WINSHARE

新華文軒出版傳媒股份有限公司
XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 811)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

The board (the "**Board**") of directors (the "**Director(s)**") 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 2015 (the "**Year**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTES	**2015** *RMB'000*	2014 *RMB'000* (restated)
Revenue	*4, 5*	**5,582,574**	5,278,641
Cost of sales		**(3,454,938)**	(3,251,005)
Gross profit		**2,127,636**	2,027,636
Other income and gains	*6*	**313,288**	246,454
Distribution and selling expenses		**(1,064,258)**	(999,875)
Administrative expenses		**(651,633)**	(580,198)
Other expenses		**(121,653)**	(75,941)
Share of profit/(loss) of associates		**4,555**	(10,385)
Share of profit of joint ventures		**4,188**	3,533
Finance income, net	*7*	**10,767**	6,647
Profit before tax		**622,890**	617,871
Income tax expense	*8*	**(2,790)**	(1,192)
Profit for the year	*10*	**620,100**	616,679
Profit for the year attributable to:			
Owners of the Company		**652,450**	637,966
Non-controlling interests		**(32,350)**	(21,287)
		620,100	616,679
EARNINGS PER SHARE			
Basic (RMB)	*12*	**0.57**	0.56

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTES	2015 RMB'000	2014 RMB'000 (restated)
Profit for the year		**620,100**	616,679
Item that will not be reclassified to profit or loss:			
Effect of income tax exemption from year 2014 to year 2018		**–**	(6,476)
Item that may be reclassified subsequently to profit or loss:			
Available-for-sale ("**AFS**") investments:			
Changes in fair value		**1,077,192**	258,765
Reclassification adjustments for gain included in the consolidated statement of profit or loss – gain on disposal		**(5,372)**	–
Income tax relating to items that may be reclassified subsequently		**(18,075)**	(34)
		1,053,745	258,731
Other comprehensive income for the year, net of income tax	*9*	**1,053,745**	252,255
Total comprehensive income for the year		**1,673,845**	868,934
Total comprehensive income attributable to:			
Owners of the Company		**1,706,195**	890,221
Non-controlling interests		**(32,350)**	(21,287)
		1,673,845	868,934

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	NOTES	**31/12/2015 *RMB'000***	31/12/2014 *RMB'000* (restated)	1/1/2014 *RMB'000* (restated)
Non-current Assets				
Property, plant and equipment	*13*	**1,607,412**	1,457,950	1,300,417
Prepaid lease payments for land use rights		**257,693**	263,438	122,307
Investment properties		**40,480**	40,834	18,684
Goodwill	*14*	**500,994**	504,301	504,301
Other intangible assets		**79,818**	72,043	64,496
Interests in associates		**224,460**	227,874	41,602
Interests in joint ventures		**426,280**	418,797	434,068
Available-for-sale investments	*15*	**2,949,030**	1,577,692	1,283,359
Deferred tax assets		**33,212**	34,089	37,917
Long-term prepayments	*16*	**137,205**	199,570	164,336
Long-term trade receivable		**23,145**	28,574	–
Entrusted loan	*17*	**–**	120,000	120,000
		6,279,729	4,945,162	4,091,487
Current Assets				
Trade and bills receivables	*18*	**653,154**	599,792	668,673
Prepayments, deposits and other receivables	*19*	**297,252**	468,303	381,189
Inventories		**1,464,179**	1,308,768	1,399,151
Available-for-sale investments	*15*	**31,672**	100,000	–
Short-term investments		**–**	94,892	27,140
Pledged bank deposits and restricted cash		**27,341**	48,253	82,459
Cash and short-term deposits		**1,901,688**	1,383,036	1,505,192
		4,375,286	4,003,044	4,063,804
Assets classified as held for sale		**–**	–	126,673
		4,375,286	4,003,044	4,190,477

	NOTES	**31/12/2015**	31/12/2014	1/1/2014
		RMB'000	*RMB'000*	*RMB'000*
			(restated)	(restated)
Current Liabilities				
Bank borrowings		**–**	50,000	65,000
Trade and bills payables	*20*	**2,541,060**	2,109,661	2,119,147
Deposits received, other payables and accruals		**919,224**	891,200	760,870
Tax liabilities		**30,586**	1,201	3,080
		3,490,870	3,052,062	2,948,097
Net Current Assets		**884,416**	950,982	1,242,380
Total Assets less Current Liabilities		**7,164,145**	5,896,144	5,333,867
Capital and Reserves				
Issued capital	*21*	**1,135,131**	1,135,131	1,135,131
Reserves		**6,029,008**	4,370,678	3,824,576
Proposed dividends	*11*	**–**	340,539	340,539
Equity attributable to owners of the Company		**7,164,139**	5,846,348	5,300,246
Non-controlling interests		**(31,368)**	7,104	33,621
Total Equity		**7,132,771**	5,853,452	5,333,867
Non-current Liabilities				
Deferred tax liabilities		**31,374**	42,692	–
		31,374	42,692	–
Total Equity and Non-current Liabilities		**7,164,145**	5,896,144	5,333,867

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

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 of Sichuan Xinhua Publishing Group Co., Ltd.* (四川新華發行集團有限公司) ("**Sichuan 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.

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

The parent company of the Company is Sichuan Xinhua Publishing Group, a state-owned enterprise established in the PRC. Sichuan 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 (四川省國有資產監督管理委員會) ("**SASAC of Sichuan**"), the Company is beneficially controlled by SASAC of Sichuan.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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 ("**CO**").

The provisions of the new CO (Cap 622 of the laws of Hong Kong) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

(i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

(ii) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

(iii) Level 3 inputs are unobservable inputs for the asset or liability.

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

Combination of the equity interests in Sichuan Xinhua Culture Communication Co., Ltd.

In December 2015, the Company acquired from Sichuan Xinhua Publishing Group the 97.95% equity interests in Sichuan Xinhua Culture Communication Co., Ltd.* (四川新華文化傳播有限責任公司) ("**Sichuan Culture Communication**"), which is engaged in the advertising, convention and exhibition services, for a total cash consideration of approximately RMB44,616,000. Before the acquisition, the Company held 2.05% equity interests in Sichuan Culture Communication and after the completion of the acquisition, Sichuan Culture Communication became a wholly owned subsidiary of the Company.

The aforesaid transaction was regarded as a business combination under common control as the Company and Sichuan Culture Communication are all under the control of Sichuan Xinhua Publishing Group both before and after the acquisition. The consolidated financial statements for the year ended 31 December 2014 have been restated as a result of adoption of merger accounting for the above business combinations under common control. Details of relevant statements of adjustments for the common control combination on the Group's results for the year ended 31 December 2014 and the financial position as at 31 December 2014 and 1 January 2014 are set out below.

For the year ended 31 December 2014:

	As original stated	**Acquired subsidiary**	**Eliminations**	**As restated**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenues	5,270,061	9,891	(1,311)	5,278,641
Profit before tax	614,471	3,400	–	617,871
Income tax expense	(1,192)	–	–	(1,192)
Profit for the year	613,279	3,400	–	616,679

As at 31 December 2014:

	As original stated *RMB'000*	Acquired subsidiary *RMB'000*	Eliminations *RMB'000*	As restated *RMB'000*
Non-current assets	4,934,246	11,336	(420)	4,945,162
Current assets	3,975,445	27,599	–	4,003,044
Current liabilities	3,046,128	5,934	–	3,052,062
Net current assets	929,317	21,665	–	950,982
Total assets less current liabilities	5,863,563	33,001	(420)	5,896,144
Capital and reserves				
Issued share capital	1,135,131	420	(420)	1,135,131
Reserves	4,338,097	32,581	–	4,370,678
Proposed dividends	340,539	–	–	340,539
Equity attributable to owners of the Company	5,813,767	33,001	(420)	5,846,348
Non-controlling interests	7,104	–	–	7,104
Total equity	5,820,871	33,001	(420)	5,853,452
Non-current liabilities	42,692	–	–	42,692
Total equity and non-current liabilities	5,863,563	33,001	(420)	5,896,144

As at 1 January 2014:

	As original stated *RMB'000*	Acquired subsidiary *RMB'000*	Eliminations *RMB'000*	As restated *RMB'000*
Non-current assets	4,079,034	12,873	(420)	4,091,487
Current assets	4,169,747	20,730	–	4,190,477
Current liabilities	2,944,095	4,002	–	2,948,097
Net current assets	1,225,652	16,728	–	1,242,380
Total assets less current liabilities	5,304,686	29,601	(420)	5,333,867
Capital and reserves				
Issued share capital	1,135,131	420	(420)	1,135,131
Reserves	3,795,395	29,181	–	3,824,576
Proposed dividends	340,539	–	–	340,539
Equity attributable to owners of the Company	5,271,065	29,601	(420)	5,300,246
Non-controlling interests	33,621	–	–	33,621
Total equity	5,304,686	29,601	(420)	5,333,867
Non-current liabilities	–	–	–	–
Total equity and non-current liabilities	5,304,686	29,601	(420)	5,333,867

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted the following amendments issued by the International Accounting Standards Board for the first time in the current year:

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle

The application of the amendments to 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.

New and revised standards and amendments issued but not yet effective

The Group has not early applied the following new and revised standards and amendments to IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[2]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
Amendments to IAS 1	Disclosure Initiative[3]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[3]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[3]
Amendments to IAS 27	Equity Method in Separate Financial Statements[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[3]
Amendments to IAS 7	Disclosure Initiative[5]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[5]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after 1 January 2016.
4 Effective for annual periods beginning on or after a date to be determined.
5 Effective for annual periods beginning on or after 1 January 2017.

Except as described below, the Directors do not anticipate that the application of the abovementioned new and revised standards and amendments to IFRSs issued but not yet effective will have a material effect on the Group's consolidated financial statements.

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("**FVTOCI**") measurement category for certain simple debt instruments.

The Directors anticipate that the adoption of IFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets. For example, the Group's unlisted available-for-sale equity investments are currently measured at costs less any identified impairment losses at the end of reporting period. After adoption of IFRS 9, these investments will be measured at fair value. The Group may make an irrecoverable election to present subsequent changes in the fair value of these investments in other comprehensive income, with only dividend income generally recognised in profit or loss. Furthermore, the application of IFRS9 may result in early recognition of credit losses based on the expected loss model in relation to the Group's financial assets measured at amortised costs, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed. The Group did not have any financial liabilities designated at fair value through profit or loss at 31 December 2015.

IFRS 15 Revenue from Contracts with Customers

In July 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The Directors anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

IFRS 16 Leases

IFRS 16 – Lease was issued by International Accounting Standards Board in January 2016. It will be effective for annual periods beginning on or after January 1, 2019. This new standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

A lessee is required to recognize a right-of-use asset and a lease liability at the commencement of lease arrangement. Right-of-use asset includes the amount of initial measurement of lease liability, any lease payment made to the lessor at or before the lease commencement date, estimated cost to be incurred by the lessee for dismantling or removing the underlying assets from and restoring the site, as well as any other initial direct cost incurred by the lessee. Lease liability represents the present value of the lease payments. Subsequently, depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of IAS 16 – Property, Plant and Equipment, while lease liability will be increased by the interest accrual, which will be charged to profit or loss, and deducted by lease payments.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Total operating lease commitment of the Group in respect of leased premises as at 31 December 2015 amounted to RMB288,088,000, the Directors do not expect the adoption of IFRS 16 as compared with the current accounting policy would result in significant impact on the Group's results but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

4. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of sales after deduction of relevant taxes and allowances for sale returns and trade discount, and after eliminations of all significant intra-group transactions. An analysis of the Group's revenue for the year is as follows:

	2015	2014
	RMB'000	*RMB'000*
		(restated)
Sales of goods	**5,557,210**	5,175,454
Revenue from distribution of television programs	**18,231**	94,789
Income from leasing of advertising billboards	**7,133**	8,398
	5,582,574	5,278,641

5. SEGMENT INFORMATION

The Group is organised into business units based on business lines. Information reported to the management (including Directors and senior executives), being the chief operating decision makers, for the purposes of resource 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:

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

Distribution: Distribution of textbooks and supplementary materials to schools and students; retailing, distribution and online sales of publications

The Group is also engaged in other businesses such as production and distribution of film and television programmes, rendering of advertising services and sales of artwork, each of which is an operating business but does not separately meet the definition of a reportable segment. The relevant financial information of these operating business is grouped and presented as "Others" in the tables below.

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 2015

	Publication *RMB'000*	Distribution *RMB'000*	Subtotal *RMB'000*	Others *RMB'000*	Total *RMB'000*
REVENUE AND OTHER INCOME					
External sales and services	**396,300**	**5,146,004**	**5,542,304**	**40,270**	**5,582,574**
Inter-segment sales	**1,241,273**	**–**	**1,241,273**	**15**	**1,241,288**
Segment revenue	**1,637,573**	**5,146,004**	**6,783,577**	**40,285**	**6,823,862**
Eliminations					**(1,241,288)**
Group revenue					**5,582,574**
Other income	**98,655**	**135,070**	**233,725**	**18,932**	**252,657**
Segment profit (loss)	**313,305**	**394,979**	**708,284**	**(63,783)**	**644,501**
Elimination of inter-segment results					**(36,200)**
Unallocated expenses					**(67,540)**
Unallocated income and gains					**3,250**
Unallocated interest income, net					**5,533**
Income on short term investments					**7,640**
Gains on disposal of AFS investments					**5,372**
Dividends from AFS investments					**60,334**
Profit before tax					**622,890**

For the year ended 31 December 2014

	Publication *RMB'000*	Distribution *RMB'000*	Subtotal *RMB'000*	Others *RMB'000* (restated)	Total *RMB'000* (restated)
REVENUE AND OTHER INCOME					
External sales and services	490,264	4,678,509	5,168,773	109,868	5,278,641
Inter-segment sales	1,033,591	–	1,033,591	1,361	1,034,952
Segment revenue	1,523,855	4,678,509	6,202,364	111,229	6,313,593
Eliminations					(1,034,952)
Group revenue					5,278,641
Other income	82,809	118,260	201,069	8,030	209,099
Segment profit (loss)	258,882	364,707	623,589	(36,284)	587,305
Elimination of inter-segment results					46,955
Unallocated expenses					(92,765)
Unallocated income and gains					7,244
Unallocated interest income, net					4,124
Income on short term investments					9,672
Dividends from AFS investments					55,336
Profit before tax					617,871

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, net and other income and expense, dividend income from AFS investment and income 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 makers for the purposes of resources allocation and performance assessment.

Inter-segment sales are charged at prices mutually agreed between entities within 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 2015, the Group's revenue from one (2014: one) customer amounted to RMB601,779,000 (2014: RMB677,946,000), 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 year ended 31 December 2015 and 2014.

6. OTHER INCOME AND GAINS

	2015	2014
	RMB'000	*RMB'000*
		(restated)
Government grants (note)	**82,871**	59,232
Gross rental income	**21,541**	16,600
Commission income	**54,205**	52,635
Income on short-term investments	**7,640**	9,672
Dividends from AFS investments	**60,334**	55,336
Gain on acquisition of a subsidiary	**–**	586
Gain on liquidation of a subsidiary	**–**	95
Gain on disposal of an associate	**37**	172
Gain on partial disposal of a joint venture	**–**	349
Gain on disposal of AFS investments	**5,372**	–
Gain/(loss) on disposal of items of property, plant and equipment	**18,455**	(267)
Others	**62,833**	52,044
	313,288	246,454

Notes:

Details of the government grants are set out below:

	2015	2014
	RMB'000	*RMB'000*
Government grants for compilation of publications (a)	**19,159**	16,075
Value-added tax ("**VAT**") refund (b)	**34,011**	35,337
Others	**29,701**	7,820
	82,871	59,232

(a) Various government grants have been received for compilation of publications in certain subjects. The government grants are recorded as other income when the related publications have been produced. 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, certain subsidiaries of the Company engaged in publishing business enjoyed VAT refund for sales of certain publications. Income from VAT refund is recognised in the period when it becomes receivable.

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

7. FINANCE INCOME, NET

	2015	2014
	RMB'000	*RMB'000*
		(restated)
Bank interest income	**12,872**	12,159
Interest expense on bank borrowings	**(2,105)**	(5,512)
	10,767	6,647

8. INCOME TAX EXPENSE

	2015	2014
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax	**31,306**	3,874
Deferred tax	**(28,516)**	(2,682)
	2,790	1,192

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 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 their respective taxable income.

In November 2014, the Ministry of Finance and the State Administration of Taxation jointly issued the Circular Cai Shui [2014] No. 84 (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 2014 to 31 December 2018. Pursuant to the Circular, the Company and sixteen subsidiaries qualified as cultural enterprises were granted enterprise income tax exemptions for the year ended 31 December 2014 and 2018.

9. OTHER COMPREHENSIVE INCOME

	2015	2014
	RMB'000	*RMB'000*
Item that will not be reclassified to profit or loss:		
Effect of income tax exemption from year 2014 to year 2018	**–**	(6,476)
Item that may be reclassified subsequently to profit or loss:		
AFS investments:		
Changes in fair value	**1,077,192**	258,765
Reclassification adjustments for gain included in the consolidated statement of profit or loss – gain on disposal	**(5,372)**	–
Income tax relating to items that maybe reclassified subsequently	**(18,075)**	(34)
Other comprehensive income, net of income tax	**1,053,745**	252,255

10. PROFIT FOR THE YEAR

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

	2015	2014
	RMB'000	*RMB'000*
		(restated)
Depreciation for property, plant and equipment	**117,598**	103,618
Depreciation for investment properties	**2,364**	2,356
Amortisation of prepaid lease payments for land use rights	**7,691**	7,257
Amortisation of other intangible assets	**12,500**	11,038
Total depreciation and amortisation	**140,153**	124,269
Auditors' remuneration	**4,546**	4,160
Minimum lease payments under operating leases on properties	**101,366**	96,798
(Gain)/loss on disposal of items of property, plant and equipment	**(18,455)**	267
Loss on disposal of other intangible assets	**8**	–
Loss on deemed disposal of a subsidiary	**–**	819
Impairment/(reversal of impairment) loss of trade and other receivables	**13,565**	(5,388)
Write-down of inventories to net realisable value	**63,791**	40,205
Impairment loss on AFS investment	**–**	1,311
Impairment loss of goodwill	**3,307**	–
Employee benefits expense	**764,881**	702,460
Cost of inventories sold recognised as an expense	**3,451,713**	3,247,780
Foreign exchange loss	**1,854**	1,229

11. DIVIDENDS

	2015	2014
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year:		
2014 dividends – RMB30 cents per share(tax inclusive) (2014: 2013 dividends – RMB30 cents per share(tax inclusive))	**340,539**	340,539

As the Company is actively pushing ahead the progress of the initial public offering of A shares ("A Shares IPO") and the same has entered the crucial phase, the final dividend for the year ended 31 December 2015, if declared, may include holders of A shares upon listing of A shares, the Board shall make an announcement in respect of the proposed dividend for the year ended 31 December 2015 as appropriate in due course and the proposed dividend for the year ended 31 December 2015 is subject to the approval by the shareholders at the forthcoming 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.

	2015	2014
	RMB'000	*RMB'000*
		(restated)
Earnings:		
Profit for the year attributable to owners of the Company	**652,450**	637,966

	Number of shares	
	2015	2014
Shares:		
Weighted average number of ordinary shares in issue during the year	**1,135,131,000**	1,135,131,000

The Group had no potential ordinary shares in issue during the years presented. Therefore, there was no diluted impact on earnings per share attributable to the owners of the Company.

13. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2015, the Group purchased property, plant and equipment at a total cost of RMB276,897,000 (2014: RMB203,582,000 as restated).

During the year ended 31 December 2015, property, plant and equipment with a net book value of RMB7,827,000 (2014: RMB4,694,000) were disposed.

During the year ended 31 December 2015, depreciation of property, plant and equipment amounted to RMB117,598,000 (2014: RMB103,618,000 as restated).

14. GOODWILL

	2015	2014
	RMB'000	*RMB'000*
Cost		
At 1 January and 31 December	**504,301**	504,301
Impairment		
At 1 January	**–**	–
Impairment loss recognised in the year	**(3,307)**	–
At 31 December	**(3,307)**	–
Carrying Values		
At 31 December	**500,994**	504,301

During the year ended 31 December 2015, as the management of the Group determined to significantly reduce its paper trading business, the Group recognised an impairment loss of RMB3,307,000 (2014: nil) in relation to goodwill arising from the acquisition of Sichuan Xinhua Shang Paper Co., Ltd.* (四川新華商紙業有限公司) ("**Xinhua Shang Paper**"), which is included in the publication segment. Xinhua Shang Paper did not have any significant non-current assets as at 31 December 2015.

For the purpose of impairment testing, goodwill of RMB500,994,000 as at 31 December 2015 has been allocated to one cash generating unit comprising three companies of the fifteen publishers acquired in one transaction in 2010 in the publication segment (the "**Publication CGU**"). Management assessed the recoverable amount of the Publication CGU as at 31 December 2015 and determined that there was no impairment of goodwill in relation to the Publication CGU.

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% (2014: 15%). The Publication CGU's cash flows beyond the five-year period are extrapolated using a nil to 2% (2014: nil to 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 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 INVESTMENTS

	31/12/2015	31/12/2014
	RMB'000	*RMB'000*
		(restated)
Listed equity investments, at fair value *(note i)*	**2,038,384**	1,036,775
Unlisted investments:		
Investment funds, at fair value *(note ii)*	**409,729**	40,000
Trust products, at fair value *(note iii)*	**31,672**	100,000
Unlisted equity investments, at cost less impairment losses *(note iv)*	**500,917**	500,917
Total	**2,980,702**	1,677,692
Analysed for reporting purposes as:		
Current assets	**31,672**	100,000
Non-current assets	**2,949,030**	1,577,692

Notes:

(i) The Group's listed equity investments represent: (1) investment in Anhui Xinhua Media Co., Ltd.* (安徽新華傳媒股份有限公司) ("**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; (2) investment in Jiangsu Youli Investment Holding Co., Ltd.* (江蘇友利投資控股股份有限公司) ("**Youli Holding**"), a listed company on the Shenzhen Stock Exchange, which accounts for 0.02% of the shareholding interest of Youli Holding.

As at 31 December 2015, the equity investments in Wan Xin Media and Youli Holding were stated at fair value, which are also their quoted market value of RMB2,036,713,000 (31 December 2014: RMB1,035,854,000) and RMB1,671,000 (31 December 2014: RMB921,000), respectively. During the current year, the fair value gain in respect of the Group's available-for-sale equity investment in Wan Xin Media and Youli Holding recognised in other comprehensive income amounted to RMB1,000,859,000(2014: gain of RMB258,628,000) and RMB750,000 (2014: gain of RMB137,000) respectively.

(ii) As at 31 December 2015, the Group's investments in investment funds represent investment in CITIC Buyout Investment Fund (Shenzhen) (Limited Partnership) ("**CITIC Buyout Fund**") of RMB76,984,000 (31 December 2014: RMB40,000,000), Qingdao Jinshi Zhixin Investment Center (Limited Partnership) of RMB150,768,000 (31 December 2014: nil), Winshare Hengxin (Shenzhen) Equity Investment Fund (Limited Partnership) ("**Winshare Hengxin**") of RMB143,555,000 (31 December 2014: nil), and Taizhou Xinheng Zhongrun Investment Fund (Limited Partnership) of RMB38,442,000 (31 December 2014: nil). The investments are measured at fair value. The fair value is determined based on the annual reports of the funds where their investment portfolios are measured at fair value.

As at 31 December 2015, the Group is committed to make additional investments of RMB20,000,000 and RMB100,000,000 to CITIC Buyout Fund and Winshare Hengxin, respectively.

(iii) As at 31 December 2015, the Group's investments in trust products represent debt investments for a trust product of CITIC Trust Co., Ltd. of RMB23,672,000 (31 December 2014: nil) and a trust product of China Foreign Economy and Trade Trust Co., Ltd. of RMB8,000,000 (31 December 2014: nil). As at 31 December 2014, the Group's investments in trust product represent a debt investment for a trust product of Ping An International Financial Leasing Co., Ltd. with of RMB100,000,000. The investments are measured at fair value. The fair value is determined based on discounted cash flow analysis.

(iv) As at 31 December 2015, the unlisted equity investments with carrying amounts of RMB500,917,000 (31 December 2014: RMB500,917,000) were stated at cost less impairment losses 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.

16. LONG-TERM PREPAYMENTS

	31/12/2015	31/12/2014
	RMB'000	*RMB'000*
Long-term prepayments *(note i)*	**71,587**	123,413
Input VAT recoverables *(note ii)*	**65,618**	76,157
	137,205	199,570

Notes:

(i) The balance mainly represented the prepayments made for construction projects and purchasing land use rights and properties.

(ii) The balance mainly represented input VAT that are expected to offset output VAT beyond one year from the end of the reporting period.

17. ENTRUSTED LOAN

The balance represented an entrusted loan made by the Company to Sichuan Wenxuan Zhuotai Investment Co.,Ltd.* (四川文軒卓泰投資有限公司) ("**Sichuan Wenzhuo**"), a joint venture, through China Construction Bank. The entrusted loan is secured by the Zhuotai Industry's shareholding interests in Sichuan Wenzhuo, bears interest at an annual rate of 6.15% and will mature in August 2016. The balance is classified as a current asset and is included in prepayments, deposits and other receivables as at 31 December 2015. The carrying amount of the entrusted loan approximated to its fair value as at 31 December 2015.

18. TRADE AND BILLS RECEIVABLES

	31/12/2015	31/12/2014
	RMB'000	*RMB'000*
		(restated)
Bills receivables	**873**	972
Trade receivables	**787,861**	716,261
Less: Allowance for doubtful debts	**(127,809)**	(108,813)
Less: Allowance for sales returns	**(7,771)**	(8,628)
	653,154	599,792

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 which approximated the respective dates on which revenue was recognised.

	31/12/2015	31/12/2014
	RMB'000	*RMB'000*
		(restated)
Within 3 months	**500,957**	471,948
3 to 6 months	**68,606**	56,462
6 months to 1 year	**42,397**	48,374
1 to 2 years	**30,715**	12,376
Over 2 years	**10,479**	10,632
	653,154	599,792

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. 77% (31 December 2014: 79%) of the Group's trade receivables were neither past due nor impaired as at 31 December 2015, which is attributable to the implementation of above-mentioned policies.

Movement in the allowance for doubtful debts

	2015	2014
	RMB'000	*RMB'000*
		(restated)
At 1 January	**108,813**	124,110
Charged for the year	**22,234**	23,205
Reversal of amount/(amount written off)	**3,919**	(4,530)
Amount reversed	**(7,157)**	(33,972)
At 31 December	**127,809**	108,813

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 RMB17,922,000 (31 December 2014: RMB17,641,000), 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

	31/12/2015	31/12/2014
	RMB'000	*RMB'000*
		(restated)
Deposits	**24,175**	23,407
Prepayments to suppliers	**60,073**	70,382
VAT refund receivables	**–**	143,985
VAT recoverables	**39,702**	34,758
Due from Sichuan Publication Group., Ltd.* (四川出版集團有限責任公司) ("**SPG**")	**–**	20
Entrusted loan	**120,000**	44,200
Prepaid lease payments for land use rights	**8,946**	8,985
Compensation receivable for relocation of properties (note i)	**4,000**	118,389
Interest receivables	**167**	13
Other receivables (note ii)	**40,189**	24,164
	297,252	468,303

Notes:

(i) Pursuant to the relevant compensation agreements in 2014, as at 31 December 2014, Sichuan Xinhua Printing Co., Ltd.* (四川新華印刷有限責任公司) ("**Sichuan Xinhua Printing**") is entitled to receive cash of RMB119,955,000 and properties with a fair value of RMB36,230,000 as compensation for the removal of its operating premises. In 2015, Sichuan Xinhua Printing has received cash compensation of RMB115,955,000. Sichuan Xinhua Printing is expected to receive the rest of cash compensation of RMB4,000,000 in 2016 and properties compensation in 2018. The properties compensation of RMB36,230,000 is included in long-term prepayments in the consolidated statement of financial position.

(ii) Other receivables

	31/12/2015	31/12/2014
	RMB'000	*RMB'000*
		(restated)
Other receivables	**49,926**	35,477
Less: Provision for impairment	**(9,737)**	(11,313)
	40,189	24,164

At 31 December 2015, other receivables that were neither past due nor impaired amounted to approximately RMB40,189,000 (31 December 2014: RMB24,164,000 as restated) relate to a large number of diversified debtors for whom there was no recent history of default.

20. TRADE AND BILLS PAYABLES

	31/12/2015	31/12/2014
	RMB'000	*RMB'000*
		(restated)
Bills payable	**3,200**	76,420
Trade payables	**2,537,860**	2,033,241
	2,541,060	2,109,661

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

	31/12/2015	31/12/2014
	RMB'000	*RMB'000*
		(restated)
Within 3 months	**805,606**	725,043
3 to 6 months	**594,869**	470,640
6 months to 1 year	**468,740**	457,397
1 to 2 years	**473,617**	312,164
Over 2 years	**198,228**	144,417
	2,541,060	2,109,661

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

As at 31 December 2015, the Group's bills payable of RMB3,200,000 (31 December 2014: RMB76,420,000) were secured by the Group's pledged bank deposits amounting to RMB3,200,000 (31 December 2014: RMB24,234,000).

21. ISSUED CAPITAL

	31/12/2015	31/12/2014
	RMB'000	*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

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In recent years, the state has promulgated a series of policies and support measures to promote the cultural industry as a pillar industry contributing to the domestic economy, foster the news and publication industry and strengthen the cultural development of China, which include the development of the socialism-based arts and literature industry and support to quality publications; promotion of nationwide reading to foster a literate society; establishment of a modern public cultural service system to enhance the development of fundamental public cultural service facilities; efforts to accelerate the "Internet +" development and more funding allocated for the integration of traditional media and emerging media; digital transformation and upgrade to build a new Online-to-Offline (O2O) model for publication contents. These policies and measures have laid a solid foundation for the sustainable development of the publishing and media industry.

Benefiting from continuously favourable cultural development policies in the PRC and the steady growth in the demand for cultural consumption among citizens, the publishing and media industry maintains a growing trend, alongside with the integrated development between digital publishing and traditional publishing. With the acceleration of the transformation and upgrade of physical stores and rapid growth of E-commerce, the pattern of O2O integration is prominent. Publishing enterprises' efforts to expand their businesses into overseas markets have borne fruit with increasing international influence. Given frequent capital operation activities, capital has become an important means to promoting the development of the publishing industry. Under this background, leading enterprises with extensive content resources and complete industry chain are set to seize more business opportunities in the course of development.

OPERATING RESULTS AND FINANCIAL REVIEW

During the Year, the Company acquired 97.95% equity interest in Sichuan Culture Communication, from Sichuan Xinhua Publishing Group. As the acquisition constitutes a business consolidation under common control, the annual results for 2014 and the relevant financial figures of the financial position as at 31 December 2014 have been restated as a result of adoption of merger accounting.

During the Year, the Group achieved a sales revenue of RMB5,583 million and profit for the Year of RMB620 million, representing an increase of 5.76% and 0.55% respectively as compared with year 2014. The profit attributable to the owners of the Company was RMB652 million. The basic earnings per share was RMB0.57.

Revenue

During the Year, the Group recorded sales revenue of RMB5,583 million, up by 5.76% as compared with RMB5,279 million in the same period last year, which was mainly attributable to the growth of online sales business and education service business of the Group.

Gross Profit Margin

The consolidated gross profit margin of the Group for the Year was 38.1%, representing a slight decrease as compared with 38.4% in the same period last year.

Segment Analysis

Revenues in each operating segment of the Group for the Year and the same period last year are as follows:

				Percentage of segment revenue	
	2015	2014	Change	**2015**	2014
	RMB'000	*RMB'000*	%	%	%
		(restated)			(restated)
Publication segment					
Segment revenue	**1,637,573**	1,523,855	7.5	**100.0**	100.0
Of which: Education related products	**1,129,275**	961,385	17.5	**69.0**	63.1
Public books	**241,906**	230,553	4.9	**14.8**	15.1
Printing and materials supply	**248,825**	308,039	(19.2)	**15.2**	20.2
Distribution segment					
Segment revenue	**5,146,004**	4,678,509	10.0	**100.0**	100.0
Of which: Education service	**3,425,680**	3,311,390	3.5	**66.6**	70.8
Retailing	**597,173**	668,271	(10.6)	**11.6**	14.3
Commercial supermarket	**161,269**	145,493	10.8	**3.1**	3.1
Online sales	**865,629**	502,995	72.1	**16.8**	10.8
Other segment					
Segment revenue	**40,285**	111,227	(63.8)	**100.0**	100.0
Revenue before inter-segment sales elimination	**6,823,862**	6,313,591	8.1		
Inter-segment sales elimination	**(1,241,288)**	(1,034,950)			
Consolidated revenue	**5,582,574**	5,278,641	5.8		

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

	2015		2014	
	Gross profit *RMB'000*	**Gross profit margin** %	Gross profit *RMB'000* (restated)	Gross profit margin % (restated)
Publication segment	**521,178**	**31.8**	449,012	29.5
Of which: Education related products	**430,071**	**38.1**	339,394	35.3
Public books	**70,481**	**29.1**	76,710	33.3
Printing and materials supply	**13,899**	**5.6**	29,938	9.7
Distribution segment	**1,631,691**	**31.7**	1,522,829	32.5
Of which: Education service	**1,290,426**	**37.7**	1,169,003	35.3
Retailing	**216,635**	**36.3**	241,475	36.1
Commercial supermarket	**54,435**	**33.8**	52,345	36.0
Online sales	**68,798**	**7.9**	55,603	11.1
Other segments	**11,314**	**28.1**	10,255	4.5
Inter-segment revenue	**(36,547)**	**N/A**	45,540	N/A
Total	**2,127,636**	**38.1**	2,027,636	38.4

Publication segment

The Group's publication segment covers businesses including publishing of books, periodicals, audio-visual products and digital products, etc.; provision of printing services; and supply of materials. In 2015, the Group introduced a new publishing structure and pushed ahead the reform of internal business reform to drive the development of the publication business by capitalising on the Company's strong channel capabilities and launched a large number of quality publications with social and economic benefits, thus enhancing the social influence of "Winshare Publishing".

During the Year, the publication segment recorded a revenue of RMB1,638 million (including inter-segment sales), representing an increase of 7.5% as compared with RMB1,524 million in the same period last year, mainly attributable to the increase in revenue from education related products, offset by the larger decrease in revenue from printing and materials supply as compared with that in the same period last year due to the decrease in sales of paper to external customers.

During the Year, the gross profit margin of the publication segment was 31.8%, representing an increase of 2.3 percentage points as compared with 29.5% in the same period last year, partly due to the decrease in production costs of education related products as a result of the Group's increased cost control efforts and partly due to the decrease in percentage of external sales revenue to segment revenue of paper which has a lower gross profit margin.

Distribution segment

The Group's distribution segment covers the centralised purchasing, delivery and distribution of textbooks and supplementary materials to schools and students; retailing, distribution, and online sales of publications business, etc.

During the Year, the distribution segment recorded a revenue of RMB5,146 million, representing an increase of 10.0% as compared with RMB4,679 million in the same period last year, mainly attributable to the sales growth of online sales business and education service business.

During the Year, the gross profit margin of the distribution segment was 31.7%, which was slightly decreased as compared with 32.5% in the same period last year, primarily due to the change in sales structure.

Education service

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

Through optimising the sales structure, enhancing quality of service and further expansion of channels, the Group achieved continuous growth of the Company's education service business. Given falling number of users (i.e. number of students), the Group further sought user demand, provided more comprehensive services for customers and expanded the market share of supplementary materials. With the state's increased deployment of resources to the digitalised education service sector, the Group endeavoured to build the all-in-one quality education and digitalised education resource management platform and education service cloud platform by leveraging on its channel and product strengths to further expand market share to provide a comprehensive solution for school education. This has made the digitalised education products the new growth driver of the Company's sales revenue.

During the Year, the education service business recorded a sales revenue of RMB3,426 million, representing an increase of 3.5% as compared with RMB3,311 million in the same period last year, which was mainly attributable to the sales increase in supplementary materials and digitalised education products.

During the Year, the gross profit margin of the education service business was 37.7%, representing an increase of 2.4 percentage points as compared with 35.3% in the same period last year, which was mainly attributable to a higher proportion of revenue from sales of supplementary materials.

Retailing

The retailing business includes the retail store business, group-buying business, etc.

During the Year, the Group continued to propel the transformation and upgrade of retail stores and expanded the network vertically starting from reading service, thus creating a reading service integrated solution through users. As the opportunities arising from state's efforts to promote nationwide reading, the Group explored new business models of community bookstore, campus bookstore and theme bookstore. At the same time, following the state's "Internet +" strategic plan, the Group kicked off the "smart book city" project to drive the sales of books.

During the Year, the retailing business recorded a sales revenue of RMB597 million, representing a decrease of 10.6% as compared with RMB668 million in the same period last year, which was mainly due to the decrease in sales of retail stores as a result of the impacts of online sales.

During the Year, the gross profit margin of the retailing business was 36.3%, substantially the same as compared with 36.1% in the same period last year.

Commercial supermarket

The Group steadily pushed ahead the expansion of the commercial supermarket business by continuously optimising the network distribution in various regions and product structure regions so as to enhance the level of operations and management. During the Year, the commercial supermarket business recorded a sales revenue of RMB161 million, up by 10.8% as compared with RMB145 million in the same period last year.

The commercial supermarket business recorded a gross profit margin of 33.8%, down by 2.2 percentage points as compared with 36.0% in the same period last year, which was mainly due to the adjustment of marketing strategy.

Online sales

The Group strived to increase sales by expanding the online sales channels, optimising the supply chain, enhancing the merchandise operating capabilities, accelerating the development of mobile terminal and logistic system and strengthening external strategic cooperation, which effectively ensured the rapid development of the online sales business.

During the Year, the online sales business recorded a sales revenue of RMB866 million, up by 72.1% as compared with RMB503 million in the same period last year.

The online sales business recorded a gross profit margin of 7.9%, down by 3.2 percentage points as compared with 11.1% in the same period last year, mainly due to the increase in online sales discounts rate.

Other segment

Other segment of the Group covers production and distribution of film & television programs, sales of artwork and publication of advertisements, etc. which do not separately meet the definition of a reportable segment.

During the Year, the other segment recorded a sales revenue of RMB40 million (including inter-segment sales), down by 63.8% as compared with RMB111 million in the same period last year, mainly due to the decrease in revenue from the distribution of film and television programs business.

EXPENSES AND COSTS

Selling and distribution expenses and administrative expenses

During the Year, the total of the sales and distribution expenses and administrative expenses of the Group was RMB1,716 million, representing an increase of RMB136 million as compared with RMB1,580 million in the corresponding period last year, mainly due to the increase in labour costs, the increase in logistics and the relevant expenses as a result of the growth of sales revenue and the increase in expenses caused by newly-added subsidiaries.

Other expenses

Other expenses of the Group for the Year amounted to RMB122 million, which increased by RMB46 million as compared with RMB76 million in the same period last year, mainly due to the increase in provision.

NET FINANCE INCOME

The net finance income of the Group for the Year amounted to RMB10.77 million, up by RMB4.12 million as compared with RMB6.65 million in the same period last year, mainly due to the decrease in the interests on loans from subsidiaries.

PROFIT

The Group's profit for the Year amounted to RMB620 million, substantially the same as compared with RMB617 million in the corresponding period last year. The profit attributable to the owners of the Company was RMB652 million, slightly increased from RMB638 million in the same period last year.

EARNINGS PER SHARE

Earnings per share is calculated by dividing profits attributable to owners 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 RMB0.57, slightly increased from RMB0.56 in the corresponding period last year. Please refer to note 12 to the consolidated financial statements of this results announcement for the calculation of earnings per share.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, the Group had cash and short-term deposits of approximately RMB1,902 million. The Group did not have any interest-bearing bank and other borrowings as at the end of the Year.

As at 31 December 2015, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 33.1%, as compared with 34.6% as at 31 December 2014. The Group's overall financial structure remained relatively stable.

CONTINGENT LIABILITIES

As at 31 December 2015, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 31 December 2015, other than the Group's pledged deposits of RMB3.20 million, the Group did not have any other assets under pledge or guarantee.

FOREIGN EXCHANGE RISK

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

WORKING CAPITAL MANAGEMENT

	31 December 2015	31 December 2014
Current ratio	**1.3**	1.3
Inventory turnover days	**146.5 days**	152.2 days
Trade and bills receivables turnover days	**41.0 days**	43.8 days
Trade and bills payables turnover days	**245.7 days**	237.7 days

As at 31 December 2015, the current ratio of the Group was 1.3, which was the same as 1.3 as at 31 December 2014.

During the Year, inventory turnover days, trade and bills receivables turnover days and trade and bills payables turnover days were 146.5 days, 41.0 days and 245.7 days respectively.

OVERVIEW OF MATERIAL INVESTMENTS

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

The existing business of Sichuan Xinhua Online Network Co., Ltd.* (四川新華在線網絡有限責任公司) ("**Xinhua Online**") was terminated in 2010. To enhance the market-oriented operating capabilities of the publishing business, the Company decided to inject capital of RMB40 million into Xinhua Online for sales and marketing of publications and operation of copyright resources and for exploring and fulfilling new media and publishing business.

In order to integrate the resources of the Group's internal media and advertising business, diversify the Group's advertising business mix and expand the Group's advertising business, during the Year, the Company invested approximately RMB44,620,000 to acquire 97.95% equity interest in Sichuan Culture Communication held by Sichuan Xinhua Publishing Group. Upon completion of the acquisition, Sichuan Culture Communication has become a wholly-owned subsidiary of the Company.

In 2014, the Company acquired 100% equity interest in Sichuan Xinhua Printing from SPG at RMB168.60 million. Upon completion of the acquisition, the Company restructured and optimised the existing printing business resources with the printing business resources of Sichuan Xinhua Printing, and injected RMB80 million into Sichuan Xinhua Printing during the Year. Currently, the integration work with Sichuan Xinhua Printing has been completed basically. Pursuant to the relevant compensation agreements entered into between Sichuan Xinhua Printing and the government during the period of acquisition in 2014, Sichuan Xinhua Printing is entitled to receive cash of RMB199,930,000 and properties with a fair value of RMB36,230,000 for the compensation of the removal from its operating premises. As at 31 December 2015, Sichuan Xinhua Printing has received cash compensation of RMB195,930,000. The Company is expected to receive the rest of cash compensation in 2016 and properties compensation in 2018. In 2015, such company recorded a turnover of RMB67 million, representing an increase of 142.83% as compared with that in the previous year.

In order to support the Company's strategies for the great cultural industry and share the benefits of China's economic and industrial development, the Company has originally undertaken to invest RMB100 million in CITIC Buyout Fund. During the Year, the Company made a payment of RMB40 million according to the relevant agreement. As at 31 December 2015, the Company made total investments amounting to RMB80 million. Subsequent capital contributions shall be made according to the relevant agreement.

During the Year, the Company received dividend income for 2014 of RMB26 million, RMB20 million and RMB14.33 million respectively from its investees, namely Chengdu Institute of Sichuan International Studies University, Bank of Chengdu Co., Ltd.* (成都銀行股份有限公司) and Wan Xin Media.

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

FUTURE PROSPECTS

The year 2016 is the first year under the Thirteenth Five-Year Plan and a crucial year for industry integration and development. Integration, innovation and development have become the key targets and tasks of the publishing industry under the new normal economy. With the state's cultural development and continuous efforts to promote cultural reform, the Group will endeavour to push ahead and implement the "two strategic transformations" riding on its principal businesses of publishing and media as core business segments and in adherence to the new strategic plans and growth objectives. The Group will also strive to build a modern service-oriented integrated cultural and media group to facilitate the synergistic development of traditional businesses and emerging businesses. At the same time, the Group will enhance its profitability and sustainability to achieve steady growth of operating results.

The Company has actively propelled A Shares IPO according to the Group's growth strategies. In January 2016, the listing application was approved by the Issuance Examination Committee of China Securities Regulatory Commission, marking a milestone progress in the A Shares IPO. In 2016, the Company will continue to steadily push ahead the issuance and listing of A shares and secure the dual listing status in both mainland China and Hong Kong (i.e. both the A+H markets) to fully capitalise on gaining access to the international and domestic capital markets. Taking an innovative approach in integrating the real operations and capital operations, the Company aim to achieve leapfrog development of the Group.

In 2016, the Company will focus on implementation of the following strategies:

1. Innovate the operating system of the publishing segment and strengthen the coordination between the Company's publishing segment and the channels, focus on quality content resources and introduce a new publishing structure based on content resources operations so as to foster its publishing strengths and branding, strengthen international exchange and cooperation and promote expansion of businesses into overseas markets;

2. Endeavour to build a vertically integrated cultural service network and accumulate value-added reading service resources, create a reading service brand with niche market and a cultural service brand with industry influence, promote the "smart book city" to strengthen the O2O business integration;

3. Push ahead the optimisation of sales structure, consolidate and maintain the growth of the textbook business, accelerate the promotion of the digitalised education platform; maintain its strengths in the area of digitalised education service by leveraging on its own R&D products to expand business nationwide; optimise and innovate educational equipment products to gradually become a new sales growth point;

4. Endeavour to optimise the E-commerce business model, expand the online sales channels, enhance the users' shopping experience, strengthen the development of digital library, optimise product features to enhance operating capabilities of merchandise, improve the industry chain platform and propel the development of the publication synergistic trade platform to steadily realise innovation of the Group's E-commerce business;

5. Carry out restructuring and upgrade of traditional businesses via the Internet, continue to facilitate construction of the logistics network and ERP information system, improve and enhance the Group's logistics service capabilities and information technology support and management capabilities; and

6. Fully capitalise on the platform of capital operations in seeking social resources and nurture dominant cultural projects to achieve integration between external resources and the Group's business segments in an effort to form a two-wheel driven business pattern comprising real industries and financial capital.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving sound corporate governance, continuously perfecting and optimising the internal control system of the Company. The Company has adopted and complied with all applicable code provisions of the Corporate Governance Code and the Corporate Governance Report as 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 the Supervisors (the "**Supervisors**"), the Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as a code of conduct for securities transactions by the Directors and Supervisors. Having made specific enquiries to each of the Directors and Supervisors, 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 the Audit Committee ("**Audit Committee**") in compliance with Rules 3.21 and 3.22 of the Listing Rules with specific written terms of reference.

The Audit Committee has reviewed the audited consolidated financial statements of the Group as set out in this results announcement for the Year and has communicated and discussed the financial reporting, risk management and internal control with the management and auditors of the Company. The Audit Committee considered that the consolidated financial statements have been prepared in accordance with applicable accounting standards and requirements and appropriate disclosures were made.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, the Group had a total of 7,914 (31 December 2014: 8,259) employees.

The Company endeavours to safeguard the legal interests of its employees and to explore growth potentials for its employees. The Company reviews the employee remuneration policy regularly and continues to improve and optimise its remuneration management system. The Company has established a unified target salary system that is based on the value of position. By adhering to the principle of "unified regulation, hierarchical control and process supervision", the Company is able to perfect its salary management system to achieve a scientific and standardised income allocation. Through optimising the system of performance appraisal and remuneration and fringe benefits, the income level and fringe benefits that the employees are entitled to are enhanced so that the employees can share the achievements of the enterprise in the course of its growth and development.

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 are available to the employees pursuant to the relevant policies of the state. In order to enhance long-term incentives of the Company's remuneration and benefit system, the Company has also implemented the corporate annuity plan to provide further retirement protection to the employees.

For the year ended 31 December 2015, the Group made post-retirement plan contributions and corporate annuity scheme aggregate contributions of RMB110.26 million (2014: RMB107.96 million) for its employees.

The Group attaches great important to the growth and development of employees and endeavours to provide training and opportunities for exchange to help them enhance their professional skills and expand their areas of expertise. The Group has introduced a position's qualifications based programme, created a platform for internal staffs to display and communicate through training, exploited the potential of human resources of the Company and enhanced the cultivation for reserve talents. The Company continues to enhance the quality of business and integrated competencies of its staff at all levels through feature seminars, e-learning, position skill competition and knowledge quizzes as well as industry landmark enterprise sharing sessions so as to safeguard the achievement of strategic operating objectives for the year and the sustainable development of the Company. During the Year, approximately 7,681 employees participated in training.

DIVIDEND

As the Company is actively pushing ahead the progress of A Shares IPO and the same has entered the crucial phase, the final dividend for the Year, if declared, may include holders of A shares upon the listing of A shares. Accordingly, the Board shall make announcement with respect to the proposed dividend for the year ended 31 December 2015 as appropriate in due course (in any event no later than 29 April 2016) and shall be subject to the approval by the shareholders at the 2015 annual general meeting (the "**2015 AGM**") to be held by the Company.

2015 AGM

The 2015 AGM 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 2016. Details of the 2015 AGM will be set out in the notice of 2015 AGM to be despatched by the Company in due course. 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 2015 AGM, the register of holders of H shares will be closed during the following periods:

To ascertain shareholders who are entitled to attend and vote at the 2015 AGM:

Deadline for lodging transfer documents	4:30 p.m. on Friday, 15 April 2016
Closure of register of members of the Company	From Sunday, 17 April 2016 to Tuesday, 17 May 2016 (both days inclusive)
Record date	Tuesday, 17 May 2016
Date of convening of the 2015 AGM	Tuesday, 17 May 2016

In order to attend and vote at the 2015 AGM, 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 the holders of H shares, or the head office of the Company at No. 6 Wenxuan Road, Shang Mao Avenue, Cheng Bei, Jinniu District, Chengdu, Sichuan, the PRC (Postal code: 610081), for the holders of domestic shares, for registration before the deadline for lodging the transfer documents.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement of the Company for the Year is 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 of the Company for 2015 (including the audited financial statements) will be despatched to the Shareholders on or before 30 April 2016 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.*
He Zhiyong
Chairman

Sichuan, the PRC
29 March 2016

As at the date of this announcement, the Board comprises (a) Mr. He Zhiyong, Mr. Luo Yong and Mr. Yang Miao as executive Directors; (b) Mr. Luo Jun, Mr. Zhang Peng and Mr. Zhao Junhuai as non-executive Directors; and (c) Mr. Han Liyan, Mr. Chan Yuk Tong and Ms. Xiao Liping as independent non-executive Directors.

* *For identification purposes only*