	2011 *RMB'000*
Revenue	*4, 5*	**4,592,137**	4,485,577
Cost of sales		**(2,783,696)**	(2,745,029)
Gross profit		**1,808,441**	1,740,548
Other income and gains	*6*	**428,160**	230,475
Distribution and selling expenses		**(1,025,416)**	(927,203)
Administrative expenses		**(527,079)**	(473,476)
Other expenses		**(116,523)**	(69,664)
Share of losses of associates		**(2,973)**	(2,366)
Share of (loss)/profit of a jointly controlled entity		**(1,698)**	3,253
Finance income, net	*7*	**14,945**	13,069
Profit before tax		**577,857**	514,636
Income tax expense	*8*	**(1,377)**	(1,367)
Profit for the year	*10*	**576,480**	513,269
Profit for the year attributable to:			
Owners of the Company		**629,371**	522,394
Non-controlling interests		**(52,891)**	(9,125)
		576,480	513,269
EARNINGS PER SHARE			
Basic (RMB)	*12*	**0.56**	0.46

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
Profit for the year		**576,480**	513,269
Fair value loss on available-for-sale equity investment	15	**(32,406)**	(263,518)
Other comprehensive loss for the year	9	**(32,406)**	(263,518)
Total comprehensive income for the year		**544,074**	249,751
Total comprehensive income attributable to:			
Owners of the Company		**596,965**	258,876
Non-controlling interests		**(52,891)**	(9,125)
		544,074	249,751

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
Non-current Assets			
Property, plant and equipment	13	**1,819,099**	963,842
Prepaid lease payments for land use rights		**221,575**	99,929
Investment properties		**21,554**	23,244
Goodwill	14	**506,368**	504,301
Other intangible assets		**63,514**	30,836
Interests in associates		**231,881**	93,641
Interests in a jointly controlled entity		**102,839**	104,537
Available-for-sale equity investments	15	**1,153,530**	1,185,956
Deferred tax assets		**35,878**	34,430
Property under development		**–**	173,284
Long-term prepayments	16	**92,793**	422,120
Entrusted loan	17	**34,000**	–
		4,283,031	3,636,120
Current Assets			
Trade and bills receivables	18	**662,394**	587,352
Prepayments, deposits and other receivables	19	**486,605**	345,200
Inventories		**982,838**	1,055,122
Short-term investments		**–**	108,000
Pledged bank deposits and restricted cash		**71,584**	103,062
Cash and short-term deposits		**2,176,995**	1,794,486
		4,380,416	3,993,222
Current Liabilities			
Interest-bearing bank and other borrowings	23	**68,000**	376,950
Trade and bills payables	20	**1,668,569**	1,569,545
Deposits received, other payables and accruals		**1,564,458**	875,961
Tax liabilities		**2,311**	1,460
		3,303,338	2,823,916
Net Current Assets		**1,077,078**	1,169,306
Total Assets less Current Liabilities		**5,360,109**	4,805,426

	Notes	2012 RMB'000	2011 RMB'000
Capital and Reserves			
Issued capital	*21*	**1,135,131**	1,135,131
Treasury shares	*22*	**–**	(6,900)
Reserves		**3,382,234**	3,110,978
Proposed dividend	*11*	**340,539**	340,539
Equity attributable to owners of the Company		**4,857,904**	4,579,748
Non-controlling interests		**396,116**	188,178
Total Equity		**5,254,020**	4,767,926
Non-current Liabilities			
Interest-bearing other borrowings	*23*	**–**	37,500
Other payables		**100,152**	–
Deferred tax liabilities		**5,937**	–
		106,089	37,500
Total Equity and Non-current Liabilities		**5,360,109**	4,805,426

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, 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.

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 publishing and trading of publications and related products in the PRC.

In the opinion of the directors of the Company (the "**Directors**" and each a "**Director**"), the parent of the Company is Xinhua Publishing Group, a state-owned enterprise established in the PRC. Xinhua Publishing Group is a wholly-owned subsidiary of Sichuan Development (Holding) Co., Ltd. (四川發展(控股)有限責任公司) ("**Sichuan Development**"). Sichuan Development is wholly owned by the State-owned Assets Supervision and Administration Commission of the Sichuan Provincial Government (the "**SASAC of Sichuan**"), the Company is beneficially controlled by SASAC of Sichuan.

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 financial instruments 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 Year, the Group has adopted the following amendments to standards issued by the International Accounting Standards Board for the first time.

Amendments to IAS 12	Deferred Taxes: Recovery of Underlying Asset; and
Amendments to IFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets

The Group has applied for the first time the amendments to IFRS 7 Disclosures – Transfers of Financial Assets in the Year. The amendments increase the disclosure requirements for transactions involving the transfer of financial assets in order to provide greater transparency around risk exposures when financial assets are transferred. Additional disclosure has been made in relation to certain bills receivables endorsed to suppliers of the Group.

Except as described below, the application of the amendments in the 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.

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 sale 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 was reported to the management (including directors and senior executives), being the chief operating decision makers, for the purposes of resources allocation and assessment of segment performance focuses on types of business lines.

Before 2012, the Group presented its operating segments based on its internal organisations 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 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

In 2012, the Company restructured its internal organisations by establishing a management committees (representing the segment managers) overseeing the publication business. The Company has a similar management department (representing the segment managers) overseeing the distribution business. Each of the publication and distribution units represents an operating segment after the internal organisation restructuring. The reportable segments are changed as follows:

Publication	:	Publishing of publications including books, periodicals, audio-visual products and digital products, etc; provision of printing services and supply of printing materials
Distribution	:	Distribution of textbooks and supplementary materials to schools and students; retailing, distribution and online sales of publications business, etc
Others	:	Other business such as education, investments in film & television and sales of artwork and other activities which do not separately meet the definition of a reportable segment

In preparation of the consolidated financial statements, the segment information for the year ended 31 December 2011 has been restated to conform with the Year's presentation.

Segment revenues and results

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

For the year ended 31 December 2012

	Publication *RMB'000*	Distribution *RMB'000*	Others *RMB'000*	Total *RMB'000*
Revenue and other income				
External sales	590,713	3,979,858	21,566	4,592,137
Inter-segment sales	983,907	109	2,319	986,335
Other income	87,141	90,934	17,801	195,876
Segment revenue	1,661,761	4,070,901	41,686	5,774,348
Eliminations				(986,335)
Group revenue and other income				4,788,013
Segment profit (loss)	243,428	145,583	(22,271)	366,740
Elimination of inter-segment results				19,564
Unallocated expenses				(65,387)
Unallocated income and gains				217,937
Unallocated interest income				10,354
Gains on short-term investments				6,771
Dividends from available-for-sale equity investments				21,878
Profit before tax				577,857

For the year ended 31 December 2011 (restated)

	Publication *RMB'000*	Distribution *RMB'000*	Others *RMB'000*	Total *RMB'000*
Revenue and other income				
External sales	628,372	3,800,173	57,032	4,485,577
Inter-segment sales	1,052,655	10	2,660	1,055,325
Other income	95,856	94,756	8,523	199,135
Segment revenue	1,776,883	3,894,939	68,215	5,740,037
Eliminations				(1,055,325)
Group revenue and other income				4,684,712
Segment profit (loss)	212,031	364,393	(14,554)	561,870
Elimination of inter-segment results				(56,250)
Unallocated expenses				(46,698)
Unallocated income and gains				1,012
Unallocated interest income				9,026
Gains on short-term investments				1,444
Dividends from available-for-sale equity investments				44,232
Profit before tax				514,636

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

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

Geographical information

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

Information about major customers

For the year ended 31 December 2012, the Group's revenue from one (2011: one) customer amounted to RMB850,339,000 (2011: RMB855,693,000), which is derived from the distribution segment. Except this one customer, the Group has not had any single external customer, the sales to whom amounted to 10% or more of the Group's revenues for the years ended 31 December 2011 and 2012.

6. OTHER INCOME AND GAINS

	2012	2011
	RMB'000	*RMB'000*
Government grants *(note)*	**59,550**	68,531
Gross rental income	**19,029**	14,219
Commission income	**37,547**	33,015
Gains on short-term investments	**6,771**	1,444
Dividends from available-for-sale equity investments		
listed equity investment	**7,478**	6,232
unlisted equity investments	**14,400**	38,000
	21,878	44,232
Gain on disposal of subsidiaries *(note 26)*	**217,696**	–
Others	**65,689**	69,034
	428,160	230,475

Note:

Details of the government grants are set out below:

	2012	2011
	RMB'000	*RMB'000*
Government grants for compilation of publications (a)	**23,990**	14,918
Value-added tax ("**VAT**") refund (b)	**26,340**	50,884
Others	**9,220**	2,729
	59,550	68,531

(a) Various government grants have been received for compilation of publications in certain subjects. The government grants are recorded as other income when relevant compilation costs incur. 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 the PRC, certain Group's subsidiaries engaged in publishing business 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

	2012	2011
	RMB'000	*RMB'000*
Bank interest income	**24,656**	24,374
Interest expense on bank and other borrowings wholly repayable within five years	**(31,588)**	(31,027)
Less: amounts capitalised	**21,877**	19,722
	(9,711)	(11,305)
	14,945	13,069

Interests capitalised were from borrowings made specifically for the purpose of developing the Group's property under development, which bore annual interest rates from 5.88% to 6.72%.

8. INCOME TAX EXPENSE

	2012	2011
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax	**2,825**	3,298
Deferred tax	**(1,448)**	(1,931)
	1,377	1,367

The Group is subject to enterprise income tax on an independent legal entity basis on profit arising in or derived from the tax jurisdictions where members of the Group reside 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 enterprise 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 its respective taxable income.

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 a culture enterprise transformed from a cultural public institution 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 the entire equity interests in 15 wholly-owned subsidiaries of Sichuan Publication Group Company Limited ("**SPG**"), (hereinafter referred to as the "**Fifteen Publishers**") 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

	2012 *RMB'000*	2011 *RMB'000*
Fair value loss on an available-for-sale equity investment	**(32,406)**	(263,518)
Income tax	**–**	–
Other comprehensive loss, net of income tax	**(32,406)**	(263,518)

10. PROFIT FOR THE YEAR

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

	2012 *RMB'000*	2011 *RMB'000*
Depreciation for property, plant and equipment	**92,774**	81,872
Depreciation for investment properties	**1,690**	1,694
Amortisation of intangible assets *(note)*	**12,285**	6,144
Amortisation of prepaid lease prepayment for land use rights	**5,181**	4,689
Total depreciation and amortisation	**111,930**	94,399
Auditors' remuneration	**2,660**	2,400
Minimum lease payments under operating leases on properties	**100,235**	83,369
(Gain)/loss on disposal of property, plant and equipment	**(2,037)**	473
Impairment of trade and other receivables	**34,069**	10,941
Write-down of inventories to net realisable value	**24,289**	21,680
Impairment of intangible assets	**12,000**	–
Staff costs:		
Directors' and supervisors' emoluments	**3,327**	3,053
Other staff costs		
Wages, salaries and other employee benefits	**551,316**	491,382
Post-employment pension scheme contributions	**83,452**	52,890
	634,768	544,272
	638,095	547,325
Cost of inventory sold	**2,783,696**	2,745,029
Foreign exchange differences	**1,372**	(649)

Note: Amortisation of intangible assets is included in administrative expenses for the respective years presented.

11. DIVIDENDS

	2012 *RMB'000*	2011 *RMB'000*
Dividends recognised as distribution during the year:		
2011 Final and special dividends – RMB30 cents per share (2011: 2010 final and special dividends – RMB30 cents per share)	**340,539**	340,539

The final and special dividends of RMB340,539,000 in total, equivalent to RMB0.30 per share in respect of the year ended 31 December 2012 (final and special dividends of RMB340,539,000 in total, equivalent to RMB0.30 per share in respect of the year ended 31 December 2011) has been proposed by the Directors. 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 2,608,929 shares (2011: 6,900,428 shares) held by Sichuan Youth and Children's Publishing House Co., Ltd. ("**SYCPH**"), a subsidiary of the Company acquired in 2010. Further details of the treasury shares are set out in note 22.

	2012 *RMB'000*	2011 *RMB'000*
Earnings:		
Profit attributable to owners of the Company	**629,371**	522,394

	Number of shares	
	2012	2011
Shares:		
Ordinary shares in issue during the Year	**1,135,131,000**	1,135,131,000
Less: Weighted average number of treasury shares	**(2,608,929)**	(6,900,428)
	1,132,522,071	1,128,230,572

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

13. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2012, the Group purchased property, plant and equipment at a total cost of RMB214,743,000(2011: RMB155,477,000).

During the year ended 31 December 2012, the Group acquired property, plant and equipment at a total cost of RMB749,199,000 as part of a business combination (2011: nil).

During the year ended 31 December 2012, property, plant and equipment with a net book value of RMB12,917,000 (2011: RMB1,716,000) were disposed.

During the year ended 31 December 2012, property, plant and equipment with a net book value of RMB2,994,000 were disposed of as part of disposal and liquidation of subsidiaries (2011: nil).

During the year ended 31 December 2012, depreciation of property, plant and equipment amounted to RMB92,774,000(2011: RMB81,872,000).

14. GOODWILL

	2012 ***RMB'000***	2011 *RMB'000*
COST		
At 1 January	**504,301**	504,301
Business combination *(note 25)*	**2,067**	–
At 31 December	**506,368**	504,301
IMPAIRMENT		
At 1 January	**–**	–
At 31 December	**–**	–
CARRYING VALUES		
At 31 December	**506,368**	504,301

For the purpose of impairment testing, goodwill of RMB500,994,000 as at 31 December 2012 has been allocated to cash generating units, comprising three companies of Fifteen Publishers (Cash-generating Unit, "**CGU**") in the publication business segment. The carrying amount of goodwill as at 31 December 2012 is as follow:

	31 December 2012 ***RMB'000***
Goodwill	**500,994**

The recoverable amount of the Publication 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 15% (2011: 14%). The Publication CGU's cash flows beyond the five-year period are extrapolated using a 2% (2011: 2%) 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 Publication CGU's gross margin, such estimation is based on the Publication 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 Publication CGU to exceed the aggregate recoverable amount of the Publication CGU.

15. AVAILABLE-FOR-SALE EQUITY INVESTMENTS

	31 December 2012 *RMB'000*	31 December 2011 *RMB'000*
Listed equity investment, at fair value*	**646,977**	679,383
Unlisted equity investments, at cost**	**506,553**	506,573
Total	**1,153,530**	1,185,956
Analysed for reporting purposes as:		
Non-current assets	**1,153,530**	1,185,956

* The Group's listed equity investment represents investment in Anhui Xinhua Media Co., Ltd. (安徽新華傳媒股份有限公司) (Shanghai Stock Exchange Stock Code: 601801) ("**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 2012, the equity investment in Wan Xin Media was stated at fair value, equivalent to its quoted market value of RMB646,977,000 (31 December 2011: RMB679,383,000). 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 amounted to RMB32,406,000 (2011: loss of RMB263,518,000).

** As at 31 December 2012, the unlisted equity investments with a carrying amount of RMB506,553,000 (31 December 2011: RMB506,573,000) 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't be measured reliably. The Group does not intend to dispose these investments in the near future.

16. LONG-TERM PREPAYMENTS

	31 December 2012 *RMB'000*	31 December 2011 *RMB'000*
Long-term prepayments	**92,793**	422,120

The balance as at 31 December 2011 and 2012 mainly represented the prepayments made for construction projects and purchasing land use rights. The Group is in the process of obtaining the relevant land use right certificates.

17. ENTRUSTED LOAN

The balance represented an entrusted loan made by the Company to Chengdu Xinhui Industrial Co., Ltd. (成都鑫匯實業有限公司) ("**Chengdu Xinhui**") through the Bank of Chengdu Co., Ltd. (成都銀行股份有限公司) ("**Bank of Chengdu**"). The entrusted loan is unsecured, bears interest at an annual rate of 6.4% and will mature in April 2014. The carrying amount of the loan receivable approximated to its fair value as at 31 December 2012.

18. TRADE AND BILLS RECEIVABLES

	31 December 2012	31 December 2011
	RMB'000	*RMB'000*
Bills receivables	**40,892**	6,103
Trade receivables	**737,228**	667,813
Less: Allowance for doubtful debts	**(107,866)**	(78,998)
Less: Allowance for sales returns	**(7,860)**	(7,566)
	662,394	587,352

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 of delivery of goods and date of rendering of services which approximated the respective dates on which revenue was recognised.

	31 December 2012	31 December 2011
	RMB'000	*RMB'000*
Within 3 months	**481,466**	448,513
3 to 6 months	**96,167**	80,966
6 months to 1 year	**63,643**	43,036
1 to 2 years	**15,522**	9,259
Over 2 years	**5,596**	5,578
	662,394	587,352

For new customers requesting credit from the Group, the 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 82% (2011: 83%) of the Group's trade receivables were neither past due nor impaired as at 31 December 2012, which is attributable to the implementation of above-mentioned policies.

Included in the Group's trade receivable balance are debts 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.

Aging of trade receivables which are past due but not impaired

	31 December 2012	31 December 2011
	RMB'000	*RMB'000*
9 months to 1 year	**10,049**	19,541
Over 1 year	**21,118**	14,837
Total	**31,167**	34,378

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 the 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

	2012	2011
	RMB'000	*RMB'000*
At 1 January	**78,998**	75,023
Charged for the year	**39,893**	23,679
Amount written off	**(2,550)**	(5,217)
Amount reversed	**(8,475)**	(14,487)
At 31 December	**107,866**	78,998

The Group performs impairment assessment individually for receivable balance over RMB5,000,000. For receivable less than RMB5,000,000, the Group categorises them into different groups according to their respective risk characteristics. Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of RMB29,046,000 (31 December 2011: RMB14,719,000), where the debtors have been in severe financial difficulties.

The Group does not hold any collateral over these balances.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 December 2012	31 December 2011
	RMB'000	*RMB'000*
Deposits	**24,612**	23,404
Prepayments to suppliers	**66,453**	79,487
Input VAT recoverables	**109,675**	42,441
Due from the Xinhua Publishing Group	**14,600**	594
Due from SPG	**1,320**	2,350
Due from associates	**179,860**	129,526
Prepaid expenses	**11,454**	8,814
Loan receivables (i)	**22,020**	–
Entrusted loan (ii) *(note 17)*	**10,200**	–
Prepaid lease payments for land use rights	**7,451**	4,690
Other receivables (iii)	**38,960**	53,894
	486,605	345,200

Notes:

(i) The loan receivables are due from independent third parties, unsecured and bear interests at annual rates ranging from 8.0% to 15.0%.

(ii) The balance represented an entrusted loan made by the Company to Chengdu Xinhui through the Bank of Chengdu. The entrusted loan is unsecured, bears interest at an annual rate of 6.0% and will mature in November 2013. The carrying amount of the loan receivable approximated to its fair value as at 31 December 2012.

(iii) Other receivables

	31 December 2012 *RMB'000*	31 December 2011 *RMB'000*
Other receivables	**43,338**	55,623
Less: Provision for impairment	**(4,378)**	(1,729)
	38,960	53,894

The movements in the provision for impairment of other receivables are as follows:

	2012 *RMB'000*	2011 *RMB'000*
At 1 January	**1,729**	–
Charged for the Year	**3,365**	1,835
Amount written off	**(2)**	(19)
Amount reversed	**(714)**	(87)
At 31 December	**4,378**	1,729

Other receivables that were neither past due nor impaired amounted to approximately RMB38,960,000 (31 December 2011: RMB53,894,000) relate to a large number of diversified debtors for whom there was no recent history of default.

20. TRADE AND BILLS PAYABLES

	31 December 2012 *RMB'000*	31 December 2011 *RMB'000*
Bills payable	**165,290**	107,600
Trade payable	**1,503,279**	1,461,945
	1,668,569	1,569,545

An aging analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	31 December 2012 *RMB'000*	31 December 2011 *RMB'000*
Within 3 months	**786,714**	786,900
3 to 6 months	**374,760**	318,806
6 months to 1 year	**242,470**	263,265
1 to 2 years	**138,768**	93,444
Over 2 years	**125,857**	107,130
	1,668,569	1,569,545

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

As at 31 December 2012, the Group's bills payable of RMB165,290,000 (31 December 2011: RMB107,600,000) were secured by the Group's pledged bank deposits amounting to RMB51,312,000 (31 December 2011: RMB82,796,000) and guarantees granted by the Company up to an amount of RMB114,000,000 (31 December 2011: RMB79,000,000).

21. ISSUED CAPITAL

	31 December 2012 *RMB'000*	31 December 2011 *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

22. TREASURY SHARES

	2012 *RMB'000*	2011 *RMB'000*
At 1 January	**(6,900)**	(6,900)
Transfer of treasury shares	**6,900**	–
At 31 December	**–**	(6,900)

SYCPH was acquired by the Company as a wholly-owned subsidiary from SPG in August 2010. On the acquisition date, SYCPH 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.

Pursuant to the document of State-owned Asset Supervision and Administration Commission of the State Council, the Company, SPG and SYCPH entered into an arrangement, pursuant to which SYCPH shall transfer 6,900,428 shares of the Company to SPG, and SPG shall refund RMB23,161,400 to the Company (approximately equivalent to RMB3.36 per share) (the "**Transfer**"). The Transfer was completed in May 2012 and the excess of the payment made by SPG over the par value of the treasury shares was recorded in the capital reserve.

23. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	**31 December 2012** ***RMB'000***	31 December 2011 *RMB'000*
Bank loans – secured	*(a)*	**23,000**	272,700
Bank loans – unsecured	*(b)*	**45,000**	93,000
Other borrowings – unsecured		**–**	48,750
Total interest-bearing bank and other borrowings		**68,000**	414,450
Analysed into:			
Interest-bearing bank and other borrowings repayable:			
Within one year		**68,000**	376,950
In the second year		**–**	–
In the third to fifth years, inclusive		**–**	37,500
		68,000	414,450
Total interest-bearing bank and other borrowings		**68,000**	414,450
Less: Portion classified as current liabilities		**(68,000)**	(376,950)
Non-current portion		**–**	37,500

Notes:

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

(a) Leasehold lands and leasehold land in the property under development of the Group amounting to RMB29,825,000 (31 December 2011: RMB30,503,000) and RMB nil (31 December 2011: RMB116,615,000), respectively.

(b) Guarantees granted by the Company and Sichuan Chuangye Financing Guarantee Co., Ltd., an independent third party, up to an amount of RMB20,000,000 and RMB50,000,000 respectively (31 December 2011: RMB110,000,000 and RMB50,000,000 respectively).

The exposure of the Group's fixed-rate borrowings and the contractual maturity dates are as follows:

	31 December 2012 ***RMB'000***	31 December 2011 *RMB'000*
Fixed-rate borrowings		
Within one year	**68,000**	227,250
In more than one year but not more than two years	**–**	–
In more than two years but not more than five years	**–**	37,500
In more than five years	**–**	–
	68,000	264,750

In addition, as at 31 December 2011, the Group had variable-rate borrowings which carry interest at 105% of the bench mark rate quoted by the People's Bank of China.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	31 December 2012 *RMB'000*	31 December 2011 *RMB'000*
Effective interest rate:		
Fixed-rate borrowings	**6.00% to 7.87%**	6.14% to 7.87%
Variable-rate borrowings	**–**	6.14% to 6.72%

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

	31 December 2012 *RMB'000*	31 December 2011 *RMB'000*
Floating rate		
– expiring within one year	**185,000**	148,300
– expiring beyond one year	**–**	10,000
	185,000	158,300

24. RETIREMENT BENEFITS PLANS

The Group's employees in the PRC are covered by various defined contribution pension schemes regulated by the relevant municipal and provincial governments in the PRC pursuant to which the municipal and provincial governments undertake to assume the post-employment pension obligations payable to all existing and retired employees.

The aggregate contributions of the Group to post-employment pension schemes for the year ended 31 December 2012 were approximately RMB83,679,000 (2011: RMB53,107,000).

25. BUSINESS COMBINATIONS

a. Acquisition of an education business

In June 2012, the Company and Sichuan Zhuotai Industrial Co., Ltd. (四川卓泰實業有限公司, "**Zhuotai Industrial**"), who used to provide secondary vocational and technical education business in Sichuan Province (the "**Education Business**"), jointly established Chengdu Zhongzhuo Investment Co., Ltd. (成都中卓投資有限公司, "**Chengdu Zhongzhuo**") which is owned as to 51% and 49% by the Company and Zhuotai Industrial, respectively. Chengdu Zhongzhuo's registered capital is RMB58,000,000. The Company made capital contribution by way of cash of RMB29,580,000 and Zhuotai Industrial made capital contribution by way of equipment of RMB28,420,000. After establishment, Chengdu Zhongzhuo further acquired equipment of RMB19,296,000 in relation to the Education Business and the carrying value of aggregate equipment acquired by Chengdu Zhongzhuo amounted to RMB47,716,000. In November 2012, the Company further acquired 51% equity interests of Sichuan Wenxuan Zhuotai Investment Co., Ltd. (四川文軒卓泰投資有限公司, "**Sichuan Wenzhuo**") from Zhuotai Industrial, which was newly established in 2012 by Zhuotai Industrial. Chengdu Zhongzhuo and Sichuan Wenzhuo have succeeded all relevant operating assets and personnel in relation to the Education Business upon the completion of the acquisition. This acquisition has been accounted for using the acquisition method.

Consideration transferred

	RMB'000
Cash	200,000
Consideration payable	106,096
Total	306,096

As at 31 December 2012, the consideration comprised cash paid of RMB200,000,000 and consideration payable of RMB106,096,000.

In addition, Zhuotai Industrial agreed to refund the Company purchase consideration of RMB21,000,000 if Chengdu Zhongzhuo and Sichuan Wenzhuo cannot meet certain operating and financial targets in 2013. Up to the date of this announcement, Zhuotai Industrial and the Company had not reached an agreement in respect of the benchmark operating and financial targets and therefore no contingent consideration receivable was recognised as at 31 December 2012.

Fair values of assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Property, plant and equipment	748,367
Prepaid lease payments for land use rights	113,315
Cash and short-term deposits	21,416
Prepayments	103
Accruals and other payables *(i)*	(271,248)
Deferred tax liabilities	(5,937)
	606,016

(i):

Included in the balances is a payable of RMB256,253,000 due to a subsidiary of Zhuotai Industrial which is interest free. The principal amount of the payable of RMB280,000,000 comprise an initial payment of RMB120,000,000 due in March 2013, four installments of RMB40,000,000 each due in December 2013, 2014, 2015 and 2016, respectively. Upon the acquisition, the payable was discounted using prevailing market interest rates.

Goodwill arising on acquisition:

	RMB'000
Consideration	306,096
Plus: non-controlling interest	301,987
Less: net assets acquired	606,016
Goodwill arising on acquisition	2,067

The non-controlling interest is measured at their proportionate share of net assets acquired in Sichuan Wenzhuo.

Goodwill arose in the acquisition of Education Business because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergy to the Group's publication business in the vocational education area. The benefit is not recognised separately from goodwill because it does not meet the recognition criteria for an identifiable intangible asset.

Net cash outflow on acquisition of subsidiaries

	RMB'000
Cash consideration paid	200,000
Less: cash and short-term deposits acquired	(21,416)
	178,584

Chengdu Zhongzhuo and Sichuan Wenzhuo did not generate any revenue or profit from the Education Business in 2012. Chengdu Zhongzhuo and Sichuan Wenzhuo commenced the Education Business in January 2013. Therefore, it is not practicable to provide a pro forma analysis for year 2012.

b. Acquisition of a publication retailing business

In January 2012, a subsidiary of the Group acquired a publication retailing business within supermarkets including 357 outlets (the "**Publication Retailing Business**"), by way of purchasing the operating asset and succeeding of the relevant personnel and distribution channels from a non-controlling equity holder at the cash consideration of RMB109,745,000.

Assets acquired at the date of acquisition are as follows:

	RMB'000
Property, plant and equipment	832
Other intangible asset*	44,944
Inventories	56,610
Prepayments	7,359
	109,745

* The other intangible asset represented the fair value of distribution channels acquired, which is determined by reference to the estimates of discounted cash flow from the distribution channels over their useful lives of 10 years.

Net cash outflow on acquisition

	RMB'000
Consideration paid	109,745
Less: cash and short-term deposits acquired	–
	109,745

Nil goodwill was recognised as the consideration transferred equals to the fair value of the identifiable net assets acquired.

For the year ended 31 December 2012, the acquired business generated revenue of RMB84,751,000 and incurred net loss of RMB17,259,000 (excluding impairment loss of RMB12,000,000) since the date of the acquisition. The management performed impairment testing on the distribution channels acquired, and provided an impairment loss of RMB12,000,000 for the year ended 31 December 2012.

During the year ended 31 December 2012, in addition to the acquired business, the subsidiary also commenced its publication retailing business in 548 self-established outlets in supermarkets. Aggregate revenue generated by the subsidiary (including acquired outlets and self-established outlets) amounted to RMB107,418,000 and net loss of the subsidiary amounted to RMB73,151,000 for the year ended 31 December 2012.

26. DISPOSAL OF SUBSIDIARIES

In March 2012, the Company disposed of its 51% equity interest in Sichuan Winshare Logistics Co., Ltd. ("**Winshare Logistics**") to Chengdu City Huasheng (Group) Industrial Co., Ltd ("**Huasheng Group**").

In November 2012, the Company disposed of 28.5% equity interest of Chengdu Xinhui to Huasheng Group and retained its 34% equity interest. Chengdu Xinhui was then accounted for as an associate.

In December 2012, the Company disposed of its 51% equity interest in Sichuan Winshare Properties Co., Ltd ("**Winshare Properties**") to Huasheng Group.

The net assets of these companies, at the date of disposal, are as follows:

Consideration received:	**Winshare Logistics** *RMB'000*	**Chengdu Xinhui** *RMB'000*	**Winshare Properties** *RMB'000*	**Total** *RMB'000*
Cash received	24,676	117,635	24,220	166,531

Analysis of assets and liabilities over which control was lost:

	Winshare Logistics *RMB'000*	**Chengdu Xinhui** *RMB'000*	**Winshare Properties** *RMB'000*	**Total** *RMB'000*
Property, plant and equipment	862	1,331	801	2,994
Other intangible assets	–	–	12	12
Long-term prepayment	50,000	232,953	44,000	326,953
Property under development	–	204,887	–	204,887
Prepayments, deposits and other receivables	2,135	–	2,518	4,653
Bank balances and cash	3	41,967	13	41,983
Other payables	(5,053)	(557)	(958)	(6,568)
Bank and other borrowings	–	(410,000)	–	(410,000)
Net assets disposed of	47,947	70,581	46,386	164,914

Gain on disposal of subsidiaries:

Cash consideration received	24,676	117,635	24,220	166,531
Net assets disposed of	(47,947)	(70,581)	(46,386)	(164,914)
Non-controlling interests	23,494	29,663	22,729	75,886
Fair value of retained equity interests	–	140,193	–	140,193
Gain on disposal	223	216,910	563	217,696

Net cash inflow arising on disposal:

	Winshare Logistics *RMB'000*	**Chengdu Xinhui** *RMB'000*	**Winshare Properties** *RMB'000*	**Total** *RMB'000*
Cash consideration	24,676	117,635	24,220	166,531
Less: Disposed of cash and short-term deposits	(3)	(41,967)	(13)	(41,983)
Net cash inflow arising on disposal	24,673	75,668	24,207	124,548

27. EVENT AFTER THE REPORTING PERIOD

Subsequent to 31 December 2012, the Group had the following significant event:

Proposed final dividend and special dividend

A meeting of the Board was held on 8 March 2013, in which final dividend and special dividend of approximately RMB340,539,000 in total, equivalent to RMB0.30 per share (tax inclusive), were proposed by the Board in respect of the Year.

RESULTS AND DIVIDEND

In 2012, the Group achieved a sales revenue of RMB4,592 million and profit for the Year of RMB576 million, representing an increase of 2.4% and 12.3% respectively as compared with the same period of 2011. The profit attributable to the owners of the Company was RMB629 million, representing an increase of 20.5% as compared to 2011. The basic earnings per share of the Group was RMB0.56.

The Board has proposed to distribute a final dividend of RMB0.09 per share (tax inclusive) and a special dividend of RMB0.21 per share (tax inclusive) for the year ended 31 December 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

In 2012, the PRC government promulgated the "Outline of China's Cultural Reform and Development in the 12th Five-Year Plan Period (《國家"十二五"時期文化改革發展規劃綱要》)" regarding the further full deployment on cultural reform and the continuous promotion of the cultural industry as a pillar industry in the national economy. Meanwhile, given the theme of forward leaping development and the positioning of building a pillar industry for the domestic economy, the General Administration of Press and Publication of the PRC (中國新聞出版總署) and the Ministry of Culture (文化部) and other relevant governmental departments also issued a series of policy documents to support the merger and acquisition of the publishing and media groups, drive traditional publishing groups to develop digital publishing business, support media groups to develop business overseas, as well as expand cultural consumption, enhance creativity and core competitiveness of the cultural industry, by offering policy guarantee for the development of the cultural industry.

In view of the industry growth trends, in 2012, the traditional publication market grew steadily and the people's cultural consumption demand remained stable. Digital publishing continued to grow rapidly. Market leaders with abundant copyrights resources and innovative development approaches will take advantages in the reform of the traditional publishing industry.

Furthermore, in order to facilitate the healthy and orderly development of the publishing industry and the educational causes, the state has issued various policy documents to strengthen quality management and market management on educational publications, and to regulate and guide the usage of supplementary materials for primary and secondary schools.

Operating Results and Financial Review

In 2012, upon integration of the internal resources, the Group implemented integrated operation and management across the industry chains, developed quality products in strengthening its traditional publishing and distribution business, consolidated the channels and market management. Driven by the new business model and improved its existing main businesses, the Group developed the related cultural business by means of capital management to continually enhance its core competitiveness and sustainability.

Revenue

During the Year, the Group recorded a sales revenue of RMB4,592 million, representing an increase of 2.4% from RMB4,486 million as compared with the same period last year, mainly attributable to the growth of revenue in the subscription business, online sales business and the newly expanded commercial supermarket book retailing business ("**commercial supermarket business**") of the Group.

Gross Profit Margin

The consolidated gross profit margin of the Group for the Year was 39.4%, which was slightly higher than 38.8% for the corresponding period last year.

Segment Analysis

In 2012, in order to strengthen the integrated operation and management of the publishing and distribution industry chain, the Group made adjustments to the corporate management structure, pursuant to which the operating segments were adjusted from originally five segments comprising Product, Zhongpan, Subscription, Retailing and Others to three segments comprising Publication, Distribution and Others. The new segment structure would help investors understand the operating conditions of the Group in a clearer manner. The following table sets out the adjustments to the segments:

Original segments

Product	Editorial and publishing of publications
Zhongpan	Bulk purchase of publications from the Product segment and third-party publishers 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 reportable segment

New segments

Publication	Publishing of publications including books, periodicals, audio-visual products and digital products, etc; provision of printing services and supply of printing materials
Distribution	Distribution of textbooks and supplementary materials to schools and students; retailing, distribution and online sales of publications business, etc.
Others	Other business such as education, investments in film & television and sales of artwork, etc which do not separately meet the definition of a reportable segment

The Group restated the financial data for 2011 by new segments.

Revenue from operating segments of the Group by new segments for the Year and the corresponding period last year are as follows:

	2012	2011	Change	Percentage of segment sales to revenue before inter-segment sales elimination 2012	2011	Percentage of segment external sales to consolidated revenue 2012	2011
	RMB'000	*RMB'000*	%	%	%	%	%
Publication segment							
External sales	**590,713**	628,372	(6.0)	**10.6**	11.3	**12.8**	14.0
Inter-segment sales	**983,907**	1,052,655	(6.5)	**17.6**	19.0		
Total	**1,574,620**	1,681,027	(6.3)	**28.2**	30.3		
Of which: Printing and materials supply	**449,073**	440,427	2.0	**8.1**	7.9		
Distribution segment							
External sales	**3,979,858**	3,800,173	4.7	**71.4**	68.6	**86.7**	84.7
Inter-segment sales	**109**	10	990.0	**0.0**	0.0		
Total	**3,979,967**	3,800,183	4.7	**71.4**	68.6		
Of which: Subscription	**2,828,552**	2,663,079	6.2	**50.7**	48.1		
Retailing	**807,263**	800,170	0.9	**14.5**	14.4		
Commercial supermarket	**107,295**	–	–	**1.9**	–		
Online sales	**145,635**	76,450	90.5	**2.6**	1.4		
Other segment							
External sales	**21,566**	57,032	(62.2)	**0.4**	1.1	**0.5**	1.3
Inter-segment sales	**2,319**	2,660	(12.8)	**0.0**	0.0		
Total	**23,885**	59,692	(60.0)	**0.4**	1.1		
Revenue before inter-segment sales elimination	**5,578,472**	5,540,902	0.7	**100**	100		
Inter-segment sales elimination	**(986,335)**	(1,055,325)	(6.5)				
Consolidated revenue	**4,592,137**	4,485,577	2.4			**100**	100

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

	2012		2011	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	RMB'000	***%***	*RMB'000*	*%*
Publication (including inter-segment revenue)	**439,076**	**27.9**	400,330	23.8
Of which: Printing and materials supply	**30,360**	**6.8**	31,538	7.2
Distribution (including inter-segment revenue)	**1,343,319**	**33.8**	1,384,025	36.4
Of which: Subscription	**1,038,893**	**36.7**	1,068,407	40.1
Retailing	**304,311**	**37.7**	295,642	36.9
Commercial supermarket	**14,777**	**13.8**		
Online sales	**17,372**	**11.9**	11,983	15.7
Other segment (including inter-segment revenue)	**8,834**	**37.0**	14,642	24.5
Inter-segment revenue elimination	**17,212**	**N/A**	(58,449)	N/A
Total	**1,808,441**	**39.4**	1,740,548	38.8

Publication segment

The Group's Publication segment covers businesses including editorial and publishing of books, periodicals, audio-visual products and digital products etc; provision of printing services; and supply of paper materials.

During the Year, while strengthening the integrated management of the educational product business, the Group endeavoured to optimise the product lines of general originality products and the results of specification were well seen. During the Year, a total of 5 projects of the Group were included as subsidy projects of National Publication Foundation for 2012 and 6 projects were selected as the "Key Publication Planning" projects under the 12th Five-Year Plan. Meanwhile, the Group's strategy to expand business overseas saw initial success. The Group was given the Copyright Promotion and Application Gold Award, the highest honour in the global copyright industry, from the World Intellectual Property Organisation at the 4th China International Copyright Expo in 2012.

During the Year, the Publication segment recorded a revenue of RMB1,575 million (including inter-segment sales), of which the revenue from external sales amounted to RMB591 million, representing a decrease of 6.0% from RMB628 million compared with the corresponding period last year, mainly attributable to the Group's launching of specialisation, encouragement of publishing entities to focus on product research and development, optimisation of product structure, enhancement of product quality, and their original external distribution business was gradually transferred to professional channels of the Group.

During the Year, the gross profit margin of the Publication segment was 27.9%, representing an increase of 4.1 percentage points as compared with 23.8% in the same period last year, primarily attributable to the combined effect of the increase in the percentage of sales its own educational products and the adjustment of trading prices.

Distribution segment

The Group's Distribution segment integrates the Zhongpan segment, the Subscription segment, the Retailing segment and part of the Distribution business included in Others segment under the original segments, which covers the centralised purchasing, delivery and distribution of textbooks and supplementary materials to schools and students, retailing, distribution business and online sales of publications business etc.

During the Year, the Distribution segment recorded a revenue of RMB3,980 million, representing an increase of 4.7% from RMB3,800 million compared with the same period last year.

During the Year, the gross profit margin of the Distribution segment was 33.8%, representing a decrease of 2.6 percentage points from 36.4% compared with the corresponding period last year, which was predominantly due to the sales growth of online sales and commercial supermarket business, the gross profit margins of which were lower.

Subscription business

The Subscription business includes the distribution of textbooks and supplementary materials to schools and students, and the provision of primary and secondary school digitalised education services for primary and secondary schools ("**You Class digitalised classrooms**").

Facing the impact from the continuous decrease in the number of students in Sichuan Province, the policy on reusing of textbooks and the administration policy on supplementary materials, the Group further enhanced the quality of service and brand image as an education service provider through strategies such as strengthening regional classification guidance, tapping potential sales and improving efficiency, actively promoting the channel upgrade, etc. At the same time, the Company utilised its channel advantage and continued to expand the market of "You Class digitalised classrooms", casting profound market influence in the aspect of digitalised education across the nation, especially in Sichuan Province.

During the Year, the Subscription business recorded a sales revenue of RMB2,829 million, representing an increase of 6.2% from RMB2,663 million as compared with the same period last year, which was mainly due to the increase in sales of textbooks as a result of the launch of the New Curriculum Standard for Nineteen Subjects and Courses Under Compulsory Education (義務教育階段十九個學科科目新課程標準, "**New Curriculum Standard**"), the curriculum reform in secondary schools and the introduction of penmanship class. At the same time, the Group pushed ahead the promotion of "You Class digitalised classrooms" in addition to its traditional subscription channels. During the Year, the Group recorded a sales revenue of RMB153 million, representing an increase of 170.7% from RMB56.52 million compared with the same period last year. However, as a result of the state's restriction on supplementary materials both in terms of the type and price, sales of supplementary materials for the Year decreased as compared with the same period last year.

During the Year, the gross profit margin of the Subscription business was 36.7%, representing a decrease of 3.4 percentage points from 40.1% in the same period last year, mainly because the sales structure changed, sales of supplementary materials decreased, and the policies and the business of "You Class digitalised classrooms" actively pursued by the Company remained at its preliminary stage with lower gross profit level.

Retailing business

The Retailing business include the retail store business, the group-buying business, and the libraries distribution business for primary and secondary schools (the "**libraries distribution business**"). During the Year, facing the impact of e-bookstores and digital publications on traditional book retailing business, the Group, focusing on its business idea of "refined management, innovative retailing business form and improved profitability", improved the sales in the retail store business through measures including improving store functions, enriching joint venture product mix and conducting value-added channel operations. The Group actively promoted the upgrade of small and medium-size stores. As the new model for the small and medium-size stores, "Winshare Club (軒客會)" bookstores have been implemented successively across the Sichuan region and progressed well.

During the Year, the Retailing business recorded a revenue of RMB807 million, representing a slight increase as compared with RMB800 million in the same period last year.

During the Year, the gross profit margin of the Retailing business increased to 37.7% from 36.9% in the same period last year, which was mainly due to the growth in sales of the retail store business.

Commercial supermarket business

The Group newly expanded the Commercial supermarket business and explored new sources of business growth. During the Year, the Group recorded a sales revenue of RMB107 million. However, the gross profit level was relatively lower because of its developing stage. Gross profit margin during the Year was 13.8%.

Online sales business

On the background of the fast expanding e-commerce market in China, recently, sales of the Group's Online sales business have grown substantially. During the Year, the Online sales business recorded a sales revenue of RMB146 million, representing an increase of 90.5% from RMB76 million over the same period last year. As a result of the generally higher discount of online sales, the gross profit margin of such business was lower than that of the traditional distribution business.

Expenses and Costs

Selling and distribution expenses and administrative expenses

During the Year, the total of the selling and distribution expenses and administrative expenses was RMB1,552 million, representing an increase of 10.8% from RMB1,401 million in the corresponding period last year, which was mainly due to the increase in operating expenses and labour costs as a result of the expansion into the new business.

Other expenses

Other expenses for the Year amounted to approximately RMB117 million, representing an increase of 67.3% as compared with approximately RMB70 million in the same period last year, which was primarily due to the increase in provision made by the Group during the Year.

Net Finance Income

The net finance income for the Year amounted to approximately RMB15 million, representing a slight increase as compared with approximately RMB13 million in the same period last year.

Profit

The Group's profit for the Year amounted to RMB576 million, representing an increase of 12.3% from RMB513 million in the corresponding period last year, mainly due to the gain arising from the disposal of equity interest in subsidiaries of RMB218 million (including fair value gain arising from re-measurement of the remaining equity interest in Chengdu Xinhui of RMB116 million) and the increase in loss of newly expanded commercial supermarket business of RMB73 million.

The profit attributable to owners of the Company was RMB629 million, representing an increase of 20.5% from RMB522 million in the same period last year.

Earnings Per Share

Earnings per share is calculated by dividing profits for the Year attributable to owners of the Company by the weighted average number of ordinary shares in issue for the Year. The Group's earnings per share for the Year was RMB0.56, representing an increase of 20.0% from RMB0.46 in the corresponding period last year. Please refer to note 12 to the consolidated financial statements in this results announcement for the calculation of earnings per share.

Liquidity and Financial Resources

As at 31 December 2012, the Group had cash and short-term bank deposits of approximately RMB2,177 million, and the interest-bearing bank borrowings of approximately RMB68 million of the Company's subsidiaries. The Company did not have any interest-bearing bank and other borrowings at the end of the Year.

As at 31 December 2012, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 39.4%, representing an increase of 1.9 percentage points from 37.5% as at 31 December 2011, which was mainly due to the increase in receipts in advance of the Company and the merger with the new subsidiaries of the Group. The Group's overall financial structure remained relatively stable.

Foreign Exchange Risk

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

Working Capital Management

	31 December 2012	31 December 2011
Current ratio	**1.3**	1.4
Inventory turnover days	**133.6 days**	124.9 days
Trade and bills receivables turnover days	**49.7 days**	43.1 days
Trade and bills payables turnover days	**212.3 days**	190.3 days

As at 31 December 2012, the current ratio of the Group was 1.3, which was slightly lower as compared to 1.4 as at 31 December 2011. It was mainly due to the fact that the majority of assets of the Company's newly acquired subsidiary, Sichuan Wenzhuo, are non-current assets such as property, machinery and equipment etc. which led to a lower current ratio.

During the Year, inventory turnover days, trade and bills receivables turnover days and trade and bills payables turnover days were 133.6 days, 49.7 days and 212.3 days respectively, all of which were slightly longer than 2011.

Overview of Material Investments

During the Year, the Group continued to cement its traditional publishing and distribution businesses, improved industrial layout, and strengthened its efforts in education and cultural related businesses, with a view to continuously establishing the Group as a first-class cultural media group in the PRC.

To tap into the vocational education industry and quickly expand the Group's education business, the Company and Zhuotai Industrial, one of the leading entities in the vocational education industry in south-west China, cooperated to develop vocational education business during the Year. In this regard, the Company obtained 51% equity interest in each of Chengdu Zhongzhuo and Sichuan Wenzhuo at the consideration of RMB29.58 million and RMB286.80 million, respectively. Please refer to the announcements of the Company dated 6 November 2012 for details.

During the Year, to meet the operation and development needs of the Company's subsidiary Xinhua Winshare Commercial Chain (Beijing) Co., Ltd. (新華文軒商業連鎖(北京)有限公司, "**Winshare Commercial**"), the Company completed the capital injection of RMB86.70 million into Winshare Commercial according to the agreement. However, as Winshare Commercial was still at its developing stage, substantial preliminary expenses were incurred. Loss for the Year amounted to RMB73 million, including provision for impairment of intangible assets of RMB12 million.

In May 2012, to develop the Group's film culture business, the Company injected a capital of RMB50 million into its subsidiary Beijing Huaying Winshare Movie & TV Culture Co., Ltd. (北京華影文軒影視文化有限公司, "**Huaying Winshare**"). After completion of the capital injection, the Company's shareholding in Huaying Winshare increased from 65.0% to 86.7%.

During the Year, the Company obtained dividend incomes of RMB14.40 million and RMB7.48 million for the year 2011 from Bank of Chengdu and Wan Xin Media, respectively.

In addition, in 2012, the Company disposed of 51% equity interest in Winshare Logistics, 51% equity interest in Winshare Properties and 28.5% equity interest in Chengdu Xinhui. All of the relevant procedures were completed. Gain on disposals amounted to RMB218 million (including fair value gain arising from re-measurement of the remaining equity interest in Chengdu Xinhui of RMB116 million). Please refer to note 26 to the consolidated financial statements in this results announcement for details.

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

Leveraging on the Group's extensive experience in serving primary and secondary schools over the years as well as its capability and advantage in digitalised education services, in July 2012, the Company entered into a strategic cooperation agreement with the Education Department of Sichuan Province (四川省教育廳) to jointly establish an information system management and application platform for the libraries of primary and secondary schools (中小學圖書館信息系統管理應用平台) in Sichuan Province, as well as to cooperate on the research, development and application of the content for educational products. This cooperation will greatly promote the Company's transformation from a traditional publisher and distributor into a modern education service provider in the education sector, thus expanding the Group's market share in digitalised education services for primary and secondary schools.

In addition, the Company capitalised on the benefit of integrated operation of industry chains after business integration and explored the abundant resources of cultural publishing in Sichuan Province to develop quality products and find ways to develop business overseas. In 2012, the Company has established strategic cooperation with McGraw-Hill Education Group in the United States and the New World Press under China International Publishing Group (also known as CIPG), agreeing to cooperate in areas including topic selection and development, digital publishing, copyright trading and cultural exchange, etc, which will speed up the pace of the Group's publishing segment to develop business overseas.

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 the value of publications' contents and service capacity of channels, so as to attain steady improvement in the traditional principal businesses. Meanwhile, capitalising on resources integration and strategic cooperation, the Group will integrate its capital and resources to promote innovative industry environment and transformation of traditional businesses towards businesses of new model of the Group, so as to drive the Group toward leaping development.

In this regard, the Board of the Company has resolved on the proposed issue of A shares ("**A Share Issue**") on 16 January 2013. The A Share Issue, upon completion, will provide new financial channels for the business development of the Company and offer resource protection to the Company for enhancing sustainability and core competitiveness. The A Share Issue was approved at the extraordinary general meeting and class general meetings held on 8 March 2013, subject to the approvals from China Securities Regulatory Commission (中國證券監督管理委員會) and other relevant regulatory authorities. Please refer to the Company's announcement dated 16 January 2013 and the circular dated 5 February 2013 for details.

Based on the foregoing, in the future, the Company will focus on implementation of the following strategies:

1. further drive the profound integration of the publishing and distribution businesses, develop new structure and model for the publishing business, capitalise on generating advantages from integration, implement nationwide influential publishing quality products, and enhance the operating ability of the publishing market;

2. continue to facilitate the upgrade of the Company's middle and small size retail stores, propel the upgrade and expansion project of retail stores, and improve operation capacity and profitability of publication retailing channels; meanwhile, steadily push ahead the expansion of commercial supermarket business, and tackle changes in the publication consumption market;

3. perfect the digitalised education application system "You Class digitalised classrooms", implement the service platform of education cloud project, and drive the strategic expansion of the Group from a primary education service provider to an education information product provider and education information service operator;

4. enhance the operating ability of the Group's e-commerce business and drive the development of digital publishing platform; as well as continue to facilitate integration of traditional principal businesses and digitalised publishing business to realise innovation and transformation of the Group's business model;

5. facilitate construction of the Group's logistics network and information system, implement the logistic network construction project in Western China as well as the ERP construction and upgrade project, further improve the Group's logistics and distribution capacities and information processing capacity, and strengthen the logistic and information support for the Group's principal businesses; and

6. actively propel cross-regions development in related cultural and education industries, and further enhance the Group's market competitiveness and sustainability in development.

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 CORPORATE GOVERNANCE CODE

The Company is committed to implementing sound corporate governance, continuously perfecting and optimising the internal control system. The Company has adopted and complied with all applicable code provisions of the Corporate Governance Practices which was revised and renamed as Corporate Governance Code on 1 April 2012 set out in Appendix 14 to the Listing Rules in 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.

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 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 2012, the Group had a total of 9,320 (31 December 2011: 7,938) employees. The increase in the number of employees is mainly due to the newly established subsidiary of the Group, Winshare Commercial.

The Company reviews the employee remuneration policy regularly and improves its remuneration management system continuously, by which it has established an incentive mechanism that aligns employees' remuneration to the Company's development. During the Year, the Company streamlined and reviewed its remuneration management system; and established a unified target salary system that is based on the value of position. The Company also adhered to the principle of "unified regulation, hierarchical control and process supervision" by perfecting its salary management system, so as to achieve a scientific and standardised income allocation.

The standard remuneration package of the Company includes basic salary, performance-based bonus and benefits. Fringe benefits including pension insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing welfare funds, etc. calculated at a certain percentage of the employee's salary available to the employees. In order to enhance long-term incentives of the Company's remuneration and benefit system, the Company has duly implemented the corporate annuity system since 2012 to provide further retirement protection to the employees.

For the Year, the aggregate contributions of the Group to post-retirement pension schemes for its staff were approximately RMB83,679,000 (2011: RMB53,107,000). Details of such schemes are set out in the note 24 to the consolidated financial statements in this results announcement.

The Company has introduced a position's qualifications based programme and provided internal training and placement training to the employees featuring quality of management and professional skills. The Company continues to enhance the quality of business and working abilities of its staff through e-learning, experimental training, knowledge base development and leading enterprise learning so as to safeguard the sustainable development of the Company.

DIVIDENDS

The Board proposed distribution of final and special dividends for the Year totaling RMB0.30 (tax inclusive) per share (2011: RMB0.30 per share in total), totaling RMB341 million (tax inclusive). The total dividend comprises the final dividend of RMB0.09 per share (tax inclusive) (2011: final dividend of RMB0.10 per share) and the special dividend of RMB0.21 per share (tax inclusive) (2011: 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 9 May 2013 ("**2012 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 mainland China 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 by such procedures as specified by the relevant regulations.

The proposed final and special dividends for 2012 are subject to the approval by the shareholders at the 2012 AGM to be held on 9 May 2013 by the Company.

Holders of H Shares and Domestic Shares whose names appear on the register of members of the Company on 9 May 2013 will be entitled to attend and vote at the 2012 AGM. Holders of H Shares and Domestic Shares whose names appear on the register of members of the Company on 20 May 2013 (the "**Dividend Entitlement Date**"), will be entitled to the final and special dividends for 2012 (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 2012 AGM and to receive the final and special dividends for 2012.

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 2012 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 9 May 2013. Details of the 2012 AGM will be set out in the notice of 2012 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 2012 AGM and to receive the final and special dividends for 2012 (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 2012 AGM:

Deadline for lodging transfer documents	4:30 p.m. on 8 April 2013, Monday
Closure of register of members of the Company	From 9 April 2013 to 9 May 2013 (both days inclusive)
Record date	9 May 2013
Date of convening of the 2012 AGM	9 May 2013

To ascertain shareholders who are entitled to the final and special dividends for 2012:

Deadline for lodging transfer documents	4:30 p.m. on 14 May 2013, Tuesday
Closure of register of members of the Company	From 15 May 2013 to 20 May 2013 (both days inclusive)
Dividend entitlement Date	20 May 2013

In order to attend and vote at the 2012 AGM and to qualify for the final and special dividends for 2012, 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 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 2012 (including the audited financial statements) will be despatched to the shareholders on or before 30 April 2013 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
8 March 2013

As at the date of this announcement, the Board comprises (a) Mr. Gong Cimin 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*