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)

2016 INTERIM RESULTS ANNOUNCEMENT

The board (the "**Board**") of directors (the "**Directors**") of Xinhua Winshare Publishing and Media Co., Ltd.* (新華文軒出版傳媒股份有限公司) (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2016 (the "**Period**") prepared in accordance with the relevant requirements of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), together with the comparative figures for the corresponding period of 2015.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2016	2015
		(Unaudited)	(Unaudited)
			(Restated)
	Notes	***RMB'000***	*RMB'000*
Revenue	*4*	**2,658,759**	2,421,234
Cost of sales		**(1,599,734)**	(1,453,195)
Gross profit		**1,059,025**	968,039
Other income and gains	*4*	**155,239**	187,469
Selling and distribution expenses		**(553,716)**	(509,701)
Administrative expenses		**(263,873)**	(258,225)
Other expenses		**(57,402)**	(66,201)
Share of loss of associates		**(3,800)**	(1,647)
Share of profit of joint ventures		**2,959**	1,499
Finance income, net	*6*	**6,559**	4,352
Profit before tax		**344,991**	325,585
Income tax expense	*7*	**(4,774)**	(1,137)
Profit for the Period	*5*	**340,217**	324,448
Profit (loss) for the Period attributable to:			
Owners of the Company		**352,614**	343,589
Non-controlling interests		**(12,397)**	(19,141)
		340,217	324,448
EARNINGS PER SHARE			
– Basic (RMB)	*9*	**0.31**	0.30

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
		(Restated)
	RMB'000	*RMB'000*
Profit for the Period	**340,217**	324,448
Item that may be subsequently reclassified to profit or loss:		
Available-for-sale investments:		
Changes in fair value	**(601,643)**	783,713
Reclassification adjustments for gain included in the consolidated statement of profit or loss – gain on disposal	**(1,070)**	–
Income tax relating to items that may be reclassified subsequently	**6,718**	(399)
Other comprehensive income (loss) for the Period	**(595,995)**	783,314
Total comprehensive income (loss) for the Period	**(255,778)**	1,107,762
Total comprehensive income (loss) attributable to:		
Owners of the Company	**(243,381)**	1,126,903
Non-controlling interests	**(12,397)**	(19,141)
	(255,778)	1,107,762

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2016 (Unaudited) *RMB'000***	31 December 2015 (Audited) *RMB'000*
Non-current assets			
Property, plant and equipment		**1,676,977**	1,607,412
Prepaid lease payments for land use rights		**254,131**	257,693
Investment properties		**39,276**	40,480
Goodwill		**500,994**	500,994
Other intangible assets		**79,537**	79,818
Interests in associates		**245,061**	224,460
Interest in joint ventures		**431,039**	426,280
Available-for-sale investments	*10*	**2,386,767**	2,949,030
Deferred tax assets		**32,958**	33,212
Long-term prepayments		**140,388**	137,205
Long-term trade receivable		**19,702**	23,145
Total non-current assets		**5,806,830**	6,279,729
Current assets			
Trade and bills receivables	*12*	**937,374**	653,154
Prepayments, deposits and other receivables		**351,134**	297,252
Inventories		**1,262,124**	1,464,179
Available-for-sale investment	*10*	**87,095**	31,672
Short-term investments	*11*	**670,000**	–
Pledged bank deposits and restricted cash		**28,572**	27,341
Cash and short-term bank deposits		**1,118,791**	1,901,688
Total current assets		**4,455,090**	4,375,286
Current liabilities			
Trade and bills payables	*13*	**2,481,629**	2,541,060
Deposits received, other payables and accruals		**870,433**	919,224
Tax liabilities		**838**	30,586
Total current liabilities		**3,352,900**	3,490,870
Net current assets		**1,102,190**	884,416
Total assets less current liabilities		**6,909,020**	7,164,145

	30 June 2016 (Unaudited) *RMB'000*	31 December 2015 (Audited) *RMB'000*
Capital and reserves		
Issued capital	**1,135,131**	1,135,131
Reserves	**5,785,627**	6,029,008
Equity attributable to owners of the Company	**6,920,758**	7,164,139
Non-controlling interests	**(36,396)**	(31,368)
Total equity	**6,884,362**	7,132,771
Non-current liabilities		
Deferred tax liabilities	**24,658**	31,374
Total non-current liabilities	**24,658**	31,374
Total equity and non-current liabilities	**6,909,020**	7,164,145

NOTES TO THE INTERIM CONDENSED 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 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 information of establishing the joint stock limited company are set out in the Company's H shares (the "**H Shares**") prospectus dated 16 May 2007 (the "**Prospectus**").

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

On 8 August 2016, the Company's A shares ("**A Share(s)**") were listed on the Shanghai Stock Exchange (the "**Shanghai Stock Exchange**") whereby 98,710,000 A Shares were issued to the public at the price of RMB7.12 per share and existing 693,193,900 Domestic Shares were converted into A Shares (collectively the "**A Share Issue**"). Upon the A Share Issue, the total number of issued shares of the Company was 1,233,841,000 shares (comprising 441,937,100 H Shares and 791,903,900 A Shares).

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 are 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 (四川省政府國有資產監督管理委員會) (the "**SASAC of Sichuan**"), the Company is beneficially controlled by SASAC of Sichuan.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the Period have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Listing Rules and with International Accounting Standard ("**IAS**") 34, *Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2015.

2.1 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 interim condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2015 has been restated as a result of adoption of merger accounting for the above business combinations under common control.

2.2 PRINCIPAL ACCOUNTING POLICIES

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the interim condensed consolidated financial statements are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2015, except as described below.

Application of new and revised International Financial Reporting Standards

During the Period, the Group has applied, for the first time, the following new and revised International Financial Reporting Standards and amendments ("**IFRSs**") issued by the International Accounting Standard Board that are relevant for the preparation of the Group's interim condensed consolidated financial statements:

Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
Amendments to IAS 1	*Disclosure Initiative*
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to IFRSs	*Annual Improvements to IFRSs 2012-2014 Cycle*
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*
Amendments to IAS 27	*Equity Method in Separate Financial Statements*
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*

The application of the above amendments to IFRSs during the Period has had no material effect on the amounts reported in these interim condensed consolidated financial statements and/or disclosures set out in these interim condensed consolidated financial statements.

3. 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 resources allocation and assessment of segment performance focuses on types of business lines.

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

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 of film and television programs, rendering of advertising services and sales of artwork, each of which is an operating segment but does not separately meet the definition of a reportable segment. The relevant financial information of these operating segments is grouped and presented as "Others" in the tables below.

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 investments, gains on short-term investments and gains on disposal of subsidiaries. Head office and corporate expenses are also excluded from such measurement. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

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

For the purposes of monitoring segment performances and allocating resources between segments:

Segment assets exclude available-for-sale investments, deferred tax assets and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax liabilities, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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.

The following is an analysis of the Group's revenue and results by reportable and operating segments for the six months ended 30 June 2016 and six months ended 30 June 2015:

Six months ended 30 June 2016

	Publication (Unaudited) *RMB'000*	**Distribution (Unaudited)** *RMB'000*	**Subtotal (Unaudited)** *RMB'000*	**Others (Unaudited)** *RMB'000*	**Consolidated (Unaudited)** *RMB'000*
Revenue and other income					
Sales to external customers	**157,812**	**2,491,018**	**2,648,830**	**9,929**	**2,658,759**
Inter-segment sales	**343,203**	**–**	**343,203**	**6,436**	**349,639**
Other income	**55,720**	**60,285**	**116,005**	**6,781**	**122,786**
	556,735	**2,551,303**	**3,108,038**	**23,146**	**3,131,184**
Elimination of inter-segment revenue and other income					**(349,639)**
					2,781,545
Results					
Segment results	**103,668**	**161,642**	**265,310**	**(12,285)**	**253,025**
Elimination of inter-segment results					**77,082**
Unallocated income and gains					**2,168**
Unallocated expenses					**(29,057)**
Gains on short-term investments					**1,407**
Gains on disposal of available-for-sale investments					**1,070**
Dividends from available-for-sale investments					**39,296**
Profit before tax					**344,991**

Six months ended 30 June 2015 (Restated)

	Publication (Unaudited) *RMB'000*	Distribution (Unaudited) *RMB'000*	Subtotal (Unaudited) *RMB'000*	Others (Unaudited) *RMB'000*	Consolidated (Unaudited) *RMB'000*
Revenue and other income					
Sales to external customers	122,409	2,286,891	2,409,300	11,934	2,421,234
Inter-segment sales	489,475	–	489,475	15	489,490
Other income	46,033	68,366	114,399	11,643	126,042
	657,917	2,355,257	3,013,174	23,592	3,036,766
Elimination of inter-segment revenue and other income					(489,490)
					2,547,276
Results					
Segment results	113,361	168,750	282,111	(11,590)	270,521
Elimination of inter-segment results					21,127
Unallocated income and gains					2,735
Unallocated expenses					(36,849)
Gains on short-term investments					3,656
Gains on disposal of available-for-sale investments					4,061
Dividends from available-for-sale investments					60,334
Profit before tax					325,585

The following is an analysis of the Group's assets by reportable and operating segments as at 30 June 2016 and 31 December 2015:

	Publication ***RMB'000***	**Distribution** ***RMB'000***	**Subtotal** ***RMB'000***	**Others** ***RMB'000***	**Consolidated** ***RMB'000***
Segment assets					
As at 30 June 2016 (Unaudited)					
Segment assets	**3,644,681**	**5,575,419**	**9,220,100**	**812,504**	**10,032,604**
Elimination of inter-segment assets					**(2,780,084)**
Unallocated assets					**3,009,400**
Total assets					**10,261,920**
As at 31 December 2015 (Audited)					
Segment assets	4,024,450	5,456,231	9,480,681	745,519	10,226,200
Elimination of inter-segment assets					(3,140,233)
Unallocated assets					3,569,048
Total assets					10,655,015

4. REVENUE, OTHER INCOME AND GAINS

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

An analysis of revenue, other income and gains is as follows:

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
		(Restated)
	RMB'000	*RMB'000*
Revenue		
Sales of goods	**2,658,108**	2,417,003
Revenue from distribution of television programs	**154**	2,589
Income from leasing of advertising billboards	**497**	1,642
Total revenue	**2,658,759**	2,421,234
Other income and gains		
Government grants	**48,853**	47,454
Gross rental income	**12,200**	9,284
Commission income	**23,478**	24,137
Gains on short-term investments	**1,407**	3,656
Gains on disposal of available-for-sale investments	**1,070**	4,061
Dividends from available-for-sale investments	**39,296**	60,334
Others	**28,935**	38,543
Total other income and gains	**155,239**	187,469

5. PROFIT FOR THE PERIOD

The Group's profit for the period has been arrived at after charging (crediting):

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
		(Restated)
	RMB'000	*RMB'000*
Depreciation and amortisation	**62,411**	66,922
Recognition of lease prepayments for land use rights	**3,562**	3,519
Loss (gain) on disposal of items of property, plant and equipment, net	**758**	(13,566)
Minimum lease payments under operating lease on properties	**50,813**	50,314
Impairment of trade and other receivables	**26,749**	20,026
Write-down of inventories to net realisable value	**16,091**	23,514
Staff costs (including Directors' and supervisors' emoluments)		
Wages, salaries and other employee benefits	**316,790**	294,292
Post-employment pension scheme contribution	**55,753**	48,731
	372,543	343,023
Cost of inventories sold	**1,598,878**	1,452,401

6. FINANCE INCOME, NET

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
		(Restated)
	RMB'000	*RMB'000*
Bank interest income	**5,900**	5,053
Interest expense on bank borrowings, wholly repayable within five years	**–**	(1,558)
Interest income on long-term receivable	**659**	857
	6,559	4,352

7. INCOME TAX EXPENSE

The Group is subject to income tax on an independent legal 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. Under the prevailing PRC income tax law, except for certain preferential treatment available to the Company and certain subsidiaries, the Group is subject to corporate income tax at a rate of 25% on their respective taxable income.

An analysis of the corporate income tax provision is as follows:

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current income tax	**4,518**	828
Deferred income tax	**256**	309
	4,774	1,137

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 Period.

8. DIVIDENDS

The Board has not recommended the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

9. EARNINGS PER SHARE

For the six months ended 30 June 2016, the calculation of basic earnings per share is based on the net profit attributable to owners of the Company of approximately RMB352,614,000 (for the six months ended 30 June 2015 (restated): RMB343,589,000) and the weighted average number of ordinary shares of 1,135,131,000 in issue during the six months ended 30 June 2016 (six months ended 30 June 2015: 1,135,131,000 shares).

The Group had no potential ordinary shares in issue during the periods presented and therefore no diluted earnings per share information is presented.

10. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2016 (Unaudited) *RMB'000*	31 December 2015 (Audited) *RMB'000*
Listed equity investment, at fair value *(note i)*	**1,455,922**	2,038,384
Unlisted investments:		
Private equity funds, at fair value *(note ii)*	**429,928**	409,729
Trust product, at fair value *(note iii)*	**87,095**	31,672
Unlisted equity investments, at cost less impairment losses *(note iv)*	**500,917**	500,917
Total	**2,473,862**	2,980,702
Analysed for reporting purposes as:		
Current assets	**87,095**	31,672
Non-current assets	**2,386,767**	2,949,030

Notes:

i As at 30 June 2016, 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) ("**Wan Xin Media**") amounting to RMB1,454,644,000 (31 December 2015: RMB2,036,713,000) and investment in Jiangsu Youli Investment Holding Co., Ltd.* (江蘇友利投資控股股份有限公司) amounting to RMB1,278,000 (31 December 2015: RMB1,671,000).

ii As at 30 June 2016, the Group's investment in private equity funds represent investment in CITIC Fund with a carrying amount of RMB103,212,000 (31 December 2015: RMB76,984,000), Qingdao Jinshi Zhixin Investment Center (Limited Partnership) amounting to RMB151,218,000 (31 December 2015: RMB150,768,000), Winshare Hengxin (Shenzhen) Equity Investment Fund (Limited Partnership) amounting to RMB145,433,000 (31 December 2015: RMB143,535,000) and Taizhou Xinheng Zhongrun Investment Fund (Limited Partnership) amounting to RMB30,065,000 (31 December 2015: RMB38,442,000).

iii As at 30 June 2016, the Group's investment in private equity funds represent debt investments for a trust product of CITIC Trust Co., Ltd. of RMB87,095,000 (31 December 2015: RMB23,672,000). As at 31 December 2015, the other investment of the Group is a trust product of China Foreign Economy and Trade Trust Co., Ltd. of RMB8,000,000.

iv As at 30 June 2016, the unlisted equity investments principally included investment in Bank of Chengdu Co., Ltd.* (成都銀行股份有限公司) ("**Bank of Chengdu**") amounting to RMB240,000,000 (31 December 2015: RMB240,000,000), investment in Chengdu Institute of Sichuan International Studies University amounting to RMB260,000,000 (31 December 2015: RMB260,000,000).

11. SHORT-TERM INVESTMENTS

As at 30 June 2016, the Group's short-term investments represented investments in structured financial products operated by banks. These investments have an expected or fixed annual returns at rates from 2.8% to 4.1% and were with maturity of less than six months.

12. TRADE AND BILLS RECEIVABLES

The Group normally allows a credit period of not more than 270 days to its 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.

	30 June 2016 (Unaudited) ***RMB'000***	31 December 2015 (Audited) *RMB'000*
Within 3 months	**529,914**	500,957
3 to 6 months	**313,148**	68,606
6 months to 1 year	**63,473**	42,397
1 to 2 years	**24,083**	30,715
Over 2 years	**6,756**	10,479
	937,374	653,154

13. TRADE AND BILLS PAYABLES

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

The following is an aged analysis of trade and bills payables, presented based on the invoice date at 30 June 2016:

	30 June 2016 (Unaudited) ***RMB'000***	31 December 2015 (Audited) *RMB'000*
Within 3 months	**673,546**	805,606
3 to 6 months	**193,973**	594,869
6 months to 1 year	**630,567**	468,740
1 to 2 years	**752,982**	473,617
Over 2 years	**230,561**	198,228
	2,481,629	2,541,060

As at 30 June 2016, the Group's bills payable amounted to RMB4,400,000 (31 December 2015: RMB3,200,000).

14. PLEDGE OF ASSETS

Certain of the Group's assets are pledged for obtaining bank loans and other banking facilities. A summary of the assets pledged is as follows:

	30 June 2016 (Unaudited) *RMB'000*	31 December 2015 (Audited) *RMB'000*
Pledged bank deposits for bills payable	**4,400**	3,200
	4,400	3,200

15. EVENTS AFTER THE END OF THE INTERIM PERIOD

(a) Issuance of A Shares

On 8 August 2016, the Company's A Shares were listed on the Shanghai Stock Exchange whereby 98,710,000 A Shares were issued to the public at the price of RMB7.12 per share and existing 693,193,900 Domestic Shares were converted into A Shares. Upon the A Share Issue, the total number of issued shares of the Company was 1,233,841,000 shares (comprising 441,937,100 H Shares and 791,903,900 A Shares).

(b) Proposed disposals of an available-for-sale investment

A resolution of the Board was passed on 17 May 2016, pursuant to which, the Company proposed to dispose of its 24.3% equity interest in Chengdu Institute of Sichuan International Studies University through the public bidding process. As at the date of this announcement, the proposed disposal is subject to the approval of Sichuan Xinhua Publishing Group or/and other statutory authorities.

(c) Proposed disposals of investment in a joint venture

A resolution of the Board was passed on 19 August 2016, pursuant to which, the Company proposed to dispose of its 48% equity interest in Sichuan Winshare Zhuotai Investment Co., Ltd.,* (四川文軒卓泰投資有限公司) ("**Sichuan Wenzhuo**") a joint venture of the Company, through the public bidding process. As at the date of this announcement, the proposed disposal is subject to the approval of the SASAC of Sichuan or/and other statutory authorities.

16. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

On 30 August 2016, the interim condensed consolidated financial statements for the six months ended 30 June 2016 were approved and authorized for issue by the Board.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

The year 2016 marks the first year of the "13th Five-Year Plan". The CPC Central Committee has highlighted in the "Outline of the 13th Five-Year Plan" that its overall objective is to make the cultural industry as a pillar of the national economy by 2020. The news and publication sector has become a major driver of the cultural industry and its development is crucial to the prosperity of the entire cultural industry. Driven by the overall objective, the state has promoted the rapid development of the news and publication section by taking a series of measures and benefiting from the effects of the policies, including the 20 ministries and commissions such as the Ministry of Finance's collection of public-private partnership ("**PPP**") projects relating to the cultural sector to encourage social capital flow to the cultural sector. State Administration of Press, Publication, Radio, Film and Television ("**SARFT**") has promulgated the "top ten key" tasks of national reading and laws relating to national reading have been duly passed in Sichuan, being the first province in Western China with comprehensive reading legislation. 11 ministries and commissions including the CPC Central Committee's Publicity Department, SARFT, National Development and Reform Commission and the Ministry of Finance jointly issued the Guiding Opinions Concerning the Development of Physical Bookstores (《關於支持實體書店發展的指導意見》) conducive to the development of physical bookstores. These policies and measures have played a key role in consolidating the position of the news and publication sector in the economy of China, creating favourable policy environment for the industry's sustainable and healthy development.

In recent years, faced with the changing publication environment and intensifying market competition, publishing and media enterprises have taken a proactive approach to push ahead resource integration and accelerate the harmonic development and digital transformation and upgrade. While exploring the value of content resources to achieve full copyright operations based on quality intellectual property ("**IP**") rights, these enterprises leveraged on the capital market to carry out transboundary merger and acquisition and reorganisation for diversified development and to increase competitiveness through strategic cooperation and network expansion.

OPERATING RESULTS AND FINANCIAL REVIEW

During the Period, the Group achieved sales revenue of RMB2,659 million and profit of RMB340 million, representing an increase of 9.8% and 4.9% respectively as compared with the same period of 2015; profit attributable to the owners of the Company for the Period was RMB353 million; the basic earnings per share was RMB0.31.

Revenue

During the Period, the Group recorded sales revenue of RMB2,659 million, representing an increase of 9.8% as compared with RMB2,421 million for the same period last year, which was mainly attributable to the growth of the education service business and online sales business under the Group's Distribution segment.

Gross Profit margin

The consolidated gross profit margin of the Group for the Period was 39.8%, which was basically the same as compared with the gross profit margin of 40.0% in the same period last year.

Segment Analysis

Revenues in each business segment of the Group for the Period and the corresponding period last year are as follows:

For the six months ended 30 June

	2016	2015	Change	**Percentage of segment revenue 2016**	2015
	RMB'000	*RMB'000*	%	**%**	%
		(restated)			(restated)
Publication segment					
Segment revenue	**501,015**	611,884	(18.1)	**100.0**	100.0
Of which: Education related products	**285,327**	405,850	(29.7)	**56.9**	66.3
Public books	**121,089**	121,533	(0.4)	**24.2**	19.9
Printing and materials supply	**82,106**	73,170	12.2	**16.4**	12.0
Distribution segment					
Segment revenue	**2,491,018**	2,286,891	8.9	**100.0**	100.0
Of which: Education service	**1,624,594**	1,541,085	5.4	**65.2**	67.4
Retailing	**273,504**	282,970	(3.3)	**11.0**	12.4
Commercial supermarket	**80,240**	83,579	(4.0)	**3.2**	3.7
Online sales	**451,435**	338,298	33.4	**18.1**	14.8
Other businesses					
Revenue	**16,365**	11,949	37.0	**100.0**	100.0
Revenue before inter-segment sales elimination	**3,008,398**	2,910,724	3.4		
Inter-segment sales elimination	**(349,639)**	(489,490)	(28.6)		
Consolidated revenue	**2,658,759**	2,421,234	9.8		

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

For the six months ended 30 June

	2016		2015	
	Gross profit *RMB'000*	**Gross profit margin** *%*	Gross profit *RMB'000* (restated)	Gross profit margin *%* (restated)
Publication segment	**170,299**	**34.0**	206,994	33.8
Of which: Education related products	**119,292**	**41.8**	161,190	39.7
Public books	**36,250**	**29.9**	39,211	32.3
Printing and materials supply	**7,745**	**9.4**	2,114	2.9
Distribution segment	**804,710**	**32.3**	733,466	32.1
Of which: Education service	**605,926**	**37.3**	556,811	36.1
Retailing	**101,267**	**37.0**	103,142	36.4
Commercial supermarket	**27,886**	**34.8**	23,028	27.6
Online sales	**50,674**	**11.2**	39,923	11.8
Others businesses	**6,934**	**42.4**	6,477	35.6
Inter-segment revenue elimination	**77,082**	**N/A**	21,102	N/A
Total	**1,059,025**	**39.8**	968,039	40.0

Publication segment

The Group's publication segment covers businesses including publishing of publications such as books, periodicals, audio-visual products and digital products; provision of printing services; and supply of materials. During the Period, the Group adjusted the appraisal system of internal publishing entities. At the same time, the Group endeavoured to increase its social influence by adopting an innovative publication model, pushing ahead key projects, developing quality books and comprehensively coordinating the resource channels, thus aligning the social benefits and economic benefits.

During the Period, the publication segment recorded a revenue of RMB501 million, representing a decrease of 18.1% as compared with RMB612 million in the corresponding period last year, which was mainly due to the beginning of schools' 2016 spring semester where revenue from the education related products were partially recognised in the prior year. Apart from this, the sales of public books remained the same as last year; whereas the sales of printing and materials supply increased by 12.2% as compared with the same period last year.

During the Period, the gross profit margin of the publication segment was 34.0%, which remained the same as compared with the gross profit margin of 33.8% in the same period last year.

Distribution segment

The Group's distribution segment covers the centralised purchasing, delivery and distribution of products through different channels; distributing textbooks and supplementary materials to schools and students, and the provision of primary and secondary school digitalized education services; retailing, distribution business and online sales of publications business.

During the Period, the distribution segment recorded a revenue of RMB2,491 million, representing an increase of 8.9% as compared with RMB2,287 million in the same period last year, which was mainly attributable to the revenue growth in the education service business and online sales business.

During the Period, the gross profit margin of the distribution segment was 32.3%, which was substantially the same compared with 32.1% in the same period last year.

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 digitalized education services for primary and secondary schools.

During the Period, the Group adjusted the structure of the education service business in order to enhance professionalism, refined management and increase sales capabilities and service capabilities. At the same time, the Group fully utilised the opportunities arising from the state's policies for balanced development of education. Coupled with the Group's advantages in branding and capital, the Group further expanded the market share of textbooks and supplementary materials, digital education and education equipment via various channels.

During the Period, the education service business recorded a sales revenue of RMB1,625 million, representing an increase of 5.4% as compared with RMB1,541 million in the same period last year, which was mainly attributable to the continued increase in the sales of the supplementary materials and digital education business of the Group. In particular, the digital classroom business recorded a sales revenue of RMB107.38 million, representing an increase of 60.7% as compared with RMB66.80 million in the same period last year.

During the Period, the gross profit margin of the education service business was 37.3%, representing an increase of 1.2 percentage points compared with 36.1% in the same period last year, which was mainly attributable to the changes in sales structure.

Retailing

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

During the Period, the Group continued to structure the online reading service system vertically and horizontally and actively promoted the user-end upgrade of the smart book city and children's theme bookstore. While greatly expanding the institution business through overall reading service solutions, the Group kicked off and nurtured the emerging business of the cultural and creative sector to achieve harmonic operation of publications and non-publications as well as to achieve harmony in online and offline development.

During the Period, retailing business recorded a sales revenue of RMB274 million, representing a slight decrease as compared with RMB283 million in the same period last year.

During the Period, the gross profit margin of the retailing business was 37.0%, representing a slight increase compared with 36.4% in the same period last year.

Commercial supermarket

The Group continued to optimise the commercial supermarket's outlet distribution in different regions and strengthened product marketing. At the same time, capitalising on the commercial supermarket channels and customer resources, it worked with the internal publishers of the Group to develop books and worked with external entities to develop a variety of core commodities including stationeries and toys with a view to providing products and services in relation to children cultural reading and entertainment education.

During the Period, the commercial supermarket business recorded a sales revenue of RMB80.24 million, representing a decrease of RMB3.34 million as compared with RMB83.58 million in the same period last year.

The commercial supermarket business recorded a gross profit margin of 34.8%, representing an increase of 7.2 percentage points as compared with 27.6% in the same period last year, primarily due to the adjustment of the purchase model by the commercial supermarket segment during 2016, which increased the purchase classification of commodities and reduced the purchase costs, and the higher selling price as a result of the peak season in spring.

Online sales

The Group strived to expand market share and increase sales by expanding the channel expansion capabilities and operating capabilities, increasing the merchandise organisation and service capabilities and establishing a logistics support system that accommodates the online sales nationwide, thus safeguarding the rapid development of online sales business.

During the Period, the online sales business continued to maintain fast growth momentum and recorded a sales revenue of RMB451 million, representing an increase of 113 million as compared with RMB338 million in the same period last year, the increase rate was 33.4%.

The gross profit margin of the online sales business was 11.2%, which was substantially the same as 11.8% in the same period last year.

Other businesses

Other businesses of the Group covers production and distribution of film & television programs, sales of artwork, rendering of advertising services and logistics storage service.

During the Period, the other businesses recorded a sales revenue of RMB16.37 million, representing an increase of RMB4.42 million as compared with RMB11.95 million in the same period last year, which was mainly due to the increase from the revenue of logistics storage service.

Expenses and Costs

Selling and distribution expenses and administrative expenses

During the Period, the Group's total selling and distribution expenses and administrative expenses were RMB818 million, representing an increase of 6.5% as compared with RMB768 million in the same period last year, mainly due to the growth of the sales revenue which led to an increase in logistics and other relevant expenses and the growth of labour costs.

Other expenses

Other expenses of the Group for the Period amounted to RMB57.40 million, representing a decrease of RMB8.80 million as compared with RMB66.20 million in the same period last year, which was primarily due to the decrease in the Group's provision during the Period.

Net Finance Income

The net finance income of the Group for the Period amounted to RMB6.56 million, representing an increase of RMB2.21 million as compared with RMB4.35 million in the same period last year, mainly attributable to the absence of interest-bearing bank and other borrowings of the Group for the Period, where the interest expenses decreased from RMB1.56 million in the same period last year to nil.

Profit

The Group's profit for the Period amounted to RMB340 million, representing an increase of 4.9% as compared with RMB324 million in the corresponding period last year. The profit attributable to owners of the Company was RMB353 million, representing an increase of 2.6% from RMB344 million in the same period last year.

Earnings Per Share

Earnings per share is calculated by dividing profits attributable to the owners of the Company for the Period by the weighted average number of ordinary shares in issue for the Period. The Group's earnings per share for the Period was RMB0.31, which remained basically the same as compared with RMB0.30 in the corresponding period last year. Please refer to note 9 to the interim condensed consolidated financial statements for the calculation of earnings per share.

Liquidity and Financial Resources

As at 30 June 2016, the Group had cash and short-term bank deposits of approximately RMB1,190 million. The Company did not have any interest-bearing bank and other borrowings.

As at 30 June 2016, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 32.9%, representing a slight decrease as compared with 33.1% as at 30 June 2015. 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 that no foreign exchange hedging arrangement has been made.

Working Capital Management

	30 June 2016	30 June 2015
Current ratio	**1.3**	1.2
Trade receivables turnover days	**54.6 days**	53.8 days
Inventory turnover days	**155.5 days**	158.8 days
Trade payables turnover days	**286.5 days**	266.2 days

As at 30 June 2016, the current ratio of the Group was 1.3, remaining substantially the same as compared with 1.2 as at 30 June 2015.

During the Period, the trade receivables turnover days were 54.6 days, representing an increase of 0.8 day as compared with the trade receivables turnover days of 53.8 days in the same period last year. The inventory turnover days were 155.5 days, representing a decrease of 3.3 days as compared with the inventory turnover days of 158.8 days in the same period last year. The trade payables turnover days were 286.5 days, representing an increase of 20.3 days as compared with 266.2 days in the same period last year, which was mainly due to higher inventory stock at the beginning of this year compared with the beginning of last year as affected by the beginning of the school's spring semester, and the balance of payables at the beginning of the corresponding period being more than the corresponding period last year, thus extending the number of turnover days of payables.

Overview Of Material Investments, Acquisitions And Disposals

During the Period, 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.

To ensure the sustainable development of the e-commerce business of Sichuan Winshare Online E-commerce Co., Ltd.* (四川文軒在線電子商務有限公司) ("**Winshare Online**") and the commencement of new business of Yunhan platform, during the Period, the Company and Sichuan Xinhua Publishing Group made a capital increase of RMB30 million to Winshare Online proportionate to their shareholdings. Of which, the Company increased investment of RMB22.50 million.

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 undertaken to invest RMB100 million in CITIC Buyout Investment Fund (Shenzhen) (Limited Partnership). During the Period, the Company made a payment of RMB20 million according to the relevant agreement. As at 30 June 2016, the Company made total investments amounting to RMB100 million and all the capital contributions have been made as agreed.

In addition, during the Period, Winshare Investment Co., Ltd. ("**Winshare Investment**"), a subsidiary of the Company as limited partner: 1) made a capital increase of RMB20 million in Winshare Hengxin (Shenzhen) Equity Investment Fund Partnership Enterprise (Limited Partnership) ("**Winshare Hengxin**") pursuant to the partnership agreement. As at 30 June 2016, Winshare Investment had made accumulated investment of RMB120 million, representing 62.5% of the total subscription capital of Winshare Hengxin; 2) invested RMB24.40 million in Tibet Winshare Venture Investment Fund Partnership Enterprise (Limited Partnership) ("**Tibet Winshare Venture**") pursuant to the partnership agreement, representing 56.43% of the total subscription capital of Tibet Winshare Venture.

During the Period, the Company obtained the dividend income for 2015 of RMB16.20 million from its investee, Wan Xin Media. In addition, the Bank of Chengdu held a shareholders' meeting on 21 June 2016, which determined the distribution of cash dividends of RMB0.25 (tax inclusive) per share for 2015. The Company will receive investment income of RMB20 million in the distribution.

During the period, Ming Bo Education Technology Holdings Co., Ltd.* (明博教育科技股份有限公司) ("**Ming Bo**", an associate of the Company) was successfully listed on the New Third Board.

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

FUTURE PROSPECTS

In the first year of the "13th Five-Year Plan", while consolidating the strengths of its traditional businesses, the Group will endeavour to accelerate the transformation and upgrade of business and actively optimise the sector layout to achieve coordinated development of the industrial operations and capital operations with a view to building itself into the world's influential integrated cultural service group. In this regard, the Group will focus on the implementation of the following strategies: Gather quality content resources to strengthen the coordination between contents and channels; Strengthen the construction of education cloud service platform to consolidate and expand the education service market; Shape the reading service brand to expand and consolidate the online sales channel, build a cultural service network with online and offline coverage and endeavour to enhance the service capabilities of the third party supply chain platform through optimising the transaction and marketing service functions; Push ahead the logistics network and digitalised development to enhance the Company's operating and management capabilities; Position the great cultural sector to build a multi-level profitability model of the publishing sector and diversified sector interaction.

MATERIAL SUBSEQUENT EVENTS

On 8 August 2016, the Company's A Shares were listed on the Shanghai Stock Exchange whereby 98,710,000 A Shares were issued to the public at the price of RMB7.12 per share and existing 693,193,900 Domestic Shares were converted into A Shares. Upon the A Share Issue, the total number of issued shares of the Company was 1,233,841,000 shares (comprising 441,937,100 H Shares and 791,903,900 A Shares). Since then, the Company has become the first publishing and media enterprise with "A + H Shares" dual listing status in the PRC. The A Share Issue raised funds of a total of RMB702,815,200 and, after deducting issue expenses of RMB57,640,100, the net proceeds amounted to RMB645,175,100.

In March 2016, the Company kicked off the transfer of 48% equity interest held in Sichuan Wenzhuo. On 19 August 2016, the *Proposal regarding the Transfer of 48% Equity Interest Held in Sichuan Wenzhuo* was considered and approved at the 11th meeting of the fourth session of the Board of the Company in 2016, pursuant to which, it was agreed that the 48% equity interest in Sichuan Wenzhuo held by the Company shall be transferred by way of public auction at the bottom price of RMB423,529,400 on the equity exchange stated by the SASAC of Sichuan pursuant to the relevant requirements on administration of transfer of state-owned equity interests of enterprises.

PLEDGE OF ASSETS

Please refer to note 14 to the interim condensed consolidated financial statements for details of the Group's pledge of assets as at 30 June 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors are of the view that, during the Period, the Company has complied with all applicable code provisions in the Corporate Governance Code set out in Appendix 14 to the Listing Rules.

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

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 (the "**Supervisors**"), for the purpose of regulating securities transactions by the Directors and Supervisors. Having made specific enquiries to each Director and Supervisor, all Directors and Supervisors confirmed that they have complied with the provisions as set out in the Model Code throughout the Period.

INTERIM DIVIDEND

The Board has not recommended the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

AUDIT COMMITTEE

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

The Audit Committee has reviewed the Group's unaudited consolidated financial statements for the six months ended 30 June 2016 included in this interim results announcement and has communicated and discussed the financial reporting issues of the Group with the management of the Company. The Audit Committee confirmed that the interim financial report of the Group has been prepared in accordance with the applicable accounting standards and requirements and have made appropriate disclosures accordingly.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.winshare.com.cn). The Company's 2016 interim report will be despatched to the shareholders and published on websites of the Stock Exchange and the Company on or before 30 September 2016.

By Order of the Board
XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.*
He Zhiyong
Chairman

Sichuan, the PRC, 30 August 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. Chan Yuk Tong, Mr. Han Liyan and Ms. Xiao Liping as independent non-executive Directors.

* *For identification purposes only*