WIN SHARE

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

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

(Stock Code: 811)

2018 INTERIM RESULTS ANNOUNCEMENT

The board (the "**Board**") of directors (the "**Director(s)**") of Xinhua Winshare Publishing and Media Co., Ltd.* (新華文軒出版傳媒股份有限公司) (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2018 (the "**Period**") prepared in accordance with the relevant requirements of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), together with the comparative figures for the corresponding period of 2017.

CONSOLIDATED BALANCE SHEET

At 30 JUNE 2018

RMB

ITEM	*Notes*	30/6/2018 (Unaudited)	31/12/2017 (Audited)
Current Assets:			
Cash and bank balances		**2,046,910,443.31**	1,885,682,217.83
Held-for-trading financial assets	*5*	**1,183,937,810.81**	N/A
Notes receivable and accounts receivable	*6*	**1,677,740,662.82**	1,280,220,854.76
Prepayments		**108,749,405.65**	79,865,675.12
Other receivables		**140,828,952.13**	109,354,915.49
Inventories	*7*	**1,753,943,600.04**	1,764,445,460.22
Other current assets		**82,908,605.80**	1,184,329,531.05
Non-current assets due within one year		**280,000,000.00**	280,000,000.00
Total Current Assets		**7,275,019,480.56**	6,583,898,654.47

RMB

ITEM	*Notes*	**30/6/2018 (Unaudited)**	31/12/2017 (Audited)
Non-current Assets:			
Available-for-sale financial assets		**N/A**	2,116,088,000.42
Long-term receivables		**216,456,656.17**	194,801,883.56
Long-term equity investments	*8*	**363,154,282.94**	356,585,702.56
Other equity instrument investments	*9*	**1,601,749,935.68**	N/A
Other non-current financial assets	*10*	**542,272,940.01**	N/A
Investment properties		**69,029,698.73**	70,688,502.05
Fixed assets	*11*	**1,283,188,771.55**	1,293,739,079.58
Construction in progress		**627,275,156.77**	622,149,298.16
Intangible assets		**341,570,650.41**	340,754,220.83
Development cost		**35,227,296.09**	44,550,953.70
Goodwill		**500,590,036.14**	500,590,036.14
Long-term prepaid expenses		**24,767,999.06**	19,098,549.65
Deferred tax assets		**9,243,347.45**	10,257,055.60
Other non-current assets		**139,027,445.14**	133,503,704.60
Total Non-current Assets		**5,753,554,216.14**	5,702,806,986.85
TOTAL ASSETS		**13,028,573,696.70**	12,286,705,641.32

RMB

ITEM	*Notes*	**30/6/2018 (Unaudited)**	31/12/2017 (Audited)
Current Liabilities:			
Notes payable and accounts payable	*12*	**3,688,823,071.12**	3,144,291,382.23
Advance from customers		**–**	310,646,140.33
Contract liabilities	*13*	**354,071,632.98**	N/A
Employee benefits payable		**190,027,386.74**	322,778,103.03
Taxes payable		**25,587,707.53**	42,878,058.50
Other payables	*14*	**423,784,000.40**	264,369,944.04
Deferred income		**98,247,919.87**	102,969,706.98
Other current liabilities		**6,957,992.20**	–
Provisions		**61,258,545.26**	11,891,779.02
Total Current Liabilities		**4,848,758,256.10**	4,199,825,114.13
Non-current Liabilities:			
Deferred tax liabilities		**37,824,115.73**	43,830,724.30
Deferred income		**78,129,367.75**	86,227,572.50
Total Non-current Liabilities		**115,953,483.48**	130,058,296.80
TOTAL LIABILITIES		**4,964,711,739.58**	4,329,883,410.93
Shareholders' Equity:			
Share capital	*15*	**1,233,841,000.00**	1,233,841,000.00
Capital reserve		**2,572,587,684.82**	2,572,587,684.82
Other comprehensive income	*22*	**1,170,947,145.52**	1,230,619,792.07
Surplus reserve		**625,743,635.42**	625,743,635.42
Unappropriated profits	*16*	**2,543,658,902.10**	2,364,509,602.80
Total Shareholder's Equity Attributable to equity holders of the Company		**8,146,778,367.86**	8,027,301,715.11
Non-controlling Interests		**(82,916,410.74)**	(70,479,484.72)
TOTAL SHAREHOLDERS' EQUITY		**8,063,861,957.12**	7,956,822,230.39
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**13,028,573,696.70**	12,286,705,641.32

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2018

RMB

ITEM	*Notes*	**Amount recognized in the current period (Unaudited)**	Amount recognized in the prior period (Unaudited)
I. Total operating income	*17*	**3,577,678,699.56**	3,186,015,247.21
Less: Operating costs	*17*	**2,240,412,062.70**	2,026,412,232.84
Taxes and levies		**16,136,796.86**	16,258,587.92
Selling expenses		**484,307,612.41**	414,997,707.05
Administrative expenses		**443,430,377.63**	429,531,967.80
Research and development expenditure		**8,856,046.95**	1,089,474.17
Financial expenses		**(12,254,208.92)**	(9,102,091.09)
Including: Interest income		**(14,742,646.37)**	(11,210,209.15)
Impairment losses of assets		**5,796,336.83**	49,380,503.20
Loss on credit impairment		**48,365,598.71**	N/A
Add: Other income	*18*	**26,218,522.67**	42,115,767.43
Investment income	*19*	**78,733,633.70**	202,375,080.84
Including: Income from investments in associates and joint ventures		**2,209,094.82**	2,073,717.62
Gains (losses) from changes in fair values		**(12,654,946.22)**	25,983.57
Gains from disposal of assets		**1,412,396.50**	44,485.74
II. Operating profit		**436,337,683.04**	502,008,182.90
Add: Non-operating income		**4,761,835.99**	1,705,906.97
Less: Non-operating expenses		**8,966,857.21**	17,672,450.65
III. Total profit		**432,132,661.82**	486,041,639.22
Less: Income tax expenses	*21*	**(3,671,853.55)**	702,444.17
IV. Net profit		**435,804,515.37**	485,339,195.05
(I) Categorized by the nature of continuing operation			
1. Net profit from continuing operations		**435,804,515.37**	485,339,195.05
(II) Categorized by ownership:			
Non-controlling interests		**(13,091,926.02)**	(12,585,707.21)
Net profit attributable to shareholders of the Company		**448,896,441.39**	497,924,902.26
V. Other comprehensive income, net of tax	*22*	**(239,323,488.64)**	(469,373,421.04)
Other comprehensive income attributable to shareholders of the Company, net of tax		**(239,323,488.64)**	(469,373,421.04)
(I) Other comprehensive income not recycled to profit or loss			
1. Changes in fair value of other equity instrument investments		**(239,323,488.64)**	N/A
(II) Other comprehensive income to be recycled to profit or loss			
Profit or loss on changes in fair value of available-for-sale financial assets		**N/A**	(469,373,421.04)
VI. Total comprehensive income:		**196,481,026.73**	15,965,774.01
Total comprehensive income attributable to shareholders of the Company		**209,572,952.75**	28,551,481.22
Total comprehensive income attributable to non-controlling interests		**(13,091,926.02)**	(12,585,707.21)
VII. Earnings per share			
Basic earnings per share	*23*	**0.36**	0.40
Diluted earnings per share		**N/A**	N/A

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2018

RMB

ITEM	*Notes*	**Amount recognized in the current period (Unaudited)**	Amount recognized in the prior period (Unaudited)
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		**3,503,153,447.53**	3,167,470,586.80
Receipts of tax refunds		**389,830.15**	27,852,828.00
Other cash receipts relating to operating activities		**49,398,708.88**	15,931,034.78
Sub-total of cash inflows from operating activities		**3,552,941,986.56**	3,211,254,449.58
Cash payments for goods purchased and services received		**2,002,142,450.45**	2,235,565,665.69
Cash payments to and on behalf of employees		**602,827,277.51**	487,067,045.71
Payments of various types of taxes		**61,008,916.48**	87,374,681.25
Other cash payments relating to operating activities		**443,694,889.05**	438,251,382.95
Sub-total of cash outflows from operating activities		**3,109,673,533.49**	3,248,258,775.60
Net Cash Flow from Operating Activities		**443,268,453.07**	(37,004,326.02)
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		**1,326,246,610.95**	1,663,713,845.99
Cash receipts from investment income		**55,335,759.20**	67,290,090.51
Cash receipts from interest of entrusted loans		**–**	1,180,018.10
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		**2,359,355.43**	509,150.56
Net cash receipts from disposals of subsidiaries and other business units		**–**	133,011,272.71
Other cash receipts relating to investing activities		**20,000,000.00**	150,212,625.38
Sub-total of cash inflows from investing activities		**1,403,941,725.58**	2,015,917,003.25
Cash payments to acquire or construct fixed assets, construction in process,intangible assets and other long-term assets		**54,974,881.07**	123,579,873.30
Cash payments to acquire investments		**1,356,995,816.49**	1,241,635,734.89
Other cash payments relating to investing activities		**–**	96,945,492.87
Sub-total of cash outflows from investing activities		**1,411,970,697.56**	1,462,161,101.06
Net Cash Flow from Investing Activities		**(8,028,971.98)**	553,755,902.19

RMB

ITEM	*Notes*	**Amount recognized in the current period (Unaudited)**	Amount recognized in the prior period (Unaudited)
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		**655,000.00**	–
Including: cash receipts from capital contributions from non-controlling shareholders of subsidiaries		**655,000.00**	–
Other cash receipts relating to financing activities		**12,545.29**	123,573.81
Sub-total of cash inflows from financing activities		**667,545.29**	123,573.81
Cash payments for distribution of dividends or settlement of interest expenses		**249,250,981.29**	370,152,300.00
Cash payments to acquire non-controlling interests			48,489,700.00
Sub-total of cash outflows from financing activities		**249,250,981.29**	418,642,000.00
Net Cash Flow from Financing Activities		**(248,583,436.00)**	(418,518,426.19)
IV. Net Increase in Cash and Cash Equivalents		**186,656,045.09**	98,233,149.98
Add: Opening balance of Cash and Cash Equivalents		**1,825,572,649.15**	1,634,167,257.70
V. Closing Balance of Cash and Cash Equivalents		**2,012,228,694.24**	1,732,400,407.68

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

1. BASIC INFORMATION ABOUT THE COMPANY

The Company was registered at Sichuan Administration for Industry and Commerce on 11 June 2005 with the registered capital of RMB733,370,000.

The Company publicly offered 401,761,000 shares of overseas listed foreign shares (including overallotment) ("**H Shares**") at Hong Kong Stock Exchange on 30 May 2007. The share's par value was RMB1.00 and its issue price was HKD5.80, the raised funds totaled HKD2,330,213,800.00. Accordingly, the registered capital changed into RMB1,135,131,000.00.

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 shares of A share at Shanghai Stock Exchange on 8 August 2016, the par value was RMB1.00 and its issue price was RMB7.12 per share. Upon the completion of IPO, 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 No. 1, 1/F, Block 4, No. 239, Jinshi Road, Jinjiang District, Chengdu City, Sichuan Province. The headquarters is located at No.6 Wenxuan Road, Rongbei Shangmao Avenue, Jinniu District, Chengdu, Sichuan Province.

The Group is mainly engaged in: sales of books, newspapers, journals, electronic publications; wholesale of audio-visual products (for exclusive purpose of chain store); 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, solely operated by 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 licenses). 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; education ancillary services, catering business and ticketing agency. (the items above exclude pre-licensing items while the post-licensing items are subject to the approval of licenses and shall be operated according to the licenses)

The parent company of the Company is Sichuan Xinhua Publishing Group. The State-owned Assets Supervision and Administration Commission of Sichuan Province ("**Sichuan SASAC**"), in compliance with instructions of Sichuan Provincial People's Government, incorporated 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 Sichuan SASAC, so the Company is actually controlled by Sichuan SASAC.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

The Group has adopted the *Accounting Standards for Business Enterprises* ("**ASBE**") and relevant regulations issued by the Ministry of Finance ("**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.*

Going concern

The Group assessed its ability to continue as a going concern for the 12 months subsequent to 30 June 2018, and found no events or circumstances that may cast significant doubts upon it. Hence, the financial statements have been prepared on going concern basis.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Revenue Standard

The Group has adopted the ASBE No.14 – Revenue amended by MoF in 2017 (hereinafter by referred to as the "New Revenue Standard" "while the "Original Revenue Standard" refers to the revenue standard prior to amendment) – since 1 January 2018. The New Revenue Standard has introduced a 5-step method for recognition and measurement of revenue and added more instructions on specific transactions (or events). The New Revenue Standard requires the entity to adjust the retained earnings at the beginning of initial adoption (i.e. 1 January 2018) of the New Revenue Standard for the cumulative affected figures and amounts of other relative items in the financial statements, and need not to adjust information in comparable period. Upon the implementation of the New Revenue Standard, the Group only adjusts the accumulated effects on the contracts not completed yet on the initial implementation date.

(1) Besides provision of more widen disclosures of revenue transactions, effects of implementation of the New Revenue Standard on relevant items of balance sheet at the beginning of the current period are as follows:

RMB

Item	31 December 2017	Reclassification	1 January 2018
Current assets:			
Other current assets *(note 1)*	1,184,329,531.05	42,946,827.33	1,227,276,358.38
Current liabilities:			
Contract liabilities *(note 2)*	–	321,443,922.21	321,443,922.21
Advance from customers *(note 2)*	310,646,140.33	(310,646,140.33)	–
Provisions *(note 1)*	11,891,778.99	42,946,827.33	54,838,606.32
Deferred income *(note 2)*	102,969,706.98	(10,797,781.88)	92,171,925.10

Note 1: In accordance with the New Revenue Standard, the Group recognizes liabilities based on the amount to be refunded for sales return as expected in respect of the sales with returns terms attached; meanwhile, the Group recognizes an asset based on the balance of the carrying amount upon transferring the merchandise to be returned as expected deducting the cost anticipated to recover it (including the value impairment for returns of the merchandise). However the Group does not recognize an asset upon the merchandise to be retuned as expected under the Original Revenue Standard. The adjustment on the difference between the New Revenue Standard and Original Revenue Standard increases other current assets (returns cost receivable) and provisions (returns provision payable).

Note 2: In accordance with the New Revenue Standard, the Group reclassifies the advance payments originally recognized in receipts in advance and the accumulated points of membership cards originally recognized in deferred income to contract liabilities. For the details of contract liabilities, please refer to note 13.

(2) Effects of the adoption of the New Revenue Standard on relevant items in the financial statements for the current period comparing with those from the adoption of the Original Revenue Standard:

Balance sheet

RMB

Item	Under New Revenue Standard 30/6/2018	Adjustment	Under Original Revenue Standard 30/6/2018
Current assets:			
Other current assets	**82,908,605.80**	**(47,904,396.05)**	**35,004,209.75**
Current liabilities			
Contract liabilities	**354,071,632.98**	**(354,071,632.98)**	**–**
Advance from customers	**–**	**342,751,871.18**	**342,751,871.18**
Provisions	**61,258,545.26**	**(47,904,396.05)**	**13,354,149.21**
Deferred income	**98,247,919.87**	**11,319,761.80**	**109,567,681.67**

In comparison with the Original Revenue Standard, there is no effect on the income statement for the current period from the implementation of the New Revenue Standard.

Financial Instruments Standards

The Group implements ASBE No. 22 – *Financial Instrument: Recognition and Measurement, ASBE No. 23 – Transfer of Financial Assets, ASBE No. 24 – Hedging Accounting and ASBE No. 37 – Financial Instrument: Presentation* (hereinafter referred to as "New Financial Instrument Standard") modified by the MoF from 1 January 2018.

For classification and measurement of financial assets, the New Financial Instrument Standard requires that the financial assets should be classified into three categories: "financial assets measured at amortized cost", "financial assets at fair value through other comprehensive income ("**FVTOCI**")" and "financial assets at fair value through profit or loss ("**FVTPL**")" based on characteristics of contractual cash flows and business models for the enterprise to manage these assets. The original categories including loans and receivables, held-to-maturity investments and available-for-sale financial assets have been cancelled. Investments in equity instrument are generally categorized into financial assets at FVTPL. The enterprise is also allowed to designate the non-trading equity instruments as financial assets at FVTOCI, but such designation is non-cancellable, and the cumulative amounts of changes in fair value previously recognized in other comprehensive income shall not be carried forward in profit or loss for the period at disposal of the financial assets.

For impairment of financial assets, the New Financial Instrument Standard on impairment are applicable to financial assets measured at amortized cost and at FVTOCI, lease receivables, accounts receivable, contract assets and the specific but not withdrawn loan commitment and financial guarantee contract. The New Financial Instrument Standard requires adoption of expected credit loss model to replace the original credit-impaired model. The new impairment model requires adoption of three-phase model, credit loss allowance is made based on expected credit losses within 12 months or during the whole lifetime according to whether the credit risks of relevant items have been significantly increased since initial recognition. As to accounts receivable, contract assets and lease receivables, there is a simplified method which allows to recognize impairment allowance for the expected credit loss during the whole lifetime.

The Group will make adjustment as required by the New Financial Instrument Standard. In case of inconsistence between the comparative figures in financial statements in prior period and requirements of the New Financial Instrument Standard, the Group will not make adjustment. The shortfall between the carrying amount of the financial instrument and the carrying amount at the adoption date of the New Financial Instrument Standard shall be recognized in retained earnings or other comprehensive income at 1 January 2018. Effects on adoption of the New Financial Instrument Standard at 1 January 2018 are as follows:

RMB

			Effects of implementation of New Financial Instruments Standard				
			Reclassification			Re-measurement	
Item	**Carrying value presented according to original standards 31 December 2017**	**Total impacts from implementation of the New Revenue Standard**	**Transferred from financial assets originally classified as available-for-sale** *(Note 1)*	**Transferred from financial assets originally designated as at fair value through profit or loss** *(Note 2)*	**Share of other comprehensive income of the investee under equity method transferred from other comprehensive to retained earnings**	**Remeasurement from cost to fair value** *(Note 1)*	**Carrying value presented according to New Financial Instrument Standard 1 January 2018**
Held-for-trading financial assets	**–**	–	–	1,157,828,233.14	–	–	1,157,828,233.14
Other current assets	**1,184,329,531.05**	42,946,827.33	–	(1,157,828,233.14)	–	–	69,448,125.24
Available-for-sale financial assets	**2,116,088,000.42**	–	(2,116,088,000.42)	–	–	–	N/A
Other equity instrument investments	**N/A**	–	1,560,899,742.06	–	–	280,056,000.00	1,840,955,742.06
Other non-current financial instruments	**N/A**	–	555,188,258.36	–	–	–	555,188,258.36
Other comprehensive income	**1,230,619,792.07**	–	(78,829,902.23)	–	(21,575,255.68)	280,056,000.00	1,410,270,634.16
Retained earnings	**2,364,509,602.80**	–	78,829,902.23	–	21,575,255.68	–	2,464,914,760.71

Note 1: Transferred from financial assets originally classified as available-for-sale

Transferred from available-for-sale financial assets to other equity instrument investments

As of 1 January 2018, the Group designated available-for-sale financial assets of RMB1,560,899,742.06 as FVTOCI and reclassified to other equity instrument investments. Among these equity instrument investments, for available-for-sale financial assets of RMB240,228,815.33 without quoted prices in an active market and reliably measurable fair values, they are accounted for at cost according to original standards for financial instruments during prior periods. As of 1 January 2018, such equity investment were measured at fair value, leading to an increase of RMB280,056,000.00 in the carrying value of other equity instrument investments and corresponding increase in other comprehensive income (changes in fair value of other equity instrument investments). In addition, as of 1 January 2018 previously recognized impairment losses of RMB2,958,365.49 were transferred from retained earnings to other comprehensive income (changes in fair value of other equity instrument investments).

Transferred from available-for-sale financial assets to other non-current financial assets

As of 1 January 2018, the Group reclassified available-for-sale financial assets of RMB555,188,258.36 to other non-current financial assets. Cumulative changes in fair value of RMB75,871,536.74 were transferred from other comprehensive income (gains or loss on changes in fair value of available-for-sale financial assets) to retained earnings.

Note 2: Transferred from financial assets originally designated as at fair value through profit or loss

As of 1 January 2018, the Group no longer designates other current assets (bank wealth management products) of RMB1,157,828,233.14 in carrying value as financial asset at FVTPL. These investments are reclassified to held-for-trading financial assets as required to be classified as financial assets at FVTPL in accordance with the New Financial Instrument Standard.

As of 1 January 2018, the total effects of the Group's initial implementation of the above New Revenue Standard and New Financial Instrument Standard on the Group's assets, liabilities, and shareholders' equity are as follows:

RMB

Item	**31/12/2017**	**Effects of implementation of New Revenue Standards**	**Effects of implementation of New Financial Instruments Standards**	**1/1/2018**
Held-for-trading financial assets	–	–	1,157,828,233.14	1,157,828,233.14
Other current assets	1,184,329,531.05	42,946,827.33	(1,157,828,233.14)	69,448,125.24
Available-for-sale financial assets	2,116,088,000.42	–	(2,116,088,000.42)	–
Other equity instrument investments	–	–	1,840,955,742.06	1,840,955,742.06
Other non-current financial assets	–	–	555,188,258.36	555,188,258.36
Total effects on assets		**42,946,827.33**	**280,056,000.00**	
Advance from customers	310,646,140.33	(310,646,140.33)	–	–
Contract liabilities	–	321,443,922.21	–	321,443,922.21
Provisions	11,891,778.99	42,946,827.33	–	54,838,606.32
Deferred income	102,969,706.98	(10,797,781.88)	–	92,171,925.10
Total effects on liabilities		**42,946,827.33**	**–**	
Other comprehensive income	1,230,619,792.07	–	179,650,842.09	1,410,270,634.16
Unappropriated profits	2,364,509,602.80	–	100,405,157.91	2,464,914,760.71
Total effects on shareholders' equity		**–**	**280,056,000.00**	

In addition, the financial statements are prepared in accordance with *Notice of the Revised Format of Financial Statements for General Business Enterprise* (Cai Kuai (2018) No. 15, hereinafter referred to as "Cai Kuai Document No. 15") issued by the MoF on 15 June 2018.

Subsequent to the implementation of Cai Kuai Document No. 15, for items of the balance sheet, the original "accounts receivable" and "notes receivable" are incorporated into new "notes receivable and accounts receivables"; the original "interest receivable" and "dividends receivable" are incorporated into "other receivables"; the original "notes payable" and "accounts payable" are incorporated into new "notes payable and accounts payable"; the original "dividends payable" is incorporated into "other payables". For items on the income statement, "administrative expenses" no longer include the expensed expenditures incurred in the Group's research and development process, such expenditures are presented separately in "research and development expenditure"; Items of "Including: interest expenses" and "interest income" are added under "financial expenses". The Group has accounted for the above changes in presenting accounts retrospectively, and adjusted comparable data for prior period.

4. 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 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 until 31 December 2018.

The Company's subsidiary, Sichuan Winshare Education Technology Co., Ltd. ("**Winshare 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. ("**Beijing Aerospace Cloud**"), a subsidiary of the Company, obtained the high-tech enterprise certificate of No. GR201611000716 on 1 December 2016, with a validity period 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 to 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.

As per *Notice on Persistently Promoting Cultural Value-added Tax Preferential Policies* (Cai Shui [2018] No. 53) issued by Ministry of Finance and State Administration of Taxation: for the period from 1 January 2018 to 31 December 2020, 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 2018 to 31 December 2020, the wholesale and retail of books are exempted from value-added tax, and the Group's book wholesale and retail business is entitled to this tax incentive.

5 HELD-FOR-TRADING FINANCIAL ASSETS

RMB

Item	**30/6/2018 (unaudited) Carrying value**
Financial assets at FVTPL *(Note)*	**1,183,937,810.81**
Including: Bank wealth management products	**1,182,900,000.00**
Stock investment in A share listed companies	**1,037,810.81**
Total	**1,183,937,810.81**

Note: The Group's classification of financial instruments at FVTPL is mainly composed of purchased bank wealth management products with periods of within one year and stock investments in A share listed companies. The fair value of bank wealth management products are determined using the method of discounted cash flow.

6. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

(1) Categories of notes receivable and accounts receivable:

RMB

Category	30/6/2018 (unaudited)	31/12/2017
Accounts receivable	**1,675,400,877.02**	1,278,160,854.76
Notes receivable	**2,399,785.80**	2,060,000.00
Including: Bank acceptances notes	**1,339,785.80**	60,000.00
Commercial acceptances notes	**1,000,000.00**	2,000,000.00
Total	**1,677,740,662.82**	1,280,220,854.76

(2) Disclosure of accounts receivable and notes receivable by aging:

RMB

	30/6/2018 (unaudited)				31/12/2017			
Aging	Amount	Proportion (%)	Bad debt provision	Carrying amount	Amount	Proportion (%)	Bad debt provision	Carrying amount
Within 1 year	**1,676,718,854.34**	**88.48**	**(43,569,514.74)**	**1,633,149,339.60**	1,264,903,425.53	87.27	(31,780,178.64)	1,233,123,246.89
More than 1 year but not exceeding 2 years	**107,994,560.51**	**5,70**	**(63,403,237.29)**	**44,591,323.22**	95,540,246.76	6.59	(54,195,743.78)	41,344,502.98
More than 2 years but not exceeding 3 years	**27,019,447.95**	**1.42**	**(27,019,447.95)**	**–**	18,051,674.54	1.25	(14,690,372.23)	3,361,302.31
More than 3 years	**83,274,124.05**	**4.40**	**(83,274,124.05)**	**–**	70,815,456.09	4.89	(68,423,653.51)	2,391,802.58
Total	**1,895,006,986.85**	**100.00**	**(217,266,324.03)**	**1,677,740,662.82**	1,449,310,802.92	100.00	(169,089,948.16)	1,280,220,854.76

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

(3) Endorsed or discounted and not yet matured notes receivables at the balance sheet date

RMB

Item	Amount of derecognition at the end of the period (unaudited)	Amount that continues to be recognized at the end of the period (unaudited)
Bank acceptance notes	4,080,000.00	–

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

The bad debt provision for the current period is RMB50,359,390.51, and the reversal of bad debt provision is RMB2,183,014.64.

(5) Accounts receivable written off for the current period

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

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

RMB

Name of entity	Relationship with the Company	30/6/2018 (unaudited)	Aging	Proportion of the amount to the total accounts receivable (%)	Bad debt provision 30/6/2018 (unaudited)
People's Education Press Co., Ltd.	**Third party**	**112,380,532.73**	**Within 1 year**	**5.94**	**(3,371,415.98)**
Education Technology Equipment Institute of Enyang District, Bazhong Municipality	**Third party**	**35,544,694.00**	**Within 1 year**	**1.88**	**(426,536.33)**
Education Bureau of Anyue County	**Third party**	**29,612,928.00**	**Within 1 year**	**1.56**	**(888,387.84)**
Jiangsu Yuanzhou E-Commerce Co., Ltd.	**Third party**	**28,291,749.87**	**Within 1 year**	**1.49**	**(846,529.51)**
Amazon (China) Investment Co., Ltd.	**Third party**	**24,584,631.56**	**Within 1 year**	**1.30**	**(725,225.41)**
Total		**230,414,536.16**		**12.17**	**(6,258,095.07)**

7. INVENTORIES

(1) Categories of inventories

RMB

Item	**30/6/2018 (unaudited)** Gross carrying amount	Provision for decline in value of inventories	Net carrying amount	31/12/2017 Gross carrying amount	Provision for decline in value of inventories	Net carrying amount
Goods on hand	**1,764,914,870.94**	**(165,567,270.03)**	**1,599,347,600.91**	1,747,020,907.57	(160,116,806.30)	1,586,904,101.27
Work-in-progress	**108,537,185.01**	**–**	**108,537,185.01**	118,847,540.30	–	118,847,540.30
Raw materials	**49,676,488.43**	**(3,617,674.31)**	**46,058,814.12**	61,965,619.86	(3,271,801.21)	58,693,818.65
Total	**1,923,128,544.38**	**(169,184,944.34)**	**1,753,943,600.04**	1,927,834,067.73	(163,388,607.51)	1,764,445,460.22

(2) Provision for decline in value of inventories

RMB

Category of inventories	31/12/2017	Increase in the current period	30/6/2018 (unaudited)
Goods on hand	160,116,806.30	5,450,463.73	**165,567,270.03**
Raw materials	3,271,801.21	345,873.10	**3,617,674.31**
Total	163,388,607.51	5,796,336.83	**169,184,944.34**

Note: As the expected net realizable value is lower than the cost of inventories at the end of the reporting period, provision, amounting to RMB5,796,336.83, for decline in value of inventory goods for current period is made.

8. LONG-TERM EQUITY INVESTMENTS

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

RMB

Investee	31/12/2017	Changes for the year: Increase in investments	Decrease in investments	Other decreases	Investment profit or loss under equity method	Adjustment of other comprehensive income	Changes in other equity	Distribution of cash dividends or profits declared	provision for impairment	30/6/2018 (unaudited)	Provision for impairment loss 30/6/2018 (unaudited)
I. Joint Ventures											
Hainan Publishing House Co., Ltd.	131,622,920.10	–	–	–	4,304,481.49	–	–	–	–	135,927,401.59	–
Sichuan Fudou Technology Co., Ltd.("**Sichuan Fudou**") *(Note 1)*	135,584.70	–	–	–	(58,746.23)	–	–	–	–	76,838.47	–
Tibet Winshare Equity Investment	393,935.96	–	(393,935.96)	–	–	–	–	–	–	–	–
Shenzhen Xuancai Venture Capital Investment Fund Management Co.,Ltd. *(Note 2)*	612,351.78	–	–	–	(8,056.16)	–	–	–	–	604,295.62	–
Liangshan Xinhua Winshare Education Technology Co. Ltd. *(Note 3)*	4,151,258.65	4,900,000.00	–	–	(3,985.05)	–	–	–	–	9,047,273.60	–
Subtotal	136,916,051.19	4,900,000.00	(393,935.96)	–	4,233,694.05	–	–	–	–	145,655,809.28	–
Joint ventures											
Sichuan Winshare BLOGIS Supply Chain Co., Ltd *(Note 4)*	45,014,743.75	–	–	–	(329,475.97)	–	–	–	–	44,685,267.78	–
Commercial Press (Chengdu) Co., Ltd.	2,435,042.07	–	–	–	(533,057.31)	–	–	–	–	1,901,984.76	–
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	10,620,350.30	–	–	–	322,104.61	–	–	–	–	10,942,454.91	–
Guizhou Xinhua Winshare Book Audio-Visual Product Chainstore Co., Ltd. ("**Guizhou Winshare**")	–	–	–	–	–	–	–	–	–	–	–
Ming Bo Education Technology Holdings Co., Ltd.	32,007,766.13	–	–	–	2,742,850.27	–	–	–	–	34,750,616.40	–
Shanghai Jingjie Information Technology Co., Ltd.	1,983,768.64	–	–	–	91,110.29	–	–	–	–	2,074,878.93	–
Sichuan Winshare Preschool Educational Management Co., Ltd.	3,968,925.78	–	–	–	1,074,198.65	–	–	–	–	5,043,124.43	–
Chongqing Yunhan Internet and Media Co., Ltd.	45,760,782.62	–	–	–	(1,132,718.60)	–	–	–	–	44,628,064.02	–
Chengdu Winshare Venture Capital Investment Fund Management Co., Ltd.	30,017,149.67	–	–	–	(4,599,143.01)	–	–	–	–	25,418,006.66	–
Sichuan Education and Science Forum Magazine Press Co., Ltd.("**Education and Science Forum**")	–	–	–	–	20,607.08	–	–	–	–	20,607.08	–
Sichuan Tianhe Culture Co., Ltd	146,578.48	–	–	(146,578.48)	–	–	–	–	–	–	–
Tibet Winshare Venture Capital Investment Fund Partnership (Limited Partnership) *(Note 5)*	27,762,802.35	–	–	–	(407,082.13)	–	–	–	–	27,355,720.22	–
Sichuan Jiaoyang Sihuo Film Co., Ltd.	34,045.55	–	–	–	61,496.19	–	–	–	–	95,541.74	–
Xinhua Yingxuan (Beijing) Screen Culture Co., Ltd. (formerly known as China Wenxuan Movie & TV Culture Co., Ltd.)	19,917,696.03	–	–	–	664,510.70	–	–	–	–	20,582,206.73	–
Subtotal	219,669,651.37	–	–	(146,578.48)	(2,024,599.23)	–	–	–	–	217,498,473.66	–
Total	356,585,702.56	4,900,000.00	(393,935.96)	(146,578.48)	2,209,094.82	–	–	–	–	363,154,282.94	–

Note 1: 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 voting rights from its shareholders. Accordingly, Winshare Education Technology and the other shareholders 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 Winshare Investment, another subsidiary of the Company in April 2017 and therefore, the latter inherited all the rights of Winshare Education Technology in Sichuan Fudou Technology Co., Ltd.

Note 2: 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 becomes a joint venture of the Group.

Note 3: 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 4: In June 2017, Sichuan Wenchuan Logistics Co., Ltd., a subsidiary of the Company, entered into the Investment Agreement with BLOGIS Holdings Limited and Chengdu Longchuang Investment Management Center (Limited Partnership) to jointly establish Sichuan Winshare 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 rights to adopt the resolution on the annual financial budget plan, final accounting plan, profit distribution and loss make-up. Therefore, Sichuan Winshare BLOGIS Supply Chain Co., is an associate of the Group.

Note 5: As a limited partner, Winshare Investment, a subsidiary of the Company, invested RMB27,600,000.00 in Tibet Winshare Venture Capital Fund (Limited Partnership), and the proportion of the subscribed capital contribution of Winshare Investment accounted for 56.34% of its total subscribed capital. According to the partnership agreement of Tibet Winshare Venture Capital Fund (Limited Partnership), the Investment Decision-making Committee is responsible for the decision of fund projects. Winshare Investment holds 25% of the voting rights in the Investment Decision-making Committee, by which it can exert significant influence on Tibet Winshare Venture Capital Fund (Limited Partnership). Therefore, Tibet Winshare Venture Capital Fund (Limited Partnership) is an associate of the Group.

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

RMB

Item	30/6/2018 (unaudited) Reversed but unrecognized investment losses for the year	Accumulated unrecognized investment losses	31/12/2017 Unrecognized investment losses for the prior period	Accumulated unrecognized investment losses
Guizhou Winshare Education and Science Forum	**–**	**5,557,990.70**	–	5,557,990.70
	(106,711.55)	**–**	(92,013.30)	106,711.55
Total	**(106,711.55)**	**5,557,990.70**	(92,013.30)	5,664,702.25

9. OTHER EQUITY INSTRUMENT INVESTMENTS

Designated other equity instrument investments measured at fair value at the end of the period

RMB

Item	30/6/2018 (unaudited) Carrying amount
Anhui Xinhua Media Co., Ltd. ("**Wanxin Media**") *(Note 1)*	**948,510,400.00**
Jiangsu Hagong Intelligent Robot Co., Ltd. ("**HGZN**") *(Note 2)*	**1,864,141.87**
Bank of Chengdu Co., Ltd. *("**BoCD**") *(Note 3)*	**651,000,000.00**
Others	**375,393.81**
Total	**1,601,749,935.68**

Note 1: The Company's investment in the listed shares of Wanxin Media accounts for 6.27% of Wanxin Media's equity. Wanxin Media's shares got listed on the Shanghai stock exchange on 18 January 2010. Subsequent changes in fair value for current period are losses of RMB370,180,800.00, and are recognized in other comprehensive income. The Company's dividends receivable of RMB21,188,800.00 from Wanxin Media for current period are recognized in investment income. As at 30 June 2018, the Company transferred 7,200,000 shares of Wanxin Media into a special security account for subscription of new shares on the primary market, and 100,000 shares out of them were for securities financing.

Note 2: The subsidiary Sichuan Xinhua Printing Co., Ltd., acquired by the Company in August 2014, holds 0.02% of the equity of HGZN (originally named Jiangsu Youli Investment Holding Co., Ltd.). The fair value was RMB783,556.84 on the acquisition date. Subsequent loss in fair value for the current period amounted to RMB115,584.86 are recognized in other comprehensive income.

Note 3: The Company holds 80 million shares which represents 2.21% of total shares of BoCD. BoCD got listed on the Shanghai stock exchange on 31 January 2018. Changes in fair value for current period are gains of RMB130,944,000.00, and are recognized in other comprehensive income. The company received dividends of RMB22,400,000.00 from BoCD for current period, recognized in investment income

The Group has no plans to sell the above investments in the foreseeable future, thus the above investments are designated as financial assets at FVTOCI.

10. OTHER NON-CURRENT FINANCIAL ASSETS

	RMB
Item	**30/6/2018 (unaudited)**
Citic M&A investment fund (Shenzhen) Partnership (Limited Partnership) *(Note 1)*	**106,179,002.11**
Winshare Hengxin (Shenzhen) Equity Investment Fund Partnership (Limited Partnership) *(Note 2)*	**252,791,028.15**
Qingdao Goldstone Zhixin Investment Center (Limited Partnership) *(Note 3)*	**154,238,804.05**
Taizhou Xinheng Zhongrun Investment Fund (Limited Partnership) *(Note 4)*	**29,064,105.70**
Total	**542,272,940.01**

Note 1: The Company, as a limited partner, incurred costs of RMB100,000,000.00 from investment in Citic M&A investment fund (Shenzhen) Partnership (Limited Partnership). According to the partnership agreement, the proportion of the subscribed capital contribution of the Company accounts for 1% of its total subscribed capital.

According to the partnership agreement, the general partner is the managing partner of the partnership and has exclusive authority over the operation of the partnership, the investment operations of the partnership and the management and control of other matters. The distributable cash generated arising from project investments shall be distributed among all partners according to their proportion of equity in the relevant investment, of which the part belonging to limited partners shall be used to return their capital contribution first, until the accumulated amount distributed reaches their actual capital contribution at the time. Then, the partnership gives priority to the limited partners at an annual internal rate of return of 8%. Under the premise of meeting the agreed distribution order, the general partner will share the profits, and the total amount of the profits will be 20% of the total amount of the limited partners' profits.

Changes in fair value for current period are gains of RMB9,293,369.31, and are recognized in gains from changes in fair values.

Note 2: As a limited partner, the Company subsidiary Winshare Investment invested RMB200,000,000.00 in Winshare Hengxin (Shenzhen) Equity Investment Fund Partnership (Limited Partnership). According to the partnership agreement, the proportion of the subscribed capital contribution of the Group accounts for 62.30% of its total subscribed capital.

According to the partnership agreement, the general partner is the managing partner of the partnership and has exclusive authority over the operation of the partnership, the investment operations of the partnership and the management and control of other matters. The distributable cash generated arising from project investments shall be distributed among all partners according to their proportion of equity in the relevant investment, of which the part belonging to limited partners shall be used to return their capital contribution first, until the accumulated amount distributed reaches their actual capital contribution at the time. Then, the partnership gives priority to the limited partners at an annual internal rate of return of 8%. Under the premise of meeting the agreed distribution order, the general partner will share the profits, and the total amount of the profits will be 20% of the total amount of the limited partners' profits.

Changes in fair value for current period are losses of RMB16,633,556.59, and are recognized in losses from changes in fair values.

Note 3: As a limited partner, the Company's subsidiary Winshare Investment invested RMB152,117,500.00 in Qingdao Goldstone Zhixin Investment Center (Limited Partnership). According to the partnership agreement, the proportion of the subscribed capital contribution of the Group accounts for 10.05% of its total subscribed capital. Winshare Investment received dividends of 9,343,165.00 from Qingdao Goldstone Zhixin Investment Center (Limited Partnership) for current period, and recognized such dividends in investment income.

According to the partnership agreement, the general partner is the managing partner of the partnership and will represent the partnership to the outside world. The profits and losses of the partnership shall be distributed and shared between the general partners and the limited partners in proportion to their actual capital contributions.

Changes in fair value for current period are gains of 986,729.45, and are recognized in gains from changes in fair values.

Note 4: Winshare Investment, the Company's subsidiary, received transfer of title to limited partnership shares of Taizhou Xinheng Zhongrun Investment Fund (Limited Partnership). These shares accounts for 2.37% of the partnership's total subscribed capital. The Group's investment costs are RMB10,426,540.29. Such investment is subsequently measured at fair value.

Changes in fair value for current period are losses of RMB6,561,860.52, and are recognized in losses from changes in fair values.

11. FIXED ASSETS

(1) Fixed assets

RMB

Item	Buildings	Machinery and equipment	Electronic equipment and others	Transportation vehicles	Total
Closing balance of cost at 30 June 2018 (unaudited)	1,584,987,766.22	279,488,278.05	159,842,936.30	111,305,985.66	2,135,624,966.23
Closing balance of accumulated depreciation at 30 June 2018 (unaudited)	(429,768,259.86)	(202,438,669.98)	(128,249,961.51)	(90,974,589.74)	(851,431,481.09)
Closing balance of provision for impairment of fixed assets – Carrying amount at 30 June 2018 (unaudited)	–	–	(1,004,713.59)	–	(1,004,713.59)
Net book value at 30 June 2018 (unaudited)	1,155,219,506.36	77,049,608.07	30,588,261.20	20,331,395.92	1,283,188,771.55
Net book value at 31 December 2017	1,155,783,350.41	83,075,590.13	31,865,207.25	23,014,931.79	1,293,739,079.58

(2) At the end of the period, the amount of fixed assets of which certificates of title have not been obtained is RMB163,949,922.40, and fixed assets of which certificates of title have not been obtained have no significant influence on the Group's operations.

(3) There is no temporary idle fixed assets included in the Group's major operational fixed assets at the end of the period.

12. NOTES PAYABLE AND ACCOUNTS PAYABLE

(1) Categories of notes payable and accounts payable

RMB

Item	**30/6/2018 (unaudited)**	31/12/2017
Accounts payable	**3,661,578,857.12**	3,083,435,509.23
Notes payable	**27,244,214.00**	60,855,873.00
Including: Bank acceptances notes	**27,244,214.00**	60,855,873.00
Total	**3,688,823,071.12**	3,144,291,382.23

At the end of the year, the Group's deposit for the above-mentioned bank acceptance bills was RMB 8,173,264.20.

(2) Details of aging analysis of accounts payable are as follows:

RMB

Item	**30/6/2018 (unaudited)**	31/12/2017
Within 1 year	**2,856,983,095.36**	2,055,792,171.10
More than 1 year but not exceeding 2 years	**435,952,093.00**	739,468,072.03
More than 2 years but not exceeding 3 years	**272,265,686.13**	219,192,756.38
More than 3 years	**123,622,196.63**	129,838,382.72
Total	**3,688,823,071.12**	3,144,291,382.23

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. The Group's bank acceptances are all due within 3 months.

13. CONTRACT LIABILITIES

(1) Presentation of contract liabilities:

RMB

Item	**30/6/2018 (unaudited)**
Advanced receipts for sold goods	**342,751,871.18**
Membership card points	**11,319,761.80**
Total	**354,071,632.98**

(2) The Group's recognized revenue of RMB290,569,189.58, including the carrying amount of contract liabilities at the beginning of the period, for current period includes contract liabilities of RMB290,420,612.30 arising from advanced receipts for sold goods, and contract liabilities of RMB148,577.28 arising from membership card points.

(3) Analysis on contract liabilities

The Group's receipts in advance for goods sold are mainly advanced receipts from books sold to customers such as schools and presale of book purchase cards in retail stores, and these transaction funds are recognized as contract liabilities upon receipt. For advanced receipts from book sales, the revenue is recognized upon the transfer of control of merchandise to customers.

14. OTHER PAYABLES

RMB

Item	30/6/2018 (unaudited)	31/12/2017
Amounts due to related parties	**530,561.78**	1,424,969.89
Security deposit/deposit/quality warranty/performance security	**91,772,493.93**	84,046,594.06
Construction and infrastructure construction expenses	**25,042,852.81**	22,661,563.29
Amounts due to/from other entities	**61,290,047.51**	52,565,352.62
Dividends payable	**121,103,547.00**	202,228.29
Others	**124,044,497.37**	103,469,235.89
Total	**423,784,000.40**	264,369,944.04

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

15. SHARE CAPITAL

RMB

Items	31/12/2017	Changes for the Period: Issue of new shares	Bonus issue	Capitalisation of surplus reserve	Others	Subtotal	30/6/2018
For the current period (unaudited):							
Promotor's shares	**692,468,091.00**	–	–	–	–	–	**692,468,091.00**
National Council for Social Security Fund	**725,809.00**	–	–	–	–	–	**725,809.00**
Foreign shares listed overseas	**441,937,100.00**	–	–	–	–	–	**441,937,100.00**
Domestically-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 (unaudited):							
Promotor's shares	692,468,091.00	–	–	–	–	–	692,468,091.00
National Council for Social Security Fund, PRC	725,809.00	–	–	–	–	–	725,809.00
Overseas listed foreign shares	441,937,100.00	–	–	–	–	–	441,937,100.00
Domestic listed ordinary share of RMB	98,710,000.00	–	–	–	–	–	98,710,000.00
Total	1,233,841,000.00	–	–	–	–	–	1,233,841,000.00

16. UNAPPROPRIATED PROFITS

RMB

Item	Current period (unaudited)	Prior period	
Unappropriated profits at the beginning of last year	**2,364,509,602.80**	1,896,996,070.84	
Effects of implementation of New Financial Instrument Standard *(note 3)*	**100,405,157.91**	–	
Unappropriated profits at the beginning of the current period	**2,464,914,760.71**	1,896,996,070.84	
Add: Net profit attributable to shareholders of the Company for the year	**448,896,441.39**	497,924,902.26	
Less: Appropriation to statutory surplus reserve	**–**	–	*(1)*
Dividends payable on ordinary shares	**(370,152,300.00)**	(370,152,300.00)	*(2)*
Unappropriated profits at the end of the current period	**2,543,658,902.10**	2,024,768,673.10	

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 30 May 2018, the resolution regarding the Company's 2017 Annual Profit Distribution Proposal was approved at 2017 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: RMB0.30 (tax-inclusive)) and the total cash dividends of RMB370,152,300.00 (tax-inclusive) (Prior period: RMB370,152,300.00 (tax-inclusive)) was distributed.

3: Appropriation to surplus reserve by subsidiaries

At the end of the period, the balance of the Group's unappropriated profits include appropriation to surplus reserve by subsidiaries amounting to RMB 73,622,609.60 (31 December 2017: RMB 73,622,609.60).

17. OPERATING INCOME AND OPERATING COSTS

(1) Operating income and operating costs

RMB

Item	Amount recognized in the current period (unaudited)	Amount recognized in the prior period (unaudited)
Principal operating income	**3,515,028,393.73**	3,125,847,251.24
Other operating income	**62,650,305.83**	60,167,995.97
Including: Gross revenue from concessionaire sales	**147,464,570.10**	150,365,768.06
Gross cost from concessionaire sales	**(125,975,877.73)**	(127,936,746.43)
Commissions from concessionaire sales	**21,488,692.37**	22,429,021.63
Operating costs	**2,240,412,062.70**	2,026,412,232.84

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

RMB

Item	Operating income (unaudited)		Operating costs (unaudited)	
	Current period	Prior period	**Current period**	Prior period
Publishing segment				
Textbooks and supplementary materials	**467,195,340.75**	355,092,114.97	**320,895,462.45**	239,524,578.42
General books	**376,943,081.52**	240,960,584.11	**248,984,464.55**	181,597,445.33
Printing and supplies	**110,257,643.32**	81,422,004.91	**107,958,583.56**	73,124,667.80
Others	**27,361,311.82**	28,136,491.97	**9,772,657.23**	11,107,856.08
Subtotal	**981,757,377.41**	705,611,195.96	**687,611,167.79**	505,354,547.63
Distribution segment				
Education services	**2,102,228,227.18**	1,785,050,770.12	**1,355,162,657.80**	1,119,814,275.82
Including: Textbooks and supplementary materials	**1,831,226,847.18**	1,648,705,381.49	**1,100,655,479.36**	992,424,367.05
Educational informatization and equipment business	**271,001,380.00**	126,866,480.63	**254,507,178.44**	118,191,605.36
Online Sales	**550,343,744.33**	528,923,785.52	**506,237,805.37**	488,115,968.46
Retail	**322,858,624.53**	271,040,734.51	**198,210,087.82**	157,616,225.57
Others	**185,237,430.53**	167,376,243.30	**130,094,433.06**	106,114,439.32
Subtotal	**3,160,668,026.57**	2,752,391,533.45	**2,189,704,984.05**	1,871,660,909.17
Others	**140,363,420.90**	240,159,097.56	**119,182,794.30**	223,808,668.75
Less: inter-segment elimination	**(705,110,125.32)**	(512,146,579.76)	**(756,086,883.44)**	(574,411,892.71)
Total	**3,577,678,699.56**	3,186,015,247.21	**2,240,412,062.70**	2,026,412,232.84

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 period (unaudited)**	Amount incurred in the prior period (unaudited)
Book publishing subsidies	**12,288,957.19**	5,329,807.17
VAT first levied then returned	**389,830.15**	27,852,828.00
Other financial subsidies	**13,539,735.33**	8,933,132.26
Total	**26,218,522.67**	42,115,767.43

19. INVESTMENT INCOME

RMB

Item	**Amount incurred in the current period (unaudited)**	Amount incurred in the prior period (unaudited)
Income from long-term equity investments		
Income from investments under equity method	**2,209,094.82**	2,073,717.62
Investment income(loss) on disposal of long-term equity investments	**(20.32)**	133,011,272.71
Investment income from available-for-sale financial assets		
Investment income from available-for-sale financial assets measured at cost	**–**	33,016,000.00
Investment income from available-for-sale financial assets measured at fair value	**–**	22,068,030.93
Investment income from disposal of available-for-sales financial assets	**–**	64,485.56
Investment income from other non-current financial assets	**9,343,165.00**	–
Investment income from Other equity instrument investments	**43,591,488.02**	–
Investment income from disposal of financial assets at FVTPL	**23,589,906.18**	12,141,574.02
	78,733,633.70	202,375,080.84

20. SEGMENT REPORTING

Based on the Group's internal organization 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 nature. 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 of publications like books, audio-visual products and digital products, printing service and supply of materials; and

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

Other segment of the Group covers provision of logistic service, 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 period (unaudited)

RMB

	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	Total
External revenue	330,552,435.75	3,156,848,804.65	90,277,459.16	–	–	3,577,678,699.56
Inter-segment revenue	651,204,941.66	3,819,221.92	50,085,961.74	–	(705,110,125.32)	–
Total operating income	981,757,377.41	3,160,668,026.57	140,363,420.90	–	(705,110,125.32)	3,577,678,699.56
Operating profit (loss)	168,316,998.79	180,592,077.09	(16,527,312.93)	45,348,132.71	58,607,787.38	436,337,683.04
Non-operating income	3,199,713.16	1,303,729.63	258,393.20	–	–	4,761,835.99
Non-operating expenses	352,136.67	8,584,719.75	30,000.79	–	–	8,966,857.21
Total profit (loss)	171,164,575.28	173,311,086.97	(16,298,920.52)	45,348,132.71	58,607,787.38	432,132,661.82
Total assets	5,227,916,624.02	6,373,866,524.91	1,172,958,295.06	3,128,275,630.60	(2,874,443,377.89)	13,028,573,696.70
Total liabilities	1,893,387,109.71	5,208,767,163.29	514,131,550.22	151,191,304.77	(2,802,765,388.41)	4,964,711,739.58
Supplementary information						
Depreciation	10,446,378.70	28,064,490.73	6,255,723.61	–	–	44,766,593.04
Amortization	1,551,337.26	8,520,224.79	2,269,710.70	–	–	12,341,272.75
Interest income	709,382.58	5,706,827.45	492,523.90	7,833,912.44	–	14,742,646.37
Impairment losses recognized in the current period	18,494,787.01	36,472,919.28	(805,770.75)	–	–	54,161,935.54
Investment income from long-term equity investment under equity method	82,103.27	2,930,352.04	(803,360.49)	–	–	2,209,094.82
Long-term equity investments under equity method	116,148.82	290,316,012.03	72,722,122.09	–	–	363,154,282.94
Capital expenditure	2,719,985.47	43,815,320.04	360,116.09	–	–	46,895,421.60
Including: Expenditure arising from Construction in progress	142,982.49	28,933,224.42	83,207.55	–	–	29,159,414.46
Expenditure arising from purchase of fixed assets	1,665,494.55	7,894,811.95	276,908.54	–	–	9,837,215.04
Expenditure arising from purchase of intangible assets	911,508.43	1,430,983.57	–	–	–	2,342,492.00
Development cost	–	5,556,300.10	–	–	–	5,556,300.10

Prior period (unaudited)

RMB

	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	Total
External revenue	245,440,780.86	2,736,031,323.09	204,543,143.26	–	–	3,186,015,247.21
Inter-segment revenue	460,170,415.10	16,360,210.36	35,615,954.30	–	(512,146,579.76)	–
Total operating income	705,611,195.96	2,752,391,533.45	240,159,097.56	–	(512,146,579.76)	3,186,015,247.21
Operating profit (loss)	101,355,766.71	142,318,926.63	(11,614,949.67)	176,750,525.59	93,197,913.64	502,008,182.90
Non-operating income	750,638.21	953,087.15	2,181.61	–	–	1,705,906.97
Non-operating expenses	506,893.98	17,165,555.36	1.31	–	–	17,672,450.65
Total profit (loss)	101,599,510.94	126,150,944.16	(11,657,255.11)	176,750,525.59	93,197,913.64	486,041,639.22
Total assets	3,844,036,730.83	6,284,608,681.36	785,347,944.77	3,563,701,945.97	(2,665,913,860.83)	11,811,781,442.10
Total liabilities	1,458,292,107.44	4,222,958,501.27	732,382,947.35	65,971,164.26	(2,607,911,874.72)	3,871,692,845.60
Supplementary information						
Depreciation	11,817,967.09	27,774,868.46	5,934,395.68	–	–	45,527,231.23
Amortization	1,299,979.30	10,258,698.67	2,518,424.96	–	–	14,077,102.93
Interest income	1,257,733.00	1,707,416.84	432,757.00	8,487,554.32	(675,252.01)	11,210,209.15
Impairment losses recognized in the current period	18,030,958.61	24,753,311.17	6,596,233.42	–	–	49,380,503.20
Investment losses from long-term equity investment under equity method	–	(2,250,175.10)	176,457.48	–	–	(2,073,717.62)
Long-term equity investments under equity method	–	175,189,733.98	85,087,904.80	–	–	260,277,638.78
Capital expenditure						
Including: Expenditure arising from Construction in progress	1,705,417.10	89,963,185.39	–	–	–	91,668,602.49
Expenditure arising from purchase of fixed assets	807,739.24	7,562,889.80	775,155.61	–	–	9,145,784.65
Expenditure arising from purchase of intangible assets	97,829.05	8,278,806.43	32,666.40	–	–	8,409,301.88

(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 customers and most of the Group's assets are located in China, therefore the regional data is not disclosed.

(3) Concentration on major customers

The Group's revenue from its top one customer for the current period is RMB448,398,430.51(prior period: RMB382,209,071.98), 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 period (unaudited)**	Amount incurred in the prior period (unaudited)
Current tax expense calculated according to tax laws and relevant requirements	**1,292,150.64**	1,340,869.28
Deferred tax expenses	**(4,964,004.19)**	(638,425.11)
Total	**(3,671,853.55)**	702,444.17

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

RMB

Item	**Amount incurred in the current period (unaudited)**	Amount incurred in the prior period (unaudited)
Accounting profit	**432,132,661.82**	486,041,639.22
Income tax expenses calculated at 25%	**108,033,165.46**	121,510,409.81
Tax concessions	**(126,792,882.12)**	(140,160,840.72)
Effect of expenses that are not deductible for tax purposes	**9,633,377.19**	12,280,468.63
Effect of tax-free income	**(13,233,663.26)**	(13,235,600.00)
Effect of unrecognized(using previously unrecognized) deductible temporary differences	**(104,948.38)**	7,499,828.23
Effect of unrecognized deductible losses	**18,793,097.56**	12,808,178.22
Total	**(3,671,853.55)**	702,444.17

22. OTHER COMPREHENSIVE INCOME

RMB

			Changes for the period					
Item	**31/12/2017**	**Effects of implementation of New Financial Instrument Standards on the beginning balance** *(note 3)*	**Amount for the current period before income tax**	**Less: Amount included in other comprehensive income in the prior period that is transferred to profit or loss for the period**	**Income tax expenses**	**Post-tax amount attributable to owners of the Company**	**Post-tax amount attributable to non-controlling interests**	**30/6/2018**
For the current period (unaudited):								
Other comprehensive income that cannot be reclassified into profit or loss	1,230,619,792.07	179,650,842.09	(239,352,384.86)	–	28,896.22	(239,323,488.64)	–	**1,170,947,145.52**
Profit or loss on changes in fair value of other equity instrument investments	1,209,044,536.39	201,226,097.77	(239,352,384.86)	–	28,896.22	(239,323,488.64)	–	**1,170,947,145.52**
Share of other comprehensive income of the investee under equity method transferred from other comprehensive to retained earnings	21,575,255.68	(21,575,255.68)	–	–	–	–	–	**–**
For the prior period (unaudited):								
Other comprehensive income that will be subsequently reclassified into profit or loss	2,045,820,792.23	–	(469,966,742.48)	64,485.56	657,807.00	(469,373,421.04)	–	**1,576,447,371.19**
Proportions of other comprehensive income that will be reclassified into profit or loss by the investee under the equity method	412,151.06	–	–	–	–	–	–	**412,151.06**
Profit or loss on the changes in fair value for available-for-sale financial instruments	2,045,408,641.17	–	(469,966,742.48)	64,485.56	657,807.00	(469,373,421.04)	–	**1,576,035,220.13**

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

	Current period	Prior period
Net profit for the current period attributable to ordinary shareholders	**448,896,441.39**	497,924,902.26
Including: Net profit from continuing operations	**448,896,441.39**	497,924,902.26

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

	Current period	Prior period
Number of ordinary shares outstanding at the beginning of period	**1,233,841,000**	1,233,841,000
Number of ordinary shares outstanding at the end of period	**1,233,841,000**	1,233,841,000

Earnings per share

RMB

	Current period	Prior period
Number of ordinary shares outstanding at the end of period divided by net profit for the current period attributable to ordinary shareholders	**0.36**	0.40
Number of ordinary shares outstanding at the end of period divided by net profit for the current period attributable to ordinary shareholders and attributable to continuing operation	**0.36**	0.40

The Company has no dilutive potential ordinary shares.

24. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements of the Group were approved by the Board of Directors on 28 August 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

(I) BUSINESS REVIEW

INDUSTRY OVERVIEW

The year 2018 is the starting year of thoroughly implementing the spirit of the 19th CPC National Congress. The report of the 19th CPC National Congress states the positioning of cultural development in the overall framework of socialism with Chinese characteristics, and sets out the fundamental requirements of cultural development in the new era. During the first half of 2018, the "national reading model" was included in the government's work report for the fifth time, bringing public cultural service development to the next level. The central government and local government successively promulgated a series of policies to support the publication and distribution sectors, and continued to devote resources to the special fund for cultural industry development in support of cultural related industry development including China's outstanding traditional culture and culture with Chinese characteristics. On 5 June, the Ministry of Finance and the State Administration of Taxation jointly issued the "Notice of Continuing Preferential Policies for Value-Added Tax on Cultural Promotion" (Cai Shui [2018] No.53) to further implement the preferential policies for value-added tax until 31 December 2020.

As socialism with Chinese characteristics enters a new era, China is entering a new phase of high quality development and the development objective of the publishing industry has changed from quantity growth to quality and efficiency enhancement. From the perspective of the book reading market in China, with the increasing purchasing power of the society and the change in reading model in the Internet era, the demand for book reading remains strong. In the first half of 2018, the book retailing market in China continued to thrive. The transformation and upgrade of the physical bookstores in the industry accelerated significantly, and various listed companies were exploring the new model of online/offline integrated development. The digital publishing industry in China maintained fast growth momentum with format innovation (including e-books, audio books and AR books) and business model innovation (including IP operation and paid reading) to inject new vitality to the publication and distribution industry.

RESULTS

In the first half of 2018, the Group insisted on strengthening the principal business of publishing and media, endeavoured to enhance the competitiveness of traditional businesses, continued to step up efforts of transformation and upgrade, and actively optimised the publication and distribution supply chain service capabilities to achieve a win-win outcome of social benefits and economic benefits. During the Period, revenue of the Group amounted to RMB3,577,678,700, representing an increase of 12.29% as compared with the same period of last year. Net profit amounted to RMB435,804,500, representing a decrease of 10.21% as compared with the same period of last year. Excluding the gain on disposal of Sichuan Winshare Zhuotai Investment Co., Ltd ("**Sichuan Wenzhuo**") and Chengdu Xinhui Industry Co., Ltd ("**Chengdu Xinhui**") of RMB133 million included in the net profit in the same period of last year, net profit for the first half of the year increased by 23.69% as compared with the same period of last year.

Gross profit margin

During the Period, the gross profit margin of the Group's principal businesses was 36.46%, up by 0.90 percentage point as compared with 35.56% in the same period of last year, which was primarily due to the change in revenue structure of the Group and the decrease in consolidated cost ratio as a result of the reasons stated in the "Operating Data of the Business Segments".

ANALYSIS OF OPERATING DATA

1. Overview of Principal Business Segments

Based on the internal organisational structure, management requirements and internal reporting system of the Group, the operating 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 Group. 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 and equipment service to primary and secondary school students; retailing, distribution and online sales of publications.

The principal business of the Group during the Period by segment is as follows:
For the six months ended 30 June 2018

RMB

Principal business segments

By segment	Principal operating income	Principal operating costs	Gross profit margin (%)	Change of principal operating income as compared with the same period of last year (%)	Change of principal operating costs as compared with the same period of last year (%)	Change of gross profit margin as compared with the same period of last year (percentage points)
I. Publication	**970,337,783.18**	**683,936,229.18**	**29.52**	**39.87**	**36.76**	**1.61**
Textbooks and supplementary materials	467,195,340.75	320,895,462.45	31.31	31.57	33.97	-1.24
General books	377,913,045.07	248,984,464.55	34.12	56.84	37.11	9.48
Printing and materials	110,225,605.73	107,958,583.56	2.06	35.34	47.64	-8.15
Others	15,003,791.63	6,097,718.62	59.36	-7.60	4.03	-4.54
II. Distribution	**3,112,602,566.87**	**2,188,537,755.56**	**29.69**	**15.14**	**17.36**	**-1.33**
Education service	2,102,228,227.18	1,355,162,657.80	35.54	17.77	21.02	-1.73
Of which: Textbooks and supplementary materials	1,831,226,847.18	1,100,655,479.36	39.90	11.07	10.91	0.09
Digitalised education service and equipment business	271,001,380.00	254,507,178.44	6.09	113.61	115.33	-0.75
Online sales	550,343,744.33	506,237,805.37	8.01	4.05	3.71	0.29
Retailing	301,369,932.16	198,210,087.82	34.23	21.22	25.75	-2.37
Others	158,660,663.20	128,927,204.57	18.74	12.69	29.87	-10.75
III. Others	**133,409,265.77**	**117,041,826.13**	**12.27**	**-43.75**	**-47.68**	**6.59**
Inter-segment elimination total	-701,321,222.09	-756,086,883.44				
Total	**3,515,028,393.73**	**2,233,428,927.43**	**36.46**	**12.45**	**10.88**	**0.90**

2. Operating Data of the Business Segments

(1) Publication segment

The Group's publication segment covers businesses including publishing of publications such as books, periodicals, audio-visual products and digital products; provision of printing services; and supply of materials.

Publication of Textbooks and Supplementary Materials

As to the publication of education books, to better align with the textbooks and supplementary materials publication market, editing entities were set up by the Group in accordance with school semesters adjustment. Product managers were appointed to step up the efforts of marketised product planning and R&D and strengthen the planning capability development of marketised education books. Capitalising on the opportunities arising from the new university entrance examination in Sichuan, the Company targeted at "publishing + Internet" in senior high school media convergence AI supplementary materials that meet the teaching requirements of "new university entrance examination, new class reform and new textbook materials".

During the Period, revenue from the sales of textbooks and supplementary materials publication business amounted to RMB467 million (including domestic sales), representing an increase of 31.57% as compared with the same period of last year; costs amounted to RMB321 million, representing an increase of 33.97% as compared with the same period of last year. Gross profit margin was 31.31%, down by 1.24 percentage points as compared with the same period of last year. The great majority of the sales of textbooks and supplementary materials under the publication segment refers to domestic sales. The sales of publication segment to distribution segment is recognised upon completion of printing and stock-in of products by the distribution segment. As a result of advanced stock-up needs, the time of stock-in for spring products is divided into two natural years.

Publication of General Books

In 2018, as guided by the "three key publishing" concepts of targeted publishing, refined publishing and quality publishing, the Group promoted the upgrade of publishing of the Group from fast growth to high quality development, and published a batch of best sellers with positive social influence.

During the Period, the Group's revenue from the sales of general books under the publication segment amounted to RMB378 million (including domestic sales), representing an increase of 56.84% as compared with the same period of last year; costs amounted to RMB249 million, representing an increase of 37.11% as compared with the same period of last year. Gross profit margin was 34.12%, up by 9.48 percentage points as compared with the same period of last year. The increase in gross profit margin was mainly due to the price strategy adjustment and cost control.

(2) Distribution Segment

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

During the Period, revenue from the distribution segment amounted to RMB3,113 million, representing an increase of 15.14% as compared with the same period of last year, mainly benefiting from the growth of revenue from the education services, online sales and retailing.

During the Period, gross profit margin of the distribution segment was 29.69%, down by 1.33 percentage points as compared with 31.02% in the same period of last year, mainly due to the impacts of the changes in sales structure.

Education Service

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

During the Period, the Group continued to push ahead the three major businesses of textbooks, digitalised education service and education equipment to enhance its market competitiveness in accordance with the guiding principle of innovative development and regulated operations. As to the textbooks business, the Group strengthened the expert database development of textbooks for primary and secondary schools to provide value-added service for teaching, and further optimised the development of category management and supplier hierarchy service system to enhance market competitiveness. As to the digitalised education service and education equipment business, faced with intensifying market competition, strengthening bargaining power of suppliers as well as changing market and demand, the Company strengthened the product R&D and marketing and introduced the education equipment management platform, smart campus and "Winshare Fun Learning – Wonderful Class Mobile Geography Classroom" to offer a comprehensive range of education solutions with significant growth in sales. The "Winshare Fun Learning – Wonderful Class Mobile Geography Classroom", which was officially launched at the 74th China Educational Equipment Exhibition, was accredited with the gold award and gained positive industry influence.

During the Period, revenue from the external sales of the education service business of the Group amounted to RMB2,102 million, representing an increase of 17.77% as compared with the same period of last year, mainly benefiting from the growing sales of the Group's supplementary materials, digitalised education service and education equipment businesses. In particular, revenue from the sales of the digitalised education service and equipment business amounted to RMB271 million, representing an increase of 113.61% as compared with the same period of last year.

During the Period, gross profit margin of the education service business was 35.54%, down by 1.73 percentage points as compared with the same period of last year.

Online Sales

In the first half of 2018, in order to increase the book supply chain efficiency and bargaining power, the Group adjusted the procurement system, optimised the procurement business flow and built a procurement and supply system suitable for the online/offline integrated development of general book reading business.

As to online sales, the Group optimised and adjusted the business categories through refined marketing to highlight the operating capabilities and market competitiveness of professional categories. Some of the professional book categories have considerable market influence. At the same time, the Group continued to expand the market through further developing customer resources.

During the Period, revenue from online sales amounted to RMB550 million, up by 4.05% as compared with the same period of last year. Gross profit margin of the online sales business was 8.01%, up by 0.29 percentage point as compared with the same period of last year.

Retailing

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

Under the strategic backdrop of "revitalising the physical bookstores", the Group's efforts to develop physical stores began to bear fruit and a modern reading service network system covering all aspects, multi-brands and multi-business formats has been established. During the first half of 2018, first, through strengthening "multi-brand building, multi-model development and multi-team operation", the layout of the physical bookstore network was continuously improved. The Company opened and revamped a total of seven bookstores occupying an area of approximately 10,000 square metres, thus achieving good social and economic benefits. Second, the Company adopted an innovative management model where it implemented the corporatised operations for the "Winshare Bookstore" brand to stimulate the dynamics of internal development. Third, the Company enhanced the professional reading service capabilities of current politics books, which fully displayed its role as the main publication channel of current politics books. Fourth, the Company enhanced the team reading service capabilities and kicked off the implementation of the physical bookstore talent development programme with a focus on nurturing the capabilities of reading service, thus injecting new momentum to driving the sales of the bookstores.

During the Period, revenue from the sales of the retailing business amounted to RMB301 million, representing an increase of 21.22% as compared with the same period of last year, mainly due to the increase in sales of current politics books. Gross profit margin of the retailing business was 34.23%, down by 2.37 percentage points as compared with the same period of last year.

(II) ANALYSIS OF OPERATING RESULTS AND FINANCIAL PERFORMANCE

Breakdown of the relevant item changes in the financial statements
(For the six months ended 30 June 2018)

RMB

Item	**Current period**	Comparative period last year	**Change (%)**
Revenue	**3,577,678,699.56**	3,186,015,247.21	**12.29**
Operating costs	**2,240,412,062.70**	2,026,412,232.84	**10.56**
Selling expenses	**484,307,612.41**	414,997,707.05	**16.70**
Administrative expenses	**443,430,377.63**	429,531,967.80	**3.24**
Finance expenses	**-12,254,208.92**	-9,102,091.09	**-34.63**
Net cash from operating activities	**443,268,453.07**	-37,004,326.02	**N/A**
Net cash from investing activities	**-8,028,971.98**	553,755,902.19	**-101.45**
Net cash from financing activities	**-248,583,436.00**	-418,518,426.19	**40.60**
R&D expenses	**5,556,300.10**	13,011,290.41	**-57.30**
Asset impairment loss	**5,796,336.83**	49,380,503.20	**-88.26**
Credit impairment loss	**48,365,598.71**	–	**N/A**
Gain/loss on fair value change	**-12,654,946.22**	25,983.57	**-48,803.65**
Investment income	**78,733,633.70**	202,375,080.84	**-61.10**
Other income	**26,218,522.67**	42,115,767.43	**-37.75**
Gain on asset disposal	**1,412,396.50**	44,485.74	**3,074.94**
Non-operating income	**4,761,835.99**	1,705,906.97	**179.14**
Non-operating expenses	**8,966,857.21**	17,672,450.65	**-49.26**
Income tax expenses	**-3,671,853.55**	702,444.17	**-622.73**

REVENUE

During the Period, revenue from the Group amounted to RMB3,578 million, representing an increase of 12.29% as compared with RMB3,186 million in the same period of last year, mainly benefiting from the growth of sales from the education service business, online sales of books business, general book publication business and third-party logistics business.

OPERATING COSTS

During the Period, operating costs of the Group amounted to RMB2,240 million, representing an increase of 10.56% as compared with the same period of last year. The increase in operating costs was due to the growth of revenue.

EXPENSES

During the Period, selling expenses of the Group amounted to RMB484 million, representing an increase of 16.70% as compared with the same period of last year, mainly due to the increase in operating costs including logistics expenses incurred from the growth of sales and the increase in handling fees as a result of the change in settlement method of Sanzhou's free textbooks since autumn 2017.

During the Period, administrative expenses of the Group amounted to RMB443 million, up by 3.24% as compared with the same period of last year, which was mainly due to the increase in labour costs.

During the Period, finance expenses of the Group amounted to -RMB12,254,200 as compared with -RMB9,102,100 in the same period of last year, among which, net interest expenses during the Period amounted to RMB14,742,600, representing an increase of RMB3,532,400 as compared with RMB11,210,200 in the same period of last year, mainly due to the strengthening of centralised management of funds, which resulted in the increase in the interest income of bank deposits.

R&D EXPENSES

During the Period, R&D expenses amounted to RMB5,556,300, representing a decrease of 57.30% as compared with the same period of last year. The R&D expenses represent the expenses of the Group during the stage of R&D, which will be capitalised when certain conditions are fulfilled. Those failing to satisfy the conditions are expensed and the part expensed for the current period is included under R&D expenses and recognised in profit or loss. The decrease in R&D expenses during the Period as compared with the same period of last year was due to the decrease in R&D commitments in the area of the digitalised education service during the Period as compared with the same period of last year.

ASSET IMPAIRMENT AND CREDIT IMPAIRMENT

During the Period, asset impairment amounted to RMB5,796,300 and credit impairment amounted to RMB48,365,600, mainly due to the separation of credit impairment incurred by the financial assets including notes receivable, receivables and other receivables from the existing asset impairment loss pursuant to the New Financial Instrument Standard, which resulted in an increase of 9.68% in aggregate during the Period as compared with the same period of last year.

GAIN/LOSS ON FAIR VALUE CHANGE

During the Period, the gain/loss on fair value change amounted to -RMB12,654,900, representing a decrease of RMB12,680,900 as compared with RMB26,000 in the same period of last year, mainly due to the classification of investments in CITIC Buyout Fund, Winshare Hengxin Fund, Qingdao Jinshi Fund and Taizhou Xinheng Fund under the New Financial Instrument Standard as financial assets at fair value through profit or loss. As a result, loss on fair value change was recognized during the Period (same period of last year: at fair value through other comprehensive income).

INVESTMENT INCOME

During the Period, the Group recognised investment income of RMB78,733,600, representing a decrease of 61.10% as compared with the same period of last year, mainly due to the gain of RMB133,000,000 on disposal of 48% equity interest held in Sichuan Wenzhuo, a joint venture, and 34% equity interest held in Chengdu Xinhui, an associated company, in the same period of last year.

OTHER INCOMES AND NON-OPERATING INCOME AND EXPENSES

During the Period, other incomes amounted to RMB26,218,500, representing a decrease of 37.75% as compared with the same period of last year, mainly due to the decrease in the refund of value-added tax under the levy first and refund later policy received during the Period as compared with the same period of last year.

During the Period, non-operating income amounted to RMB4,761,800, representing an increase of 179.14% as compared with the same period of last year, mainly due to the increase in default penalty of overdue payment on the northern renovation project received by a subsidiary of the Company during the Period.

During the Period, non-operating expenses amounted to RMB8,966,900, representing a decrease of 49.26% as compared with the same period of last year, mainly due to the decrease in donation expenses of the Company during the Period as compared with the same period of last year.

GAIN ON ASSET DISPOSAL

During the Period, gain on asset disposal amounted to RMB1,412,400, representing an increase of RMB1,367,900 as compared with the same period of last year, mainly due to the revenue arising from the disposal of properties by a subsidiary of the Company during the Period.

INCOME TAX EXPENSES

During the Period, income tax expenses amounted to -RMB3,671,900, as compared with RMB702,400 in the same period of last year, mainly due to the change in deferred income tax expenses incurred from the loss on fair value change of the financial assets at fair value through profit or loss during the Period.

PROFIT

Net profit for the Period amounted to RMB436 million, representing a decrease of RMB49 million as compared with RMB485 million in the same period of last year. Net profit attributable to owners of the parent amounted to RMB449 million, representing a decrease of RMB49 million as compared with RMB498 million in the same period of last year, mainly due to the gain on disposal of long-term equity investments of RMB133 million as compared with the same period of last year. Excluding such incomparable factor, actual net profit during the Period increased by 23.69% as compared with the same period of last year, mainly due to the increase in profit arising from the growth of sales revenue during the Period.

EARNINGS PER SHARE

Earnings per share is calculated based on the net profit attributable to the owners of the parent for the Period divided by the weighted average number of the ordinary shares in issue during the Period. During the Period, earnings per share of the Group amounted to RMB0.36, down by RMB0.04 as compared with RMB0.40 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.

CASH FLOW

Net cashflow generated from operating activities was net inflow of RMB443 million, as compared with net outflow of RMB37,004,300 in the same period of last year, mainly due to the increase in cash inflows generated from sales receivables during the Period as compared with the same period of last year.

Net cashflow generated from investing activities was net outflow of RMB8,029,000, as compared with net inflow of RMB554 million in the same period of last year. The substantial decrease during the Period was mainly due to the receivables totalling RMB565 million upon disposal of 48% equity interest in Sichuan Wenzhuo, a joint venture, and 34% equity interest in Chengdu Xinhui, an associated company, in the same period of last year.

Net cashflow generated from financing activities was net outflow of RMB249 million, as compared with net outflow of RMB419 million in the same period of last year, mainly due to the impact of progress of payment of dividend.

ASSETS AND LIABILITIES ANALYSIS

(As at 30 June 2018)

RMB

Item	As at the end of the current period	Amount as at the end of the current period as a percentage of the total assets (%)	As at the end of the comparative period of last year	Amount as at end of the comparative period last year as a percentage of the total assets (%)	Change in the amount as at the end of the current period over the amount as at the end of the comparative period of last year (%)	Remark
Held-for-trading financial assets	1,183,937,810.81	9.09	–	–	N/A	Bank wealth management products originally stated under "Other current assets" are reclassified and presented under this item in accordance with the New Financial Instrument Standard. As at the end of the Period, bank wealth management products amounted to RMB1,183 million, representing a slight increase as compared with RMB1,158 million as at the end of the previous year.
Notes receivable and accounts receivable	1,677,740,662.82	12.88	1,280,220,854.76	10.42	31.05	Mainly due to the increase in receivables from the growth of sales of the digitalised equipment business and the general book publication business; and receivables from the sales of textbooks and supplementary materials in spring 2018 to the Sanzhou region which were partially yet to be recovered.
Prepayments	108,749,405.65	0.83	79,865,675.12	0.65	36.17	Mainly due to the increase in prepayments to suppliers from the digitalised education service business as at the end of the Period from the beginning of the Year

Item	As at the end of the current period	Amount as at the end of the current period as a percentage of the total assets (%)	As at the end of the comparative period of last year	Amount as at end of the comparative period last year as a percentage of the total assets (%)	Change in the amount as at the end of the current period over the amount as at the end of the comparative period of last year (%)	Remark
Other current assets	82,908,665.80	0.64	1,184,329,531.05	9.64	-93.00	Mainly due to the reclassification and presentation of bank wealth management products of RMB1,158 million included in the opening balance to "Held-for-trading financial assets" as at the end of the Period. Excluding such factor, the growth of such item was mainly due to the recognition in accordance with the New Revenue Standard. The closing balance included return cost receivable of RMB47,904,400.
Available-for-sale financial assets	–	–	2,116,088,000.42	17.22	N/A	Pursuant to the classification requirements of the New Financial Instrument Standard, the Company reclassified the financial assets originally stated under "Available-for-sale financial assets" to "Other equity instruments" and "Other non-current financial assets" based on the business model of its contractual cash flow characteristics and corporate management of such assets.
Other equity instruments investments	1,601,749,935.68	12.29	–	–	N/A	Financial assets designated at fair value through other comprehensive income, mainly included the investments in Wan Xin Media and Bank of Chengdu. Its fair value of RMB1,602 million as at the end of the Period increased by 2.62% from RMB1,561 million as at the end of prior year, mainly due to the combined effects of the Company's reclassification of investments in Bank of Chengdu at cost originally to investments in Bank of Chengdu at fair value pursuant to the New Financial Instrument Standard and the decrease in share price of Wan Xin Media.

Item	As at the end of the current period	Amount as at the end of the current period as a percentage of the total assets (%)	As at the end of the comparative period of last year	Amount as at end of the comparative period last year as a percentage of the total assets (%)	Change in the amount as at the end of the current period over the amount as at the end of the comparative period of last year (%)	Remark
Other non-current financial assets	542,272,940.01	4.16	–	–	N/A	Financial assets at fair value through profit or loss, mainly included the investments in CITIC Buyout Fund, Winshare Hengxin Fund, Qingdao Jinshi Fund and Taizhou Xinheng Fund. Its fair value of RMB542 million as at the end of the Period decreased by 2.33% from RMB555 million as at the end of prior year and the change in value was included as loss on fair value change for the Period.
Advance from customers	–	–	310,646,140.33	2.53	N/A	Pursuant to the New Revenue Standard, the receipts in advance were reflected under the item of contract liabilities. The advanced receipts for sold goods of RMB343 million as at the end of the Period increased by 10.34% from RMB311 million as at the end of prior year.
Contract liabilities	354,071,632.98	2.72	–	–	N/A	The closing balance included advanced receipts for sold goods of RMB343 million and membership card points of RMB11,319,800, representing an increase of 10.34% and 4.83% as compared with the opening balances (membership card points as at the end of prior year were reflected under "Other current liabilities").
Employee benefits payable	190,027,386.74	1.46	322,778,103.03	2.63	-41.13	Mainly due to the distribution of 2017 incentives included in the balance as at the end of prior year.
Taxes payable	25,587,707.53	0.20	42,878,058.50	0.35	-40.32	The decrease was mainly due to the fact that part of the value added tax payable as at the end of prior year was paid during the Period.
Other payables	423,784,000.40	3.25	264,369,944.04	2.15	60.30	Mainly due to the fact that the dividend declared by the Company in 2017 was not yet paid as to RMB121 million during the Period.

Item	As at the end of the current period	Amount as at the end of the current period as a percentage of the total assets (%)	As at the end of the comparative period of last year	Amount as at end of the comparative period last year as a percentage of the total assets (%)	Change in the amount as at the end of the current period over the amount as at the end of the comparative period of last year (%)	Remark
Other current liabilities	166,464,457.33	1.28	114,861,486.00	0.93	44.93	Mainly due to the recognition of returns of RMB61,258,500 which was reflected under "Other current liabilities" pursuant to the New Revenue Standard, resulting in a more substantial change from the beginning of the Period.

Note: The Group has adopted ASBE No. 22 – Financial Instrument: Recognition and Measurement, ASBE No. 23 – Transfer of Financial Assets, ASBE No. 24 – Hedging Accounting, ASBE No. 37 – Financial Instrument: Presentation and ASBE No.14 – Revenue as revised by MoF since 1 January 2018. The Group recognises, measures and reports the financial instruments and revenue in accordance with the new standards. In addition, the Group also prepares the financial statements according to the Notice of the Revised Format of Financial Statements for General Business Enterprise 2018 issued by MoF on 15 June 2018. The impacts of implementation of the new standards above on the financial statements of the Group are set out in note 3 to the financial statements of this results announcement.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2018, the Group had cash and short-term deposits of approximately RMB2,047 million (31 December 2017: RMB1,886 million). The Group did not have any interest-bearing bank and other borrowings.

As at 30 June 2018, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group slightly increased to 38.11%, as compared with 35.24% as at 31 December 2017. The Group's overall financial structure remained relatively stable.

GENERAL CONDITION OF ENTRUSTED WEALTH MANAGEMENT

On 26 October 2017, the Board of the Company considered and approved the use of idle funds of no more than RMB1,300 million by the Group to purchase wealth management products which shall be effective within 12 months from the date of passing of the resolution by the Board. On 30 June 2018, the banking and wealth management products purchased by the Group amounted to RMB1,291 million, all of which were capital-guaranteed wealth management products due within one year.

CONTINGENT LIABILITIES

As at 30 June 2018, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2018, the Group's pledged deposits amounted to RMB8,173,300 (31 December 2017: RMB18,634,800), representing the security deposits placed with the banks for the issuance of bank's acceptance bills. Save as above, the Group did not have any other assets under pledge or guarantee.

WORKING CAPITAL MANAGEMENT

	30 June 2018	30 June 2017
Current ratio	**1.5**	1.5
Inventory turnover days	**143.3**	132.5
Notes and accounts receivable turnover days	**75.4**	52.2
Notes and accounts payables turnover days	**278.3**	242.0

As at 30 June 2018, current ratio of the Group was 1.5, which remained the same as compared with the same period of last year.

The notes and trade receivable turnover days was 75.4 days, up by 23.2 days as compared with the same period of last year, mainly due to the increase in receivables from the Group's general book publication business, digitalised education service and equipment business as compared with the same period of last year. In addition, given the expiry of the preferential value-added tax policies as at 31 December 2017, which were originally applicable to the Company and the launch of new preferential policies in June 2018, the progress of recovery of proceeds of the Company in the prior year would be affected to a certain extent.

In the first half of the year, the inventory turnover days was 143.3 days, up by 10.8 days as compared with the same period last year, mainly due to the increase in inventory reserve of the Group as a result of the expansion of sales size of the Company.

The notes and trade payable turnover days was 278.3 days, increased by 36.3 days as compared with the same period of last year, mainly due to the slower payment made to the suppliers during the Period as compared with the same period of last year.

The above indicators reflect that the operating conditions of the Group remained relatively stable, and the turnover days of inventory, trade receivables and trade payables were in line with the industry features of the publication and distribution enterprises.

(III) OVERVIEW OF MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

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

To seize the market opportunities from new bookstore transformation driven by consumer upgrade and enhance the brand influence and profitability of "Winshare Bookstore", during the Period, the Company injected RMB50 million to set up a wholly-owned subsidiary, Sichuan Winshare Xuankehui Cultural Development Co.,Ltd.*.(四川文軒軒客會文化發展有限公司).

To revitalise the publishing business, during the Period, the Company made capital increase totalling RMB165 million to its five wholly-owned publishing houses, of which a capital increase of RMB100 million was made to Youth and Children's Publishing House.

To quickly tap into the digitalised education service and education equipment area in Liangshan, the Company and Liangshan Xinhua Bookstore jointly established Liangshan Xinhua Winshare Education Technology Co. Ltd., on 22 May 2017. The Company injected RMB19.60 million, accounting for 49% equity interests. As at the date of this report, the Company paid an investment amount of RMB9.80 million.

The Company subscribed for 80,000,000 additional shares of Bank of Chengdu at the consideration of RMB240,000,000 in cash in December 2007 and the shareholding of the Company in Bank of Chengdu was 2.46%. During the Period, a dividend amounting to RMB22,400,000 (tax inclusive) 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 was changed from 2.46% to 2.21% with a lock-up period of one year. On 28 August 2018, the closing price of the shares of Bank of Chengdu was RMB9.09 per share.

During the Period, the Company recognised a dividend income of RMB21,188,800 based on the 2017 profit distribution plan of Wan Xin Media, an investee of the Company. The Company was interested in 6.27% shares of Wan Xin Media. As at 30 June 2018, the market capitalisation was RMB949 million, which represents a decrease of approximately RMB370 million from that as at 31 December 2017.

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

During the Period, details of the external investments made by the Group are set out in notes 8, 9 and 10 to the consolidated financial statements in this results announcement.

Information of the major subsidiaries

Unit: RMB10,000

Name of subsidiary	Nature of business	Shareholding percentage (%)	Registered capital	Revenue	Net profit	Total assets	Net assets
Sichuan Publication Printing Co., Ltd.	Publishing and wholesaling of publications and related publications	100%	5,000	12,344	3,973	66,163	59,648
Sichuan Education Publishing House Co., Ltd.	Publishing and wholesaling of publications and related publications	100%	1,000	26,083	10,731	84,933	69,256
Sichuan Printing Materials Co., Ltd.	Provision of printing related materials	100%	3,000	16,978	372	36,881	3,685
Sichuan Winshare Education Technology Co., Ltd	Software development and sales of electronic equipment	100%	33,000	17,999	1,001	79,463	32,364
Sichuan Winshare Online E-commerce Co., Ltd.	Online sales of publications and other products	75%	6,000	55,659	6,318	150,658	-11,640

(IV) FUTURE PROSPECTS

In 2018, the Group will capture the growth trend of the international cultural industry while adhering to its principal business of publishing and media. With the transformation drivers, namely the Internet and capital, the Group will centre around the big culture consumer service and implement the following strategies:

As guided by the "three key publishing" concepts, the Company will inject more publication resources and enhance the utilisation of publication resources to achieve high quality development of the book publication business. To revitalise physical bookstores, the Company will optimise the layout of the physical bookstore network and continue to push ahead the upgrade and renovation of physical bookstores to shape a business layout of "multi-brand building, multi-model development and multi-team operation". To improve the development of online sales platform and supply chain synergistic platform, the Company will step up the IT development of channels and build an online/offline channel integrated development system based on the Internet and the Internet of Things. As to strengthening the textbooks and supplementary materials publication and distribution business, the Company will devote great efforts to the new businesses of education equipment and subject classroom and innovate the product formats and service model of online education while enhancing the digitalised education service capabilities. The Company will continue to increase internal logistics service capabilities in support of the rapid development of principal businesses while steadily carrying out the third-party business. Fully capitalising on the industry resources sought through the capital operations platform, the Company strives to push ahead the development of its principal businesses through grafting and integration of external resources and business segments.

USE OF PROCEEDS

In August 2016, the Company publicly offered 98,710,000 Renminbi-denominated ordinary shares (A shares) on the Shanghai Stock Exchange for the first time at the offer price of RMB7.12 per share. The gross proceeds amounted to RMB702,815,200 and the net proceeds after deducting the issue expenses amounted to RMB645,175,100, which were used for the Company's service platform of education cloud project, logistics network construction project in Western China, retail shops upgrading and expansion project, ERP construction and upgrading project as well as Chinese culture revival publication project. In the first half of 2018, the Company utilised proceeds of RMB5,010,000. As at 30 June 2018, the proceeds utilised cumulatively amounted to RMB563,010,400. The unutilised proceeds amounted to RMB82,164,700. As of the date hereof, there was no change to the fundraising projects of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as the code of conduct for securities transactions by the Directors and Supervisors of the Company (the "**Supervisor(s)**"), for the purpose of regulating securities transactions by the Directors and Supervisors. Having made specific enquiries to each Director and Supervisor, all Directors and Supervisors confirmed that they have complied with the provisions as set out in the Model Code throughout the Period.

INTERIM DIVIDEND

The Board has not recommended the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

AUDIT COMMITTEE

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

The Audit Committee has reviewed the Group's unaudited consolidated financial statements for the six months ended 30 June 2018 included in this interim results announcement and has communicated and discussed the financial reporting issues of the Group with the management of the Company. The Audit Committee confirmed that the interim financial report of the Group has been prepared in accordance with the applicable accounting standards and requirements and have made appropriate disclosures accordingly.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.winshare.com.cn). The Company's 2018 interim report will be despatched to the shareholders and published on websites of the Stock Exchange and the Company on or before 30 September 2018.

By Order of the Board
Xinhua Winshare Publishing and Media Co., Ltd.*
He Zhiyong
Chairman

Sichuan, the PRC, 28 August 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*