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)

2017 INTERIM RESULTS ANNOUNCEMENT

The board (the "**Board**") of directors (the "**Director(s)**") 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 2017 (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 2016.

CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2017

RMB

ITEM	*Notes*	Closing balance (unaudited)	Opening balance (audited)
Current Assets:			
Cash and bank balances		**1,860,578,183.31**	1,695,414,090.58
Financial assets at fair value through profit or loss		**72,209.16**	–
Notes receivable		**14,849,243.10**	2,170,000.00
Accounts receivable	*5*	**1,023,014,784.91**	801,178,862.51
Prepayments		**167,779,801.95**	92,509,488.32
Interest receivable		**4,986,256.31**	714,789.56
Other receivables		**112,426,082.35**	70,041,693.67
Inventories		**1,430,732,327.91**	1,512,550,560.26
Other current assets	*6*	**993,058,362.67**	974,629,765.89
Non-current assets due within one year		**–**	120,000,000.00
Total Current Assets		**5,607,497,251.67**	5,269,209,250.79

RMB

ITEM	*Notes*	**Closing balance (unaudited)**	Opening balance (audited)
Non-current Assets:			
Available-for-sale financial assets	*7*	**2,465,099,489.39**	2,933,130,717.43
Long-term equity investments	*8*	**260,277,638.78**	685,192,748.42
Long-term receivables	*9*	**124,133,051.11**	134,581,582.86
Investment properties		**72,058,099.11**	68,671,687.82
Fixed assets		**1,325,708,279.81**	1,358,740,899.48
Construction in progress		**544,672,400.52**	460,203,701.05
Intangible assets		**377,765,577.60**	397,038,235.41
Development cost		**35,244,568.18**	10,944,702.55
Goodwill		**500,590,036.14**	500,590,036.14
Long-term prepaid expenses		**18,963,524.10**	14,846,016.36
Deferred tax assets		**9,042,781.81**	8,828,117.50
Other non-current assets		**470,728,743.88**	413,198,913.58
Total Non-current Assets		**6,204,284,190.43**	6,985,967,358.60
TOTAL ASSETS		**11,811,781,442.10**	12,255,176,609.39

ITEM	*Notes*	**Closing balance (unaudited)**	Opening balance (audited)
			RMB
Current Liabilities:			
Notes payable		**42,100,383.32**	12,584,784.00
Accounts payable	*10*	**2,659,291,418.52**	2,715,003,443.35
Advance from customers		**284,715,921.83**	309,946,513.41
Employee benefits payable		**190,564,598.82**	251,796,187.52
Taxes payable		**31,654,904.24**	38,956,867.75
Dividends payable		**132,783,358.29**	132,581,130.00
Other payables	*11*	**305,734,862.36**	270,461,490.08
Deferred income		**100,950,928.59**	99,576,587.05
Provisions		**9,577,022.16**	8,834,463.43
Total Current Liabilities		**3,757,373,398.13**	3,839,741,466.59
Non-current Liabilities:			
Deferred tax liabilities		**32,640,544.67**	33,722,112.47
Deferred income		**81,678,902.80**	87,235,679.55
Total Non-current Liabilities		**114,319,447.47**	120,957,792.02
TOTAL LIABILITIES		**3,871,692,845.60**	3,960,699,258.61
Shareholders' Equity:			
Share capital	*12*	**1,233,841,000.00**	1,233,841,000.00
Capital reserve		**2,619,467,530.11**	2,619,467,530.11
Other comprehensive income	*20*	**1,576,447,371.19**	2,045,820,792.23
Surplus reserve		**539,564,967.34**	539,564,967.34
Retained profits	*13*	**2,024,768,673.10**	1,896,996,070.84
Total Equity Attributable to Shareholders of the Company		**7,994,089,541.74**	8,335,690,360.52
Non-controlling Interests		**(54,000,945.24)**	(41,213,009.74)
TOTAL SHAREHOLDERS' EQUITY		**7,940,088,596.50**	8,294,477,350.78
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**11,811,781,442.10**	12,255,176,609.39

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2017

RMB

ITEM	*Notes*	**Amount for the current period (unaudited)**	Amount for the prior period (audited)
I. Total operating income	*14*	**3,186,015,247.21**	2,720,377,728.66
Less: Total operating costs		**2,928,568,381.89**	2,468,417,882.07
Including: Operating costs	*14*	**2,026,412,232.84**	1,605,280,276.85
Taxes and levies		**16,258,587.92**	4,371,798.97
Selling expenses		**414,997,707.05**	394,873,379.04
Administrative expenses		**430,621,441.97**	425,305,939.58
Financial expenses		**(9,102,091.09)**	(4,253,085.56)
Impairment losses of assets		**49,380,503.20**	42,839,573.19
Add: Investment income	*15*	**202,375,080.84**	40,647,315.48
Including: Income (loss) from investments in associates and joint ventures		**2,073,717.62**	(840,443.17)
Gains arising from changes in fair value		**25,983.57**	–
Other income	*16*	**42,115,767.43**	–
II. Operating profit		**501,963,697.16**	292,607,162.07
Add: Non-operating income	*17*	**1,788,313.32**	55,920,034.22
Including: Gains from disposal of non-current assets		**82,406.35**	351,267.52
Less: Non-operating expenses		**17,710,371.26**	6,125,924.27
Including: Losses from disposal of non-current assets		**37,920.61**	1,108,905.32
III. Total profit		**486,041,639.22**	342,401,272.02
Less: Income tax expenses	*19*	**702,444.17**	4,773,948.00
IV. Net profit		**485,339,195.05**	337,627,324.02
Net profit attributable to shareholders of the Company		**497,924,902.26**	350,023,356.00
Profit or loss attributable to non-controlling interests		**(12,585,707.21)**	(12,396,031.98)
V. Other comprehensive income, net of tax	*20*	**(469,373,421.04)**	(595,994,894.72)
Other comprehensive income attributable to shareholders of the Company, net of tax		**–**	–
Other comprehensive income that will be subsequently reclassified into profit or loss		**(469,373,421.04)**	(595,994,894.72)
Share of other comprehensive income of the investee that will be subsequently reclassified into profit or loss under equity method		**–**	–
Profit or loss arising from changes in fair value of available-for-sale financial assets		**(469,373,421.04)**	(595,994,894.72)
Other comprehensive income attributable to non-controlling interests, net of tax		**–**	–
VI. Total comprehensive income		**15,965,774.01**	(258,367,570.70)
Total comprehensive income attributable to shareholders of the Company		**28,551,481.22**	(245,971,538.72)
Total comprehensive income attributable to non-controlling interests		**(12,585,707.21)**	(12,396,031.98)
VII. Earnings per share:			
(i) Basic earnings per share	*21*	**0.40**	0.31
(ii) Diluted earnings per share	*21*	**N/A**	N/A

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2017

RMB

ITEM	*Notes*	**Amount for the current period (unaudited)**	Amount for the prior period (audited)
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		**3,167,470,586.80**	2,591,305,987.22
Receipts of tax refunds		**27,852,828.00**	33,888,575.68
Other cash receipts relating to operating activities		**15,931,034.78**	24,370,447.66
Sub-total of cash inflows from operating activities		**3,211,254,449.58**	2,649,565,010.56
Cash payments for goods purchased and services received		**2,235,565,665.69**	1,587,665,159.26
Cash payments to and on behalf of employees		**487,067,045.71**	458,026,033.21
Payments of various types of taxes		**87,374,681.25**	96,947,781.83
Other cash payments relating to operating activities		**438,251,382.95**	407,198,231.95
Sub-total of cash outflows from operating activities		**3,248,258,775.60**	2,549,837,206.25
Net Cash Flow from Operating Activities		**(37,004,326.02)**	99,727,804.31
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		**1,663,713,845.99**	355,050,000.00
Cash receipts from investment income		**67,290,090.51**	21,773,635.74
Cash receipts from interest of entrusted loans		**1,180,018.10**	3,644,745.28
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		**509,150.56**	1,784,201.50
Net cash receipts from disposals of subsidiaries and other business units		**133,011,272.71**	–
Other cash receipts relating to investing activities		**150,212,625.38**	120,529,974.49
Sub-total of cash inflows from investing activities		**2,015,917,003.25**	502,782,557.01
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		**123,579,873.30**	135,935,331.96
Cash payments to acquire investments		**1,241,635,734.89**	1,147,123,506.19
Other cash payments relating to investing activities		**96,945,492.87**	74,400,000.00
Sub-total of cash outflows from investing activities		**1,462,161,101.06**	1,357,458,838.15
Net Cash Flow from Investing Activities		**553,755,902.19**	(854,676,281.14)

RMB

ITEM	*Notes*	**Amount for the current period (unaudited)**	Amount for the prior period (audited)
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		**–**	7,500,000.00
Including: cash receipts from capital contributions from non-controlling shareholders of subsidiaries		**–**	7,500,000.00
Other cash receipts relating to financing activities		**123,573.81**	12,012,050.26
Sub-total of cash inflows from financing activities		**123,573.81**	19,512,050.26
Cash payments for distribution of dividends or settlement of interest expenses		**370,152,300.00**	130,966.60
Including: payments for distribution of dividends to non-controlling shareholders of subsidiaries		**–**	130,966.60
Cash payments to acquire non-controlling interests		**48,489,700.00**	–
Sub-total of cash outflows from financing activities		**418,642,000.00**	130,966.60
Net Cash Flow from Financing Activities		**(418,518,426.19)**	19,381,083.66
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		**–**	–
V. Net Increase (decrease) in Cash and Cash Equivalents		**98,233,149.98**	(735,567,393.17)
Add: Opening balance of Cash and Cash Equivalents		**1,634,167,257.70**	1,824,358,247.63
VI. Closing Balance of Cash and Cash Equivalents		**1,732,400,407.68**	1,088,790,854.46

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

1. BASIC INFORMATION ABOUT THE COMPANY

The Company collectively sponsored by Sichuan Xinhua Publishing Group Co., Ltd. ("**Sichuan Xinhua Publishing Group**"), Chengdu Hua Sheng (Group) Industry Co., Ltd.* ("**Chengdu Hua Sheng**"), Sichuan Daily Newspaper Group, Sichuan Publication Group Co., Ltd. ("**Sichuan Publication Group**"), Sichuan Youth and Children's Publishing House Co., Ltd., and Liaoning Publication Group Co., Ltd., was incorporated on 11 June 2005 upon registration with Sichuan Provincial Administration for Industry and Commerce, the registered capital of the Company is RMB733.37 million.

The Company publicly offered overseas listed foreign shares (including overallotment) ("**H Share(s)**") at Hong Kong Stock Exchange on 30 May 2007. The share's par value was RMB1.00 and its issue price was HKD5.80, the raised funds totaled HKD2,330,213,800.00. Accordingly, the registered capital changed into RMB1,135,131,000.00.

In accordance with *Proposal of Reduction of State-owned Shares* approved by the 1st extraordinary general meeting of 2006 held on 20 April 2006, and *Letter of Commitment for Raising Social Security Funds by Reduction of State-owned Shares* jointly issued by Sichuan Xinhua Publishing Group, Sichuan Publication Group, Sichuan Daily Newspaper Group, Liaoning Publication Group Co., Ltd., and Sichuan Youth and Children's Publishing House Co., Ltd., the shareholders committed to transfer 10% of the new shares to National Council for Social Security Fund when H shares of the Company were issued. As described in Certificate of Share Registration issued by China Securities Depository and Clearing Corporation Limited., as of 22 June 2007, the above share transfer (40,176,100 shares) had been completed.

As approved by *Reply on Approval of IPO of Xinhua Winshare Publishing and Media Co., Ltd.* (filed as Zheng Jian Xu Ke [2016] No.1544) issued by China Securities Regulatory Commission, the Company publicly offered 98,710,000 A shares ("**A Share(s)**") at Shanghai Stock Exchange at issue price of RMB7.12 per share on 8 August 2016. Upon the completion of the issuance of A Shares, the share capital of the Company changed into RMB1,233,841,000.00.

The legal representative of the Company is He Zhiyong. The 4th extraordinary general meeting of 2016 was held by the Company on 15 December 2016. The meeting resolved a change of registered address from 12/F, No. 86 Section One, People's South Road, Qingyang District, Chengdu to Unit 1, 1/F, Block 4, No. 239, Jinshi Road, Jinjiang District, Chengdu and revised its articles of association of the Company. The change of registered address is authorised by Sichuan Administration of Industry and Commerce, and the registration procedures for change of business licenses have been completed. The Company has received the renewed business license, which was issued by Sichuan Administration of Industry and Commerce. Its headquarter is located at 6 Wenxuan Road, Rongbei Shangmao Avenue, Chengdu, Sichuan.

The Group are mainly engaged in: sales of books, newspapers, journals, electronic publications; wholesale of audio-visual products (chainstore); manufacture of electronic publications and audio-visual products; production of audio tapes, video tapes; logistics; and wholesale and retail of pre-packaged food, dairy products (not including infant formula, only applicable to branch office management); printing of publications, printed matters of package and decoration and other printed matters; (the valid period of the above business scope is subject to the approval of licences). Plate-leased printing and supply of textbooks; investments in publications and assets management; leasing of properties; business services; wholesale and retail of goods; import and export business; vocational skills training and education ancillary services (the items above (not including the aforesaid permitted items) are subject to the approval of licences and shall be operated according to the licences).

The parent of the Company is Sichuan Xinhua Publishing Group. State-owned Assets Supervision and Administration Commission of Sichuan Provincial Government ("**SASAC of Sichuan**"), in compliance with instructions of Sichuan Provincial People's Government, set up Sichuan Development (Holding) Co., Ltd.* ("**Sichuan Development**") in 2009, and transferred its equity interests in Sichuan Xinhua Publishing Group to Sichuan Development, hence Sichuan Xinhua Publishing Group became a wholly-owned subsidiary of Sichuan Development. Meanwhile, as Sichuan Development is wholly owned by SASAC of Sichuan, the Company is actually controlled by SASAC of Sichuan.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

The Group has adopted the *Accounting Standards for Business Enterprises* and relevant regulations issued by the Ministry of Finance. In addition, the Group has disclosed relevant financial information in accordance with *Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reporting (Revised in 2014), Hong Kong Companies Ordinance* and the *Listing Rules*.

Going concern

The Group assessed its ability to continue as a going concern for the 12 months subsequent to 30 June 2017, and found no events or circumstances that may cast significant doubts upon it. Hence the financial statements have been prepared on going concern basis.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Group has adopted the Accounting Standard for Business Enterprise No. 16 -Government Grants (revised) issued by the Ministry of Finance since 2017.

The Accounting Standard for Business Enterprise No. 16 -Government Grants (revised) further classifies its applicable scope, clearly distinguishes the government grants and revenue. Government grants related to assets are offset against the carrying amount of related assets, and government grants related to enterprises' daily business are recognised as other income or offset against related costs based on the substance of economic business. In addition, accounting treatment of finance discount is newly introduced along with new presentation requirements.

The Group has accounted for government grants at 1 January 2017 in accounting policy prospectively. The Group's government grants related to daily business are recognised as other income in accordance with other income based on the substance of the economic business instead of non-operating income or expenses since 1 January 2017.

The issuance of the above standard has no significant influence over the Group's financial statements.

4. TAX INCENTIVES AND OFFICIAL APPROVALS

Enterprise income tax

In accordance with "*Notice on Persistently Implementing System Transformation of Operating Culture Public Institution into Enterprise*" (Cai Shui [2014] No. 84) issued by Ministry of Finance, State Administration of Taxation and Publicity Department of the Communist Party of China, enterprise which transformed from operating culture public institution is exempted from enterprise income tax since the registration date of system reform. The implementation period for the notice is from 1 January 2014 to 31 December 2018.

In compliance with the above regulations, the Company and its subsidiary Beijing Shu Chuan Xinhua Bookstore Book Distribution Co., Ltd. ("**Beijing Shu Chuan**"), Sichuan Xinhua Online Network Co., Ltd. ("**Xinhua Online**"), Sichuan Xinhua Culture Communication Co.,Ltd. and 13 publishing houses affiliated to the Company are exempted from enterprise income tax till 31 December 2018.

Sichuan Winshare Education Technology Co., Ltd. ("**Winshare Education Technology**"), a subsidiary of the Company falls into the category of western region enterprises encouraged by the country based on the *Notice on Income Tax Issues Arising from Implementing the Catalogue of Encouraged Industries in Western China* (Guo Shui [2015] No.14) released by the State Administration of Taxation, such eligibility was confirmed by the Chengdu Development and Reform Commission ("**CDRC**") with the issuance of *CDRC Administration Reply Letter [2016] No. 38*. Therefore, Winshare Education Technology is subject to income tax rate at 15%. Beijing Aerospace Cloud Education Technology Co., Ltd. ("**Aerospace Cloud**"), a subsidiary of the Company obtained a certificate of new high-tech enterprise on 1 December 2016, the certificate number is GR201611000716 and the date of expiry is 30 November 2019. The enterprise income tax of Aerospace Cloud is levied at 15% on taxable income pursuant to the relevant tax regulation.

Value-added tax

As per *Notice on Persistently Promoting Cultural Value-added Tax and Business Tax Preferential Policies* (Cai Shui [2013] No. 87) issued by Ministry of Finance and State Administration of Taxation: (1) for the period from 1 January 2013 to 31 December 2017, preferential policies of 100% reimbursement and 50% reimbursement are respectively proposed for publications of certain category specified in this Notice during publishing phase, and the Group is entitled to this tax incentives (2) for period from 1 January 2013 through 31 December 2017, the wholesale and retail of books are exempted from value-added tax, and the Group's book wholesale and retail business is entitled to this tax incentive.

5. ACCOUNTS RECEIVABLE

(1) Disclosure of accounts receivable by aging:

RMB

Aging	Closing balance (unaudited) Carrying amount	Proportion (%)	Bad debt provision	Net carrying amount	Opening balance (audited) Carrying amount	Proportion (%)	Bad debt provision	Net carrying amount
Within 1 year	**999,056,089.98**	**83.31**	**(23,905,598.32)**	**975,150,491.66**	766,513,066.93	80.78	(20,333,478.42)	746,179,588.51
More than 1 year but not exceeding 2 years	**92,266,952.04**	**7.69**	**(51,362,640.44)**	**40,904,311.60**	93,127,665.32	9.81	(45,972,380.06)	47,155,285.26
More than 2 years but not exceeding 3 years	**34,940,002.35**	**2.91**	**(29,082,112.33)**	**5,857,890.02**	17,939,631.56	1.89	(12,100,005.54)	5,839,626.02
More than 3 years	**73,024,911.91**	**6.09**	**(71,922,820.28)**	**1,102,091.63**	71,382,825.85	7.52	(69,378,463.13)	2,004,362.72
Total	**1,199,287,956.28**	**100.00**	**(176,273,171.37)**	**1,023,014,784.91**	948,963,189.66	100.00	(147,784,327.15)	801,178,862.51

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

(2) Disclosure of accounts receivable by categories:

RMB

Category	Closing balance (unaudited) Carrying amount Amount	Carrying amount Proportion (%)	Bad debt provision Amount	Bad debt provision Proportion of provision (%)	Net carrying amount	Opening balance (audited) Carrying amount Amount	Carrying amount Proportion (%)	Bad debt provision Amount	Bad debt provision Proportion of provision (%)	Net carrying amount
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually	**322,568,076.99**	**26.90**	**(24,254,048.60)**	**7.52**	**298,314,028.39**	334,849,963.67	35.29	(17,949,061.22)	5.36	316,900,902.45
Accounts receivable for which bad debt provision has been assessed by portfolios	**876,719,879.29**	**73.10**	**(152,019,122.77)**	**17.34**	**724,700,756.52**	614,113,225.99	64.71	(129,835,265.93)	21.14	484,277,960.06
Total	**1,199,287,956.28**	**100.00**	**(176,273,171.37)**	**14.70**	**1,023,014,784.91**	948,963,189.66	100.00	(147,784,327.15)	15.57	801,178,862.51

Accounts receivable that are individually significant at the end of the Period and for which bad debt provision has been assessed individually:

RMB

Category	Closing balance (unaudited)				Opening balance (audited)			
	Accounts receivable	**Bad debt provision**	**Proportion of provision (%)**	**Reasons for the provision**	Accounts receivable	Bad debt provision	Proportion of provision (%)	Reasons for the provision
Beijing Jinhuangxuan Culture Development Co., Ltd	**7,860,893.20**	**(7,860,893.20)**	**100.00**	Fully unrecoverable	7,860,893.20	(7,860,893.20)	100.00	Fully unrecoverable
Others	**314,707,183.79**	**(16,393,155.40)**	**5.21**	Partly unrecoverable	326,989,070.47	(10,088,168.02)	3.09	Partly unrecoverable
Total	**322,568,076.99**	**(24,254,048.60)**	**7.52**		334,849,963.67	(17,949,061.22)	5.36	

Accounts receivable portfolios for which bad debt provision has been assessed using the aging analysis approach:

RMB

Aging	Closing balance (unaudited)			Opening balance (audited)		
	Accounts receivable	**Bad debt provision**	**Proportion of provision (%)**	Accounts receivable	Bad debt provision	Proportion of provision (%)
Within 1 year	**703,802,106.19**	**(21,335,642.92)**	**3.03**	459,959,925.92	(14,191,028.80)	3.09
More than 1 year but not exceeding 2 years	**88,263,752.04**	**(47,359,440.44)**	**53.66**	72,707,243.20	(42,042,169.00)	57.82
More than 2 years but not exceeding 3 years	**27,490,002.35**	**(26,365,811.17)**	**95.91**	17,936,928.69	(12,097,302.67)	67.44
More than 3 years	**57,164,018.71**	**(56,958,228.24)**	**99.64**	63,509,128.18	(61,504,765.46)	96.84
Total	**876,719,879.29**	**(152,019,122.77)**	**17.34**	614,113,225.99	(129,835,265.93)	21.14

(3) Bad debt provision made or reversed in the Period

The bad debt provision for the Period is RMB28,491,720.33, and the reversed amount of bad debt provision is RMB2,876.11.

6. OTHER CURRENT ASSETS

RMB

Item	**Closing balance (unaudited)**	Opening balance (audited)
Bank wealth management products *(Note 1)*	**945,000,000.00**	936,000,000.00
Available-for-sale financial assets – Trust Products Investments *(Note 2)*	**11,041,144.69**	17,176,654.12
Deductible VAT input tax *(Note 3)*	**37,017,217.98**	21,453,111.77
Total	**993,058,362.67**	974,629,765.89

Note 1: The Group's bank wealth management products are financial assets at fair value through profit or loss, its fair value is estimated using discounted cash flow analysis.

Note 2: At the end of the Period, the Group's investments in trust products were CITIC Xinhui Capital Trust Plan 1201 of Cash-management Financial Investment Portfolio and FOTIC Capital Trust Plan II of Wuxing Huijin Small Fund Portfolio purchased by Winshare Investment Co., Ltd., ("**Winshare Investment**") a subsidiary of the Company. The investments above are subsequently measured at fair value.

Note 3: The deductible VAT amount is the amount of VAT input tax to be deducted by the Group within the next year.

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(1) Available-for-sale financial assets

RMB

	Closing balance (unaudited)			Opening balance (audited)		
Item	**Carrying amount**	**Provision for impairment**	**Net carrying amount**	Carrying amount	Provision for impairment	Net carrying amount
Measured at fair value	**2,224,870,674.06**	**–**	**2,224,870,674.06**	2,692,901,902.10	–	2,692,901,902.10
Measured at cost	**243,187,180.82**	**(2,958,365.49)**	**240,228,815.33**	243,187,180.82	(2,958,365.49)	240,228,815.33
Total	**2,468,057,854.88**	**(2,958,365.49)**	**2,465,099,489.39**	2,936,089,082.92	(2,958,365.49)	2,933,130,717.43

(2) Available-for-sale financial assets measured at fair value at the end of the Period

RMB

	Closing balance (unaudited)		
Item	**Investment cost**	**Fair value**	**Accumulated changes of fair value included in other comprehensive income**
Anhui Xinhua Media Co., Ltd. ("**Wan Xin Media**") *(Note 1)*	**186,415,328.00**	**1,722,524,800.00**	**1,536,109,472.00**
Jiangsu Youli Investment Holding Co., Ltd. ("**Youli Holding**") *(Note 2)*	**783,556.84**	**1,755,277.06**	**971,720.22**
CITIC Buyout Investment Fund (Shenzhen) Partnership (Limited Partnership) *(Note 3)*	**98,083,837.00**	**102,972,401.83**	**4,888,564.83**
Winshare Hengxin (Shenzhen) Equity Investment Fund Partnership (Limited Partnership) *(Note 4)*	**188,000,000.00**	**219,029,365.60**	**31,029,365.60**
Qingdao Jinshi Zhixin Investment Center (Limited Partnership) ("**Qingdao Jinshi**") *(Note 5)*	**151,667,500.00**	**151,667,500.00**	**–**
Taizhou Xinheng Zhongrun Fund (Limited Partnership) *(Note 6)*	**10,206,171.29**	**24,921,329.57**	**14,715,158.28**
Industrial Assets Management – Industrial Securities Assets Management Co., Ltd. *(Note 7)*	**2,000,000.00**	**2,000,000.00**	**–**
Total	**637,156,393.13**	**2,224,870,674.06**	**1,587,714,280.93**

Note 1: The Company's quoted investment in Wan Xin Media accounted for 6.27% of the equity of Wan Xin Media. The stock of Wan Xin Media was listed on 18 January 2010 in the Shanghai Stock Exchange. The fair value changes for the Period resulted in the loss of RMB467,400,000.00 have been included in other comprehensive income.

Note 2: Sichuan Xinhua Printing Co., Ltd., a subsidiary of the Company, acquired in August 2014, holds 0.02% equity interest in Youli Holding and the fair value at the acquisition date was RMB783,556.84. The fair value changes for the Period resulted in the income of RMB162,625.21 have been included in other comprehensive income.

Note 3: The Company, as a limited partner, invested RMB100,000,000.00 in CITIC Buyout Investment Fund (Shenzhen) Partnership (Limited Partnership). Pursuant to the partnership agreement, the proportion of capital contribution subscribed by the Company is 1% of its total subscribed capital. In 2015 and 2016, the Company recovered investment of RMB1,676,200.00 and RMB239,963.00 respectively.

Under the partnership agreement, the general partner is the executive partner of the partnership who has exclusive power over the management and control of the partnership's operations, partnership investment business, and other matters. The distributable cash generated by the partnership in connection with the project investment shall be distributed among all the partners in proportion to their equity interest in the relevant investment, of which the portion attributable to the limited partner shall be first returned for the capital contribution until the cumulative distribution reaches its actual amount paid out. Then, the partnership will give priority to the limited partners according to the internal return rate of 8% each year. Under the premise of satisfying the order of distribution, the general partners will appropriate gain sharing, which is 20% of the total amount of the limited partner's income.

Note 4: Winshare Investment, a subsidiary of the Company, as a limited partner, invested RMB188,000,000.00 in Winshare Hengxin (Shenzhen) Equity Investment Fund (Limited Partnership). Pursuant to the partnership agreement, the proportion of capital contribution subscribed by the Group is 62.50% of its total subscribed capital.

Under the partnership agreement, the general partner is the executive partner of the partnership who has exclusive power over the management and control of the partnership's operations, partnership investment business, and other matters. The distributable cash generated by the partnership in connection with the project investment shall be distributed among all the partners in proportion to their equity interest in the relevant investment, of which the portion attributable to the limited partner shall be first returned for the capital contribution until the cumulative distribution reaches its actual amount paid out. Then, the partnership will give priority to the limited partners according to the internal return rate of 8% each year. Under the premise of satisfying the order of distribution, the general partners will appropriate gain sharing, which is 20% of the total amount of the limited partner's income.

The fair value changes for the Period resulted in the loss of RMB1,914,156.68 have been included in other comprehensive income.

Note 5: Winshare Investment, a subsidiary of the Company, as a limited partner, invested RMB151,667,500.00 in Qingdao Jinshi. Pursuant to the partnership agreement, the proportion of capital contribution subscribed by the Group is 10.05% of its total subscribed capital. During the Period, Winshare Investment has received bonus of RMB2,125,630.93 from Qingdao Jinshi and included it in investment income.

In accordance with the partnership agreement, the general partner acts as the internal executive partner and the external representative for the partnership. The profits and losses of the partnership shall be distributed and shared by the general partner and the limited partner in proportion to the paid-in capital contribution.

Note 6: Winshare Investment, a subsidiary of the Company, as a limited partner, accepted the transfer of the right of earnings from Taizhou Xinheng Zhongrun Investment Fund (Limited Partnership), of which the share accounted for 2.37% of the total subscribed capital of the partnership and the Group's investment cost of was RMB10,206,171.29. The investment is subsequently measured at fair value.

The fair value changes for the Period resulted in the loss of RMB879,696.57 has been included in other comprehensive income.

Note 7: In December 2016, the Company entered into a three-way directional asset management agreement with Industrial Securities Assets Management Co., Ltd. ("**Industrial Assets Management**") and Industrial Bank Co., Ltd. Shanghai Branch ("**Industrial Bank Shanghai Branch**"). According to the agreement, Industrial Assets Management acts as the manager of the entrusted assets, and Industrial Bank Shanghai Branch acts the custodian. In February 2017, the Company transferred its initial entrusted assets amounted to RMB2,000,000.00 and 5,400,000 shares in Wanxin Media to the entrusted asset account. The investment scope of entrusted assets cover stocks (subscriptions in primary market and trading in secondary market) and other investments approved by the CSRC, and investment products in trading floor account for 0-100% of the total amount of the planned assets.

8. LONG-TERM EQUITY INVESTMENTS

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

RMB

Investee	Opening balance (audited)	Changes for the period			Closing balance (unaudited)
		Increase in investments	Decrease in investments	Investment profit or loss under equity method	
Joint ventures:					
Hainan Publishing House Co., Ltd.	123,691,711.76	–	–	2,904,450.83	126,596,162.59
Sichuan Wenxuan Zhuotai Investment Co., Ltd. ("**Sichuan Wenzhuo**") *(Note 1)*	308,683,138.97	–	(308,683,138.97)	–	–
Sichuan Fudou Technology Co., Ltd. *(Note 2)*	1,936,016.54	–	–	(1,224,047.85)	711,968.69
Tibet Winshare Equity Investment *(Note 3)*	394,085.78	–	–	(484.82)	393,600.96
Shenzhen Xuancai Venture Capital Investment Fund Management Co.,Ltd. *(Note 4)*	611,648.94	–	–	(188,687.30)	422,961.64
Subtotal	435,316,601.99	–	(308,683,138.97)	1,491,230.86	128,124,693.88
Associated companies:					
Sichuan Wenxuan Baowan Supply Chain Co., Ltd ("**Wenbao**") *(Note 5)*	–	2,250,000.00	–	–	2,250,000.00
Commercial Press (Chengdu) Co., Ltd.	2,247,848.10	–	–	206,488.09	2,454,336.19
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	10,140,345.61	–	–	1,037,144.74	11,177,490.35
Guizhou Xinhua Winshare Book Audio-Visual Product Chainstore Co., Ltd. ("**Guizhou Winshare**")	–	–	–	–	–
Ming Bo Education Technology Holdings Co., Ltd.	28,754,377.57	–	–	16,645.69	28,771,023.26
Shanghai Jingjie Information Technology Co., Ltd.	2,414,391.24	–	–	(232,382.21)	2,182,009.03
Chengdu Xinhui Industrial Co., Ltd. ("**Chengdu Xinhui**") *(Note 6)*	123,755,688.29	–	(123,755,688.29)	–	–
Sichuan Winshare Preschool Educational Management Co., Ltd. ("**Winshare Preschool**") *(Note 7)*	3,283,562.00	–	–	257,458.71	3,541,020.71
Chongqing Yunhan Internet and Media Co., Ltd.	46,121,487.19	–	–	(421,893.52)	45,699,593.67
Chengdu Winshare Venture Capital Investment Fund Management Co., Ltd.	8,535,571.90	–	–	(280,741.97)	8,254,829.93
Sichuan Education and Science Forum Magazine Press Co., Ltd.("**Education and Science Forum**")	–	–	–	–	–
Sichuan Tianhe Culture Co., Ltd	207,739.54	–	–	(19,810.35)	187,929.19
Tibet Winshare Venture Capital Investment Fund Partnership(Limited Partnership) *(Note 8)*	24,415,134.99	3,200,000.00	–	(67,637.12)	27,547,497.87
Sichuan Jiaoyang Sihuo Film Co., Ltd.	–	–	–	87,214.70	87,214.70
Subtotal	249,876,146.43	5,450,000.00	(123,755,688.29)	582,486.76	132,152,944.90
Total	685,192,748.42	5,450,000.00	(432,438,827.26)	2,073,717.62	260,277,638.78

Note 1: As discussed in the 11th meeting of the 4th session of the Company's Board of Directors, the Company was agreed to transfer the 48% equity interest in Sichuan Wenzhuo held by the Company by way of public listing at the price of RMB423,529,400. In April 2017, the Company transferred the equity at the above price to Sichuan Taihe Properties Co., Ltd., an independent third party. The amount of investment income is RMB114,846,261.01.

Note 2: Pursuant to the articles of association of Sichuan Fudou Technology Co., Ltd., Winshare Education Technology, a subsidiary of the Company, holds 38.5% of the voting rights at the shareholders' meeting and the other shareholder holds 61.5% at the shareholders' meeting. Resolutions of annual financial budget plans, final accounts, profit distribution and make up losses made by the shareholders of Sichuan Fudou Technology Co. Ltd shall be approved by over two-thirds of the total votes from its shareholders. Accordingly, Winshare Education Technology and the other technology have joint control over Sichuan Fudou Technology Co., Ltd., who accordingly became a joint venture of the Company. In April 2017, Winshare Education Technology transferred its entire shareholdings to Winshare Investment, another subsidiary of the Company. Afterwards, Winshare Investment takes over all equity that was held by Winshare Education Technology in Fudou Technology Co., Ltd.

Note 3: According to the articles of association of Tibet Wenxuan Equity Investment Co., Ltd., Wenxuan Investment, a subsidiary of the Company, holds 40% of the voting rights in the shareholders' meeting and the other two shareholders hold 30% of the voting right in the shareholders' meeting respectively. Resolutions of annual financial budget plans, final accounts, profit distribution and make up losses made by the shareholders shall be approved by over 75% of the votes from the shareholders. As a result, Wenxuan Investment and the other two shareholders shall have joint control over Tibet Wenxuan Equity Investment Co., Ltd., which accounts Tibet Wenxuan Equity Investment Co., Ltd. as a joint venture of the Group.

Note 4: According to the Articles of Association of Shenzhen Xuan Choi Venture Capital Management Co., Ltd., Winshare Investment, a subsidiary of the Company, has 40% of the voting rights in the shareholders' meeting and the other two shareholders will enjoy 30% of the voting rights respectively. Resolutions of annual financial budget plans, final accounts, profit distribution and make up losses made by the shareholders' meeting of Shenzhen Xuan Choi Venture Capital Fund Management Co., Ltd. shall be approved by over 75% of the votes from the shareholders. Therefore, Winshare Investment and the other two shareholders have joint control over Shenzhen Xuan Choi Venture Capital Fund Management Co., Ltd., which is a joint venture of the Group.

Note 5: In June 2017, the Company's subsidiary Sichuan Wenchuan Logistics Co., Ltd. ("**Wenchuan Logistics**") entered into an investment agreement with Baowan Logistics Holdings Limited and Chengdu Longchuang Investment Management Center LLP to jointly establish Wenbao with shareholding percentage allocated as 45%, 40% and 15% respectively. In accordance with the Articles of association, Wenbao has to obtain majority votes (over 50%) prior to making decisions on the annual financial budget proposal, financial accounting plan, profit distribution and making up losses. Therefore, Wenbao is an associate of the Group.

Note 6: As discussed in the 10th meeting of the 4th session of the Company's Board of Directors in 2015, the Company was agreed to transfer the 34% equity interest in Chengdu Xinhui by way of public listing at the reserve price of RMB141,920,700. In May 2017, the Company transferred the equity to Zhongtian Urban Development (Guizhou) Co., Ltd., an independent third party at the above price. The amount of investment income is RMB18,165,011.70.

Note 7: As discussed in the 15th meeting of the 4th session of the Company's Board of Directors in 2016, the Company was agreed to transfer the 34% equity interest in the Winshare Preschool held by the Company by way of public listing at the reserve price of RMB15,454,500. As of the date of approval of this results announcement, the transfer has not yet been traded.

Note 8: As a limited partner, Winshare Investment, a subsidiary of the Company, invested RMB27,600,000.00 in Tibet Winshare Venture Capital Fund (Limited Partnership), and the proportion of the subscribed capital contribution of Winshare Investment accounted for 56.34% of its total subscribed capital. According to the partnership agreement of Tibet Winshare Venture Capital Fund (Limited Partnership), the Investment Decision-making Committee is responsible for the decision of fund projects. Winshare Investment holds 25% of the voting rights in the Investment Decision-making Committee, by which it can exert significant influence on Tibet Winshare Venture Capital Fund (Limited Partnership). As a result, Tibet Winshare Venture Capital Fund (Limited Partnership) is an associate of the Group.

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

RMB

Item	Current period/End of the period (unaudited)		Prior year/End of the prior period (audited)	
	Unrecognised/ (Reversed but unrecognised) investment losses for the Period	**Accumulated unrecognised investment losses**	Unrecognised investment losses for the prior period	Accumulated unrecognised investment losses
Guizhou Winshare	**–**	**5,557,990.70**	–	5,557,990.70
Education Forum	**–**	**198,724.85**	(35,659.71)	198,724.85
Sichuan Jiaoyang Sihuo Film Co., Ltd.	**(82,198.49)**	**–**	82,198.49	82,198.49
Total	**(82,198.49)**	**5,756,715.55**	46,538.78	5,838,914.04

9. LONG-TERM RECEIVABLES

RMB

Item	Closing balance (unaudited)			Opening balance (audited)		
	Carrying amount	**Provision for impairment**	**Net carrying amount**	Carrying amount	Provision for impairment	Net carrying amount
Goods sold by installments *(Note)*	**124,133,051.11**	**–**	**124,133,051.11**	134,581,582.86	–	134,581,582.86

Note: Receivables of goods sold by installments are the Group's amounts of sales of equipment and software, which shall be collected by installments in accordance with the contract. The agreed period in the contract is 2-5 years and the Group has discounted at a discount rate of 4.75%-6%.

10. ACCOUNTS PAYABLE

Aging analysis of accounts payable:

RMB

Item	Closing balance (unaudited)	Opening balance (audited)
Within 1 year	**1,935,680,180.42**	1,951,342,495.62
More than 1 year but not exceeding 2 years	**452,454,942.01**	502,756,239.78
More than 2 years but not exceeding 3 years	**159,563,566.60**	147,358,941.28
More than 3 years	**111,592,729.49**	113,545,766.67
Total	**2,659,291,418.52**	2,715,003,443.35

Aging analysis of accounts payable is carried out based on the time of purchasing goods or receiving services. Accounts payable aged more than one year are mainly payments due to the suppliers.

11. OTHER PAYABLES

RMB

Item	Closing balance (unaudited)	Opening balance (audited)
Amounts due to related parties	**1,543,632.52**	2,972,709.57
Security deposit/deposit/quality warranty/performance security	**108,922,539.74**	86,068,756.41
Construction and infrastructure construction expenses	**484,401.38**	17,318,289.77
Amounts due to/from other entities	**56,061,814.61**	62,362,569.77
Others	**138,722,474.11**	101,739,164.56
Total	**305,734,862.36**	270,461,490.08

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

12. SHARE CAPITAL

RMB

Item	Opening balance	Changes for the Period					Closing balance
		New issue of shares	Bonus issue	Capitalisation of surplus reserve	Others	Subtotal	
For the current period (unaudited):							
Promotor's shares	**692,468,091.00**	**–**	**–**	**–**	**–**	**–**	**692,468,091.00**
National Council for Social Security Fund	**725,809.00**	**–**	**–**	**–**	**–**	**–**	**725,809.00**
Outstanding overseas listed foreign shares	**441,937,100.00**	**–**	**–**	**–**	**–**	**–**	**441,937,100.00**
Outstanding domestic listed RMB ordinary shares	**98,710,000.00**	**–**	**–**	**–**	**–**	**–**	**98,710,000.00**
Total	**1,233,841,000.00**	**–**	**–**	**–**	**–**	**–**	**1,233,841,000.00**
For the prior period (audited):							
Promotor's shares	693,193,900.00	–	–	–	–	–	693,193,900.00
Outstanding overseas listed foreign shares	441,937,100.00	–	–	–	–	–	441,937,100.00
Total	1,135,131,000.00	–	–	–	–	–	1,135,131,000.00

13. RETAINED PROFITS

RMB

Item	Current period (unaudited)	Prior period (audited)	Proportion of appropriation
Retained profits at beginning of the Period	1,896,996,070.84	1,682,817,310.23	
Add: Net profit attributable to shareholders of the Company for the Period	497,924,902.26	350,023,356.00	
Less: Appropriation to statutory surplus reserve	–	–	(1)
Declaration of dividends on ordinary shares	(370,152,300.00)	–	(2)
Retained profits at the end of the Period	2,024,768,673.10	2,032,840,666.23	

(1) Appropriation to statutory surplus reserve

According to the articles of association of the Company, the Company is required to transfer 10% of its net profit to the statutory surplus reserve. The transfer may be ceased if the balance of the statutory surplus reserve has reached 50% of the Company's registered capital. The statutory surplus reserve can be used to offset the loss of the Company, expanding production and operation or transferring to paid-in capital, but the retained statutory surplus reserve shall not lower than 25% of the registered capital.

(2) Cash dividends approved in shareholders' meeting

On 25 May 2017, the resolution regarding the Company's 2016 Annual Profit Distribution Proposal was approved at the 2016 Annual General Meeting of the Company. The profit distribution was based on 1,233,841,000 shares of the Company's total share capital before the implementation of the proposal. The cash dividend per share was RMB0.30 (tax-inclusive) (Prior period: nil) and the total cash dividends of RMB370,152,300.00 (tax inclusive) (Prior period: nil) was distributed.

14. OPERATING INCOME AND OPERATING COSTS

(1) Operating income and operating costs

RMB

Item	**Amount recognised in the current period (unaudited)**	Amount recognised in the prior period (audited)
Principal operating income	**3,125,847,251.24**	2,662,131,490.06
Other operating income	**60,167,995.97**	58,246,238.60
Including: Gross revenue from concessionaire sales	**150,365,768.06**	142,177,375.24
Gross cost from concessionaire sales	**(127,936,746.43)**	(120,188,515.93)
Commissions from concessionaire sales	**22,429,021.63**	21,988,859.31
Operating costs	**2,026,412,232.84**	1,605,280,276.85

(2) **Details of operating income and operating costs:**

RMB

Item	Operating income Current period (unaudited)	Operating income Prior period (audited)	Operating costs Current period (unaudited)	Operating costs Prior period (audited)
Publication segment				
Textbooks and Supplementary materials	**355,092,114.97**	288,204,287.95	**239,524,578.42**	166,035,757.32
General books	**240,960,584.11**	121,088,503.57	**181,597,445.33**	84,838,450.89
Printing and supplies	**81,422,004.91**	82,413,793.36	**73,124,667.80**	74,774,021.61
Others	**28,136,491.97**	26,315,659.24	**11,107,856.08**	8,301,833.45
Subtotal	**705,611,195.96**	518,022,244.12	**505,354,547.63**	333,950,063.27
Distribution segment				
Education services	**1,785,050,770.12**	1,624,698,145.15	**1,119,814,275.82**	1,018,668,185.32
Including: Textbooks and Supplementary materials	**1,648,705,381.49**	1,513,669,968.08	**992,424,367.05**	923,309,240.39
Education informationalised service	**126,866,480.63**	107,466,773.51	**118,191,605.36**	93,103,375.01
Retailing	**271,040,734.51**	295,492,959.29	**157,616,225.58**	172,236,647.19
Commercial Supermarket	**64,746,558.43**	80,244,402.27	**42,754,985.29**	52,353,914.42
Online Sales	**528,923,785.52**	451,465,637.16	**488,115,968.46**	400,761,968.69
Others	**102,629,684.87**	82,895,894.88	**63,359,454.02**	44,484,403.65
Subtotal	**2,752,391,533.45**	2,534,797,038.75	**1,871,660,909.17**	1,688,505,119.27
Others	**240,159,097.56**	17,196,678.37	**223,808,668.75**	9,545,215.61
Less:inter-segment elimination	**(512,146,579.76)**	(349,638,232.58)	**(574,411,892.71)**	(426,720,121.30)
Total	**3,186,015,247.21**	2,720,377,728.66	**2,026,412,232.84**	1,605,280,276.85

Details of publication segment and distribution segment and other details are set out in Note 18.

15. INVESTMENT INCOME

RMB

Item	**Amount incurred in the current period (Unaudited)**	Amount incurred in the prior period (Audited)
Income from long-term equity investments		
Income from investments under equity method	**2,073,717.62**	(840,443.17)
Investment income on disposal of long-term equity investments *(Note 8: note 1 and note 6)*	**133,011,272.71**	–
Investment income from disposal of available-for-sale financial assets		
Investment income from available-for-sale financial assets measured at cost	**33,016,000.00**	20,000,000.00
Investment income from available-for-sale financial assets measured at fair value	**22,068,030.93**	19,296,212.13
Investment income from disposal of available-for-sale financial assets	**64,485.56**	1,070,270.38
Investment income from disposal of financial assets at FVTPL	**12,141,574.02**	1,121,276.14
Total	**202,375,080.84**	40,647,315.48

16. OTHER INCOME

RMB

Item	**Amount incurred in the current period (Unaudited)**	Amount incurred in the prior period (Audited)
Book publishing subsidies	**5,329,807.17**	–
VAT refund income	**27,852,828.00**	–
Other financial subsidies	**8,933,132.26**	–
Total	**42,115,767.43**	–

17. NON-OPERATING INCOME

(1) Details of non-operating income are as follows:

RMB

Item	**Amount incurred in the current period (Unaudited)**	Amount incurred in the prior period (Audited)	Amount included in non-recurring profit and loss for the current period
Total gains on disposal of non-current assets	**82,406.35**	351,267.52	82,406.35
Including: Gains on disposal of fixed assets	**82,406.35**	351,267.52	82,406.35
Government grants	**–**	48,852,531.79	–
Others	**1,705,906.97**	6,716,234.91	1,705,906.97
Total	**1,788,313.32**	55,920,034.22	1,788,313.32

(2) **Details of government grants**

RMB

Item	**Amount incurred in the current period (Unaudited)**	Amount incurred in the prior period (Audited)
Book publishing subsidies	**–**	4,604,121.60
VAT refund income	**–**	33,888,575.68
Other financial subsidies	**–**	10,359,834.51
Total	**–**	48,852,531.79

18. SEGMENT REPORTING

Based on the Group's internal organisation structure, management requirements and internal reporting system, the operations of the Group are classified into 2 reporting segments, which are publication segment and distribution segment. The reporting segments are determined based on the Company's business type. The Group's management periodically evaluates the operating results of these reporting segments to make decisions about resources to be allocated to the segments and assess their performance.

Major products and services delivered or provided by each of the reporting segments are:

Publication: publishing, printing and supply of publications like books, journals, audio-visual products and digital products; printing services and materials supply;

Distribution: Distribution of textbooks and supplementary materials to schools and students and supply of education informationised service for middle and primary school education; retailing, distribution and online sales of publications;

Other segment of the Group covers sales of paper pulps, production and distribution of films and teleplays, advertising service and sales of art work etc. However, these operating businesses do not separately satisfy the definition of reportable segment. The relevant financial information of such operating businesses is consolidated and presented as "others" in the following table.

Segment information is disclosed in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management. The measurement criteria are consistent with the accounting and measurement criteria in the preparation of the financial statements.

(1) Detail information of segment reporting

Current period (unaudited)

RMB

	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	Total
External revenue	245,440,780.86	2,736,031,323.09	204,543,143.26	–	–	3,186,015,247.21
Inter-segment revenue	460,170,415.10	16,360,210.36	35,615,954.30	–	(512,146,579.76)	–
Total operating income	705,611,195.96	2,752,391,533.45	240,159,097.56	–	(512,146,579.76)	3,186,015,247.21
Operating profit (loss)	101,355,766.71	142,318,926.63	(11,659,435.41)	176,750,525.59	93,197,913.64	501,963,697.16
Non-operating income	750,638.21	1,035,493.50	2,181.61	–	–	1,788,313.32
Non-operating expenses	506,893.98	17,203,475.97	1.31	–	–	17,710,371.26
Total profit (loss)	101,599,510.94	126,150,944.16	(11,657,255.11)	176,750,525.59	93,197,913.64	486,041,639.22
Total assets	3,844,036,730.83	6,284,608,681.36	785,347,944.77	3,563,701,945.97	(2,665,913,860.83)	11,811,781,442.10
Total liabilities	1,458,292,107.44	4,222,958,501.27	732,382,947.35	65,971,164.26	(2,607,911,874.72)	3,871,692,845.60
Supplementary information						
Depreciation	11,817,967.09	27,774,868.46	5,934,395.68	–	–	45,527,231.23
Amortisation	1,299,979.30	10,258,698.67	2,518,424.96	–	–	14,077,102.93
Interest income	1,257,733.00	1,707,416.84	432,757.00	8,487,554.32	(675,252.01)	11,210,209.15
Impairment losses recognised in the current period	18,030,958.61	24,753,311.17	6,596,233.42	–	–	49,380,503.20
Investment income (losses) from long-term equity investment under equity method	–	(2,250,175.11)	176,457.48	–	–	(2,073,717.63)
Long-term equity investments under equity method	–	175,189,733.98	85,087,904.80	–	–	260,277,638.78
Capital expenditure						
Including: Expenditure arising from Construction in progress	1,705,417.10	89,963,185.39	–	–	–	91,668,602.49
Expenditure arising from purchase of fixed assets	807,739.24	7,562,889.80	775,155.61	–	–	9,145,784.65
Expenditure arising from purchase of intangible assets	97,829.05	8,278,806.43	32,666.40	–	–	8,409,301.88

Prior period (audited)

RMB

	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	Total
External revenue	174,818,947.04	2,534,797,038.75	10,761,742.87	–	–	2,720,377,728.66
Inter-segment revenue	343,203,297.08	–	6,434,935.50	–	(349,638,232.58)	–
Total operating income	518,022,244.12	2,534,797,038.75	17,196,678.37	–	(349,638,232.58)	2,720,377,728.66
Operating profit (loss)	64,152,664.49	152,806,704.98	(12,083,854.72)	4,214,823.10	83,516,824.22	292,607,162.07
Non-operating income	40,659,936.76	11,308,289.72	3,951,807.74	–	–	55,920,034.22
Non-operating expenses	1,146,198.66	4,942,932.18	36,793.43	–	–	6,125,924.27
Total profit (loss)	103,666,402.59	159,172,062.52	(8,168,840.41)	4,214,823.10	83,516,824.22	342,401,272.02
Total assets	3,641,513,812.41	5,703,404,099.28	811,527,338.09	2,991,318,439.97	(2,772,090,914.00)	10,375,672,775.75
Total liabilities	942,765,506.85	4,349,973,837.94	760,292,525.05	63,565,256.18	(2,729,438,997.07)	3,387,158,128.95
Supplementary information						
Depreciation	14,389,761.01	30,367,987.74	3,896,346.55	–	–	48,654,095.30
Amortisation	1,282,072.43	14,471,519.64	1,650,446.53	–	–	17,404,038.60
Interest income	1,278,618.24	2,400,116.20	250,692.86	2,629,443.22	–	6,558,870.52
Interest expenses						
Impairment losses recognised in the current period	19,942,587.15	8,410,274.91	14,486,711.13	–	–	42,839,573.19
Investment income (losses) from long-term equity investment under equity method	–	997,926.65	(1,838,369.82)	–	–	(840,443.17)
Long-term equity investments under equity method	–	169,321,723.13	506,777,760.16	–	–	676,099,483.29
Capital expenditure						
Including: Expenditure arising from Construction in progress	1,096,193.71	113,545,945.30	–	–	–	114,642,139.01
Expenditure arising from purchase of fixed assets	1,852,766.61	5,172,540.12	1,013,122.89	–	–	8,038,429.62
Expenditure arising from purchase of intangible assets	–	5,468,225.07	981,187.15	–	–	6,449,412.22

(2) External revenue by geographical area of source of income and non-current assets by geographical location

More than 99% of the Group's income is sourced from the PRC customers and most of the Group's assets are located in China, therefore the regional data is not disclosed.

(3) Reliance on major customers

The Group's revenue from its top one customer for the Period is RMB382,209,071.98 (prior period: RMB295,029,081.23)， which is attributable to the distribution segment. Apart from the aforesaid largest customer, the Group has no external customer from which the revenue accounts for 10% or more of the total revenue in the current period or prior period.

Inter-segment transfers are measured on the basis of prices negotiated between different segment entities. Segment revenue and segment expenses are determined on the basis of actual revenue and expenses of each segment. Segment assets and liabilities are allocated according to the attributable assets employed by a segment in its operating activities and the attributable liabilities resulting from the operating activities of a segment.

19. INCOME TAX EXPENSE

RMB

Item	**Amount incurred in the current period (unaudited)**	Amount incurred in the prior period (audited)
Current tax expense calculated according to tax laws and relevant requirements	**1,340,869.28**	4,517,615.71
Deferred income tax expenses	**(638,425.11)**	256,332.29
Total	**702,444.17**	4,773,948.00

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

RMB

Item	**Amount incurred in the current period (unaudited)**	Amount incurred in the prior period (audited)
Accounting profit	**486,041,639.22**	342,401,272.02
Income tax expenses calculated at 25%	**121,510,409.81**	85,600,318.01
Tax concessions	**(140,160,840.72)**	(101,143,425.18)
Effect of expenses that are not deductible for tax purposes	**12,280,468.63**	11,754,776.64
Effect of non-assessable income	**(13,235,600.00)**	(9,050,800.00)
Effect of unrecognised (using previously unrecognised) deductible temporary differences	**7,499,828.23**	(2,416,502.59)
Effect of unrecognised deductible losses	**12,808,178.22**	16,523,128.39
Payment for income tax of prior years	**–**	3,506,452.73
Total	**702,444.17**	4,773,948.00

20. OTHER COMPREHENSIVE INCOME

RMB

Item	Opening balance	Changes for the Period: Amount before income tax for the current period	Changes for the Period: Less: amount included in other comprehensive income in the prior periods that is transferred to profit or loss for the Period	Changes for the Period: Income tax expenses	Changes for the Period: Attributable to the owner of the Company (after tax)	Changes for the Period: Attributable to non-controlling shareholders (after tax)	Closing balance
For current period (unaudited):							
Other comprehensive income will be reclassified in profit or loss in the subsequent years	2,045,820,792.23	(469,966,742.48)	64,485.56	657,807.00	(469,373,421.04)	–	**1,576,447,371.19**
Share of other comprehensive income of the investee that will be subsequently reclassified into profit or loss under equity method	412,151.06	–	–	–	–	–	**412,151.06**
Profit or loss arising from changes in fair value of available-for-sale financial assets	2,045,408,641.17	(469,966,742.48)	64,485.56	657,807.00	(469,373,421.04)	–	**1,576,035,220.13**
For prior period (audited):							
Other comprehensive income will be reclassified in profit or loss in the subsequent years	1,903,286,451.10	(601,642,913.26)	1,070,270.38	6,718,288.92	(595,994,894.72)	–	**1,307,291,556.38**
Profit or loss arising from changes in fair value of available-for-sale financial assets	1,903,286,451.10	(601,642,913.26)	1,070,270.38	6,718,288.92	(595,994,894.72)	–	**1,307,291,556.38**

21. RETURN ON NET ASSETS AND EARNINGS PER SHARE

The return on net assets and earning per share have been prepared by the Company in accordance *with Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revised 2010)* issued by China Securities Regulatory Commission.

Current period

Profit for the reporting period	Weighted average return on net assets (%)	EPS (RMB) Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	**5.96**	**0.40**	**N/A**
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	**4.30**	**0.29**	**N/A**

Prior period

Profit for the reporting period	Weighted average return on net assets (%)	EPS (RMB) Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	4.90	0.31	N/A
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	4.67	0.29	N/A

The Company has no dilutive potential ordinary shares.

22. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board on 29 August 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

(1) BUSINESS REVIEW

INDUSTRY OVERVIEW

In recent years, as supported by a series of national policies, the press and publication sector actively pushed ahead the supply-side structural reform and further promoted the industry upgrade and integrated development. In the first half of 2017, the Office of the CPC Central Committee, the Office of the State Council of the PRC, the Ministry of Culture and the State Administration of Press, Publication, Radio, Film and Television of the PRC successively promulgated a series of supportive policies including the Summary of the Outline of the Cultural Development and Reform Plan of the National 13th Five-Year Period (《國家"十三五"時期文化發展改革規劃綱要》), the Opinions on Implementing the Work of Inheriting and Developing China's Outstanding Traditional Culture (《關於實施中華優秀傳統文化傳承發展工程的意見》) and the Notice of Developing National Reading for 2017 (《關於開展2017年全民閱讀的通知》), clearly stating the requirements on building the system of inheriting and developing China's outstanding traditional culture and enhancing the international influence of the Chinese culture; strengthening the public cultural service among the grassroots and flourishing the development of the cultural industry; increasing the investment in human, capital and material resources and stepping up the digitalised transformation and upgrade of the news and publication sector; as well as vigorously promoting comprehensive reading and setting up the national reading fund. At the same time, the State also continued to step up its investments in special support fund for key sector projects and encouraged the cultural enterprises to make greater achievements in areas of news content innovation, merger and acquisition and joint venture, integration between traditional publishing and digitalised publishing, news and publication big data development and news and publication "go global" efforts.

Faced with the national transformation and upgrade of the news and publication sector and increasing support of the integrated development policies, the news and publication sector in China maintained relatively fast growth. In 2016, revenue from the publication, printing and distribution industry in China amounted to RMB2,359.58 billion, representing an increase of 9% over 2015. Total profit amounted to RMB179.199 billion, representing an increase of 7.82% over 2015. Digitalised publishing continued to maintain fast growth; structure of book publication continued to optimise; and growth of copyrights export accelerated. The book retail market continued to maintain fairly good growth momentum as a whole.

Recently, the integration of the traditional publishing and distribution sector with other cultural sectors has been growing. The publishing and distribution enterprises, through cooperation and merger and acquisition, have actively entered the games, art and education areas, and a diversified layout has been form initially. As to capital operation, the publishing and distribution enterprises continue to strengthen their competitiveness to expand business footprint by means of listing on the A Share market, restructuring, merger and acquisition and financing.

RESULTS

In 2017, the Group continued to propel the strategic deployment of "revitalising Sichuan's publishing industry" and "revitalising the physical bookstores", and strengthened the principal business of the publication and distribution and promoted the transformation and upgrade of the operating business by leveraging on the two drivers of "online operations" and "capital operations" via the "A+H" dual-capital market platform to create a win-win situation of economic benefits and social benefits. During the first half of 2017, revenue of the Group amounted to RMB3,186,015,200, representing an increase of 17.12% as compared with the same period of last year. Total profit amounted to RMB486,041,600, representing an increase of 41.95% as compared with the same period of last year. Net profit attributable to the owners of the parent amounted to RMB497,924,900, representing an increase of 42.25% as compared with the same period of last year. Basic earnings per share was RMB0.40, representing an increase of 29.03% as compared with RMB0.31 in the same period of last year. During the Period, the Company transferred 48% equity interest in Sichuan Wenzhuo, being a joint venture and 34% equity interest in Chengdu Xinhui, being an associated company and recorded a gain on disposal of RMB133,000,000. Excluding the profit contribution of such disposal to the Company, the principal business of the Group grew steadily.

ANALYSIS OF OPERATING DATA

1. Overview of Principal Business Segments

Based on the internal organisational structure, management requirements and internal reporting system of the Group, the operating business of the Group are divided into two reporting segments, namely the publication segment and the distribution segment. These segments are classified by the nature of business of the Company. The management of the Group regularly assesses the operating performance of these segments to determine its resource allocation and to assess its results.

The major products and services provided under each reporting segment of the Group are as follows:

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

Distribution: Distribution of textbooks and supplementary materials to schools and students and provision of education informationalised service for primary and secondary school students; retailing, distribution and online sales of publications.

The principal business of the Company during the Period by segment is as follows:

Unit: RMB

Principal Business by Segment
For the six months ended 30 June

By segment	Revenue	Operating costs	Gross profit margin (%)	Change of revenue as compared with the same period of last year (%)	Change of operating costs as compared with the same period of last year (%)	Change of gross profit margin as compared with the same period of last year
I. Publication	**693,733,476.42**	**500,108,138.09**	**27.91**	**37.59**	**51.22**	**Decreased by 6.50 ppts**
Textbooks and supplementary materials	355,092,114.97	239,524,578.42	32.55	23.21	44.26	Decreased by 9.84 ppts
General books	240,960,584.11	181,597,445.33	24.64	99.00	114.05	Decreased by 5.30 ppts
Printing and materials	81,442,345.34	73,124,667.80	10.21	-1.18	-1.66	Increased by 0.44 ppt
Others	16,238,432.00	5,861,446.54	63.90	29.98	6.94	Increased by 7.78 ppts
II. Distribution	**2,703,377,697.17**	**1,864,823,127.34**	**31.02**	**8.52**	**10.59**	**Decreased by 1.29 ppts**
Education service	1,785,050,770.12	1,119,814,275.82	37.27	9.87	9.93	Decreased by 0.03 ppt
Of which: Textbooks and supplementary materials	1,648,705,381.49	992,424,367.05	39.81	8.92	7.49	Increased by 0.80 ppt
Education informationalised service	126,866,480.63	118,191,605.36	6.84	18.05	26.95	Decreased by 6.53 ppts
Retailing	248,611,712.68	157,616,225.57	36.60	-9.10	-8.49	Decreased by 0.42 ppt
Commercial supermarket	64,746,558.43	42,754,985.29	33.97	-19.31	-18.33	Decreased by 0.79 ppt
Online sales	528,923,785.52	488,115,968.46	7.72	17.16	21.80	Decreased by 3.51 ppts
Others	76,044,870.42	56,521,672.20	25.67	24.17	33.66	Decreased by 5.28 ppts
III. Others	**237,188,594.24**	**223,721,331.27**	**5.68**	**1,345.10**	**2,272.30**	**Decreased by 36.87 ppts**
Inter-segment elimination total	-508,452,516.59	-574,411,892.70				
Total	**3,125,847,251.24**	**2,014,240,704.00**	**35.56**	**17.42**	**25.91**	**Decreased by 4.35 ppts**

2. Operating Data of the Business Segments

(1) 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.

Publication of Textbooks and Supplementary Materials

The Group has taken active R&D efforts in primary school science books and pushed ahead the development of regional curriculum textbooks and school-based curriculum textbooks to develop the regional and school-based textbooks into a business segment with breadth and depth.

During the Period, revenue from the sales of textbooks and supplementary materials publication business amounted to RMB355,092,100 (including domestic sales), representing an increase of 23.21% as compared with the same period of last year; costs amounted to RMB239,524,600, representing an increase of 44.26% as compared with the same period of last year. Gross profit margin was 32.55%, down by 9.84 percentage points as compared with the same period of last year. The majority of the sales of textbooks and supplementary materials under the publication segment refers to internal sales. The sales of publication segment to distribution segment is recognised upon completion of printing and stock-in of products by the distribution segment. As a result of advanced stock-up needs, the time of stock-in for spring products is divided into two natural years. For the first half of the year, gross profit margin of the textbooks and supplementary materials publication business decreased substantially as compared with the same period of last year. On the one hand, it was due to the difference in the time of stock-in and product mix of stock-in of textbooks and supplementary materials in the spring semester, resulting in the decrease in gross profit margin of the textbooks and supplementary materials for the Period. On the other hand, the Company settled the difference in the cost of printing of products on behalf of others in the same period of last year as compared with the previous years, which increased the gross profit margin for the period of last year. Excluding the above factors, gross profit margin of the sales of textbooks and supplementary materials publication business for the first half of 2017 basically remained the same as compared with the same period of last year.

Publication of General Books

In 2017, the Group further confirmed the strategic principle of "enhancing its own capabilities, integrating with external resources and expanding the market channels", vertically pushed ahead the revitalisation of the publication work and published a batch of best sellers with positive social influence, thus steadily enhancing its economies of scale.

During the Period, revenue from the sales of general books under the publication segment amounted to RMB240,960,600 (including internal sales), representing an increase of 99.00% as compared with the same period of last year; costs amounted to RMB181,597,400, representing an increase of 114.05% as compared with the same period of last year. Gross profit margin was 24.64%, down by 5.30 percentage points as compared with the same period of last year, mainly due to the rising costs of paper and sales promotion.

(2) Distribution Segment

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

During the Period, revenue from the distribution segment amounted to RMB2,703,377,700, representing an increase of 8.52% as compared with RMB2,491,157,200 in the same period of last year, mainly benefiting from the growth of revenue from the education service and online sales businesses.

During the Period, gross profit margin of the distribution segment was 31.02%, down by 1.29 percentage points as compared with 32.31% in the same period of last year, mainly due to the decrease in the gross profit level of the commercial supermarket and online sales businesses.

Education Service

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

The Company capitalised on the integrated operational strengths of the education service business to further develop a highly integrated education service system with the online platform and offline channels, and strengthened the innovation and R&D, marketing and operational service capabilities of the textbooks, education equipment as well as education informationalised software and hardware products. Faced with intensifying market competition, strengthening bargaining power of upstream suppliers as well as changing market and demand, the Company devoted active efforts to resources development, product upgrade, product promotion and marketing, and model region development; allocated more market resources to expand product lines and after-sales service development and endeavoured to strengthen the marketing and operations of professional classroom systems regarding e-school bag, cloud platform, teaching resources centre, maker space and multi-subject coverage.

During the Period, revenue from the external sales of the education service business of the Company amounted to RMB1,785,050,800, representing an increase of 9.87% as compared with the same period of last year, mainly benefiting from the growing sales of the Group's supplementary materials and education informationalised service businesses. In particular, revenue from the sales of the education informationalised service business amounted to RMB126,866,500, representing an increase of 18.05% as compared with the same period of last year.

During the Period, gross profit margin of the education service business was 37.27%, which was basically the same as the same period of last year.

Retailing

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

During the Period, the Company accelerated the construction of physical bookstores and built business models, management methods and personnel team applicable to new retailing development through multi-branding. The Company innovated the operating model and highlighted the reading experience to shape a modern, trendy and parent-child reading place of entertainment. The Company focused on featured Sinophone cultural experience activities to build a place for Sinophone exchange experience and develop Winshare Sinophone bookstore. In addition, the Company accelerated the development of smart city and expanded the online/offline channels of integrated development, to provide the readers with the most convenient, smart and personalised cultural services. With the vertically integrated retailing network, the Company pushed ahead the development of national reading service system and actively launched the national reading campaign.

During the Period, revenue from the sales of the retailing business amounted to RMB248,611,700, representing a decrease of 9.10% as compared with the same period of last year, mainly due to the decrease in sales of current politics books in the first half of 2017. Gross profit margin of the retailing business was 36.60%, which remained basically the same as the same period of 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 myriad 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, revenue from the sales of the commercial supermarket business amounted to RMB64,746,600, representing a decrease of approximately RMB15,497,800 as compared with RMB80,244,400 in the same period of last year.

Gross profit margin of the commercial supermarket business was 33.97%, which remained basically the same as the same period of last year.

Online Sales

In the first half of 2017, the Group further improved the business model of e-commerce network chains with focus on the development of four major capabilities, namely commodity organisation, sales operations, logistics and distribution as well as technological support. The Group also optimised the positioning and planning of the professional stores, adding technology related professional stores to the youth and children, economic management and examination professional stores to gradually strengthen the marketing and service capabilities of various professional stores. Moreover, the Group enhanced the nationwide logistics and distribution network with Chengdu, Tianjin and Wuxi as the primary bases, and adjusted the means of logistics, transportation and distribution to provide users with better online shopping experience.

During the Period, revenue from the Company's online sales business amounted to RMB528,923,800, representing an increase of 17.16% as compared with the same period of last year. Gross profit margin of the online sales business was 7.72%, down by 3.51 percentage points as compared with the same period of last year, mainly due to the increase in sales discounts.

(II) ANALYSIS OF OPERATING RESULTS AND FINANCIAL PERFORMANCE

Breakdown of the relevant item changes in the financial statements
(For the six months ended 30 June)

RMB

Item	**Current Period**	Comparative period last year	**Change** (%)
Revenue	**3,186,015,247.21**	2,720,377,728.66	17.12
Operating costs	**2,026,412,232.84**	1,605,280,276.85	26.23
Selling expenses	**414,997,707.05**	394,873,379.04	5.10
Administrative expenses	**430,621,441.97**	425,305,939.58	1.25
Finance expenses	**-9,102,091.09**	-4,253,085.56	-114.01
Net cash from operating activities	**-37,004,326.02**	99,727,804.31	N/A
Net cash from investing activities	**553,755,902.19**	-854,676,281.14	N/A
Net cash from financing activities	**-418,518,426.19**	19,381,083.66	N/A
R&D expenses	**13,011,290.41**	4,226,025.91	207.88
Investment income	**202,375,080.84**	40,647,315.48	397.88
Other income	**42,115,767.43**	–	N/A
Non-operating income	**1,788,313.32**	55,920,034.22	-96.80
Non-operating expenses	**17,710,371.26**	6,125,924.27	189.11

REVENUE

During the Period, revenue from the Group amounted to RMB3,186,000,000, representing an increase of 17.12% as compared with RMB2,720,000,000 in the same period of last year, mainly benefiting from the sales growth of the education service business, online sales business and materials supply business.

GROSS PROFIT MARGIN

During the Period, gross profit margin of the Group's principal businesses was 36.4%, down by 4.6 percentage points as compared with 41.0% in the same period last year, which was primarily due to the increase in consolidated cost ratio as a result of the change in revenue structure of the Company and the reasons stated in the "Operating Data of the Business Segments".

EXPENSES

During the Period, selling expenses of the Company amounted to RMB415,000,000, representing an increase of 5.10% as compared with the same period of last year, which was lower than the growth of revenue, mainly due to the expenses incurred from the growth of sales revenue. Cost ratio was down by 1.49 percentage points as compared with the same period of last year.

During the Period, administrative expenses of the Company amounted to RMB431,000,000, which remained basically the same as compared with the same period of last year.

During the Period, finance cost of the Company amounted to RMB(9,102,100) as compared with RMB(4,253,100) in the same period of last year. Among which, net interest expenses amounted to RMB11,210,200, representing an increase of RMB4,651,300 as compared with RMB6,558,900 in the same period of last year, mainly due to the increase in the interest income of bank deposits during the Period.

During the Period, R&D expenses amounted to RMB13,011,300, representing an increase of 207.88% as compared with the same period of last year, mainly due to the increase in R&D expenses by the Company in the area of the education informationalised service as compared with the same period of last year.

CASHFLOW

Net cashflow generated from operating activities was net outflow of RMB37,004,300, as compared with net inflow of RMB99,727,800 in the same period of last year, mainly due to the investment in general books publication business, education informationalised service business and audio-visual business during the Period.

Net cashflow generated from investing activities was net inflow of RMB554,000,000, mainly due to the receivables totalling RMB565,000,000 upon disposal of 48% equity interest in Sichuan Wenzhuo, a joint venture and 34% equity interest in Chengdu Xinhui, an associated company during the Period and net outflow of RMB15,760,000 upon purchase of capital-guaranteed banking and financial products during the Period (same period last year: net outflow of RMB725,000,000 upon purchase of capital-guaranteed banking and financial products and trust products).

Net cashflow generated from financing activities was net outflow of RMB419,000,000, mainly due to payment of dividend of RMB370,000,000 during the Period (same period last year: nil).

INVESTMENT INCOME

During the Period, the Group recognised investment income of RMB202,000,000, representing an increase of 397.88% as compared with the same period of last year, mainly due to the transfer of gain of RMB133,000,000 on disposal of 48% equity interest held in Sichuan Wenzhuo, a joint venture and 34% equity interest held in Chengdu Xinhui, an associated company during the Period, resulting in a larger increase in total investment income as compared with the same period of last year.

OTHER INCOMES AND NON-OPERATING INCOME AND EXPENSES

During the Period, other gains amounted to RMB42,115,800 and non-operating income amounted to RMB1,788,300. It was due to the change in recognition of government subsidy relating to the daily operating activities of the Company originally stated under "non-operating income" to "Other incomes" pursuant to the revised Accounting Standard for Business Enterprises 16 – Government Subsidy.

During the Period, non-operating expenses amounted to RMB17,710,400, representing an increase of 189.11% as compared with the same period of last year, mainly due to the increase in donation expenses as compared with the same period of last year.

PROFIT

Net profit for the Period amounted to RMB485,339,200, representing an increase of RMB147,711,900 as compared with RMB337,627,300 in the same period of last year. Net profit attributable to owners of the parent amounted to RMB497,924,900, representing an increase of RMB147,901,500 or 42.25% as compared with RMB350,023,400 in the same period of last year, mainly due to the net gain on disposal of RMB133,000,000 arising from the transfer of 48% equity interest held in Sichuan Wenzhuo, a joint venture and 34% equity interest held in Chengdu Xinhui, an associated company during the Period.

EARNINGS PER SHARE

Earnings per share is calculated based on the net profit attributable to the owners of the parent for the Period divided by the weighted average number of the ordinary shares in issue during the Period. During the Period, earnings per share of the Group amounted to RMB0.40, up by RMB0.09 as compared with RMB0.31 in the same period last year. For details regarding the calculation of earnings per share, please refer to note 21 to the consolidated financial statements in this results announcement.

ASSETS AND LIABILITIES ANALYSIS

The position of assets and liabilities is as follows:
(As at 30 June 2017)

RMB

Item	As at the end of the current period	Amount as at the end of the current period as a percentage of the total assets (%)	As at the end of the comparative period of last year	Amount as at end of the comparative period last year as a percentage of the total assets (%)	Change in the amount as at the end of the current period over the amount as at the end of the comparative period of last year (%)	Remark
Bank and cash	1,860,578,183.31	15.75	1,695,414,090.58	13.83	9.74	
Receivables	1,023,014,784.91	8.66	801,178,862.51	6.54	27.69	Mainly due to the 2017 spring textbooks and supplementary materials receivables from Ganzi, Aba and Liangshan Winshare Bookstores which are yet to be settled; and the corresponding increase in receivables as a result of the expansion of the size of sales of the education informationalised service business and general books publication business
Prepayments	167,779,801.95	1.42	92,509,488.32	0.75	81.36	Mainly due to the increase in prepayments of education informationalised service business and audio-visual business
Inventory	1,430,732,327.91	12.11	1,512,550,560.26	12.34	-5.41	
Other current assets	993,058,362.67	8.41	974,629,765.89	7.95	1.89	
Available-for-sale financial assets	2,465,099,489.39	20.87	2,933,130,717.43	23.93	-15.96	Mainly due to the fair value change of the shares of Wan Xin Media held by the Company
Long-term receivables	124,133,051.11	1.05	134,581,582.86	1.10	-7.76	
Long-term equity investments	260,277,638.78	2.20	685,192,748.42	5.59	-62.01	Mainly due to the disposal of equity interest held in Chengdu Xinhui, an associated company and Sichuan Wenzhuo, a joint venture during the Period
Investment properties	72,058,099.11	0.61	68,671,687.82	0.56	4.93	
Fixed assets	1,325,708,279.81	11.22	1,358,740,899.48	11.09	-2.43	
Construction in progress	544,672,400.52	4.61	460,203,701.05	3.76	18.35	
Intangible assets	377,765,577.60	3.20	397,038,235.41	3.24	-4.85	
Other non-current assets	470,728,743.88	3.99	413,198,913.58	3.37	13.92	
Payables	2,659,291,418.52	22.51	2,715,003,443.35	22.15	-2.05	
Advance receipts	284,715,921.83	2.41	309,946,513.41	2.53	-8.14	
Employee compensation payable	190,564,598.82	1.61	251,796,187.52	2.05	-24.32	Mainly due to the distribution of 2016 incentives included in the opening balance
Dividend payable	132,783,358.29	1.12	132,581,130.00	1.08	0.15	
Other payables	305,734,862.36	2.59	270,461,490.08	2.21	13.04	

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2017, the Group had cash and short-term deposits of approximately RMB1,860 million. The Group did not have any interest-bearing bank and other borrowings.

As at 30 June 2017, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 32.78%, as compared with 32.65% as at 30 June 2016. The Group's overall financial structure remained relatively stable.

CONTINGENT LIABILITIES

As at 30 June 2017, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2017, the Group had pledged deposits of RMB23,336,900 as security deposit for opening the bank acceptance bills. Other than that, the Group did not have any other assets under pledge or guarantee.

WORKING CAPITAL MANAGEMENT

	30 June 2017	30 June 2016
Current ratio	**1.5**	1.4
Inventory turnover days	**132.5 days**	155.0 days
Trade receivables turnover days	**52.2 days**	53.8 days
Trade payables turnover days	**242.0 days**	285.1 days

As at 30 June 2017, current ratio of the Group was 1.5, which slightly increased as compared with the same period of last year, mainly due to the increase in current assets such as cash and bank balances for the Period as compared with the same period of last year. In the first half of the year, number of inventory turnover days was 132.5 days, down by 22.5 days as compared with the same period last year, mainly due to the faster turnover of inventory in the online sales and materials supply businesses with higher growth of sales revenue during the Period; number of trade receivables turnover days was 52.2 days, slightly decreased as compared with the same period of last year; number of trade payables turnover days was 242.0 days, decreased by 43.1 days as compared with the same period of last year, mainly due to the faster payment made to the suppliers during the Period as compared with the same period of last year. The above indicators reflect that the operating conditions of the Company remained relatively stable, and the turnover days of inventory, trade receivables and trade payables were in line with the industry features of the publication and distribution enterprises.

(III) OVERVIEW OF MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

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

To explore the supply chain finance business, Wenchuan Logistics, a subsidiary of the Company worked with BLOGIS Holdings Limited and Chengdu Longchuang Investment Management Centre LLP to jointly establish Winshare BLOGIS Company. Winshare BLOGIS Company has a registered capital of RMB100,000,000. Wenchuan Logistics proposed to contribute land and in cash totalling RMB45,000,000 for the acquisition of 45% equity interest. During the Period, Wenchuan Logistics completed the first contribution of RMB2,250,000.

To focus on the development of the principal businesses of publication and media, the Company proposed to transfer 85% equity interest in Beijing Huaying Winshare Movie & TV Culture Co., Ltd. ("**Huaying Winshare**") to Sichuan Xinhua Publishing Group, a controller shareholder of the Company at the consideration of RMB115,803,300. It is expected that revenue of approximately RMB25,000,000 will be recognised. Upon completion of transfer, the equity interest held by the Company in Huaying Winshare will decrease from 100% to 15%. The disposal has been approved by the Board of the Company on 25 May 2017. As at the date of this results announcement, the transfer is not yet completed and is subject to approval procedures of SASAC and/or other statutory authorities. Please refer to the overseas regulatory announcement of the Company dated 26 May 2017 for details.

During the Period, to optimise the resource allocation of the Company, the Company transferred 48% equity interest in Sichuan Wenzhuo at the consideration of RMB423,529,400 by way of public listing, resulting in a gain of RMB114,846,300. The relevant formalities and procedures have been completed (Please refer to the announcements of the Company dated 12 April 2017 and 26 April 2017 for details). In addition, the Company also approved the transfer of 34% equity interest in Chengdu Xinhui at the consideration of RMB141,920,700 by way public listing and recognised a gain of RMB18,165,000. The relevant formalities and procedures have been completed.

In addition, the Company disposed of 34% equity interest in Winshare Preschool by way of public auction at the reserve price of RMB15,454,500. As at the date of this results announcement, these equity interests are still under auction for sale.

In addition, the Company also received dividends for 2016 from Bank of Chengdu Co., Ltd. and Wan Xin Media in the sum of RMB20,000,000, RMB19,942,400, respectively.

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

During the Period, details of the external investments made by the Company and Winshare Investment are set out in notes 6, 7 and 8 to the consolidated financial statements in this results announcement.

Information of the major subsidiaries

Unit: RMB10,000

Name of subsidiary	Nature of business	Shareholding percentage (%)	Registered capital	Revenue	Net profit	Total assets	Net assets
Sichuan Education Publishing House Co., Ltd.	Publishing and wholesaling of publications and related publications	100	1,000.00	21,601.39	10,040.83	75,745.41	63,367.15
Sichuan Publication Printing Co., Ltd.	Publishing and wholesaling of publications and related publications	100	5,000.00	10,680.11	4,376.65	62,387.00	58,169.91
Sichuan Printing Materials Co., Ltd.	Provision of printing related materials	100	3,000.00	26,147.52	105.75	30,740.35	3,950.44
Sichuan Winshare Education Technology Co., Ltd	Software development and sales of electronic equipment	100	33,000.00	14,332.99	-741.80	59,623.12	32,556.00
Sichuan Winshare Online E-commerce Co., Ltd.	Online sales of various products	75	6,000.00	50,035.41	-2,776.22	28,027.08	-9,683.46

(IV) FUTURE PROSPECTS

In 2017, while providing the great cultural consumption service, the Group will, capitalising on "online+capital" as transformation drivers, strive to develop a great cultural consumption ecosphere with a view to building itself into the most innovative and growing publishing and media enterprise in China and a comprehensive cultural service group with international influence. To this end, the Group will focus on the implementation of the following strategies: continue to increase resource allocation to the publication segment and further facilitate the development of the principal business of publication through internal system reform, integrating with external resources and expanding sales channels; continue to push ahead the development of a vertically integrated network service system and upgrade the business landscape of the outlets; increase resource allocation to the e-commerce business and optimise the development of e-commerce supply chain system; accelerate the expansion of education informationalised service and education equipment businesses and transform from being a textbook provider to integrated education service provider; make use of capital options to optimise resource allocation and gather quality resources to drive the development of the principal businesses of the Company.

(V) POTENTIAL RISKS

Over the years, the State has issued key policies to support the cultural industry where the publishing and media enterprises enjoy standardised preferential tax policies promulgated by the State. In the event the current preferential tax policies are not renewed upon expiry, the financial conditions of the Company will be adversely affected.

Given the increasing price of raw materials in the publishing sector, logistic costs and labour costs also keep rising. If such trend is not reversed in the future, the operating costs of the publication and distribution business of the Company may increase.

To accelerate its development, the Company has formulated sound operating objectives and optimised the operating plans, as well as structured the objective budget assessment and management system to ensure the operating objectives are achieved. However, due to uncertainties in the external market, coupled with the deficiencies in the quality of management team, team building and resource allocation, risks beyond the Company's expectation will arise in the course of execution of these objectives.

In addition, the Group's major financial instruments consist of cash and bank balances, financial assets at fair value through profit or loss, available-for-sale financial assets, receivables and payables. These financial instruments may be associated with market risks, credit risks and liquidity risks. The management of the Group manages and monitors the risk exposure to ensure these risks are controlled at a limited level.

The Group's business are mainly located in China. Almost all of its assets, liabilities, revenues, costs and expenses were denominated in RMB. As a result, the management believes that there is no material impact of the RMB exchange rate movement on the net profit and shareholders' equity of the Group. The foreign exchange exposure of the Group is minimal and no foreign exchange hedging arrangement has been made. As at the end of the Period, the Group had no interest-bearing borrowings. Accordingly, the Group did not have material interest rate risks.

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 "**Supervisor(s)**"), 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 2017 (six months ended 30 June 2016: 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 2017 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

This 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 2017 interim report will be despatched to the shareholders and published on websites of the Stock Exchange and the Company on or before 30 September 2017.

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

Sichuan, the PRC, 29 August 2017

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. Han Xiaoming 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*