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

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

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

The board (the "**Board**") of directors (the "**Director(s)**") of Xinhua Winshare Publishing and Media Co., Ltd.* (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2017 (the "**Year**" or "**Reporting Period**").

CONSOLIDATED BALANCE SHEET
At 31 DECEMBER 2017

RMB

ITEM	*Notes*	Closing balance	Opening balance
Current Assets:			
Cash and bank balances		**1,885,682,217.83**	1,695,414,090.58
Notes receivable		**2,060,000.00**	2,170,000.00
Accounts receivable	*5*	**1,278,160,854.76**	801,178,862.51
Prepayments		**79,865,675.12**	92,509,488.32
Interest receivable		**10,789,780.86**	714,789.56
Other receivables		**98,565,134.63**	70,041,693.67
Inventories	*6*	**1,764,445,460.22**	1,512,550,560.26
Other current assets	*7*	**1,184,329,531.05**	974,629,765.89
Non-current assets due within one year		**280,000,000.00**	120,000,000.00
Total Current Assets		**6,583,898,654.47**	5,269,209,250.79

RMB

ITEM	*Notes*	Closing balance	Opening balance
Non-current Assets:			
Available-for-sale financial assets	*8*	**2,116,088,000.42**	2,933,130,717.43
Long-term equity investments	*9*	**356,585,702.56**	685,192,748.42
Long-term receivables	*10*	**194,801,883.56**	134,581,582.86
Investment properties		**70,688,502.05**	68,671,687.82
Fixed assets	*11*	**1,293,739,079.58**	1,358,740,899.48
Construction in progress		**622,149,298.16**	460,203,701.05
Intangible assets		**340,754,220.83**	397,038,235.41
Development cost		**44,550,953.70**	10,944,702.55
Goodwill	*12*	**500,590,036.14**	500,590,036.14
Long-term prepaid expenses		**19,098,549.65**	14,846,016.36
Deferred tax assets		**10,257,055.60**	8,828,117.50
Other non-current assets		**133,503,704.60**	413,198,913.58
Total Non-current Assets		**5,702,806,986.85**	6,985,967,358.60
TOTAL ASSETS		**12,286,705,641.32**	12,255,176,609.39
Current Liabilities:			
Notes payable		**60,855,873.00**	12,584,784.00
Accounts payable	*13*	**3,083,435,509.23**	2,715,003,443.35
Advance from customers		**310,646,140.33**	309,946,513.41
Employee benefits payable		**322,778,103.03**	251,796,187.52
Taxes payable		**42,878,058.50**	38,956,867.75
Dividends payable		**202,228.29**	132,581,130.00
Other payables	*14*	**264,167,715.75**	270,461,490.08
Deferred income		**102,969,706.98**	99,576,587.05
Provisions		**11,891,779.02**	8,834,463.43
Total Current Liabilities		**4,199,825,114.13**	3,839,741,466.59

RMB

ITEM	*Notes*	**Closing balance**	Opening balance
Non-current Liabilities:			
Deferred tax liabilities		**43,830,724.30**	33,722,112.47
Deferred income		**86,227,572.50**	87,235,679.55
Total Non-current Liabilities		**130,058,296.80**	120,957,792.02
TOTAL LIABILITIES		**4,329,883,410.93**	3,960,699,258.61
Shareholders' Equity:			
Share capital	*15*	**1,233,841,000.00**	1,233,841,000.00
Capital reserve		**2,572,587,684.82**	2,619,467,530.11
Other comprehensive income	*22*	**1,230,619,792.07**	2,045,820,792.23
Surplus reserve		**625,743,635.42**	539,564,967.34
Retained profits	*16*	**2,364,509,602.80**	1,896,996,070.84
Total Equity Attributable to shareholders of the Company		**8,027,301,715.11**	8,335,690,360.52
Non-controlling Interests		**(70,479,484.72)**	(41,213,009.74)
TOTAL SHAREHOLDERS' EQUITY		**7,956,822,230.39**	8,294,477,350.78
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**12,286,705,641.32**	12,255,176,609.39

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

RMB

ITEM	*Notes*	Amount for the current period	Amount for the prior period
I. Total operating income	*17*	**7,345,882,957.66**	6,356,168,113.43
Less: Total operating costs		**6,744,471,812.86**	5,882,301,254.56
Including: Operating costs	*17*	**4,686,978,912.13**	3,977,341,759.38
Taxes and levies		**37,577,186.66**	32,271,503.31
Selling expenses		**892,516,374.83**	804,634,976.55
Administrative expenses		**1,071,006,550.56**	996,340,516.83
Finance expenses		**(24,360,291.07)**	(8,948,732.34)
Impairment losses of assets		**80,753,079.75**	80,661,230.83
Add: Gains from changes in fair values		**10,279.16**	–
Investment income		**272,154,816.43**	64,865,975.99
Including: Income(loss) from investments in associates and joint ventures		**10,286,556.13**	9,828,451.99
Gains (losses) from disposal of assets		**2,837,854.36**	(879,957.69)
Other income	*18*	**65,255,198.89**	–
II. Operating profit		**941,669,293.64**	537,852,877.17
Add: Non-operating income	*19*	**8,691,686.24**	120,568,599.41
Less: Non-operating expenses		**33,320,723.97**	22,705,416.86
III. Total profit		**917,040,255.91**	635,716,059.72
Less: Income tax	*21*	**559,885.21**	5,678,065.63
IV. Net profit		**916,480,370.70**	630,037,994.09
(I). Categorized by the nature of continuing operation			
1. Net profit (loss) from continuing operations		**916,480,370.70**	630,037,994.09
(II) Categorized by ownership:			
1. Profit or loss attributable to non-controlling interests		**(7,364,129.34)**	(17,424,297.35)
2. Net profit attributable to shareholders of the Company		**923,844,500.04**	647,462,291.44
V. Other comprehensive income, net of tax	*22*	**(815,201,000.16)**	142,534,341.13
Total comprehensive income attributable to shareholders of the Company		**(815,201,000.16)**	142,534,341.13
Other comprehensive income that will be subsequently reclassified into profit or loss		**(815,201,000.16)**	142,534,341.13
Share of other comprehensive income of the investee that will be subsequently reclassified into profit or loss under equity method		**21,163,104.62**	412,151.06
Gains arising from changes in fair value of available-for-sale financial assets	*22*	**(836,364,104.78)**	142,122,190.07
Other comprehensive income net of tax attributable to non-controlling interests		**–**	–
VI. Total comprehensive income:		**101,279,370.54**	772,572,335.22
Total comprehensive income attributable to shareholders of the Company		**108,643,499.88**	789,996,632.57
Total comprehensive income attributable to non-controlling interests		**(7,364,129.34)**	(17,424,297.35)
VII. Earnings per share			
Basic earnings per share	*23*	**0.75**	0.55
Diluted earnings per share	*23*	**N/A**	N/A

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

RMB

ITEM	*Notes*	Amount for the current period	Amount for the prior period
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		**7,429,249,050.43**	6,663,029,048.32
Receipts of tax refunds		**29,900,529.02**	57,323,319.75
Other cash receipts relating to operating activities		**57,301,876.32**	96,352,312.32
Sub-total of cash inflows from operating activities		**7,516,451,455.77**	6,816,704,680.39
Cash payments for goods purchased and services received		**5,111,264,615.40**	4,261,241,599.98
Cash payments to and on behalf of employees		**862,234,494.55**	833,079,163.49
Payments of various types of taxes		**118,673,819.23**	145,619,786.24
Other cash payments relating to operating activities		**1,078,656,656.15**	893,336,852.35
Sub-total of cash outflows from operating activities		**7,170,829,585.33**	6,133,277,402.06
Net Cash Flow from Operating Activities		**345,621,870.44**	683,427,278.33
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		**2,834,752,682.94**	1,851,710,332.00
Cash receipts from investment income		**92,781,341.62**	58,370,805.09
Cash receipts from interest of entrusted loans		**1,180,018.10**	7,183,426.01
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		**948,697.97**	1,538,222.04
Net cash receipts from disposals of subsidiaries and other business units		**66,946,783.23**	–
Other cash receipts relating to investing activities		**150,212,625.38**	77,329,974.49
Sub-total of cash inflows from investing activities		**3,146,822,149.24**	1,996,132,759.63
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		**245,938,614.43**	341,657,330.79
Cash payments to acquire investments		**2,493,519,157.58**	2,649,200,169.84
Other cash payments relating to investing activities		**–**	313,828,538.98
Sub-total of cash outflows from investing activities		**2,739,457,772.01**	3,304,686,039.61
Net Cash Flow from Investing Activities		**407,364,377.23**	(1,308,553,279.98)

RMB

ITEM	*Notes*	Amount for the current period	Amount for the prior period
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		**–**	662,315,200.00
Including: cash receipts from capital contributions from non-controlling shareholders of subsidiaries		**–**	7,500,000.00
Other cash receipts relating to financing activities		**10,423,573.81**	18,962,050.26
Sub-total of cash inflows from financing activities		**10,423,573.81**	681,277,250.26
Cash payments for distribution of dividends or settlement of interest expenses		**502,733,430.03**	237,702,136.60
Including: payments for distribution of dividends to non-controlling shareholders of subsidiaries		**202,228.29**	130,966.60
Other cash payments relating to financing activities		**69,271,000.00**	8,640,101.94
Sub-total of cash outflows from financing activities		**572,004,430.03**	246,342,238.54
Net Cash Flow from Financing Activities		**(561,580,856.22)**	434,935,011.72
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		**–**	
V. Net Increase (decrease) in Cash and Cash Equivalents		**191,405,391.45**	(190,190,989.93)
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		**1,825,572,649.15**	1,634,167,257.70

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. BASIC INFORMATION ABOUT THE COMPANY

Xinhua Winshare Publishing and Media Co., Ltd.* (the "**Company**"), 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 401,761,000 overseas listed foreign shares (including overallotment) ("**H shares**") and listed in Hong Kong on 30 May 2007. The share's par value was RMB1 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.

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 ("**Shanghai Stock Exchange**"/"**SSE**") at issue price of RMB7.12 per share. 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 registered address of the Company is located at Unit 1, 1/F, Block 4, No. 239, Jinshi Road, Jinjiang District, Chengdu, Sichuan Province. Its headquarter is located at 6 Wenxuan Road, Rongbei Shangmao Avenue, Chengdu, Sichuan Province.

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, limits 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; catering; tickets agency (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 Co., Ltd. ("**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, so 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 (the "**ASBE**") and relevant regulations issued by the Ministry of Finance (the "**MoF**"). 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the "**Listing Rules**").

Going concern

The Group assessed its ability to continue as a going concern for the 12 months subsequent to 31 December 2017, and found no events or circumstances that may cast significant doubts upon it. Hence in accordance with ASBE, and present truly and completely, the Company's and consolidated the financial statements have been prepared on going concern basis.

3. TAX INCENTIVES AND OFFICIAL APPROVALS

Enterprise income tax

In accordance with "*Notice on Several Tax Policies for the Transformation of Operating Cultural Institutions into Enterprises for Continuous Implementation of Cultural System Reform*" (Cai Shui [2014] No. 84) issued by the Ministry of Finance, State Administration of Taxation and Publicity Department of the Communist Party of China, enterprises that are transformed from operating cultural institutions are 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.

According to the above provisions, the Company and its subsidiaries, Beijing Shuchuan Xinhua Bookstore Book Distribution Co., Ltd. ("**Beijing Shuchuan**"), Sichuan Xinhua Online Network Co., Ltd. ("**Xinhua Online**"), Sichuan Xinhua Culture Communication Co., Ltd. ("**Sichuan Culture Communication**") and the Company's thirteen publishing units enjoy income tax exemption from 1 January 2014 to 31 December 2018.

The Company's subsidiary, Sichuan Winshare Education Technology Co., Ltd. ("**Education Technology**"), falls within the encouraged industries included in the Notice to the Enterprise Income Tax on the Implementation of the Catalogue of Encouraged Industries in the Western Region(Guo Shui[2015]No.14), which has also been confirmed by Chengdu National Development and Reform Commission's Government Approval Letter[2016] No.38. Income tax of Winshare Education Technology is calculated at the rate of 15% of the taxable income according to the relevant tax provisions. Beijing Aerospace Cloud Education Technology Co., Ltd. ("**Aerospace Cloud**"), a subsidiary of the Company, obtained the high-tech enterprise certificate of No. GR201611000716 on 1 December 2016, with a validity until 30 November 2019, of which the income tax is calculated at 15% of the taxable income according to the relevant tax provisions.

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 incentive; (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.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Group started to adopt the "Accounting Standards for Business Enterprise 16 – government grants" and the "Accounting Standards for Business Enterprise No. 42-Held-for-sale Non-current Assets and Disposal Groups and Discontinued Operatives" as revised by MoF in 2017 since 12 June 2017. In addition, the financial statements have been prepared in accordance with the "Notice on Revision of Format of Printing and Distribution of Financial statements of General Enterprises"(Cai Kuai (2017) No. 30, the "**Cai Kuai No.30 Doc.**") issued by MoF on 25 December 2017.

Government grants

Prior to the implementation of the Accounting Standard for Business Enterprise No.16 – Government Grants (revised), a government grant unidentified whether or not related to daily activities of the Group is recognized as non-operating income. After the implementation of the Accounting Standard for Business Enterprise No.16 – Government Grants (revised), a government grant related to daily activities is recognized as other income in accordance with the substance of transactions; and for non-daily-activities government grant is recognized as non-operating income.

The Group adopts prospective application to account for the above changes in accounting policies for the Year. Such changes in accounting policies have no impact on the financial statements of comparative year.

Presentation of gains or losses from disposal of assets

Prior to the release of the Financial Accounting No. 30 Document, the gains or losses recognized from sales of held-for-sale non-current assets (excluding financial instruments, long-term equity investment or investment properties) or disposal group (excluding subsidiaries and transactions), and gains or losses arising from disposal of fixed assets. Construction in progress, bearer biological assets and intangible assets not classified as held-for-sale are presented under the item of "non-operating income" or "non-operating expenses". After the release of the Financial Accounting No.30 Document, gains or losses recognized from sales of above transactions are presented under the item of "income from disposal of assets". The Group has accounted for the above change in presenting accounts retrospectively, and adjusted comparable data for prior year.

Held-for-sale Non-current Assets and Disposal Groups and Discontinued Operations

Accounting Standard for Business Enterprise No.42 Held-for-sale Non-current Assets and Disposal Groups and Discontinued Operations specifies regulations for classifications and measurement of held-for-sale non-current assets or disposal group, requiring separately present profit or loss arising from continued operations or discontinued operations in the income statement with detailed disclosures about information of the held-for-sale non-current assets or disposal group and discontinued operations. The accounting standard puts no impact on the financial statement.

Such changes in accounting policies have been approved at the board meetings of the Company on 29 August 2017 and 28 March 2018.

5. ACCOUNTS RECEIVABLE

(1) Disclosure of accounts receivable by aging:

RMB

Aging	Closing balance Amount	Closing balance Proportion (%)	Closing balance Bad debt provision	Closing balance Carrying amount	Opening balance Amount	Opening balance Proportion (%)	Opening balance Bad debt provision	Opening balance Carrying amount
Within 1 year	**1,262,843,425.53**	**87.26**	**(31,780,178.64)**	**1,231,063,246.89**	766,513,066.93	80.78	(20,333,478.42)	746,179,588.51
More than 1 year but not exceeding 2 years	**95,540,246.76**	**6.60**	**(54,195,743.78)**	**41,344,502.98**	93,127,665.32	9.81	(45,972,380.06)	47,155,285.26
More than 2 year but not exceeding 3 years	**18,051,674.54**	**1.25**	**(14,690,372.23)**	**3,361,302.31**	17,939,631.56	1.89	(12,100,005.54)	5,839,626.02
More than 3 years	**70,815,456.09**	**4.89**	**(68,423,653.51)**	**2,391,802.58**	71,382,825.85	7.52	(69,378,463.13)	2,004,362.72
Total	**1,447,250,802.92**	**100.00**	**(169,089,948.16)**	**1,278,160,854.76**	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 Carrying amount Amount	Closing balance Carrying amount Proportion (%)	Closing balance Bad debt provision Amount	Closing balance Bad debt provision Proportion of provision (%)	Closing balance Net carrying amount	Opening balance Carrying amount Amount	Opening balance Carrying amount Proportion (%)	Opening balance Bad debt provision Amount	Opening balance Bad debt provision Proportion of provision (%)	Opening balance Net carrying amount
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually	**551,434,585.69**	**38.10**	**(26,010,037.42)**	**4.72**	**525,424,548.27**	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	**895,816,217.23**	**61.90**	**(143,079,910.74)**	**15.97**	**752,736,306.49**	614,113,225.99	64.71	(129,835,265.93)	21.14	484,277,960.06
Total	**1,447,250,802.92**	**100.00**	**(169,089,948.16)**	**11.68**	**1,278,160,854.76**	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				Opening balance			
	Accounts receivable	**Bad debt provision**	**Proportion of provision (%)**	**Reasons for the provision**	Accounts receivable	Bad debt provision	Proportion of provision (%)	Reasons for the provision
Chengdu Pinglong Advertisement Co., Ltd.	**8,383,200.00**	**(8,383,200.00)**	**100.00**	**Fully unrecoverable**	8,383,200.00	(2,133,000.00)	25.44	Partly unrecoverable
Beijing Jinhuangxuan Culture Development Co., Ltd (formerly known as Redkids Cartoon Books 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	**535,190,492.49**	**(9,765,944.22)**	**1.82**	**Partly unrecoverable**	318,605,870.47	(7,955,168.02)	2.50	Partly unrecoverable
Total	**551,434,585.69**	**(26,010,037.42)**	**4.72**		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			Opening balance		
	Accounts receivable	**Bad debt provision**	**Proportion of provision (%)**	Accounts receivable	Bad debt provision	Proportion of provision (%)
Within 1 year	**728,305,761.49**	**(22,363,342.27)**	**3.07**	459,959,925.92	(14,191,028.80)	3.09
More than 1 year but not exceeding 2 years	**86,549,605.57**	**(45,508,823.19)**	**52.58**	72,707,243.20	(42,042,169.00)	57.82
More than 2 years but not exceeding 3 years	**18,045,914.54**	**(14,684,612.23)**	**81.37**	17,936,928.69	(12,097,302.67)	67.44
More than 3 years	**62,914,935.63**	**(60,523,133.05)**	**96.20**	63,509,128.18	(61,504,765.46)	96.84
Total	**895,816,217.23**	**(143,079,910.74)**	**15.97**	614,113,225.99	(129,835,265.93)	21.14

(3) Bad debt provision made or reversed in the current period.

The bad debt provision for the current period is RMB27,704,360.59, and the reversal of bad debt provision is RMB4,578,739.58. The decrease in bad debt provision due to disposal of subsidiary is RMB1,820,000.00.

(4) Accounts receivable written off for the current period

No accounts receivable has been written off for the current period.

(5) Top five debtors with the largest balances of accounts receivable

Name of entity	Relationship with the Company	Closing balance	Aging	Proportion of the amount to the total accounts receivable (%)	Closing balance of bad debt provision
People's Education Press Co., Ltd.	Third party	**94,774,065.84**	Within 1 year	**6.55**	**(2,732,544.81)**
Bazhong Municipality Enyang District Educational Technology & Equipment Institute	Third party	**36,544,694.00**	Within 1 year	**2.53**	**(426,536.33)**
Anyue Education Bureau	Third party	**32,668,273.80**	Within 1 year	**2.26**	**–**
Amazon (China) Investment Co., Ltd.	Third party	**30,785,131.13**	Within 1 year	**2.13**	**(632,220.23)**
Educational Science Publishing House	Third party	**24,271,437.63**	Within 1 year	**1.68**	**(728,143.13)**
Total		**219,043,602.40**		**15.15**	**(4,519,444.50)**

6. INVENTORIES

(1) Categories of inventories

RMB

Item	Closing balance Carrying amount	Closing balance Provision for decline in value of inventories	Closing balance Net carrying amount	Opening balance Carrying amount	Opening balance Provision for decline in value of inventories	Opening balance Net carrying amount
Goods on hand	**1,747,020,907.57**	**(160,116,806.30)**	**1,586,904,101.27**	1,443,799,278.49	(131,009,239.32)	1,312,790,039.17
Work-in-progress	**118,847,540.30**	**–**	**118,847,540.30**	136,293,718.21	–	136,293,718.21
Raw materials	**61,965,619.86**	**(3,271,801.21)**	**58,693,818.65**	40,797,180.42	(3,293,163.33)	37,504,017.09
Films and teleplays	**–**	**–**	**–**	62,868,099.46	(36,905,313.67)	25,962,785.79
Total	**1,927,834,067.73**	**(163,388,607.51)**	**1,764,445,460.22**	1,683,758,276.58	(171,207,716.32)	1,512,550,560.26

(2) Provision for decline in value of inventories

RMB

Category of inventories	Opening balance	Increase in the current year	Decrease in the current year: Reversals	Decrease in the current year: Write-off	Decrease in the current year: Disposal of subsidiary	Closing balance
Goods on hand	131,009,239.32	57,942,791.41	(2,692,924.84)	(26,142,299.59)	–	**160,116,806.30**
Raw materials	3,293,163.33	–	–	–	(21,362.12)	**3,271,801.21**
Films and teleplays	36,905,313.67	–	–	–	(36,905,313.67)	**–**
Total	171,207,716.32	57,942,791.41	(2,692,924.84)	(26,142,299.59)	(36,926,675.79)	**163,388,607.51**

Note 1: As the expected net realisable value is below the cost of inventories at the end of the reporting period, a provision for decline in value of inventories amount RMB57,942,791.41 is made.

Note 2: The provision for decline in value of goods on hand amount RMB2,692,924.84 is reversed as the expected net realisable value are higher than the cost of such inventories at the end of the reporting period; the provision for decline in value of goods on hand amount RMB12,095,757.66 is written off as such inventories are retired; For commodities that have charged for provision for decline in value of inventories have been sold, the provision for decline in value amount RMB14,046,541.93 is written off; the provision for decline in value of goods amount RMB36,926,675.79 is decreased due to disposal of subsidiaries during the reporting period.

7. OTHER CURRENT ASSETS

RMB

Item	Closing balance	Opening balance
Bank wealth management products *(Note 1)*	**1,157,800,000.00**	936,000,000.00
Available-for-sale financial assets – Trust Products Investments	**–**	17,176,654.12
Deductible VAT input tax *(Note 2)*	**26,501,297.91**	21,453,111.77
Stock investment in listed companies *(Note 1)*	**28,233.14**	–
Total	**1,184,329,531.05**	974,629,765.89

Note 1: The investment is recognized as financial assets at fair value through profit or loss.

Note 2: The deductible VAT amount is the amount of VAT input tax to be deducted by the Group within the next year.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(1) Available-for-sale financial assets

RMB

	Closing balance			Opening balance		
Item	Carrying amount	Provision for impairment	Net carrying amount	Carrying amount	Provision for impairment	Net carrying amount
Measured at fair value	**1,875,859,185.09**	**–**	**1,875,859,185.09**	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	**2,119,046,365.91**	**(2,958,365.49)**	**2,116,088,000.42**	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

Item	Investment cost	Fair value		Accumulated changes of fair value included in other comprehensive income
		Closing balance	Opening balance	
Anhui Xinhua Media Co., Ltd. ("**Wan Xin Media**") *(Note 1)*	**186,415,328.00**	**1,318,691,200.00**	**2,189,924,800.00**	**1,132,275,872.00**
Jiangsu Hagong Intelligent Robot Co., Ltd. ("**HGZN**") *(Note 2)*	**783,556.84**	**1,979,726.73**	**1,592,651.85**	**1,196,169.89**
CITIC Buyout Investment Fund (Shenzhen) Partnership (Limited Partnership) *(Note 3)*	**92,998,311.75**	**96,885,632.80**	**102,972,401.83**	**3,887,321.05**
Winshare Hengxin (Shenzhen) Equity Investment Fund Partnership (Limited Partnership) *(Note 4)*	**200,000,000.00**	**269,424,584.74**	**220,943,522.28**	**69,424,584.74**
Qingdao Jinshi Zhixin Investment Center (Limited Partnership) *(Note 5)*	**152,117,500.00**	**153,252,074.60**	**151,667,500.00**	**1,134,574.60**
Taizhou Xinheng Zhongrun Fund (Limited Partnership) *(Note 6)*	**10,206,171.29**	**35,625,966.22**	**25,801,026.14**	**25,419,794.93**
Total	**642,520,867.88**	**1,875,859,185.09**	**2,692,901,902.10**	**1,233,338,317.21**

Note: The above available-for-sale financial assets marked with * also represent the available-for-sale financial assets measured at fair value by the Company.

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 subsequent fair value changes for the current period resulted in the loss of RMB871,233,600.00, have been included in other comprehensive income. In February 2017, the Company transferred 5,400,000 shares of Wanxin Media to participate in primary market share subscription.

Note 2: Sichuan Xinhua Printing Co., Ltd. ("**Sichuan Xinhua Printing**"), a subsidiary of the Company, acquired in August 2014, holds 0.02% equity interest in HGZN (formerly called Jiangsu Youli Holding Co., Ltd.) and the fair value at the acquisition date is RMB783,556.84. The subsequent fair value changes for the current period resulted in the income of RMB387,074.88, which 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). The Company's subscribed capital accounted for 1% of the total capital contribution in accordance with the partnership agreement. The Company recovered investment of RMB239,963.00 and RMB5,085,525.25 for the year 2016 and 2017 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.

For the current year, the changes in fair value resulted in the loss of RMB1,001,243.79, which have been included in other comprehensive income.

Note 4: Winshare Investment Co., Ltd. ("**Winshare Investment**"), a subsidiary of the Company, as a limited partner, invested RMB200,000,000.00 in Winshare Hengxin (Shenzhen) Equity Investment Fund (Limited Partnership), including RMB12,000,000.00 paid for complementing the capital contribution which has not been fully paid this year. Pursuant to the partnership agreement, the proportion of capital contribution subscribed by the Group is 62.30% 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.

For the current year, the changes in fair value resulted in the income of RMB36,481,062.46, which have been included in other comprehensive income.

Note 5: Winshare Investment, a subsidiary of the Company, as a limited partner, invested RMB152,117,500.00 in Qingdao Jinshi Zhixin Investment Center (Limited Partnership), including RMB450,000.00 paid for complementing the capital contribution which has not been fully paid this year. Pursuant to the partnership agreement, the proportion of capital contribution subscribed by the Group is 10.05% of its total subscribed capital. During the year, Winshare Investment has received bonus of RMB7,192,654.44 from Qingdao Jinshi Zhixin Investment Center (Limited Partnership) 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.

For the current year, the changes in fair value resulted in income of RMB1,134,574.60, which has been included in other comprehensive income.

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 subsequent fair value changes for the current year resulted in income of RMB9,824,940.08, which has been included in other comprehensive income.

9. LONG-TERM EQUITY INVESTMENTS

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

RMB

Investee	Opening balance	Changes for the year: Increase in investments	Decrease in investments	Investment profit or loss under equity method	Adjustment of other comprehensive income	Changes in other equity	Distribution of cash dividends or profits declared	Closing balance
I. Joint Ventures								
Hainan Publishing House Co., Ltd. (“**Hainan Publishing**”)	123,691,711.76	–	–	7,931,208.34	–	–	–	131,622,920.10
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	–	–	(1,800,431.84)	–	–	–	135,584.70
Tibet Winshare Equity Investment *(Note 3)*	394,085.78	–	–	(149.82)	–	–	–	393,935.96
Shenzhen Xuancai Venture Capital Investment Fund Management Co.,Ltd. *(Note 4)*	611,648.94	–	–	702.84	–	–	–	612,351.78
Liangshan Xinhua Winshare Education Technology Co. Ltd. *(Note 5)*	–	4,900,000.00	–	(748,741.35)	–	–	–	4,151,258.65
Subtotal	435,316,601.99	4,900,000.00	(308,683,138.97)	5,382,588.17	–	–	–	136,916,051.19
II. Associates								
Sichuan Wenshare BLOGIS Supply Chain Co., Ltd *(Note 5)*	–	45,000,000.00	–	14,743.75	–	–	–	45,014,743.75
Commercial Press (Chengdu) Co., Ltd.	2,247,848.10	–	–	187,193.97	–	–	–	2,435,042.07
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	10,140,345.61	–	–	3,040,004.69	–	–	(2,560,000.00)	10,620,350.30
Guizhou Xinhua Winshare Book Audio-Visual Product Chainstore Co., Ltd. (“**Guizhou Winshare**”)	–	–	–	–	–	–	–	–
Ming Bo Education Technology Holdings Co., Ltd. *(Note 7)*	28,754,377.57	–	–	2,847,144.38	–	406,244.18	–	32,007,766.13
Shanghai Jingjie Information Technology Co., Ltd.	2,414,391.24	–	–	(430,622.60)	–	–	–	1,983,768.64
Chengdu Xinhui Industrial Co., Ltd. (“**Chengdu Xinhui**”) *(Note8)*	123,755,688.29	–	(123,755,688.29)	–	–	–	–	–
Sichuan Winshare Preschool Educational Management Co., Ltd. (“**Winshare Preschool**”) *(Note 9)*	3,283,562.00	–	–	685,363.78	–	–	–	3,968,925.78
Chongqing Yunhan Internet and Media Co., Ltd.	46,121,487.19	–	–	(360,704.57)	–	–	–	45,760,782.62
Chengdu Winshare Venture Capital Investment Fund Management Co., Ltd.	8,535,571.90	–	–	318,473.15	21,163,104.62	–	–	30,017,149.67
Sichuan Education and Science Forum Magazine Press Co., Ltd. (Education and Science Forum)	–	–	–	–	–	–	–	–
Sichuan Tianhe Culture Co., Ltd	207,739.54	–	–	(61,161.06)	–	–	–	146,578.48
Tibet Winshare Venture Capital Investment Fund Partnership(Limited Partnership) *(Note 10)*	24,415,134.99	4,200,000.00	–	(852,332.64)	–	–	–	27,762,802.35
Sichuan Jiaoyang Sihuo Film Co., Ltd.	–	–	–	34,045.55	–	–	–	34,045.55
Xinhua Yingxuan (Beijing) Screen Culture Co., Ltd. (“**Xinhua Yingxuan**”) *(Note 11)*	–	20,435,876.47	–	(518,180.44)	–	–	–	19,917,696.03
Subtotal	249,876,146.43	69,635,876.47	(123,755,688.29)	4,903,967.96	21,163,104.62	406,244.18	(2,560,000.00)	219,669,651.37
Total	685,192,748.42	74,535,876.47	(432,438,827.26)	10,286,556.13	21,163,104.62	406,244.18	(2,560,000.00)	356,585,702.56

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 reserve price of RMB423,529,400. In April 2017, the Company transferred the equity at the above price to Sichuan Taihe Group Co., Ltd., an independent third party and obtained investment income of RMB118,588,561.01.

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 shareholder have joint control over Sichuan Fudou Technology Co., Ltd., who accordingly became a joint venture of the Company. Winshare Education Technology transferred all of its equity to Wenshare Investment, another subsidiary of the Company in April 2017 and therefore, the later inherited all the rights of Winshare Education Technology in Sichuan 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 respectively 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. and accounts Tibet Wenxuan Equity Investment Co., Ltd. as a joint venture of the Group. The cancellation registration of Tibet Wenxuan Equity Investment Co., Ltd. was done at industrial and commercial administration in March 2018.

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 March 2017, the Company and Xichang Xinhua Bookstore entered into an investment agreement, jointly establishing Liangshan Xinhua Winshare Education Technology Co. Ltd., with proportion of shareholding of 49% and 51% respectively. According to the articles of association, the resolution of Liangshan Xinhua Winshare Education Technology Co. Ltd. on the events such as annual financial budget plan, final accounting plan, profit distribution and making up losses etc. must be approved by the shareholders representing 2/3 of the voting power. Therefore, the Company and the other shareholder have common control over the Liangshan Xinhua Winshare Education Technology Co. Ltd. So that Liangshan Xinhua Winshare Education Technology Co. Ltd. is a joint venture of the Group.

Note 6: In June 2017, Sichuan Wenchuan Logistics Co., Ltd. ("**Wenchuan Logistics**"), a wholly-owned subsidiary of the Company, entered into the Investment Agreement with BLOGIS Holdings Limited and Chengdu Longchuang Investment Management Center LLP to jointly establish Sichan Wenshare BLOGIS Supply Chain Co., Ltd. with the shareholding of 45%, 40% and 15%, respectively. According to the Articles of Association, it takes over 50% of the voting to adopt the resolution on the annual financial budget plan, final accounting plan, profit distribution and loss make-up. Therefore, Sichan Wenshare BLOGIS Supply Chain Co., Ltd. is an associate of the Group.

Note 7: In June 2017, Mingbo Education Co., Ltd affects capital reserve of RMB406,224.18 due to stock dilution.

Note 8: As discussed in the 10th meeting of the 4th session of the Company's Board of Directors in 2015, the Company 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 interest to Zhongtian Chengtou (Guizhou) Investment and Development Co., Ltd., an independent third party, at the above price and obtained investment income of RMB18,165,011.70.

Note 9: As discussed in the 15th meeting of the 4th session of the Company's Board of Directors, the Company agreed to transfer its 34% equity interest in the Winshare Preschool in 2016 by way of public listing at the reserve price of RMB15,454,500. As of the date of approval of this report, the transfer has not yet been traded.

Note 10: As a limited partner, Winshare Investment, a subsidiary of the Company, invested RMB28,600,000.00 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. For the Year, Winshare Investment made up the remaining contribution of RMB4,200,000.00.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 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.

Note 11: In September 2017, the Company and Sichuan Xinhua Publishing Group entered into equity transfer agreement, according to which the Company transferred its 85% equity interest in Beijing Huaying Winshare Movie & TV Culture Co., Ltd. ("**Huaying Winshare**") to Sichuan Xinhua Publishing Group at the consideration of RMB115,803,300. In December 2017, Huaying Winshare changed the name to Xinhua Yingxuan (Beijing) Screen culture Co., Ltd. As the Company assigned directors in Xinhua Yingxuan, it is an associate of the Group.

10. LONG-TERM RECEIVABLES

RMB

Item	Closing balance			Opening balance		
	Carrying amount	**Provision for impairment**	**Net carrying amount**	Carrying amount	Provision for impairment	Net carrying amount
Goods sold by installments *(Note)*	**194,801,883.56**	**–**	**194,801,883.56**	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%.

11. FIXED ASSETS

(1) Fixed assets

RMB

Item	Buildings	Machinery and equipment	Electronic equipment and others	Transportation vehicles	Total
Closing balance of original carrying amount	**1,562,387,216.16**	**279,253,629.58**	**164,740,977.53**	**110,636,921.44**	**2,117,018,744.71**
Closing balance of accumulated depreciation	**(406,603,865.75)**	**(196,178,039.45)**	**(131,871,056.69)**	**(87,621,989.65)**	**(822,274,951.54)**
Closing balance of fixed asset impairment provision	**–**	**–**	**(1,004,713.59)**	**–**	**(1,004,713.59)**
Closing balance of book value	**1,155,783,350.41**	**83,075,590.13**	**31,865,207.25**	**23,014,931.79**	**1,293,739,079.58**

(2) Closing balance of Fixed assets of which certificates of title have not been obtained at the end of the Year is totalled RMB142,153,792.02. which has no significant influence on the Group's operation.

(3) At the end of the Year, the Group has no temporary idle fixed assets principal production and operation.

12. GOODWILL

(1) Original carrying amount of goodwill

RMB

Name of the investee and item resulting in goodwill	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Acquisitions of 15 publishing companies *(Note)*	500,571,581.14	–	–	**500,571,581.14**
Others	3,870,061.53	–	–	**3,870,061.53**
Total	504,441,642.67	–	–	**504,441,642.67**

Note: Goodwill of RMB500,571,581.14 was generated from the Group's acquisition of 15 publishing entities on 31 August 2010, which has been distributed to related asset groups, including 3 of the 15 publishing entities of the publishing segment.

The recoverable amount of these asset groups are determined based on the present value of its expected future cash flows. The future cash flows are determined based on the financial budget approved by the management for the five-year period. Budget gross profit is determined based on the average gross profit achieved in the five years before the budget year. The revenue growth rate of operating income after 5 years is from 0 to 2% (at the end of prior period: 2%). Discount rate of 15% (at the end of prior period: 15%) is proposed according to the specific risk of publishing business.

The management believes that any reasonable changes in the above assumptions would under no circumstances result in the sum of the respective book value of the asset group exceeds its recoverable amount.

(2) Provision for impairment loss of goodwill

RMB

Name of the investee and item resulting in goodwill	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Others	(3,851,606.53)	–	–	(3,851,606.53)

13. ACCOUNTS PAYABLE

Details of aging analysis of accounts payable is as follows:

RMB

Item	Closing balance	Opening balance
Within 1 year	**1,994,936,298.10**	1,951,342,495.62
More than 1 year but not exceeding 2 years	**739,468,072.03**	502,756,239.78
More than 2 years but not exceeding 3 years	**219,192,756.38**	147,358,941.28
More than 3 years	**129,838,382.72**	113,545,766.67
Total	**3,083,435,509.23**	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.

14. OTHER PAYABLES

RMB

Item	Closing balance	Opening balance
Amounts due to related parties	**1,424,969.89**	2,972,709.57
Security deposit/deposit/quality warranty/performance security	**84,046,594.06**	86,068,756.41
Construction and infrastructure construction expenses	**22,661,563.29**	17,318,289.77
Amounts due to/from other entities	**52,565,352.62**	62,362,569.77
Others	**103,469,235.89**	101,739,164.56
Total	**264,167,715.75**	270,461,490.08

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

15. SHARE CAPITAL

RMB

Item	Opening balance	Changes for the year: Issue of new shares	Bonus issue	Capitalisation of surplus reserve	Others	Subtotal	Closing balance
For the current period:							
Promotor's shares	**692,468,091.00**	–	–	–	–	–	**692,468,091.00**
National Council for Social Security Fund	**725,809.00**	–	–	–	–	–	**725,809.00**
Overseas listed foreign shares	**441,937,100.00**	–	–	–	–	–	**441,937,100.00**
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:							
Promotor's shares	693,193,900.00	–	–	–	(725,809.00)	(725,809.00)	692,468,091.00
National Council for Social Security Fund, PRC	–	–	–	–	725,809.00	725,809.00	725,809.00
Overseas listed foreign shares	441,937,100.00	–	–	–	–	–	441,937,100.00
Domestic listed RMB ordinary share	–	98,710,000.00	–	–	–	98,710,000.00	98,710,000.00
Total	1,135,131,000.00	98,710,000.00	–	–	–	98,710,000.00	1,233,841,000.00

16. RETAINED PROFITS

RMB

Item	Current year	Prior year	Proportion of appropriation or distribution
Retained profits at beginning of year	**1,896,996,070.84**	1,682,817,310.23	
Add: Net profit attributable to shareholders of the Company for the year	**923,844,500.04**	647,462,291.44	
Less: Appropriation to statutory surplus reserve	**(86,178,668.08)**	(63,131,230.83)	(1)
Declaration of dividends on ordinary shares	**(370,152,300.00)**	(370,152,300.00)	(2)
Retained profits at the end of the year	**2,364,509,602.80**	1,896,996,070.84	

(1) Appropriation to statutory surplus reserve

According to the Articles of Association, 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 2016 annual general meeting of the Company. The profit distribution was based on the Company's total share capital of 1,233,841,000 shares before the implementation of the proposal. The cash dividend per share was RMB0.30 (tax-inclusive) (Prior period: 0.30) and the total cash dividends of RMB370,152,300.00 (tax-inclusive) (Prior period: 370,152,300.00) was distributed.

(3) Appropriation to surplus reserve by subsidiaries

At the end of the Year, the balance of the Group's retained profits includes the surplus reserve of RMB73,622,609.60 (at the end of prior year: RMB58,528,898.05) appropriated to subsidiaries.

17. OPERATING INCOME AND OPERATING COSTS

(1) Operating income and operating costs

RMB

Item	Amount recognised in the current year	Amount recognised in the prior year
Principal operating income	**7,198,251,200.57**	6,229,128,447.36
Other operating income	**147,631,757.09**	127,039,666.07
Including: Gross revenue from concessionaire sales	**345,054,551.69**	322,989,829.28
Gross cost from concessionaire sales	**(293,807,996.13)**	(273,618,726.23)
Commissions from concessionaire sales	**51,246,555.56**	49,371,103.05
Operating costs	**4,686,978,912.13**	3,977,341,759.38

(2) Details of operating income and operating costs are as follows:

RMB

Item	Operating income		Operating costs	
	Current year	Prior year	**Current year**	Prior year
Publishing segment				
Textbooks and Supplementary materials	**1,172,894,868.57**	1,139,310,169.92	**762,010,153.65**	686,964,459.09
General books	**577,749,851.37**	296,783,115.19	**389,827,557.63**	207,131,222.87
Printing and supplies	**281,968,891.26**	267,933,641.03	**264,390,854.55**	247,460,395.95
Others	**70,761,979.98**	65,052,834.73	**28,650,067.14**	25,357,376.53
Subtotal	**2,103,375,591.18**	1,769,079,760.87	**1,444,878,632.97**	1,166,913,454.44
Distribution segment				
Education services	**4,301,711,418.08**	3,728,171,732.24	**2,800,422,693.93**	2,354,765,505.52
Including: Textbooks and Supplementary materials	**3,690,378,349.61**	3,315,531,959.85	**2,263,749,308.30**	1,999,701,835.92
Educational informatization business	**611,333,068.47**	360,783,201.34	**536,673,385.63**	322,513,454.38
Online Sales	**1,233,750,213.85**	1,075,548,017.43	**1,147,120,250.02**	1,002,486,069.18
Retailing	**663,943,796.06**	637,537,195.19	**401,583,134.58**	379,217,561.98
Others	**367,293,786.32**	362,672,591.77	**255,289,842.26**	250,653,550.81
Subtotal	**6,566,699,214.31**	5,803,929,536.63	**4,604,415,920.79**	3,987,122,687.49
Others	**204,925,712.87**	101,517,572.95	**171,953,989.91**	73,767,870.92
Less:inter-segment elimination	**(1,529,117,560.70)**	(1,318,358,757.02)	**(1,534,269,631.54)**	(1,250,462,253.47)
Total	**7,345,882,957.66**	6,356,168,113.43	**4,686,978,912.13**	3,977,341,759.38

Details of publishing segment and distribution segment and other details are set out in note 20.

18. OTHER INCOME

RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Book publishing subsidies	**14,170,235.94**	–
VAT refund income	**29,900,529.02**	–
Other financial subsidies	**21,184,433.93**	–
Total	**65,255,198.89**	–

19. NON-OPERATING INCOME

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

RMB

Item	**Amount incurred in the current year**	Amount incurred in the prior year	Amount included in non-recurring profit and loss for the current year
Government grants	**–**	112,806,007.61	–
Others	**8,691,686.24**	7,762,591.80	8,691,686.24
Total	**8,691,686.24**	120,568,599.41	8,691,686.24

(2) Details of government grants:

RMB

Item	**Amount incurred in the current year**	Amount incurred in the prior year
Book publishing subsidies	**–**	22,491,104.11
VAT refund income	**–**	40,068,809.21
VAT surcharge refund	**–**	17,254,510.54
Other financial subsidies	**–**	32,991,583.75
Total	**–**	112,806,007.61

In accordance with the newly-revised "Accounting Standard for Business Enterprise No. 16 -Government Grants", the government grants relating to the Company's daily operating activities recognized in "other income" instead of "non-operating income" since 1 January 2017.

20. 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; and

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

Other segments of the Group covers sales of paper pulp, 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 are 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) Segment information

Current year

RMB

	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	Total
External revenue	664,561,822.51	6,558,784,840.81	122,536,294.34	–	–	7,345,882,957.66
Inter-segment revenue	1,438,813,768.67	7,914,373.50	82,389,418.53	–	(1,529,117,560.70)	–
Total operating income	2,103,375,591.18	6,566,699,214.31	204,925,712.87	–	(1,529,117,560.70)	7,345,882,957.66
Operating profit (loss)	420,789,158.10	307,801,258.80	(6,636,751.96)	193,362,730.33	26,352,898.37	941,669,293.64
Non-operating income	1,498,292.14	7,139,922.05	53,472.05	–	–	8,691,686.24
Non-operating expenses	610,731.57	32,705,203.71	4,788.69	–	–	33,320,723.97
Total profit (loss)	421,676,718.67	282,235,977.14	(6,588,068.60)	193,362,730.33	26,352,898.37	917,040,255.91
Total assets	5,316,826,680.47	6,373,884,272.74	756,478,719.18	3,357,646,662.15	(3,518,130,693.22)	12,286,705,641.32
Total liabilities	2,052,551,883.11	5,097,138,715.65	519,347,118.49	54,132,395.82	(3,393,286,702.14)	4,329,883,410.93
Supplementary information						
Depreciation	24,519,061.35	57,260,219.72	12,056,395.70	–	–	93,835,676.77
Amortisation	3,067,535.78	31,984,925.06	4,418,330.22	–	–	39,470,791.06
Interest income	2,003,700.90	9,186,629.78	829,453.80	17,024,517.44	(851,098.46)	28,193,203.46
Impairment losses recognised in the current period	9,235,062.36	62,786,585.98	8,731,431.41	–	–	80,753,079.75
Investment income from long-term equity investment under equity method	–	5,872,959.38	4,413,596.75	–	–	10,286,556.13
Long-term equity investments under equity method	–	179,503,056.06	177,082,646.50	–	–	356,585,702.56
Capital expenditure	4,761,661.41	221,379,362.55	277,773.47	–	–	228,918,797.43
Including: Expenditure arising from Construction in progress	1,916,992.58	171,961,787.04	–	–	–	173,878,779.62
Expenditure arising from purchase of fixed assets	2,710,257.20	17,710,183.29	2,733,206.98	–	–	23,153,647.47
Expenditure arising from purchase of intangible assets	134,411.63	12,656,879.80	44,566.49	–	–	12,835,857.92
Development expenditure	–	19,050,512.42	–	–	–	19,050,512.42

Prior year

RMB

	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	Total
External revenue	500,948,403.45	5,796,212,068.12	59,007,641.86	–	–	6,356,168,113.43
Inter-segment revenue	1,268,131,357.42	7,717,468.51	42,509,931.09	–	(1,318,358,757.02)	–
Total operating income	1,769,079,760.87	5,803,929,536.63	101,517,572.95	–	(1,318,358,757.02)	6,356,168,113.43
Operating profit (loss)	362,562,568.34	247,009,204.00	(27,357,890.04)	(18,791,917.91)	(24,689,129.53)	538,732,834.86
Non-operating income	68,062,754.03	41,770,078.84	11,188,329.43	–	–	121,021,162.30
Non-operating expenses	1,478,615.81	22,418,984.49	140,337.14	–	–	24,037,937.44
Total profit (loss)	429,146,706.56	266,360,298.35	(16,309,897.75)	(18,791,917.91)	(24,689,129.53)	635,716,059.72
Total assets	4,421,239,890.32	6,198,867,719.61	775,389,950.68	4,404,915,454.80	(3,545,236,406.02)	12,255,176,609.39
Total liabilities	1,473,228,704.70	5,105,744,062.81	711,677,473.12	64,085,524.25	(3,394,036,506.27)	3,960,699,258.61
Supplementary information						
Depreciation	23,230,769.24	64,374,272.80	11,447,118.60	–	–	99,052,160.64
Amortisation	2,890,963.10	25,411,619.86	4,144,663.61	–	–	32,447,246.57
Interest income	4,413,101.39	4,364,650.25	593,973.16	6,442,875.03	(1,962,264.16)	13,852,335.67
Impairment losses recognised in the current period	13,073,644.04	49,997,000.23	17,590,586.56	–	–	80,661,230.83
Investment losses from long-term equity investment under equity method	–	(5,134,310.25)	(4,694,141.74)	–	–	(9,828,451.99)
Long-term equity investments under equity method	–	174,163,606.73	511,029,141.69	–	–	685,192,748.42
Capital expenditure	16,339,334.62	283,338,671.08	5,245,696.75	–	–	304,923,702.45
Including: Expenditure arising from Construction in progress	10,628,960.02	242,514,983.26	568,335.67	–	–	253,712,278.95
Expenditure arising from purchase of fixed assets	3,004,021.71	25,781,390.87	2,957,667.18	–	–	31,743,079.76
Expenditure arising from purchase of intangible assets	2,706,352.89	4,097,594.40	1,719,693.90	–	–	8,523,641.19
Development cost	–	10,944,702.55	–	–	–	10,944,702.55

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

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

(3) Concentrate on major customers

The Group's revenue from its top one customer for the current period is RMB892,179,091.64 (prior period: RMB631,314,893.30), which is attributable to the distribution segment. Apart from the aforesaid top one 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.

21. INCOME TAX

RMB

Item	**Amount incurred in the current year**	Amount incurred in the prior year
Current tax expense calculated according to tax laws and relevant requirements	**3,837,124.49**	7,011,459.25
Deferred tax expenses	**(3,277,239.28)**	(1,333,393.62)
Total	**559,885.21**	5,678,065.63

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

RMB

Item	**Amount incurred in the current year**	Amount incurred in the prior year
Accounting profit	**917,040,255.91**	635,716,059.72
Income tax expenses calculated at 25%	**229,260,063.98**	158,929,014.93
Tax concessions	**(248,488,081.74)**	(191,818,631.33)
Effect of expenses that are not deductible for tax purposes	**23,906,432.06**	24,180,159.59
Effect of tax-free income	**(13,411,909.75)**	(9,050,800.00)
Effect of unrecognised(using previously unrecognised) deductible temporary differences	**704,205.69**	7,366,916.82
Effect of unrecognised deductible losses	**8,064,021.17**	12,417,029.20
Payment for income tax of prior years	**525,153.80**	3,654,376.42
Total	**559,885.21**	5,678,065.63

22. 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 period that is transferred to profit or loss for the period	Changes for the period: Less: income tax expenses	Changes for the period: Attribute to the owner of the Company (after tax)	Changes for the period: Attribute to non-controlling shareholders (after tax)	Closing balance
Closing balance							
Other comprehensive income that will be reclassified in profit or loss in the subsequent years	2,045,820,792.23	(802,650,953.30)	(593,133.85)	(11,956,913.01)	(815,201,000.16)	–	1,230,619,792.07
Share of other comprehensive income of the investee that will be subsequently reclassified into profit or loss under equity method	412,151.06	21,163,104.62	–	–	21,163,104.62	–	21,575,255.68
Profit or loss arising from changes in fair value of available-for-sale financial assets	2,045,408,641.17	(823,814,057.92)	(593,133.85)	(11,956,913.01)	(836,364,104.78)	–	1,209,044,536.39
For the prior year:							
Other comprehensive income that will be reclassified in profit or loss in the subsequent years	1,903,286,451.10	138,931,777.81	(2,170,215.05)	5,772,778.37	142,534,341.13	–	2,045,820,792.23
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	–	412,151.06
Profit or loss arising from changes in fair value of available-for-sale financial assets	1,903,286,451.10	138,519,626.75	(2,170,215.05)	5,772,778.37	142,122,190.07	–	2,045,408,641.17

23. CALCULATION PROCESS OF BASIC EARNINGS PER SHARE

For the purpose of calculating basic earnings per share, net profit for the current period attributable to ordinary shareholders is as follows:

		RMB
	2017	**2016**
Net profit for the current period attributable to ordinary shareholders	**923,844,500.04**	647,462,291.44
Including: Net profit from continuing operations	**923,844,500.04**	647,462,291.44

For the purpose of calculating basic earnings per share, the denominator is the weighted average number of outstanding ordinary shares and its calculation process is as follows:

		Shares
	2017	**2016**
Number of ordinary shares outstanding at the beginning of year	**1,233,841,000**	1,135,131,000
Add: Weighted average number of ordinary shares issued during the period	**–**	32,903,333
Number of ordinary shares outstanding at the end of year	**1,233,841,000**	1,168,034,333

Earnings per share:

		RMB
	2017	**2016**
Number of ordinary shares outstanding at the end of year divided by net profit for the current period attributable to ordinary shareholders	**0.75**	0.55
Number of ordinary shares outstanding at the end of year divided by net profit for the current period attributable to ordinary shareholders and attributable to continuing operation	**0.75**	0.55

The Company has no dilutive potential ordinary shares.

24. EVENTS AFTER THE BALANCE SHEET DATE

The balance sheet date, below major issues declared:

Dividends distribution

A meeting of the Board of the Company was held on 28 March 2018, in which a profit distribution plan for the year 2017 was passed. The retained profits as at the end of the year 2017 will be distributed as per RMB0.30 (tax inclusive) per share, with a total amount of RMB370,152,300.00 (tax inclusive). The proposal is subject to the approval of the 2017 annual general meeting of the Company to be held on 30 May 2018 (the "**2017 AGM**").

Others

Bank of Chengdu Co., Ltd. ("**Bank of Chengdu**") was listed on Shanghai Stock Exchange on 31 January 2018, the issuance price is RMB6.99 per share. As at the approval date for publication of this financial statement, the Company held 80,000,000.00 shares of Bank of Chengdu, with the investment cost of RMB240,000,000.00, accounting for 2.21% of Bank of Chengdu.

MANAGEMENT DISCUSSION AND ANALYSIS
INDUSTRY OVERVIEW

In recent years, as supported by a series of national policies, the press and publishing sector has actively pushed ahead the supply-side structural reform and further promoted the industry upgrade and integrated development. In 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 *Outline of the Cultural Development and Reform Plan of the National 13th Five-Year Period* and the *Opinions on Implementing the Work of Inheriting and Developing China's Outstanding Traditional Culture*, clearly stating the directions on strengthening cultural confidence, flourishing the development of the cultural industry and stepping up the digitalised transformation and upgrade of the news and publishing sector; as well as inheriting China's outstanding traditional culture. Under such policy backdrop, the news and publishing industry in China continued to maintain steady growth momentum. Following the listing of a number of national publishing groups and privately-owned enterprises, the marketisation and industrialisation of the publishing and distribution industry in China accelerated and entered a new phase of orderly competition and prosperous development.

First, the competition for quality content resources in the publishing industry intensified. Content resources is the fundamental basis of the development of the publishing industry. To fight for content resources, increasingly more publishers open up branches and conduct M&A to capture quality publishing resources. Internet companies, in particular, have made use of their own platform strengths and technology expertise in the fight for content resources, thus resulting in intensifying competition for content resources requisition.

Second, the transformation and upgrade of the traditional physical bookstores accelerated. Due to the changes in consumer behaviour and means of consumption, it is more difficult for the traditional physical bookstores to survive. Coupled with the involvement of online bookstores in offline physical bookstores in the recent two years, traditional physical bookstores were faced with intensifying pressure on operations. As a result, the publishing and distribution groups successively kicked off transformation and upgrade of physical bookstores.

Third, e-commerce of publications entered a new phase. In recent years, due to the changes in technology and consumption demand, emerging e-commerce models such as e-commerce book community have arisen. Existing large-scale online bookstores, professional online shops and third-party online platforms of bookstores started to adopt the whole-channel and all-region marketing means and restructure the pop-up stores in response to this new retail model. The Company followed the new trends of e-commerce development and explored a business innovation model that is in line with the new retail model.

Fourth, the digitalised education service market flourished. Digitalisation is inevitable to education development. Internet and software companies such as BAT, NetEase and iFLYTEK have expanded their foothold in the digitalised education service market. Traditional education publishing enterprises followed the development trends of digitalised education, made use of their own strengths of education content resources and successively increased the investment in the digitalised education service market.

Despite the pressure from peer competition and industry transformation and upgrade, under the guidance of the PRC government to "strengthen cultural confidence and drive socialism and cultural prosperity" and the "cultural industry as a pillar industry supporting the domestic economy", the news and publishing industry as the major driver of the cultural industry, is set to enter a new phase of development.

RESULTS

During 2017, overall operating results of the Group grew steadily. Revenue of the Group amounted to RMB7,346 million, up by 15.57% as compared with that in the same period last year; net profit amounted to RMB916 million, up by 45.46% as compared with that in the same period last year; and net profit attributable to shareholders of the Company amounted to RMB924 million, up by 42.69% as compared with that in the same period of last year. Excluding the gain on disposal of equity assets of RMB170 million, net profit grew by 18.42% as compared with that in the same period last year. During the Reporting Period, the publishing business of the Company grew steadily and the education service and online sales businesses further expanded.

Revenue

During the Year, the Group recorded revenue of RMB7,346 million, up by 15.57% as compared with RMB6,356 million in the same period last year, which was mainly attributable to the growth of sales from the education service business, online sales business, general book publication business and third-party logistics business.

Gross profit margin

During the Year, the gross profit margin of the Group's principal businesses was 35.16%, down by 1.26 percentage points as compared with 36.42% in the same period last year, which was primarily due to the change in sales structure.

Details of its principal businesses by segment, product and region are as follows:

RMB

	Principal business by segment					
Segment	**Revenue**	**Operating costs**	**Gross profit margin (%)**	**Change of revenue as compared with last year (%)**	**Change of operating costs as compared with last year (%)**	**Change of gross profit margin as compared with last year (%)**
Publication	2,070,212,232.82	1,433,191,057.30	30.77	18.93	24.19	Decreased by 2.93 ppts
Distribution	6,452,362,218.55	4,596,590,524.63	28.76	13.14	15.41	Decreased by 1.41 ppts
Others	196,395,867.07	171,694,390.58	12.58	97.73	134.72	Decreased by 13.78 ppts
Inter-segment elimination	(1,520,719,117.87)	(1,533,779,071.85)	–			
Total	**7,198,251,200.57**	**4,667,696,900.66**	**35.16**	**15.56**	**17.86**	**Decreased by 1.26 ppts**

Product	Revenue	Operating costs	Gross profit margin (%)	Change of revenue as compared with last year (%)	Change of operating costs as compared with last year (%)	Change of gross profit margin as compared with last year (%)
	Principal business by product					
I. Publication	**2,070,212,232.82**	**1,433,191,057.30**	**30.77**	**18.93**	**24.19**	**Decreased by 2.93 ppts**
Textbooks and supplementary materials	1,172,894,868.57	762,010,153.65	35.03	2.95	10.92	Decreased by 4.67 ppts
General books	576,355,384.61	389,827,557.63	32.36	94.20	88.20	Increased by 2.15 ppts
Printing and supplies	281,928,317.31	264,390,854.55	6.22	4.80	6.84	Decreased by 1.79 ppts
Others	39,033,662.33	16,962,491.47	56.54	9.53	35.58	Decreased by 8.35 ppts
II. Distribution	**6,452,362,218.55**	**4,596,590,524.63**	**28.76**	**13.14**	**15.41**	**Decreased by 1.41 ppts**
Education service	4,301,711,418.08	2,800,422,693.93	34.90	15.38	18.93	Decreased by 1.94 ppts
Of which: Textbooks and supplementary materials	3,690,378,349.61	2,263,749,308.30	38.66	11.31	13.20	Decreased by 1.03 ppts
Digitalised education service and equipment business	611,333,068.47	536,673,385.63	12.21	69.45	66.40	Increased by 1.61 ppts
Online sales	1,233,750,213.85	1,147,120,250.02	7.02	14.71	14.43	Increased by 0.23 ppt
Retailing	612,697,048.86	401,583,134.58	34.46	4.17	5.90	Decreased by 1.07 ppts
Others	304,203,537.76	247,464,446.10	18.65	(2.26)	0.51	Decreased by 2.24 ppts
III. Others	**196,395,867.07**	**171,694,390.58**	**12.58**	**97.73**	**134.72**	**Decreased by 13.78 ppts**
Inter-segment elimination total	(1,520,719,117.87)	(1,533,779,071.85)				
Total	**7,198,251,200.57**	**4,667,696,900.66**	**35.16**	**15.56**	**17.86**	**Decreased by 1.26 ppts**

Region	Revenue	Operating costs	Gross profit margin (%)	Change of revenue as compared with last year (%)	Change of operating costs as compared with last year (%)	Change of gross profit margin as compared with last year (%)
	Principal business by region					
Within Sichuan Province	5,482,122,013.15	3,194,249,479.83	41.73	13.78	15.87	Decreased by 1.05 ppts
Outside Sichuan Province	1,716,129,187.42	1,473,447,420.83	14.14	21.62	22.41	Decreased by 0.55 ppt
Total	**7,198,251,200.57**	**4,667,696,900.66**	**35.16**	**15.56**	**17.86**	**Decreased by 1.26 ppts**

Description of the principal businesses by industry, production and region:

During the Year, the sales revenue from general books under the publication segment amounted to RMB576 million (including domestic sales), up by 94.20% as compared with that in the same period last year. The substantial growth in sales revenue was mainly attributable to the Company's efforts to vigorously strengthen the general book publication business under its guiding concept of "revitalising the publishing industry in Sichuan". The sales revenue from digitalised education service and equipment business under the distribution segment amounted to RMB611 million, up by 69.45% as compared with that in the same period last year, which was mainly attributable to education service ecosystem established by the Company with focus on the stage of basic education to provide digitalised resources, education hardwares and softwares, digitalised science tools and online service, and the Company's efforts to facilitate growth of sales revenue by fully capitalising on the strengths of its content resources and sales network. The sales revenue from other businesses grew by 97.73%, which was mainly attributable to the growth of revenue from third-party logistics business.

ANALYSIS OF OPERATING DATA OF THE PUBLISHING AND MEDIA INDUSTRY

1. Overview of Principal Business Segments

Based on the internal organisational structure, management requirements and internal reporting system of the Group, the operating businesses 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, periodicals, audio-visual products and digital products; provision of printing services and supply of printing materials; and

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

Overview of operations of the principal business segments is as follows:

RMB10,000

	Sales volume (10,000 copies)			Sales value			Revenue			Operating costs			Gross profit margin (%)		
	Last year	Current period	Growth rate (%)	Last year	Current period	Growth rate (%)	Last year	Current period	Growth rate (%)	Last year	Current period	Growth rate (%)	Last year	Current period	Growth rate (%)
Publication segment:															
Self-compiled textbooks and supplementary materials	11,272.36	10,972.03	(2.66)	107,118.90	105,048.45	(1.93)	54,636.56	54,369.55	(0.49)	28,163.70	30,600.32	8.65	48.45	43.72	Decreased by 4.73 ppts
Plate-leased textbooks and supplementary materials	11,914.74	12,170.81	2.15	91,646.59	96,178.71	4.95	51,822.44	55,570.74	7.23	34,167.88	39,421.17	15.37	34.07	29.06	Decreased by 5.01 ppts
General books	3,258.88	6,190.02	89.94	79,698.29	156,056.49	95.81	29,678.31	57,635.54	94.20	20,713.12	38,982.76	88.20	30.21	32.36	Increased by 2.15 ppts
Printing of textbooks and supplementary materials on behalf of others	1,487.29	1,600.71	7.63	11,634.80	11,290.82	(2.96)	7,472.02	7,349.20	(1.64)	6,364.86	6,179.53	(2.91)	14.82	15.92	Increased by 1.10 ppts
Distribution segment:															
Textbooks and supplementary materials	36,788.50	40,341.49	9.66	347,723.64	389,409.74	11.99	331,553.20	369,037.83	11.31	199,970.18	226,374.93	13.20	39.69	38.66	Decreased by 1.03 ppts
General books	9,384.78	10,221.22	8.91	300,131.98	338,211.79	12.69	197,494.47	215,065.08	8.90	162,790.48	179,616.78	10.34	17.57	16.48	Decreased by 1.09 ppts

2. Operating data of various business segments

(1) Publication segment

Major cost breakdown

RMB10,000

	Publication of textbooks and supplementary materials			Publication of general books		
	Last year	Current period	Growth rate (%)	Last year	Current period	Growth rate (%)
Plate-leased textbooks and supplementary materials expenses	3,556.53	7,160.22	101.33	–	–	–
Copyright fee	2,361.56	2,961.82	25.42	–	–	–
Author's remuneration	2,693.21	2,645.29	(1.78)	3,955.67	6,711.15	69.66
Printing costs	40,717.84	54,517.01	33.89	15,208.48	25,075.17	64.88
Documentation fee	785.16	724.30	(7.75)	1,910.14	1,962.96	2.77
Others	1,904.80	3,130.03	64.32	1,204.24	1,384.40	14.96

Note: With respect to the binding of printed materials, the production of general books is priced two ways: free materials only and free binding and materials. Of which, the settlement price for free materials only refers to the printing fee only. For free binding and materials production, the printer will be responsible for paper purchase and the settlement price is inclusive of the printing fee and cost of paper. The printing costs herein are inclusive of the printing fee and cost of paper materials.

Textbooks and supplementary materials publication business

In 2017, the Company continued to strengthen the three major segments namely textbooks, digitalised education service and education equipment and continued to enhance the market competitiveness and profitability of the Company. On the one hand, the Company actively developed local textbooks and school-based textbooks with distinctive R&D features as well as new categories of supplementary materials to generally cover a full range of categories, subjects, semesters and editions of supplementary materials for compulsory education. On the other hand, the Company actively established the "+Internet" thinking and capitalised on "content+technology" to explore the "integrated publishing" of textbooks and supplementary materials.

During the Year, the value from the sales of textbooks and supplementary materials under the publication segment of the Company amounted to RMB2,125 million. The sales revenue amounted to RMB1,173 million , up by 2.95% as compared with that in the same period last year. The cost of sales amounted to RMB762 million, up by 10.92% as compared with that in the same period last year. The gross profit margin was 35.03%, down by 4.67 percentage points from the same period last year, mainly due to the rising cost of paper.

General books publication business

In 2017, adhering to the three-step development strategy of "enhancing its own capabilities, integrating internal and external resources and tackling market bottlenecks", the Company continued to push ahead the project to revitalise the publishing industry in Sichuan. Through working relentlessly, the publication business of the Company extended the good momentum of rapid growth from 2016 and made significant achievements in the areas of publishing capabilities, profitability and industry influence. As to market sales in 2017, the Company sold more than 100,000 copies under 34 genres of books, up by 183% as compared with that in the same period last year. Among which, more than 26 million copies of "Hilarious School Diaries" series published by Sichuan Youth and Children's Publishing House and more than 2 million copies of "PAW Patrol" series published by Sichuan Tiandi Publishing House were sold cumulatively.

During the Year, the value from the sales of general books under the publication segment amounted to RMB1,561 million. The sales revenue amounted to RMB576 million, up by 94.20% as compared with that in the same period last year. The cost of sales amounted to RMB390 million, up by 88.20% as compared with that in the same period last year. The gross profit margin was 32.36%, up by 2.15 percentage points from the same period last year.

(2) Distribution segment

Textbooks and supplementary materials distribution business

The provincial government of Sichuan has implemented a single source purchase policy regarding the supply of textbooks to primary and secondary school students during their compulsory education. Since 2008, the Company, being the supplier of the single source purchase, has been entering into the "purchase contract regarding free textbooks for students in rural villages during compulsory education" (農村義務教育階段學生免費教科書採購合同書) with Sichuan's provincial education office each year with respect to the details of single source purchase.

In 2017, 403,414,900 copies of textbooks and supplementary materials with sales value of RMB3,894 million were sold. The sales revenue amounted to RMB3,690 million, up by 11.31% as compared with that in the same period last year. The operating costs amounted to RMB2,264 million, up by 13.20% as compared with that in the same period last year. The gross profit margin was 38.66%, down by 1.03 percentage points from the same period last year.

General books distribution business

Currently, the overall general book market environment has been undergoing some changes. Given the technological changes, online-offline purchase experience is possible everywhere. A multi-segment scenario that features consumers has taken shape. The Company devoted proactive efforts to explore and innovate while achieving upgrade and transformation of business segments as well as enhancing operating results.

During the Reporting Period, 102,212,200 copies of general books with sales value of RMB3,382 million were sold by the Company. The sales revenue amounted to RMB2,151 million, up by 8.90% as compared with that in the same period last year. The operating costs amounted to RMB1,796 million, up by 10.34% as compared with that in the same period last year. The gross profit margin was 16.48%, down by 1.09 percentage points from the same period last year. The increase in sales revenue was mainly due to the ongoing growth of online sales.

With respect to online sales, the Group continued to optimise the multi-channel sales model in an effort to extend the supply chain. In 2017, the Company newly introduced nine online bookstores. Based on its existing product supply and marketing strengths in the online business, the Company actively carried out the online B2B sales. At present, the online B2B business covers most of the regions nationwide and has maintained business relationship with 78 customers. During the Year, the Company stepped up marketing efforts horizontally and vertically. Through initiating events such as Spring and Autumn School Semesters, Reading Festival, 1 June, Summer Holidays and 11 November, seasonal sales promotion grew by over 20%. At the same time, the Company adopted the integrated business model of Weibo, WeChat, Live and Group to push ahead the online-offline integrated marketing to achieve complementary strengths between online shops and offline outlets.

Based on the relevant information published by the State Administration of Radio, Film and Television in 2017, Winshare Online, for the first time, surpassed Amazon to become the third largest online book provider in China following Dangdang and Jingdong and was named among the "Top 10 Online Brands in Sichuan for 2017" by Sichuan E-Business Association.

During the Year, revenue from online sales amounted to RMB1,234 million. Among which, sales revenue secured through third-party e-commerce platforms amounted to RMB910 million, accounting for 73.73% of the total revenue of online sales business.

EXPENSES

During 2017, the selling expenses of the Company amounted to RMB893 million, which increased by 10.92% as compared with that in the same period last year but was lower than the growth of revenue. The expenses margin decreased by 0.51 percentage point as compared with that in the same period last year. The increase in total selling expenses was mainly due to the increase in handling fees as a result of the change in settlement method between the Company and Sanzhou Xinhua Bookstores, increase in advertising and promotion expenses as a result of increased marketing efforts and the increase in labour costs of sales personnel during the Year.

During 2017, the administrative expenses of the Company amounted to RMB1,071 million, which increased by 7.49% as compared with that in the same period last year but was lower than the growth of revenue. The expenses margin decreased by 1.10 percentage points as compared with that in the same period last year. The increase in total administrative expenses was mainly due to the growth in the labour costs and lease expenses.

During 2017, the finance cost of the Company amounted to RMB(24,360,300), as compared with RMB(8,948,700) in the same period last year, which was mainly due to the continued efforts of the Company to centralise funds of the Group and the increase in interest income from capital funds.

R&D COMMITMENTS

Breakdown of R&D commitments

	RMB
R&D expenses for the current period	4,762,048.88
R&D commitments capitalised for the current period	19,050,512.42
Total R&D commitments	23,812,561.30
Total R&D commitments as a percentage of revenue (%)	0.32
Total no. of R&D personnel of the Company	110
No. of R&D personnel as a percentage of total no. of personnel of the Company (%)	1.44
Percentage of R&D commitments capitalised (%)	80.00

The R&D expenses of the Company amounted to RMB23.81 million, up by 32.14% as compared with that in the same period last year, mainly due to the fact that the Company increased the R&D commitments in the digitalised education related products during the Year.

CASH FLOW

RMB

Item	2017	2016	Change	Analysis of major changes
Refund of taxes	29,900,529.02	57,323,319.75	(47.84)%	Mainly due to the refund of value-added tax paid amounting to approximately RMB17.25 million in prior years received by the Company in the prior year and the value-added tax under the levy first and refund later policy yet to be received by some general book publishing units in 2017
Other cash receipts relating to operating activities	57,301,876.32	96,352,312.32	(40.53)%	Mainly due to the decrease in government grants received by the Company and current accounts from last year
Cash received from recovery of investments	2,834,752,682.94	1,851,710,332.00	53.09%	Mainly due to the increase in recovery of capital-guaranteed banking and wealth management products due during the Year as compared with the same period last year, and the increase in cash flow from the subsequent disposal of 34% equity interest in Chengdu Xinhui (an associate) and 48% equity interest in Sichuan Wenzhuo (a joint venture)
Cash received from investment income	92,781,341.62	58,370,805.09	58.95%	Mainly due to the increase in dividend from investees and revenue from capital-guaranteed banking and wealth management products during the Year as compared with the same period last year
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	948,697.97	1,538,222.04	(38.33)%	Mainly due to the increase in cash inflow arising from disposal of fixed assets by Sichuan Xinhua Colour Printing Co., Ltd. (“**Xinhua Colour Printing**”), a subsidiary of the Company in the prior year
Net cash received from disposal of subsidiaries and other business units	66,946,783.23	–	N/A	Mainly due to the increase in net cash flow from the disposal of 85% equity interest in Huaying Winshare, a subsidiary, during the Year
Other cash receipts relating to investment activities	151,392,643.48	84,513,400.50	79.13%	Mainly due to the recovery of entrustment loans of RMB120 million from Sichuan Wenzhuo during the Year
Cash received from capital contribution	–	662,315,200.00	(100.00)%	Mainly due to the net proceeds of RMB645 million from the listing of A shares of the Company in the prior year
Other cash payments relating to investment activities	–	313,828,538.98	(100.00)%	Mainly due to the addition of term deposits of three months or above in the prior year
Other cash receipts relating to financing activities	10,423,573.81	18,962,050.26	(45.03)%	Mainly due to the decrease in government grants received by the Company in relation to assets from last year
Cash paid for distribution of dividend or profit and for interest expense	502,733,430.03	237,702,136.60	111.50%	Mainly due to the payment of part of the dividend declared by the Company in December 2016 during the Year
Other cash payments relating to financing activities	69,271,000.00	8,640,101.94	701.74%	Mainly due to the payment of RMB69,271,000 with respect to the acquisition of 35% minority interest in Xinhua Colour Printing, a subsidiary, during the Year

INVESTMENT INCOME

During the Year, the investment income of the Group amounted to RMB272 million, up by 319.56% from RMB65 million in the same period last year, mainly due to the increase in net gain on disposal of 48% equity interest in Sichuan Wenzhuo (a joint venture), 34% equity interest in Chengdu Xinhui (an associate) and 85% equity interest in Huaying Winshare (a subsidiary) during the Year.

OTHER INCOME AND NON-OPERATING INCOME

During the Year, other income amounted to RMB65,255,200 and non-operating income amounted to RMB8,691,700 (2016: RMB120,568,600). Pursuant to the revised ASBE 16 – Government Grants, with effect from 1 January 2017, the accounting treatment for government grants relating to the daily operating activities of the Company is changed from "non-operating income" to "other income". Accordingly, the figures are not comparable with that in the same period last year.

PROFIT

Net profit for the Year of the Group amounted to RMB916 million, up by 45.46% from that in the same period last year. Net profit attributable to the shareholders of the Company amounted to RMB924 million, up by 42.69% from that in the same period last year. Excluding non-recurring gain or loss, net profit attributable to the shareholders of the Company amounted to RMB726 million, up by 18.15% from that in the same period of last year.

EARNINGS PER SHARE

Earnings per share is calculated based on the net profit attributable to the shareholders of the Company for the Year divided by the weighted average number of the ordinary shares in issue during the Year. During the Year, earnings per share of the Group amounted to RMB0.75, which increased by 36.36% as compared with RMB0.55 in the same period last year. For details regarding the calculation of earnings per share, please refer to note 23 to the consolidated financial statements in this results announcement.

ASSETS AND LIABILITIES ANALYSIS

The position of assets and liabilities is as follows:

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 last year	Amount as at the 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 last year (%)	Remark
Receivables	1,278,160,854.76	10.40	801,178,862.51	6.54	59.54	Mainly due to the increase in receivables from the digitalised education service and equipment business, general book publication business and library distribution business from the beginning of the Year
Interest receivables	10,789,780.86	0.09	714,789.56	0.01	1,409.50	Mainly due to the increase in interest accrued on the lump sum fixed deposits repayment
Other receivables	98,565,134.63	0.80	70,041,693.67	0.57	40.72	Mainly due to the increase in security deposit paid in the tender for projects under the digitalised education service business
Non-current assets due within one year	280,000,000.00	2.28	120,000,000.00	0.98	133.33	Closing balance amounting to RMB280 million refers to the two-year bank deposits; whereas opening balance amounting to RMB120 million refers to the entrustment loans to Sichuan Wenzhuo, both were recovered during the Year
Long-term receivables	194,801,883.56	1.59	134,581,582.86	1.10	44.75	Mainly due to increase in the receivables that are settled by instalment payment as a result of the expansion of the education equipment business and digitalised education service business
Long-term equity investments	356,585,702.56	2.90	685,192,748.42	5.59	(47.96)	Mainly due to the disposal of 34% equity interest in Chengdu Xinhui (an associate) and 48% equity interest in Sichuan Wenzhuo (a joint venture) during the Year
Construction in progress	622,149,298.16	5.06	460,203,701.05	3.76	35.19	Mainly due to the increase in investment in infrastructure projects such as the publishing and media creativity centre

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 last year	Amount as at the 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 last year (%)	Remark
Development cost	44,550,953.70	0.36	10,944,702.55	0.09	307.05	Mainly due to the Company's increase in R&D investment in the digitalised education service business
Other non-current assets	133,503,704.60	1.09	413,198,913.58	3.37	(67.69)	Mainly due to the re-classification of the fixed bank deposits amounting to RMB280 million included in the opening balance to non-current assets due within one year
Notes payable	60,855,873.00	0.50	12,584,784.00	0.10	383.57	Mainly due to the increase in settlement by notes in the digitalised education service business
Dividends payable	202,228.29	0.00	132,581,130.00	1.08	(99.85)	Mainly due to the payment of dividend declared at the beginning of the Year but not yet paid during the Year
Deferred income tax liabilities	43,830,724.30	0.36	33,722,112.47	0.28	29.98	Mainly due to the increase in fair value change of available-for-sale financial assets
Other comprehensive income	1,230,619,792.07	10.02	2,045,820,792.23	16.69	(39.85)	Mainly due to the fair value change of shares held in Wan Xin Media by the Company amounting to RMB871,233,600
Minority interests	(70,479,484.720	(0.57)	(41,213,009.74)	(0.34)	71.01	Mainly due to the acquisition of 35% equity interest in Xinhua Colour Printing from the minority shareholders during the Year

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2017, the Group had cash and short-term deposits of approximately RMB1,886 million (31 December 2016: RMB1,695 million). The Group did not have any interest-bearing bank and other borrowings.

As at 31 December 2017, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 35.24%, as compared with 32.32% as at 31 December 2016. The Group's overall financial structure remained relatively stable.

General particulars of entrusted wealth management

On 26 October 2017, the 10th meeting of the fourth session of the Board in 2017 was convened by the Company at which the *Resolution regarding the Grant of Authorisation to Use Idle Funds to Purchase Wealth Management Products* was considered and approved, pursuant to which the Group is authorised to use idle funds of no more than RMB1,300 million to purchase wealth management products. On 31 December 2017, all of the bank wealth management products purchased by the Group amounting to RMB1,203,600,000 were bank guaranteed wealth management products due within one year.

RMB

Type	**Source of funding**	**Amount incurred**	**Balance not yet due**	**Amount due but not yet recovered**
Wealth management	Internal funding	1,203,600,000.00	1,157,800,000.00	0

CONTINGENT LIABILITIES

As at 31 December 2017, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 31 December 2017, the Group's pledged deposit balance amounted to RMB18,634,800 (31 December 2016: RMB6,815,900) as security deposits placed with the bank for the issuance of the bank's acceptance bill. Save as the above assets, the Group did not have any other assets under pledge or guarantee.

FOREIGN EXCHANGE RISK

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

WORKING CAPITAL MANAGEMENT

	31 December 2017	31 December 2016
Current ratio	**1.6**	1.4
Inventory turnover days	**127.6 days**	136.6 days
Trade receivables turnover days	**51.7 days**	42.0 days
Trade payables turnover days	**225.8 days**	241.0 days

As at 31 December 2017, the current ratio of the Group was 1.6. During the Year, inventory turnover days were 127.6 days; trade payables turnover days were 225.8 days; which remained basically the same as those as at 31 December 2016. Trade receivables turnover days were 51.7 days, up by 9.7 days from trade receivables turnover days of 42.0 days as at 31 December 2016, mainly due to the increase in trade receivables from the digitalised education service and equipment business, library distribution business and general book publication business. The above indicators reflect that the operations of the Company are relatively stable. The turnover days of inventory, trade receivables and trade payables are in line with the publication and distribution business and the industry features.

OVERVIEW OF MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the Year, 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 wholly-owned subsidiary of the Company, worked with BLOGIS Holdings Limited and Chengdu Longchuang Investment Management Centre LLP to jointly establish Sichuan Winshare BLOGIS Supply Chain Co., Ltd., having a registered capital of RMB100 million. Wenchuan Logistics proposed to contribute land and cash totalling RMB45 million for the acquisition of 45% equity interest. During the Year, Wenchuan Logistics completed all the contribution.

To smoothly push ahead the operation of the "Western Logistics Network Development" project of Wenchuan Logistics, a wholly-owned subsidiary of the Company, the Company decided to increase the capital of Wenchuan Logistics by RMB250 million in cash. As at 31 December 2017, the Company completed the transfer of investment capital. Upon completion of capital increase, the registered capital of Wenchuan Logistics changed to RMB350 million.

To revitalise the publishing business, during the Year, the Company made capital increase totalling RMB157,634,700 to its publishing houses. Of which, the Company made capital increase of RMB128,634,700 to Sichuan Tiandi Publishing House Co., Ltd.

Given the favourable location of the land owned by Xinhua Colour Printing with greater development value and expected appreciation potential, the Company decided to acquire 35% equity interest in Xinhua Colour Printing held by Chengdu Junqu Printing Co., Ltd. at RMB69,271,000 as financed by internal funds. On 25 July 2017, the Company completed the procedures for change of registration in relation to the acquisition of equity interest. Therefore, Xinhua Colour Printing becomes a wholly-owned subsidary of the Company..

During the Year, to optimise the resource allocation of the Company, the Company transferred 48% equity interest in Sichuan Wenzhuo by way of public listing at the transfer price of RMB423,529,400 and recognised a gain of RMB118,588,600. The transfer related procedures have been completed.

To focus on the development of the principal businesses of publishing and media, the Company proposed to transfer 85% equity interest in Huaying Winshare to Sichuan Xinhua Publishing Group, the controlling shareholder of the Company at the consideration of RMB115,803,300. Upon completion of transfer, the equity interest held by the Company in Huaying Winshare will decrease from 100% to 15%. The transfer related procedures have been completed.

In addition, the Company also disposed of 34% equity interest in Chengdu Xinhui by way of public listing at the consideration of RMB141,920,700 and recognised a gain of RMB18,165,000. The transfer related procedures have been completed.

The Company subscribed 80,000,000 additional shares of Bank of Chengdu at the consideration of RMB240,000,000 in cash in December 2007. As at 31 December 2017, the shareholding of the Company in Bank of Chengdu was 2.46%. During the Year, a dividend amounting to RMB20,000,000 was received from Bank of Chengdu. On 31 January 2018, Bank of Chengdu was listed on the Shanghai Stock Exchange at the offer price of RMB6.99 per share. Upon listing, the shareholding of the Company has changed from 2.46% to 2.21% with lock-up period until 31 January 2019. On 27 March 2018, the closing price of the shares of Bank of Chengdu was RMB10.89 per share.

During the Year, the Company received a dividend of RMB19,942,400 from Wan Xin Media, an investee of the Company. Based on the market capitalisation as at 31 December 2017, the market capitalisation of shares held in Wan Xin Media by the Company decreased by approximately RMB871,000,000 from that as at 31 December 2016.

In addition, the Company also received a dividend for 2016 of RMB2,560,000, RMB5,085,500 and RMB7,192,700 respectively from Ren Min Eastern (Beijing) Book Industry Co., Ltd., CITIC Buyout Fund and Qingdao Jinshi Fund.

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

During the Year, details of the external investments made by the Company and Winshare Investment are set out in notes 8 and 9 to the consolidated financial statements in this results announcement.

Information of the major subsidiaries

RMB10,000

Name of subsidiary	Nature of business	Shareholding percentage (%)	Registered capital	2017 Revenue	2017 Net profit	As at 31 December 2017 Total assets	As at 31 December 2017 Net assets
Sichuan Education Publishing House Co., Ltd.	Publishing and wholesaling of publications and related publications	100	1,000.00	63,208.69	25,545.61	99,012.45	58,871.93
Sichuan Publication Printing Co., Ltd.	Publishing and wholesaling of publications and related publications	100	5,000.00	26,873.29	8,320.68	71,833.58	56,113.93
Sichuan Printing Materials Co., Ltd.	Provision of printing related materials	100	3,000.00	47,388.01	101.66	37,402.01	3,968.81
Sichuan Winshare Education Technology Co., Ltd.	Software development and sales of electronic equipment	100	33,000.00	55,326.27	231.98	88,111.93	33,549.83
Sichuan Winshare Online E-commerce Co., Ltd.	Online sales of various products	75	6,000.00	118,236.55	(1,407.20)	40,842.97	(8,314.44)

FUTURE PROSPECTS

(I) Growth strategy

Holding on to its principal business of publishing and media, the Company will capitalise on the growth trends of the international cultural industry and centre around the big culture consumption service as driven by the "Internet+capital" transformation. With the goal of becoming an internationally influential comprehensive cultural service group, the Company will, through adopting the all-variety, all-customer service and all-channel coverage, endeavour to refine the development of its content resources product line, enhance the integrated education service industry chain and build a big culture consumption eco-circle to develop itself into the most innovative and fast growing publishing and media enterprise in China.

(II) Operating plans

1. Continue to "revitalise the publishing sector in Sichuan" as its core and principal business, encourage the publishing community to seize content resources, plan key publishing projects and build a famous publishing brand. At the same time, it will step up the external investment in publishing resources, enhance the publishing resource utilisation rate and improve the incentive system and talent training system to ensure the high quality development of the book publishing business. It will promote the integrated development between traditional publishing and emerging publishing to build a modern publishing system.

2. Optimise the integration between new outlets and existing network, continue to set up a layout as a multi-brand operator and implement key projects including the reform and upgrade of Tian Fu Book City and the development of Kids Winshare global centre outlet; continue to improve the development of the e-commerce platform and supply chain synergistic platform to better enhance user shopping experience and industry information exchange service; continue to expand the digitalised development of channels and build an online-offline integrated development system based on the Internet and Internet of Things.

3. Strengthen the publication and distribution business of textbooks and supplementary materials to consolidate the traditional principal business; accelerate the development of digitalised education and promote co-development and sharing of education resources by capitalising on the development trends of the education service industry after the 19th National Congress; step up efforts to develop new businesses including education equipment and subject classroom and innovate the product dynamics and service model of online education.

4. Continue enhance the internal logistics service capabilities and support the rapid development of the publication business and channel business; further improve the third-party logistics operation system, adjust the third-party business structure, focus on key industries to steadily commence the third-party business.

5. Adjust the supply chain structure of printing and supplies, avoid systematic risks of paper platform and minimise the cost risks associated with rising paper price.

6. Fully capitalise on the capital operations platform to seek social resources and promote development of principal businesses by grafting and integration of the external resources and business segments; build a fund base and nurture cultural industry projects with comparative advantages to achieve synergistic development between industrial operations and capital operations.

(III) 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 operating conditions of the Company will be adversely affected. For example, pursuant to the Notice of Continuing Preferential Policies for Value-Added Tax and Business Tax on Cultural Promotion (Cai Shui [2013] No.87) issued by the Ministry of Finance and the State Administration of Taxation, the policy on preferential value-added tax was expired on 31 December 2017. Currently, no new preferential tax policy has been issued by the State.

Since October 2016, paper price has soared rapidly. In 2017, paper price increased by approximately 50% and the average price of the consumables such as ink and board materials increased by approximately 10%. If such trend is not reversed in the future, the operating costs of the publication and distribution business as well as the printing business of the Company will increase, which continue to increase the pressure on the cash flow and thus affecting the profitability and cash flow of the Company.

To accelerate its development, the Company has formulated sound business objectives and optimised the operating plans, as well as structured a strict 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 manages and monitors the risk exposure to ensure these risks are controlled at a limited level.

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving sound corporate governance, continuously perfecting and optimising the internal control system of the Company. The Company has adopted and complied with all applicable code provisions of the Corporate Governance Code and the Corporate Governance Report as set out in Appendix 14 to the Listing Rules during the Year.

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

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

AUDIT COMMITTEE

The Company has established the audit committee (the "**Audit Committee**") in compliance with Rules 3.21 and 3.22 of the Listing Rules with specific written terms of reference.

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2017, the Group had a total of 7,642 (31 December 2016: 7,743) employees.

The Company improves its employee remuneration policies and remuneration management system continuously, by which it has established an incentive mechanism that aligns employees' remuneration to the Company's development. The standard remuneration package of the Company includes basic salary, performance-based bonus and benefits. Pensions, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing welfare funds, corporate annuity, etc. are available to the employees.

For the year ended 31 December 2017, the Group made post-retirement plan contributions and corporate annuity scheme contributions of RMB116,080,000 (2016: RMB112,790,000 million) in aggregate for its employees.

The Group attaches great important to the growth and development of employees and endeavours to provide training and opportunities for exchange to help them enhance their professional skills and expand their areas of expertise. Based on the objectives and requirements of personnel training that are in line with the corporate strategies, the Company strengthens the training of the talent pool reserves of the Company starting from key positions. During the Year, the Company successfully applied for the establishment of a post-doctoral innovation practice base to build a platform for introducing and nurturing talents. As to the contents of employee training, the Company strives to help the management expand their business horizon and enhance their business and operational capabilities. At the same time, the Company plans and implements various themed employee ability development activities based on the business development requirements of capabilities and qualities for different levels in order to drive business development with employee capabilities and qualities. During the Year, it organised approximately 120 training seminars on management capability enhancement, Winshare Big Lecture and various business skills to integrate its organisational capabilities into various training programmes.

Adhering to the "people-oriented" human resources principle, the Company continues to improve the human resources management system so as to grow and progress with its employees and to maintain good relationship with its employees.

DIVIDEND

The Board has proposed the distribution of dividend for the year ended 31 December 2017 of RMB0.30 (tax inclusive) per share, totalling RMB370,152,300.00 (tax inclusive) (2016: RMB0.30 per share) (the "**Dividend for 2017**"). Dividends payable to A shareholders will be made and paid in RMB, whereas dividends payable to the H shareholders will be declared in RMB and payable in Hong Kong dollars, the exchange rate of which would be calculated based on the average exchange rate published by the People's Bank of China during the week preceding the 2017 AGM.

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

Pursuant to the letter titled the "Tax arrangements on dividends paid to Hong Kong residents by mainland companies" issued by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") to the issuers on 4 July 2011 and the "State Administration of Taxation Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045" (Guo Shui Han [2011] No. 348), it is confirmed that the overseas resident individual shareholders holding the stocks issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax arrangements between the countries where they reside and China or the tax arrangements between China mainland and Hong Kong (Macau). Therefore, the Company will withhold 10% of the dividend as individual income tax, unless it is otherwise specified by the relevant tax regulations and tax agreements, in which case the Company will withhold individual income tax of such dividends in accordance with the tax rates and according to the relevant procedures as specified by the relevant regulations.

The proposed Dividend for 2017 is subject to the approval by the shareholders at the forthcoming 2017 AGM of the Company.

H shareholders whose names appear on the register of members of the Company after the close of business on 27 April 2018 are entitled to attend and vote at the 2017 AGM. H shareholders whose names appear on the register of members of the Company on the Dividend Entitlement Date are entitled to the Dividend for 2017 of the Company (if approved by the shareholders).

H shareholders are advised to consult their own professional advisers about the tax effect in China, Hong Kong and/or other countries (regions) in respect of owning and disposal of H shares if they are in any doubt as to the above arrangements.

Shareholders should read this paragraph carefully. Should there be anyone who intends to change his/her identity as a shareholder, please seek advice on the relevant procedures from the nominees or trustees. The Company is neither obliged nor responsible for ascertaining the identities of the shareholders. In addition, the Company will withhold corporate income tax and individual income tax in strict compliance with the relevant laws or regulations and the registered information on the H share register of members as at the Dividend Entitlement Date, and will not entertain or assume responsibility for any requests or claims in relation to any delay or inaccuracies in ascertaining the identity of the shareholders or any disputes over the arrangements for withholding the corporate income tax and individual income tax.

2017 AGM

The 2017 AGM will be held at Sichuan Xinhua International Hotel, No. 8 Guzhongshi Street, Chengdu, Sichuan, the PRC (中國四川省成都市古中市街8號四川新華國際酒店) on 30 May 2018. Details of the 2017 AGM will be set out in the notice of 2017 AGM to be despatched by the Company in due course. Such notice will also be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.winshare.com.cn).

CLOSURES OF REGISTER OF MEMBERS FOR H SHARES

In order to ascertain the shareholders who are entitled to attend 2017 AGM and to receive the Dividend for 2017 (if approved by the shareholders), the register of members for H shares will be closed by the Company during the following periods:

To ascertain the H shareholders who are qualified to attend and vote at the 2017 AGM:

Latest time for lodging transfers of H shares	4:30 p.m., Friday, 27 April 2018
Closure of register of members for H shares	from Monday, 30 April 2018 to Wednesday, 30 May 2018 (both days inclusive)
Date for the 2017 AGM	Wednesday, 30 May 2018

To ascertain the H shareholders who are entitled to the proposed Dividend for 2017:

Latest time for lodging transfers of H shares	4:30 p.m., Tuesday, 5 June 2018
Closure of register of members for H shares	from Wednesday, 6 June 2018 to Monday, 11 June 2018 (both days inclusive)
Dividend Entitlement Date	Monday, 11 June 2018

In order for the H shareholders to qualify to attend and vote at the 2017 AGM and to receive the Dividend for 2017 (if approved by the shareholders) proposed by the Company, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before the abovementioned deadlines for lodging the transfer documents.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement of the Company for the Year is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.winshare.com.cn), and the annual report of the Company for 2017 (including the audited financial statements) will be despatched to the shareholders on or before 30 April 2018 and will be published on the Stock Exchange's website and the Company's website.

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

Sichuan, the PRC
28 March 2018

As at the date of this announcement, the Board comprises (a) Mr. He Zhiyong, Mr. Chen Yunhua 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, Ms. Xiao Liping and Mr. Fang Bingxi as independent non-executive Directors.

* *For identification purposes only*