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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

The board (the "**Board**") of directors (the "**Director(s)**") of Xinhua Winshare Publishing and Media Co., Ltd.* (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2018 (the "**Year**" or "**Reporting Period**").

CONSOLIDATED BALANCE SHEET

RMB

ITEM	*Notes*	31 December 2018	31 December 2017
Current Assets:			
Cash and bank balances		**2,608,612,572.01**	1,885,682,217.83
Held-for-trading financial assets	*5*	**1,262,431,274.52**	N/A
Notes receivable and accounts receivable	*6*	**1,617,030,048.35**	1,280,220,854.76
Prepayments		**71,487,222.26**	79,865,675.12
Other receivables		**99,002,826.00**	109,354,915.49
Inventories	*7*	**1,921,544,765.26**	1,764,445,460.22
Other current assets		**70,874,065.89**	1,184,329,531.05
Non-current assets due within one year		**–**	280,000,000.00
Total Current Assets		**7,650,982,774.29**	6,583,898,654.47

RMB

ITEM	*Notes*	**31 December 2018**	31 December 2017
Non-current Assets:			
Available-for-sale financial assets		**N/A**	2,116,088,000.42
Long-term receivables	*8*	**267,742,224.79**	194,801,883.56
Long-term equity investments	*9*	**374,130,558.86**	356,585,702.56
Other equity instrument investments	*10*	**1,452,054,632.09**	N/A
Other non-current financial assets	*11*	**507,656,767.91**	N/A
Investment properties		**53,919,142.25**	70,688,502.05
Fixed assets	*12*	**1,284,362,282.11**	1,293,739,079.58
Construction in progress	*13*	**671,459,973.65**	622,149,298.16
Intangible assets		**334,741,307.45**	340,754,220.83
Development cost		**47,521,564.75**	44,550,953.70
Goodwill	*14*	**500,590,036.14**	500,590,036.14
Long-term prepaid expenses		**21,063,047.60**	19,098,549.65
Deferred tax assets		**11,674,788.33**	10,257,055.60
Other non-current assets		**109,813,352.57**	133,503,704.60
Total Non-current Assets		**5,636,729,678.50**	5,702,806,986.85
TOTAL ASSETS		**13,287,712,452.79**	12,286,705,641.32
Current Liabilities:			
Notes payable and accounts payable	*15*	**3,620,513,916.23**	3,144,291,382.23
Advance from customers		**–**	310,646,140.33
Contract liabilities	*16*	**338,681,880.89**	N/A
Employee benefits payable		**338,084,927.10**	322,778,103.03
Taxes payable		**48,138,758.54**	42,878,058.50
Other payables	*17*	**286,639,643.77**	264,369,944.04
Deferred income		**98,377,250.58**	102,969,706.98
Provisions		**48,879,492.72**	11,891,779.02
Total Current Liabilities		**4,779,315,869.83**	4,199,825,114.13

RMB

ITEM	*Notes*	31 December 2018	31 December 2017
Non-current Liabilities:			
Deferred tax liabilities		**32,156,680.02**	43,830,724.30
Deferred income		**70,210,541.84**	86,227,572.50
Total Non-current Liabilities		**102,367,221.86**	130,058,296.80
TOTAL LIABILITIES		**4,881,683,091.69**	4,329,883,410.93
Shareholders' Equity:			
Share capital	*18*	**1,233,841,000.00**	1,233,841,000.00
Capital reserve		**2,572,524,766.32**	2,572,587,684.82
Other comprehensive income	*25*	**1,021,506,867.83**	1,230,619,792.07
Surplus reserve		**711,068,358.95**	625,743,635.42
Retained profits	*19*	**2,941,622,541.24**	2,364,509,602.80
Total Shareholder's Equity Attributable to equity holders of the Company		**8,480,563,534.34**	8,027,301,715.11
Non-controlling Interests		**(74,534,173.24)**	(70,479,484.72)
TOTAL SHAREHOLDERS' EQUITY		**8,406,029,361.10**	7,956,822,230.39
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**13,287,712,452.79**	12,286,705,641.32

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

RMB

ITEM	*Notes*	**Amount for the current year**	Amount for the prior year
I. Operating income	*20*	**8,186,582,966.73**	7,345,882,957.66
Less: Operating costs	*20*	**5,115,028,020.85**	4,686,978,912.13
Taxes and levies		**36,982,584.14**	37,577,186.66
Selling expenses		**1,010,672,983.29**	892,516,374.83
Administrative expenses		**1,115,342,053.40**	1,065,185,674.93
Research and development expenditure		**13,592,602.42**	5,820,875.63
Finance expenses		**(24,410,724.03)**	(24,360,291.07)
Including: Interest expenses		**516,412.05**	–
Interest income		**35,998,426.65**	28,193,203.46
Impairment losses of assets		**57,346,713.77**	80,753,079.75
Loss on credit impairment		**83,756,073.61**	N/A
Add: Other income	*21*	**62,444,933.44**	65,255,198.89
Investment income	*22*	**126,882,215.06**	272,154,816.43
Including: Income from investments in associates and joint ventures		**20,614,370.74**	10,286,556.13
Gains (losses) from changes in fair values		**(38,181,032.61)**	10,279.16
Gains from disposal of assets		**1,430,228.33**	2,837,854.36
II. Operating profit		**930,849,003.50**	941,669,293.64
Add: Non-operating income		**10,614,766.98**	8,691,686.24
Less: Non-operating expenses		**25,543,150.09**	33,320,723.97
III. Total profit		**915,920,620.39**	917,040,255.91
Less: Income tax expenses	*24*	**(10,795,846.37)**	559,885.21
IV. Net profit		**926,716,466.76**	916,480,370.70
(I) Categorized by the nature of continuing operation			
1. Profit from continuing operations		**926,716,466.76**	916,480,370.70
(II) Categorized by ownership:			
1. Non-controlling interests		**(5,468,337.30)**	(7,364,129.34)
2. Net profit attributable to shareholders of the Company		**932,184,804.06**	923,844,500.04
V. Other comprehensive income, net of tax	*25*	**(388,763,766.33)**	(815,201,000.16)
Other comprehensive income attributable to shareholders of the Company, net of tax		**(388,763,766.33)**	(815,201,000.16)
(I) Other comprehensive income not reclassified to profit or loss			
1. Changes in other equity instrument investment at fair value		**(388,763,766.33)**	N/A
(II) Other comprehensive income to be reclassified to profit or loss			
1. Share of other comprehensive income that will be reclassified into profit or loss by the investee under the equity method		**N/A**	21,163,104.62
2. Profit or loss on changes in fair value of available-for-sale financial assets		**N/A**	(836,364,104.78)
VI. Total comprehensive income		**537,952,700.43**	101,279,370.54
Total comprehensive income attributable to shareholders of the Company		**543,421,037.73**	108,643,499.88
Total comprehensive income attributable to non-controlling interests		**(5,468,337.30)**	(7,364,129.34)
VII. Earnings per share:			
(1) Basic earnings per share	*26*	**0.76**	0.75
(2) Diluted earnings per share	*26*	**N/A**	N/A

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

RMB

ITEM	**Amount for the current year**	Amount for the prior year
I. Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services	**8,428,611,018.96**	7,429,249,050.43
Receipts of tax refunds	**2,859,806.40**	29,900,529.02
Other cash receipts relating to operating activities	**128,901,806.29**	57,301,876.32
Sub-total of cash inflows from operating activities	**8,560,372,631.65**	7,516,451,455.77
Cash payments for goods purchased and services received	**5,339,129,538.40**	5,111,264,615.40
Cash payments to and on behalf of employees	**1,023,749,106.97**	862,234,494.55
Payments of various types of taxes	**101,761,373.63**	118,673,819.23
Other cash payments relating to operating activities	**1,102,282,340.68**	1,078,656,656.15
Sub-total of cash outflows from operating activities	**7,566,922,359.68**	7,170,829,585.33
Net Cash Flow from Operating Activities	**993,450,271.97**	345,621,870.44
II. Cash Flows from Investing Activities:		
Cash receipts from disposals and recovery of investments	**2,517,083,314.41**	2,834,752,682.94
Cash receipts from investment income	**108,667,864.64**	92,781,341.62
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	**4,535,883.74**	948,697.97
Net cash receipts from disposals of subsidiaries and other business units	**393,915.64**	66,946,783.23
Other cash receipts relating to investing activities	**283,561,027.40**	150,212,625.38
Sub-total of cash inflows from investing activities	**2,914,242,005.83**	3,146,822,149.24
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	**160,006,970.69**	245,938,614.43
Cash payments to acquire investments	**2,628,735,897.95**	2,493,519,157.58
Sub-total of cash outflows from investing activities	**2,788,742,868.64**	2,739,457,772.01
Net Cash Flow from Investing Activities	**125,499,137.19**	407,364,377.23

RMB

ITEM	**Amount for the current year**	Amount for the prior year
III. Cash Flows from Financing Activities:		
Cash receipts from capital contributions	**5,035,000.00**	–
Including: cash receipts from capital contributions from non-controlling shareholders of subsidiaries	**5,035,000.00**	–
Other cash receipts relating to financing activities	**–**	10,423,573.81
Sub-total of cash inflows from financing activities	**5,035,000.00**	10,423,573.81
Cash payments for distribution of dividends and settlement of interest expenses	**371,076,380.06**	502,733,430.03
Including: payments for distribution of dividends to non-controlling shareholders of subsidiaries	**205,439.69**	202,228.29
Other cash payments relating to financing activities	**1,780,947.00**	69,271,000.00
Sub-total of cash outflows from financing activities	**372,857,327.06**	572,004,430.03
Net Cash Flow from Financing Activities	**(367,822,327.06)**	(561,580,856.22)
IV. Net Increase in Cash and Cash Equivalents	**751,127,082.10**	191,405,391.45
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	**2,576,699,731.25**	1,825,572,649.15

1. BASIC INFORMATION ABOUT THE COMPANY

The Company was incorporated on 11 June 2005 upon registration at Sichuan Provincial Administration for Industry and Commerce with the share capital of RMB733,370,000.

The Company was listed in Hong Kong on 30 May 2007 by way of public offering of 401,761,000 shares of overseas listed foreign shares (including over-allotment) ("**H Shares**"). The share's par value was RMB1 and its issue price was HK$5.80 per share. Upon completion, the share capital of the Company was 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 RMB ordinary shares ("**A Shares**") at Shanghai Stock Exchange on 8 August 2016 at the issue price of RMB7.12 per share. Upon completion, the share capital of the Company was changed into RMB1,233,841,000.00.

The legal representative of the Company is He Zhiyong. The registered address is located at Unit 1, 1/F, Block 4, No. 239, Jinshi Road, Jinjiang District, Chengdu, China and the headquarters is located at No.6 Wenxuan Road, Rongbei Shangmao Avenue, Chengdu, Sichuan.

The Group are mainly engaged in: sales of books, newspapers, journals, electronic publications; wholesale of audio-visual products (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 of the Company is Sichuan Xinhua Publishing Group Co., Ltd. ("**Sichuan Xinhua Publishing Group**"). State-owned Assets Supervision and Administration Commission of Sichuan Provincial Government ("**SASAC of Sichuan**"), in compliance with instructions of Sichuan Provincial People's Government, set up Sichuan Development (Holding) Co., Ltd.* ("**Sichuan Development**") in 2009, and transferred its equity interests in Sichuan Xinhua Publishing Group to Sichuan Development, hence Sichuan Xinhua Publishing Group became a wholly-owned subsidiary of Sichuan Development. Meanwhile, as Sichuan Development is wholly owned by SASAC of Sichuan, so the Company is actually controlled by SASAC of Sichuan.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

The Group has adopted the Accounting Standards for Business Enterprises ("**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* (the "**Listing Rules**").

Going concern

The Group assessed its ability to continue as a going concern for the 12 months subsequent to 31 December 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. 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.

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 [2019] No. 16) 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 for five years since the registration date of system reform. Enterprises which have completed transformation prior to 31 December 2018 may continue to be exempted from enterprise income tax for five years from 1 January 2019.

According to the above provisions, the Company and Beijing Shuchuan Xinhua Bookstore Book Distribution Co., Ltd., Sichuan Xinhua Online Network Co., Ltd., Sichuan Xinhua Culture Communication Co., Ltd. and the Company's thirteen publishing units enjoy income tax exemption until 31 December 2023.

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

Value-added tax

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

Pursuant to *Notice on Persistently Promoting Cultural Value-added Tax Preferential Policies* (Cai Shui [2018] No. 53) issued by MoF 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 through 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.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Revenue Standard

The Group has adopted the Accounting Standards for Business Enterprises No.14 – Revenue amended by the 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 related items in the financial statements, and not to adjust information in comparable period. Upon the implementation of the New Revenue Standard, the Group only adjusts the accumulated effects on contracts not completed yet on the initial implementation date.

(1) Besides provision of more extensive disclosures of revenue transactions, effects of implementation of the New Revenue Standard on relevant items of the Group's consolidated balance sheet at the beginning of the current year 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*	**11,891,779.02**	42,946,827.33	54,838,606.35
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 returned 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 previously recognized in receipts in advance and the accumulated points of membership cards previously recognized in deferred income to contract liabilities. For the details of contract liabilities, see Note 16.

(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	**Balance as at 31 December 2018 under New Revenue Standard**	Adjustment	Balance as at 31 December 2018 under Original Revenue Standard
Current assets:			
Other current assets	**70,874,065.89**	(37,695,738.35)	33,178,327.54
Current liabilities:			
Contract liabilities	**338,681,880.89**	(338,681,880.89)	–
Advance from customers	**–**	325,898,982.87	325,898,982.87
Provisions	**48,879,492.72**	(37,695,738.35)	11,183,754.37
Deferred income	**98,377,250.58**	12,782,898.02	111,160,148.60

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 Instrument Standard

The Group implements the Accounting Standards for Business Enterprises No. 22 – Financial Instrument: Recognition and Measurement, Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets, Accounting Standards for Business Enterprises No. 24 – Hedging Accounting and Accounting Standards for Business Enterprises No. 37 – Financial Instrument: Presentation ("**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 lifetime according to whether the credit risks of relevant items have been significantly increased since initial recognition. If the accounts receivable, contract assets and lease receivables have simplified method, it is allowed to recognize impairment allowance for the expected credit loss during the lifetime.

The Group will make connection and 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 the Group's adoption of the New Financial Instrument Standard on the Group's consolidated balance sheet at 1 January 2018 are as follows:

RMB

			Effects of implementation of the New Financial Instrument 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 previously classified as available-for-sale** *(Note 1)*	**Transferred from financial assets previously 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 income to retained earnings**	**From cost to fair value** *(Note 1)*	**Carrying value presented according to the 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 assets	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 previously 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 financial assets at FVTOCI under 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 investments 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 financial assets at FVTPL under 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 previously 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 December 2017**	**Effects of implementation of New Revenue Standard**	**Effects of implementation of New Financial Instrument Standard**	**1 January 2018**
Held-for-trading financial assets	N/A	–	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 instruments investments	N/A	–	1,840,955,742.06	1,840,955,742.06
Other non-current financial assets	N/A	–	555,188,258.36	555,188,258.36
Total effects on assets	**N/A**	**42,946,827.33**	**280,056,000.00**	**N/A**
Advance from customers	310,646,140.33	(310,646,140.33)	–	**–**
Contract liabilities	N/A	321,443,922.21	–	321,443,922.21
Provisions	11,891,779.02	42,946,827.33	–	54,838,606.35
Deferred income	102,969,706.98	(10,797,781.88)	–	92,171,925.10
Total effects on liabilities	**N/A**	**42,946,827.33**	**–**	**N/A**
Other comprehensive income	1,230,619,792.07	–	179,650,842.09	1,410,270,634.16
Retained earnings	2,364,509,602.80	–	100,405,157.91	2,464,914,760.71
Total effects on shareholders' equity	**N/A**	**–**	**280,056,000.00**	**N/A**

Format of presentation of financial statements

Since the preparation of the financial statements for 2018, the Group has implemented the *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. Cai Kuai Document No.15 has made amendments to the items presented in the balance sheet and income statement. Items such as "notes receivable and accounts receivable", "notes payable and accounts payable" and "R&D expenses" are incorporated. The contents presented in the items such as "other receivables", "fixed assets", "construction in progress", "other payables", "long-term payables" and "administrative expenses" are revised. Items such as "notes receivable", "accounts receivable", "dividends receivable", "interests receivable", "fixed assets clearance", "construction materials", "notes payable" "accounts payable", "interests payable", "dividends payable" and "special accounts payable" are no longer included. Items such as "Including: interest expenses" and "interest income" are presented under "finance costs" and some items in the income statement are presented differently. With respect to the changes in the above presented items, the Group has made adjustments as compared to the comparable data for prior year.

5. HELD-FOR-TRADING FINANCIAL ASSETS

RMB

Item	31 December 2018 Carrying value
Financial assets at FVTPL *(Note)*	**1,262,431,274.52**
Including: Bank wealth management products	**1,261,790,000.00**
Investment in A-share listed companies	**641,274.52**
Total	**1,262,431,274.52**

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

6. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

(1) Categories of notes receivable and accounts receivable

RMB

Category	31 December 2018	31 December 2017
Accounts receivable	**1,612,611,248.17**	1,278,160,854.76
Notes receivable	**4,418,800.18**	2,060,000.00
Including: Bank acceptances	**2,578,416.58**	60,000.00
Commercial acceptances	**1,840,383.60**	2,000,000.00
Total	**1,617,030,048.35**	1,280,220,854.76

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

RMB

	31 December 2018				31 December 2017			
Aging	Amount	Proportion (%)	Bad debt provision	Carrying amount	Amount	Proportion (%)	Bad debt provision	Carrying amount
Within 1 year	**1,644,384,840.30**	**88.05**	**(77,209,352.59)**	**1,567,175,487.71**	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	**117,597,470.68**	**6.30**	**(67,742,910.04)**	**49,854,560.64**	95,540,246.76	6.59	(54,195,743.78)	41,344,502.98
More than 2 years but not exceeding 3 years	**34,325,001.94**	**1.84**	**(34,325,001.94)**	**–**	18,051,674.54	1.25	(14,690,372.23)	3,361,302.31
More than 3 years	**71,081,969.28**	**3.81**	**(71,081,969.28)**	**–**	70,815,456.09	4.89	(68,423,653.51)	2,391,802.58
Total	**1,867,389,282.20**	**100.00**	**(250,359,233.85)**	**1,617,030,048.35**	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) Notes receivable endorsed or discounted by the Group that are not yet due at the balance sheet date at the end of the current year

RMB

Item	Amount derecognized at the end of the year	Amount not derecognized at the end of the year
Bank acceptances	17,646,200.91	–

Note: At the end of the current year, the Group's endorsed but not yet due bank acceptance bills were RMB17,646,200.91 (at the end of prior year: RMB21,048,232.73). The Group derecognized the endorsed but not yet due bank acceptance bills at the balance sheet date.

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

The bad debt provision for the current year is RMB87,474,280.65, and the reversal of bad debt provision is RMB6,204,994.96.

(5) Accounts receivable written off for the current year

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

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

RMB

Name of entity	Relationship with the Group	31 December 2018	Aging	As a percentage of the total accounts receivable (%)	Closing balance of bad debt provision
People's Education Press Co., Ltd.	Third party	132,111,500.49	Within 1 year	7.07	(3,963,345.01)
Education Bureau of Anyue County	Third party	89,339,286.30	Within 1 year	4.78	(1,776,775.68)
Education Technology Equipment Institute of Enyang District, Bazhong Municipality	Third party	35,544,694.00	Within 1 year	1.90	(746,438.57)
Education and Technology Bureau of Hejiang County	Third party	35,000,000.00	Within 1 year	1.87	–
Information Technology and Education Equipment Institute of Gulin County	Third party	34,540,451.62	Within 1 year	1.85	–
Total		326,535,932.41		17.47	(6,486,559.26)

7. INVENTORIES

(1) Categories of inventories

RMB

Item	31 December 2018			31 December 2017		
	Carrying amount	**Provision for decline in value of inventories**	**Net carrying amount**	Carrying amount	Provision for decline in value of inventories	Net carrying amount
Goods on hand	**1,878,279,312.31**	**(173,068,922.90)**	**1,705,210,389.41**	1,747,020,907.57	(160,116,806.30)	1,586,904,101.27
Work-in-progress	**161,510,325.29**	**–**	**161,510,325.29**	118,847,540.30	–	118,847,540.30
Raw materials	**58,095,851.77**	**(3,271,801.21)**	**54,824,050.56**	61,965,619.86	(3,271,801.21)	58,693,818.65
Total	**2,097,885,489.37**	**(176,340,724.11)**	**1,921,544,765.26**	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 December 2017	Increase in the current year	Decrease in the current year write-off /reversal	31 December 2018
Goods on hand	160,116,806.30	40,817,713.77	(27,865,597.17)	**173,068,922.90**
Raw materials	3,271,801.21	–	–	**3,271,801.21**
Total	163,388,607.51	40,817,713.77	(27,865,597.17)	**176,340,724.11**

Note: As the expected net realisable value is below the cost of inventories at the end of the reporting period, a provision for decline in value of inventories amounting to RMB40,817,713.77 is made in the current year.The provision for decline in value of goods on hand amount RMB23,970,634.22 is written off as such inventories are retired. As the goods that are provided for decline in value of inventories have been sold, the provision for decline in value of inventories amounting to RMB3,894,962.95 is reversed.

8. LONG-TERM RECEIVABLES

RMB

Item	31 December 2018		31 December 2017	
	Carrying amount	**Net carrying amount**	Carrying amount	Net carrying amount
Goods sold by installments *(Note)*	**267,742,224.79**	**267,742,224.79**	194,801,883.56	194,801,883.56

Note: Receivables of goods sold by installments are the Group's amounts of sales of equipment and software, which shall be collected by installments in accordance with the contract. The agreed period in the contract is 2-5 years and the Group has discounted at a discount rate of 4.75%-5.00%.

9. LONG-TERM EQUITY INVESTMENTS

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

RMB

Investee	31 December 2017	Changes for the current year: Increase in investments	Decrease in investments	Investment profit or loss under equity method	Distribution of cash dividends or profit declared	Provision for impairment loss	Other decrease	31 December 2018	Provision for impairment 31 December 2018
Joint Ventures									
Hainan Publishing House Co., Ltd.	131,622,920.10	-	-	16,604,538.54	-	-	-	148,227,458.64	-
Sichuan Fudou Technology Co., Ltd. (“**Sichuan Fudou**”) *(Note 1)*	135,584.70	-	-	105,045.69	-	-		240,630.39	-
Tibet Winshare Equity Investment Co., Ltd. (“**Tibet Winshare**”) *(Note 2)*	393,935.96	-	(393,935.96)	-	-	-	-	-	-
Shenzhen Xuancai Venture Capital Investment Fund Management Co., Ltd. (“**Shenzhen Xuancai**”) *(Note 3)*	612,351.78	-	-	(4,343.47)	-	-	-	608,008.31	-
Liangshan Xinhua Winshare Education Technology Co. Ltd. (“**Liangshan Xinhua**”) *(Note 4)*	4,151,258.65	14,700,000.00	-	686,244.41	-	-	-	19,537,503.06	-
Subtotal	136,916,051.19	14,700,000.00	(393,935.96)	17,391,485.17	-	-	-	168,613,600.40	-
Associates									
Sichuan Winshare BLOGIS Supply Chain Co., Ltd (“**Sichuan Wenbao**”) *(Note 5)*	45,014,743.75	-	-	(191,119.64)	-	-	-	44,823,624.11	-
Commercial Press (Chengdu) Co., Ltd.	2,435,042.07	-	-	191,840.76	-	-	-	2,626,882.83	
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	10,620,350.30	-	-	2,702,454.78	(2,400,000.00)	-	-	10,922,805.08	-
Guizhou Xinhua Winshare Book Audio-Visual Product Chainstore Co., Ltd. (“**Guizhou Winshare**”)	-	-	-	-	-	-	-	-	-
Ming Bo Education Technology Holdings Co., Ltd.	32,007,766.13	-	-	4,987,119.63	-	-	-	36,994,885.76	-
Shanghai Jingjie Information Technology Co., Ltd.	1,983,768.64	-	-	175,209.72	-	-	-	2,158,978.36	-
Sichuan Winshare Preschool Educational Management Co., Ltd. (“**Winshare Preschool**”)	3,968,925.78	-	-	1,608,473.29	-	-	-	5,577,399.07	-
Chongqing Yunhan Internet and Media Co., Ltd.	45,760,782.62	-	-	(1,861,303.61)	-	(16,529,000.00)	-	27,370,479.01	(16,529,000.00)
Chengdu Winshare Venture Capital Investment Fund Management Co., Ltd.	30,017,149.67	-	-	(4,151,002.80)	-	-	-	25,866,146.87	-
Sichuan Education and Science Forum Magazine Press Co., Ltd. (“**Education Forum**”)	-	-	-	143,598.78	-	-	-	143,598.78	-
Sichuan Tianhe Culture Co., Ltd.	146,578.48	-	-	-	-	-	(146,578.48)	-	-
Tibet Winshare Venture Capital Investment Fund Partnership (Limited Partnership) (“**Tibet Winshare Venture Investment**”) *(Note 6)*	27,762,802.35	1,700,000.00	-	(811,704.84)	-	-	-	28,651,097.51	-
Sichuan Jiaoyang Sihuo Film Co., Ltd.	34,045.55	-	-	33,445.71	-	-	-	67,491.26	-
Xinhua Yingxuan (Beijing) Screen Culture Co., Ltd. (formerly Beijing Huaying Winshare Movie & TV Culture Co., Ltd.)	19,917,696.03	-	-	395,873.79	-	-	-	20,313,569.82	-
Subtotal	219,669,651.37	1,700,000.00	-	3,222,885.57	(2,400,000.00)	(16,529,000.00)	(146,578.48)	205,516,958.46	(16,529,000.00)
Total	356,585,702.56	16,400,000.00	(393,935.96)	20,614,370.74	(2,400,000.00)	(16,529,000.00)	(146,578.48)	374,130,558.86	(16,529,000.00)

Note 1: Pursuant to the articles of association of Sichuan Fudou, 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 shall be approved by over two-thirds of the total votes from its shareholders' meeting. Accordingly, Education Technology and the other shareholder have joint control over Sichuan Fudou, who accordingly became a joint venture of the Company. Education Technology transferred all of its equity to Winshare Investment Co., Ltd. ("**Winshare Investment**"), another subsidiary of the Company in April 2017 and therefore, the later inherited all the rights of Education Technology in Sichuan Fudou.

Note 2: According to the articles of association of Tibet Winshare, Winshare Investment, a subsidiary of the Company, holds 40% of the voting rights in the shareholders' meeting and the other two shareholders respectively hold 30% of the voting right in the shareholders' meeting respectively. Resolutions of annual financial budget plans, final accounts, profit distribution and make up losses made by the shareholders of Tibet Winshare shall be approved by over 75% of the votes from the shareholders. As a result, Winshare Investment and the other two shareholders shall have joint control over Tibet Winshare and accounts Tibet Winshare as a joint venture of the Group. The deregistration of Tibet Winshare was completed at industrial and commercial administration in March 2018.

Note 3: According to the articles of association of Shenzhen Xuancai, 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 Xuancai 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 Xuancai which is a joint venture of the Group.

Note 4: In March 2017, the Company and Xichang Xinhua Bookstore entered into an investment agreement, jointly establishing Liangshan Xinhua, with proportion of shareholding of 49% and 51% respectively. According to the articles of association, resolutions of annual financial budget plan, final accounting plan, profit distribution and making up losses made by the shareholders' meeting of Liangshan Xinhua must be approved by the shareholders representing 2/3 of the voting power. Therefore, the Company and the other shareholder have common control over Liangshan Xinhua so that Liangshan Xinhua is a joint venture of the Group.

Note 5: In June 2017, Sichuan Wenchuan Logistics Co., Ltd. ("**Wenchuan Logistics**"), 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 Wenbao with the shareholding of 45%, 40% and 15%, respectively. According to the Articles of Association, it takes over 50% of the voting to adopt the resolution on the annual financial budget plan, final accounting plan, profit distribution and loss make-up made by the shareholders' meeting of Sichuan Wenbao. Therefore, Sichuan Wenbao is an associate of the Group.

Note 6: As a limited partner, Winshare Investment, a subsidiary of the Company, invested RMB30,300,000.00 in Tibet Winshare Venture Investment, and the proportion of the subscribed capital contribution of Winshare Investment accounted for 56.34% of its total subscribed capital. During the current year, Winshare Investment completed the remaining capital contributions of RMB1,700,000.00. According to the partnership agreement of Tibet Winshare Venture Investment, 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 Investment. As a result, Tibet Winshare Venture Investment is an associate of the Group.

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

RMB

Item	31 December 2018		31 December 2017	
	Reversed but unrecognized investment losses for the current year	**Accumulated unrecognized investment losses**	Unrecognized investment losses reversed for the prior year	Accumulated unrecognized investment losses
Guizhou Winshare	**–**	**5,557,990.70**	–	5,557,990.70
Education Forum	**(106,711.55)**	**–**	(92,013.30)	106,711.55
Sichuan Jiaoyang Sihuo Film Co., Ltd.	**–**	**–**	(82,198.49)	–
Total	**(106,711.55)**	**5,557,990.70**	(174,211.79)	5,664,702.25

10. OTHER EQUITY INSTRUMENT INVESTMENTS

Other equity instrument investments designated at FVTOCI

RMB

Item	**31 December 2018 Carrying amount**
Anhui Xinhua Media Co., Ltd. ("**Wan Xin Media**") *(Note 1)*	**832,595,200.00**
Jiangsu Hagong Intelligent Robot Co., Ltd. ("**HGZN**") *(Note 2)*	**844,038.28**
Bank of Chengdu Co., Ltd. ("**Bank of Chengdu**") *(Note 3)*	**618,240,000.00**
Others	**375,393.81**
Total	**1,452,054,632.09**

Note 1: The Company's investment in the listed shares of Wan Xin Media accounts for 6.27% of Wan Xin Media's equity. Wan Xin Media's shares were listed on the Shanghai Stock Exchange on 18 January 2010. Changes in fair value of Wan Xin Media's shares for current year are losses of RMB486,096,000.00, and are recognized in other comprehensive income. The Company's dividends received of RMB21,188,800.00 from Wan Xin Media for current year are recognized in investment income. As at 31 December 2018, 100,000 shares held by the Company in Wan Xin Media were used for securities lending.

Note 2: The subsidiary Sichuan Xinhua Printing Co., Ltd., ("**Sichuan Xinhua Printing**") acquired by the Company in August 2014, holds 0.02% of the equity of HGZN. The fair value was RMB783,556.84 on the acquisition date. Subsequent changes in fair value for current year are losses of RMB1,135,688.45, and are recognized in other comprehensive income. The Company received dividend of RMB2,688.02 from HGZN for the current year, recognized in investment income.

Note 3: The Company holds 2.21% (80 million shares) of Bank of Chengdu. Bank of Chengdu was listed on the Shanghai Stock Exchange on 31 January 2018. Changes in fair value for current year are gains of RMB98,184,000.00, and are recognized in other comprehensive income. The Company received dividends of RMB22,400,000.00 from Bank of Chengdu for current year, recognized in investment income.

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

11. OTHER NON-CURRENT FINANCIAL ASSETS

	RMB
Item	**31 December 2018**
Citic M&A Investment Fund (Shenzhen) Partnership (Limited Partnership) ("**Citic M&A Fund**") *(Note 1)*	**94,837,468.07**
Winshare Hengxin (Shenzhen) Equity Investment Fund Partnership (Limited Partnership) ("**Winshare Hengxin**") *(Note 2)*	**248,097,708.00**
Qingdao Jinshi Zhixin Investment Center ("**Qingdao Jinshi**") (Limited Partnership) *(Note 3)*	**148,790,378.40**
Taizhou Xinheng Zhongrun Investment Fund ("**Taizhou Xinheng**") (Limited Partnership) *(Note 4)*	**15,931,213.44**
Total	**507,656,767.91**

Note 1: The Company, as a limited partner, incurred costs of RMB100,000,000.00 from investment in Citic M&A Fund. According to the partnership agreement, the proportion of the subscribed capital contribution of the Company accounts for 1% of its total subscribed capital. In 2017 and 2018, the Company recovered investments of RMB5,085,525.25 and RMB9,477,898.92 respectively.

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 year are gains of RMB7,429,734.19, and are recognized in gains from changes in fair values.

Note 2: As a limited partner, the Company's subsidiary, Winshare Investment invested RMB200,000,000.00 in Winshare Hengxin. 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 year are losses of RMB21,326,876.74, 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 Jinshi. 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 RMB12,800,284.84 from Qingdao Jinshi for current year, and recognized such dividends in investment income.

Changes in fair value for current year are losses of RMB4,461,696.20, and are recognized in the losses from changes in fair values.

Note 4: Winshare Investment, the Company's subsidiary, received transfer of title to limited partnership shares of Taizhou Xinheng. These shares account 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. Winshare Investment received dividend of RMB416,209.90 from Taizhou Xinheng for the current year, recognized in investment income.

Changes in fair value for current year are losses of RMB19,694,752.78, and are recognized in the losses from changes in fair values.

12. FIXED ASSETS

(1) Fixed assets

RMB

Item	Buildings	Machinery and equipment	Electronic equipment and others	Transportation vehicles	Total
Cost at 31 December 2018	**1,629,817,140.12**	**277,190,144.34**	**166,079,310.71**	**108,951,209.50**	**2,182,037,804.67**
Accumulated depreciation at 31 December 2018	**(466,042,775.32)**	**(208,231,224.23)**	**(131,548,866.66)**	**(91,852,656.35)**	**(897,675,522.56)**
Provision for impairment of fixed assets at 31 December 2018	–	–	–	–	–
Net carrying amount at 31 December 2018	**1,163,774,364.80**	**68,958,920.11**	**34,530,444.05**	**17,098,553.15**	**1,284,362,282.11**
Net carrying amount 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) Closing balance of fixed assets of which certificates of title have not been obtained at the end of the Year is totalled RMB164,254,486.46, which has no significant influence on the Group' s operation.

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

13. CONSTRUCTION IN PROGRESS

(1) Details of construction in progress are as follows:

RMB

Item	31 December 2018 Carrying amount	31 December 2018 Net carrying amount	31 December 2017 Carrying amount	31 December 2017 Net carrying amount
Publishing Media Creation Center	**577,034,488.41**	**577,034,488.41**	514,035,070.57	514,035,070.57
Bazhong warehouse and office building	**–**	**–**	11,395,765.67	11,395,765.67
Yilong textbook distribution center project	**99,099.10**	**99,099.10**	13,071,297.31	13,071,297.31
Ziyang textbooks transfer station project	**29,373,389.91**	**29,373,389.91**	20,787,545.27	20,787,545.27
Lezhi branch company complex	**14,637,028.47**	**14,637,028.47**	9,937,771.68	9,937,771.68
Quxian library warehouse and office building	**–**	**–**	290,000.00	290,000.00
Mianyang warehouse property	**46,019,878.87**	**46,019,878.87**	45,953,382.79	45,953,382.79
Yuechi warehouse and office building	**–**	**–**	5,868,996.00	5,868,996.00
Others	**4,296,088.89**	**4,296,088.89**	809,468.87	809,468.87
Total	**671,459,973.65**	**671,459,973.65**	622,149,298.16	622,149,298.16

(2) Changes in construction in progress for the current year

RMB

Name of item	Budget amount	31 December 2017	Increase in the current year	Transfer to fixed assets for the current year	Transfer to others	31 December 2018	Amount injected as a proportion of budget amount (%)	Construction progress (%)	Source of funds
Nanchong Northeast Sichuan delivery center	18,500,000.00	–	25,887.00	(25,887.00)	–	–	0.30	0.30	self-financing
Publishing media creation center	736,000,000.00	514,035,070.57	62,999,417.84	–	–	577,034,488.41	78.40	78.40	self-financing
Bazhong warehouse and office building	21,200,000.00	11,395,765.67	4,664,986.80	(16,060,752.47)	–	–	79.13	79.13	self-financing
Yilong textbook distribution center project	21,900,000.00	13,071,297.31	2,513,290.50	(15,485,488.71)	–	99,099.10	87.26	87.26	self-financing
Ziyang textbooks transfer station project	30,000,000.00	20,787,545.27	8,585,844.64	–	–	29,373,389.91	97.91	97.91	self-financing
Wusheng subsidiary base project	3,000,000.00	–	21,400.00	(21,400.00)	–	–	45.26	45.26	self-financing
Anyue Branch-office building and warehouse	13,600,000.00	–	47,135.64	(47,135.64)	–	–	36.45	36.45	self-financing
Xindu textbook warehouse	7,800,000.00	–	12,566.94	(12,566.94)	–	–	0.25	0.25	self-financing
Lezhi branch complex	31,000,000.00	9,937,771.68	4,699,256.79	–	–	14,637,028.47	47.16	47.16	self-financing
Quxian library warehouse and office building	11,800,000.00	290,000.00	–	–	(290,000.00)	–	2.46	2.46	self-financing
Mianyang warehouse property	52,700,000.00	45,953,382.79	66,496.08	–	–	46,019,878.87	87.33	87.33	self-financing
Yuechi warehouse and office building	11,120,000.00	5,868,996.00	2,116,032.57	(7,985,028.57)	–	–	82.50	82.50	self-financing
Others	–	809,468.87	4,217,903.35	(287,679.56)	(443,603.77)	4,296,088.89			self-financing
Total	958,620,000.00	622,149,298.16	89,970,218.15	(39,925,938.89)	(733,603.77)	671,459,973.65			

14. GOODWILL

(1) Original carrying amount of goodwill

RMB

Name of the investee and item resulting in goodwill	31 December 2018	31 December 2017
Acquisitions of 15 publishing companies *(Note)*	**500,571,581.14**	500,571,581.14
Others	**3,870,061.53**	3,870,061.53
Total	**504,441,642.67**	504,441,642.67

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

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

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

(2) Provision for impairment loss of goodwill

RMB

Name of the investee and item resulting in goodwill	31 December 2018	31 December 2017
Others	**(3,851,606.53)**	(3,851,606.53)

15. NOTES PAYABLE AND ACCOUNTS PAYABLE

(1) Categories of notes payable and accounts payable

RMB

Item	31 December 2018	31 December 2017
Accounts payable	**3,598,337,771.59**	3,083,435,509.23
Notes payable	**22,176,144.64**	60,855,873.00
Including: Bank acceptances	**22,176,144.64**	60,855,873.00
Total	**3,620,513,916.23**	3,144,291,382.23

At the end of the current year, the Group's deposit for the above-mentioned bank acceptance bills was RMB7,355,024.39.

All of the Group's bank acceptance bills are due within 3 months.

(2) Details of aging analysis of notes payable and accounts payable is as follows:

RMB

Item	31 December 2018	31 December 2017
Within 1 year	**2,568,299,566.78**	2,055,792,171.10
More than 1 year but not exceeding 2 years	**714,272,450.41**	739,468,072.03
More than 2 years but not exceeding 3 years	**212,033,704.35**	219,192,756.38
More than 3 years	**125,908,194.69**	129,838,382.72
Total	**3,620,513,916.23**	3,144,291,382.23

Aging analysis of notes payable and 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.

16. CONTRACT LIABILITIES

(1) Presentation of contract liabilities:

RMB

Item	31 December 2018
Advanced receipts for sold goods	**325,898,982.87**
Membership card points	**12,782,898.02**
Total	**338,681,880.89**

(2) The Group's recognized revenue of RMB270,511,708.90, including the carrying amount of contract liabilities at the beginning of the period, for current year includes contract liabilities of RMB270,131,882.91 arising from advanced receipts for sold goods, and contract liabilities of RMB379,825.99 arising from membership card points.

(3) Analysis on related 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, revenue is recognized upon transfer of control of related goods to customers.

The Group's retail outlets offer a membership card to the customers, and the points for customers who earn a certain amount of points can be converted to cash upon purchase. The Group distributes the consideration for sale between the goods sold and the points awarded according to the relative standalone selling price. The sales price allocated to the reward points is recognized as contract liabilities and recognized as income when the reward points are redeemed.

17. OTHER PAYABLES

RMB

Item	31 December 2018	31 December 2017
Amounts due to related parties	**6,929,554.20**	1,424,969.89
Security deposit/deposit/quality warranty/performance security	**67,959,185.69**	84,046,594.06
Construction and infrastructure construction expenses	**27,578,598.79**	22,661,563.29
Amounts due to/from other entities	**62,825,482.23**	52,565,352.62
Dividends payable	**–**	202,228.29
Others	**121,346,822.86**	103,469,235.89
Total	**286,639,643.77**	264,369,944.04

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

18. SHARE CAPITAL

Items	31 December 2018	31 December 2017
		RMB
For the current year:		
Promoter'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 year:		
Promoter'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

19. RETAINED PROFITS

RMB

Item	31 December 2018	31 December 2017	Proportion of appropriation or distribution
Retained profits at the end of the prior year	**2,364,509,602.80**	1,896,996,070.84	
Effects of implementation of new standards for financial instruments *(Note 4)*	**100,405,157.91**	N/A	
Retained profits at the beginning of the current year	**2,464,914,760.71**	1,896,996,070.84	
Add: Net profit attributable to shareholders of the Company for the current year	**932,184,804.06**	923,844,500.04	
Less: Appropriation to statutory surplus reserve	**(85,324,723.53)**	(86,178,668.08)	(1)
Dividends payable on ordinary shares	**(370,152,300.00)**	(370,152,300.00)	(2)
Retained profits at the end of the year	**2,941,622,541.24**	2,364,509,602.80	

(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 be lower than 25% of the registered capital.

(2) Cash dividends approved at shareholders' meeting

On 25 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 year: RMB0.30) and the total cash dividends of RMB370,152,300.00 (tax-inclusive) (Prior year: RMB370,152,300.00) was distributed.

(3) Appropriation to surplus reserve by subsidiaries

At the end of the current year, the balance of the Group's retained profits includes the surplus reserve of RMB98,503,003.33 (at the end of prior year: RMB73,622,609.60) appropriated to subsidiaries.

20. OPERATING INCOME AND OPERATING COSTS

(1) Operating income and operating costs

RMB

Item		**Amount recognized in the current year**	Amount recognized in the prior year
Principal operating income		**8,030,201,485.50**	7,198,251,200.57
Other operating income		**156,381,481.23**	147,631,757.09
Including:	Gross revenue from concessionaire sales	**345,326,801.27**	345,054,551.69
	Gross cost from concessionaire sales	**(294,767,927.97)**	(293,807,996.13)
	Commissions from concessionaire sales	**50,558,873.30**	51,246,555.56
Operating costs		**5,115,028,020.85**	4,686,978,912.13

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

RMB

	Operating income		Operating costs	
Item	**Current year**	Prior year	**Current year**	Prior year
Publishing segment				
Textbooks and supplementary materials	**1,345,807,273.62**	1,172,894,868.57	**877,132,171.24**	762,010,153.65
General books	**785,957,302.01**	577,749,851.37	**525,166,730.75**	389,827,557.63
Printing and supplies	**314,596,381.76**	281,968,891.26	**298,662,824.04**	264,390,854.55
Others	**88,528,783.00**	70,761,979.98	**35,021,216.36**	28,650,067.14
Subtotal	**2,534,889,740.39**	2,103,375,591.18	**1,735,982,942.39**	1,444,878,632.97
Distribution segment				
Education services	**4,771,871,961.65**	4,301,711,418.08	**3,080,866,254.21**	2,800,422,693.93
Including: Textbooks and supplementary materials	**4,015,378,780.29**	3,690,378,349.61	**2,417,525,533.74**	2,263,749,308.30
Education informatization and equipment business	**756,493,181.36**	611,333,068.47	**663,340,720.47**	536,673,385.63
Online Sales	**1,266,527,032.62**	1,233,750,213.85	**1,129,994,562.12**	1,147,120,250.02
Retailing	**712,736,714.59**	663,943,796.06	**425,835,034.77**	401,583,134.58
Others	**394,194,316.53**	367,293,786.32	**235,682,434.56**	255,289,842.26
Subtotal	**7,145,330,025.39**	6,566,699,214.31	**4,872,378,285.66**	4,604,415,920.79
Others	**306,094,538.83**	204,925,712.87	**267,410,310.19**	171,953,989.91
Less: Inter-segment elimination	**(1,799,731,337.88)**	(1,529,117,560.70)	**(1,760,743,517.39)**	(1,534,269,631.54)
Total	**8,186,582,966.73**	7,345,882,957.66	**5,115,028,020.85**	4,686,978,912.13

Details of publishing segment and distribution segment and other details are set out in note 23.

21. OTHER INCOME

RMB

Item	Amount recognized in the current year	Amount recognized in the prior year
Book publishing subsidies	**26,825,204.01**	14,170,235.94
VAT first levied then returned	**10,537,649.87**	29,900,529.02
Other financial subsidies	**25,082,079.56**	21,184,433.93
Total	**62,444,933.44**	65,255,198.89

22. INVESTMENT INCOME

RMB

Item	Amount recognized in the current year	Amount recognized in the prior year
Income from long-term equity investments		
Including: Income from investments under equity method	**20,614,370.74**	10,286,556.13
Investment income on disposal of long-term equity investments	**(20.32)**	166,604,192.41
Investment income from disposal of available-for-sale financial assets		
Including: Investment income from available-for-sale financial assets measured at cost	**N/A**	33,026,709.60
Investment income from available-for-sale financial assets measured at fair value	**N/A**	29,832,588.02
Investment income from disposal of available-for-sale financial assets	**N/A**	593,133.85
Investment income from other non-current financial assets	**13,216,494.74**	N/A
Investment income from other equity instrument investments	**43,591,488.02**	N/A
Investment income from disposal of financial assets at FVTPL	**49,459,881.88**	26,768,910.15
Gains from any retained interest is re-measured at its fair value after control is lost	**–**	5,042,726.27
Total	**126,882,215.06**	272,154,816.43

23. 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 type. The Group's management periodically evaluates the operating results of these reporting segments to make decisions about resources to be allocated to the segments and assess their performance.

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

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

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

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

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

(1) Segment information

Current year

RMB

	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	Total
External revenue	864,251,212.90	7,136,146,560.32	186,185,193.51	–	–	8,186,582,966.73
Inter-segment revenue	1,670,638,527.49	9,183,465.07	119,909,345.32	–	(1,799,731,337.88)	–
Total operating income	2,534,889,740.39	7,145,330,025.39	306,094,538.83	–	(1,799,731,337.88)	8,186,582,966.73
Operating profit (loss)	521,114,885.04	444,397,849.47	(41,043,334.73)	23,190,656.47	(16,811,052.75)	930,849,003.50
Non-operating income	8,027,681.92	1,564,313.60	1,022,771.46	–	–	10,614,766.98
Non-operating expenses	472,227.92	25,038,794.42	32,127.75	–	–	25,543,150.09
Total profit (loss)	528,670,339.04	420,923,368.65	(40,052,691.02)	23,190,656.47	(16,811,052.75)	915,920,620.39
Total assets	5,928,141,661.98	6,858,243,833.58	1,142,806,514.23	3,045,595,975.16	(3,687,075,532.16)	13,287,712,452.79
Total liabilities	2,257,741,209.44	5,606,706,333.34	505,267,828.86	57,388,208.39	(3,545,420,488.34)	4,881,683,091.69
Supplementary information						
Depreciation	22,655,833.42	55,217,167.98	11,784,441.93	–	–	89,657,443.33
Amortisation	3,286,482.45	30,005,190.76	4,233,033.88	–	–	37,524,707.09
Interest income	3,042,918.47	14,863,412.66	268,862.69	19,064,371.36	(1,241,138.53)	35,998,426.65
Impairment losses recognized in the current period	34,842,390.82	105,341,000.89	919,395.67	–	–	141,102,787.38
Investment income from long-term equity investment under equity method	177,044.49	25,490,451.31	(5,053,125.06)	–	–	20,614,370.74
Long-term equity investments under equity method	211,090.04	254,192,458.57	119,727,010.25	–	–	374,130,558.86
Capital expenditure	7,353,933.25	117,718,904.60	7,167,476.97	–	–	132,240,314.82
Including: Expenditure arising from construction in progress	1,815,819.03	85,758,531.80	2,395,867.32	–	–	89,970,218.15
Expenditure arising from purchase of fixed assets	3,672,348.02	17,238,645.98	4,736,892.68	–	–	25,647,886.68
Expenditure arising from purchase of intangible assets	1,865,766.20	4,720,893.68	34,716.97	–	–	6,621,376.85
Development expenditure	–	10,000,833.14	–	–	–	10,000,833.14

Prior year

RMB

	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	Total
External revenue	664,561,822.51	6,558,784,840.81	122,536,294.34	–	–	7,345,882,957.66
Inter-segment revenue	1,438,813,768.67	7,914,373.50	82,389,418.53	–	(1,529,117,560.70)	–
Total operating income	2,103,375,591.18	6,566,699,214.31	204,925,712.87	–	(1,529,117,560.70)	7,345,882,957.66
Operating profit (loss)	420,789,158.10	307,801,258.80	(6,636,751.96)	193,362,730.33	26,352,898.37	941,669,293.64
Non-operating income	1,498,292.14	7,139,922.05	53,472.05	–	–	8,691,686.24
Non-operating expenses	610,731.57	32,705,203.71	4,788.69	–	–	33,320,723.97
Total profit (loss)	421,676,718.67	282,235,977.14	(6,588,068.60)	193,362,730.33	26,352,898.37	917,040,255.91
Total assets	5,316,826,680.47	6,373,884,272.74	756,478,719.18	3,357,646,662.15	(3,518,130,693.22)	12,286,705,641.32
Total liabilities	2,052,551,883.11	5,097,138,715.65	519,347,118.49	54,132,395.82	(3,393,286,702.14)	4,329,883,410.93
Supplementary information						
Depreciation	24,519,061.35	57,260,219.72	12,056,395.70	–	–	93,835,676.77
Amortisation	3,067,535.78	31,984,925.06	4,418,330.22	–	–	39,470,791.06
Interest income	2,003,700.90	9,186,629.78	829,453.80	17,024,517.44	(851,098.46)	28,193,203.46
Impairment losses recognized in the current period	9,235,062.36	62,786,585.98	8,731,431.41	–	–	80,753,079.75
Investment losses from long-term equity investment under equity method	–	5,872,959.38	4,413,596.75	–	–	10,286,556.13
Long-term equity investments under equity method	–	179,503,056.06	177,082,646.50	–	–	356,585,702.56
Capital expenditure	4,761,661.41	221,379,362.55	2,777,773.47	–	–	228,918,797.43
Including: Expenditure arising from construction in progress	1,916,992.58	171,961,787.04	–	–	–	173,878,779.62
Expenditure arising from purchase of fixed assets	2,710,257.20	17,710,183.29	2,733,206.98	–	–	23,153,647.47
Expenditure arising from purchase of intangible assets	134,411.63	12,656,879.80	44,566.49	–	–	12,835,857.92
Development expenditure	–	19,050,512.42	–	–	–	19,050,512.42

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

(3) Concentration of on major customers

The Group's revenue from its single largest customer for the current year is RMB975,801,904.87 (prior year: RMB892,179,091.64), which is attributable to the distribution segment. Apart from the aforesaid single largest customer, the Group has no external customer from which the revenue accounts for 10% or more of the total revenue in the current year and prior year.

24. INCOME TAX

RMB

Item	Amount recognized in the current year	Amount recognized in the prior year
Current tax calculated according to tax laws and relevant requirements	**2,012,008.52**	3,837,124.49
Deferred income tax expenses	**(12,807,854.89)**	(3,277,239.28)
Total	**(10,795,846.37)**	559,885.21

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

RMB

Item	Amount recognized in the current year	Amount recognized in the prior year
Accounting profit	**915,920,620.39**	917,040,255.91
Income tax expenses calculated at 25%	**228,980,155.10**	229,260,063.98
Tax concessions	**(257,159,208.89)**	(248,488,081.74)
Effect of expenses that are not deductible for tax purposes	**25,652,991.76**	23,906,432.06
Effect of non-assessable income	**(10,897,200.00)**	(13,411,909.75)
Effect of unrecognized deductible temporary differences	**10,615,337.35**	704,205.69
Effect of unrecognized deductible losses (use of deductible losses in prior years)	**(7,987,921.69)**	8,064,021.17
Payment for income tax of prior years	**–**	525,153.80
Total	**(10,795,846.37)**	559,885.21

25. OTHER COMPREHENSIVE INCOME

RMB

Item	31 December 2017	Effects of implementation of New Financial Instrument Standard (note 4)	Changes for the current year: Amount before income tax for the current period	Changes for the current year: Less: amount included in other comprehensive income in the prior period that is transferred to profit or loss for the current year	Changes for the current year: Income tax expenses	Changes for the current year: Post-tax amount attributable to the owner of the Company	31 December 2018
For the current year:							
Other comprehensive income that cannot be reclassified into profit or loss	1,230,619,792.07	179,650,842.09	(389,047,688.45)	–	283,922.12	(388,763,766.33)	1,021,506,867.83
Profit or loss on changes in fair value of other equity instrument investments	1,209,044,536.39	201,226,097.77	(389,047,688.45)	–	283,922.12	(388,763,766.33)	1,021,506,867.83
Share of other comprehensive income of the investee under equity method transferred from other comprehensive income to retained earnings	21,575,255.68	(21,575,255.68)	–	–	–	–	–
For the prior year:							
Other comprehensive income that will be reclassified in profit or loss in the subsequent years	2,045,820,792.23	N/A	(802,650,953.30)	(593,133.85)	(11,956,913.01)	(815,201,000.16)	1,230,619,792.07
Share of other comprehensive income of the investee that will be reclassified into profit or loss under equity method	412,151.06	N/A	21,163,104.62	–	–	21,163,104.62	21,575,255.68
Profit or loss arising from changes in fair value of available-for-sale financial assets	2,045,408,641.17	N/A	(823,814,057.92)	(593,133.85)	(11,956,913.01)	(836,364,104.78)	1,209,044,536.39

26. CALCULATION PROCESS OF BASIC EARNINGS PER SHARE

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

		RMB
	2018	2017
Net profit for the current period attributable to ordinary shareholders	**932,184,804.06**	923,844,500.04
Including: Net profit from continuing operations	**932,184,804.06**	923,844,500.04

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
	2018	2017
Number of ordinary shares outstanding at the beginning of year	**1,233,841,000**	1,233,841,000
Number of ordinary shares outstanding at the end of year	**1,233,841,000**	1,233,841,000

Earnings per share:

		RMB
	2018	2017
Number of ordinary shares outstanding at the end of year divided by net profit for the current period attributable to ordinary shareholders	**0.76**	0.75
Number of ordinary shares outstanding at the end of year divided by net profit for the current period attributable to ordinary shareholders and attributable to continuing operation	**0.76**	0.75

The Company has no dilutive potential ordinary shares.

27. EVENTS AFTER THE BALANCE SHEET DATE

The following significant events of Group took place after the balance sheet date:

Dividends distribution

The Company held the meeting of Board of Directors on 27 March 2019 and passed the profit distribution proposal of 2018. The retained profits at the year end of 2018 shall be distributed as per RMB0.30 (tax inclusive) per share, share dividends of RMB370 million (tax inclusive) are planned to be distributed. The above proposal regarding dividends distribution is effective upon approval at the annual general meeting of 2018 to be held on 21 May 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In recent years, the Chinese government has put great emphasis on the publishing and media industry. 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. General Office of the State Council, Ministry of Finance and Ministry of Culture and Tourism have taken various measures to accelerate the establishment of a modern cultural market system and successively promulgated a series of concession policies covering system development, talent training, finance, tax concession, international trade and industrial integration to facilitate the development of new-type cultural segments. This has strongly boosted the confidence of the publishing and media enterprises in development and pointed the direction to promote the upgrade and integrated development of the press and publishing industry as well as to strengthen and improve the publishing work in the new era.

In the new era of socialism with Chinese characteristics, China has entered a new phase of high quality development. The development objective of the publishing industry has also shifted from quantity growth to quality and efficiency enhancement. Publishers focus on strengthening content development, actively push ahead reform and innovation and continue to enhance originality in an effort to deliver diversified, high-end and quality cultural products to strive towards the high-quality development of the publishing industry. 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 is strong with a more evidently niche market of reading service amid intensifying competition. The book retailing market in China grows in the course of adjustments. The transformation and upgrade of the physical bookstores in the industry accelerate significantly, and various listed companies are exploring the new model of online/offline integrated development. The digital publishing industry in China maintains fast growth momentum. Innovative formats of contents such as as e-books, audio books and AR books and innovative business models such as IP operation, shared reading and paid reading are introduced, injecting new vitality to the traditional publication and distribution industry.

RESULTS

During 2018, overall operating results of the Group grew steadily. Revenue of the Group amounted to RMB8,187 million, up by 11.44% as compared with that in the same period last year; net profit amounted to RMB927 million, up by 1.12% as compared with that in the same period last year; and net profit attributable to shareholders of the Company amounted to RMB932 million, up by 0.90% as compared with that in the same period last year. Net profit attributable to shareholders of the Company after non-recurring gain or loss amounted to RMB868 million, up by 19.49% as compared with that in the same period last year. The growth of operating results was mainly attributable to the Company's intensive efforts to strengthen its principal businesses. During the Year, the Company's sales revenue from and efficiency of book publication, education service and reading service increased.

Revenue

During the Year, the Group recorded revenue of RMB8,187 million, up by 11.44% as compared with RMB7,346 million in the same period last year, which was mainly attributable to the growth of revenue from the education service business, general book publication business, reading service business and third-party logistics business.

OPERATING COSTS

During the Year, operating costs of the Group amounted to RMB5,115 million, representing an increase of 9.13% from RMB4,687 million in the same period last year, among which, costs of principal businesses amounted to RMB5,093 million, representing an increase of 9.12% as compared with the same period last year. The increase in operating costs was due to the growth of sales.

Gross profit margin

During the Year, gross profit margin of the Group's principal businesses was 36.57%, up by 1.41 percentage points from 35.16% in the same period last year, mainly due to the change in sales structure, increase in gross profit margin of the general book publication business and the Company's adjustment to a more organised procurement process, which reduce the procurement cost of books to a certain extent.

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

RMB

	Principal business by product					
Product	**Revenue**	**Operating costs**	**Gross profit margin (%)**	**Change of revenue as compared with last year (%)**	**Change of operating costs as compared with last year (%)**	**Change of gross profit margin as compared with last year**
I. Publication	2,497,103,786.85	1,722,126,541.03	31.04	20.62	20.16	Increased by 0.27 ppt
Textbooks and supplementary materials	1,345,807,273.62	877,132,171.24	34.82	14.74	15.11	Decreased by 0.21 ppt
General books	786,343,197.10	525,166,730.75	33.21	36.43	34.72	Increased by 0.85 ppt
Printing and supplies	314,419,700.25	298,662,824.04	5.01	11.52	12.96	Decreased by 1.21 ppts
Others	50,533,615.88	21,164,815.00	58.12	29.46	24.77	Increased by 1.58 ppts
II. Distribution	7,026,920,235.21	4,867,119,349.32	30.74	8.90	5.89	Increased by 1.98 ppts
Education service	4,771,871,961.65	3,080,866,254.21	35.44	10.93	10.01	Increased by 0.54 ppt
Of which: Textbooks and supplementary materials	4,015,378,780.29	2,417,525,533.74	39.79	8.81	6.79	Increased by 1.13 ppts
Education informationised service and equipment business	756,493,181.36	663,340,720.47	12.31	23.74	23.60	Increased by 0.10 ppt
Online sales	1,266,527,032.62	1,129,994,562.12	10.78	2.66	(1.49)	Increased by 3.76 ppts
Retailing	662,056,056.76	425,835,034.77	35.68	8.06	6.04	Increased by 1.22 ppts
Others	326,465,184.18	230,423,498.22	29.42	7.32	(6.89)	Increased by 10.77 ppts
III. Others	296,901,494.01	264,682,832.00	10.85	51.18	54.16	Decreased by 1.73 ppts
Inter-segment elimination total	(1,790,724,030.57)	(1,760,697,587.39)				
Total	**8,030,201,485.50**	**5,093,231,134.96**	**36.57**	**11.56**	**9.12**	**Increased by 1.41 ppts**

	Principal business by region					
Region	**Revenue**	**Operating costs**	**Gross profit margin (%)**	**Change of revenue as compared with last year (%)**	**Change of operating costs as compared with last year (%)**	**Change of gross profit margin as compared with last year**
Within Sichuan Province	5,859,725,939.03	3,264,367,407.41	44.29	6.89	2.20	Increased by 2.56 ppts
Outside Sichuan Province	2,170,475,546.47	1,828,863,727.55	15.74	26.48	24.12	Increased by 1.60 ppts
Total	8,030,201,485.50	5,093,231,134.96	36.57	11.56	9.12	Increased by 1.41 ppts

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 Company. The management of the Group regularly assesses the operating performance of these segments to determine its resource allocation and to assess its results.

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

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

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

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

RMB10,000

	Sales volume (10,000 copies)			Sales value			Revenue			Operating costs			Gross profit margin		
	Last year	Current period	Growth rate (%)	Last year	Current period	Growth rate (%)	Last year	Current period	Growth rate (%)	Last year	Current period	Growth rate (%)	Last year (%)	Current period (%)	Changes for the Year (ppt)
Publication segment:															
Self-compiled textbooks and supplementary materials	10,972.03	12,500.68	13.93	105,048.45	122,059.69	16.19	54,369.55	62,084.09	14.19	30,600.32	35,085.36	14.66	43.72	43.49	(0.23)
Plate-leased textbooks and supplementary materials	12,170.81	13,387.26	9.99	96,178.71	103,995.89	8.13	55,570.74	64,606.80	16.26	39,421.17	45,815.76	16.22	29.06	29.09	0.02
General books	6,190.02	7,416.36	19.81	156,056.49	220,212.38	41.11	57,635.54	78,634.32	36.43	38,982.76	52,516.67	34.72	32.36	33.21	0.85
Printing of textbooks and supplementary materials on behalf of others	1,600.71	1,914.47	19.60	11,290.82	11,968.29	6.00	7,349.20	7,889.84	7.36	6,179.53	6,812.10	10.24	15.92	13.66	(2.26)
Distribution segment:															
Textbooks and supplementary materials	40,341.49	42,984.30	6.55	389,409.74	419,234.47	7.66	369,037.83	401,537.88	8.81	226,374.93	241,752.55	6.79	38.66	39.79	1.13
General books	10,221.22	9,652.84	(5.56)	338,211.79	358,231.48	5.92	215,065.08	225,114.69	4.67	179,616.78	183,415.31	2.11	16.48	18.52	2.04

2. Operating data of various business segments

(1) Publication segment

Major cost breakdown of the publication segment

RMB10,000

	Publication of textbooks and supplementary materials			Publication of general books		
	Last year	Current period	Growth rate (%)	Last year	Current period	Growth rate (%)
Plate-leased textbooks and supplementary materials expenses	7,160.22	7,926.72	10.70	N/A	N/A	N/A
Copyright fee	2,961.82	2,894.03	(2.29)	N/A	N/A	N/A
Author's remuneration	2,645.29	3,611.70	36.53	6,711.15	13,867.10	106.63
Printing costs	19,800.71	23,196.05	17.15	20,892.83	26,874.37	28.63
Paper costs	34,716.30	47,865.86	37.88	4,182.34	7,802.93	86.57
Documentation fee	724.30	741.51	2.38	1,962.96	2,158.93	9.98
Others	3,130.03	1,477.35	(52.80)	1,384.40	1,813.35	30.99

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

Textbooks and supplementary materials publication business

The Company strengthened the product development in the area of textbooks and supplementary materials publication to develop educational products with core competitiveness. Local textbooks such as "Chengdu Overseas Study Travel Book" (primary school edition and secondary school edition) (《成都市境外研學旅行手冊》(小學版、中學版)), education theory research books such as "Documentary Research on the Innovation of Ultimate Education in the Era of Big Data" (《大資料時代的極課教育創新研究紀實》) and education practice research books such as "Curriculum Reform-Based Quality Education" (《以課程改革為核心的素質教育》) and student leisure books such as "75+80 Ancient Poetries Must Read for Primary School Students" (《小學生必背古詩詞75+80首》) were newly developed. At the same time, the Company made use of technology to empower education and drive media integration to profound development such as developing artificial intelligence (the "AI") media integrated supplementary materials for high schools and digital English language textbooks cum online service platform for primary schools so as to provide personalised services for readers. The "AR technology-based subject textbooks and supplementary materials comprehensive solution" launched at Beijing Book Fair, Shenzhen International Cultural Industry Fair, Beijing Big Data Exhibition and Western China International Fair was very well received and known as the "classic case study of integration between AR technology and education publication".

During the Year, the value from the sales of textbooks and supplementary materials under the publication segment of the Company amounted to RMB2,380 million. The sales revenue amounted to RMB1,346 million, up by 14.74% as compared with that in the same period last year. The cost of sales amounted to RMB877 million, up by 15.11% as compared with that in the same period last year. The gross profit margin was 34.82%, down by 0.21 percentage points from the same period last year.

General book publication business

In 2018, upholding the "three key publishing" concepts, the Group made initial progress of transformation in genre reduction and efficiency enhancement. According to the statistics published by Open Book (開卷), new book genres increased by 20% year-on-year to 3,267 but the growth rate slowed down as compared to 25% in 2017. Yet, the sales value growth of new books increased from 48% in 2017 to 128%. As to market sales in 2018, out of 64 genres of books with annual sales volume of above 100,000 copies under the management of the Company, 43 genres were ranked among the Top 500 best-selling genres nationwide, representing an increase of 11 genres over 2017. Books with market influence continued to increase, among which, as at the end of 2018, 50.64 million copies (net) of "Hilarious School Diaries" series were published by Sichuan Youth and Children's Publishing House and 8.2 million copies (net) of "PAW Patrol" series were published by Sichuan Tiandi Publishing House cumulatively.

During the Reporting Period, the value from the sales of general books under the Group's publication segment amounted to RMB2,202 million. The sales revenue grew less rapidly as compared with that in the same period last year and amounted to RMB786 million, up by 36.43% as compared with that in the same period last year. The cost of sales amounted to RMB525 million, up by 34.72% as compared with that in the same period last year. The gross profit margin was 33.21%, up by 0.85 percentage point from the same period last year.

(2) Distribution segment

Textbooks and supplementary materials distribution business

The provincial government of Sichuan has implemented a single source purchase policy regarding the supply of textbooks to primary and secondary school students during their compulsory education. Since 2008, the Company, being the supplier of the single source purchase, has been entering into the "purchase contract regarding free textbooks for students in urban-rural areas during compulsory education" (城鄉義務教育階段學生免費教科書採購合同書) with Sichuan's provincial education office each year with respect to the details of single source purchase. In 2018, the Company entered into the "purchase contract regarding free textbooks for students in urban-rural areas during compulsory education in Sichuan Province from 2018 to 2019" (四川省2018-2019學年城鄉義務教育階段學生免費教科書採購合同).

In 2018, 430 million copies of textbooks and supplementary materials with sales value of RMB4,192 million were sold. The sales revenue amounted to RMB4,015 million, up by 8.81% as compared with that in the same period last year. The gross profit margin was 39.79%, up by 1.13 percentage points from the same period last year, mainly due to the change in sales structure of books.

General books distribution business

With the evolving technology, the overall general book market environment has been undergoing some changes where new media and social media have become new growth points. Faced with these opportunities and challenges, the Company strengthened the development of the multi-segment scenario and optimised the multi-channel sales model to better cater for consumer needs.

During the Reporting Period, 96.53 million copies of general books with sales value of RMB3,582 million were sold by the Company. The sales revenue amounted to RMB2,251 million, up by 4.67% as compared with that in the same period last year. The operating costs amounted to RMB1,834 million, up by 2.11% as compared with that in the same period last year. The gross profit margin was 18.52%, up by 2.04 percentage points from the same period last year, mainly benefiting from the Company's integration of the procurement segment and the establishment of procurement/supply system that is suitable for the online/offline integrated development of general book reading service business, which further strengthened the publishing supply chain efficiency and bargaining power against upstream suppliers.

In 2018, the growth of online sales of books across the nation slowed down. To cope with market changes, the Company enhanced the channel management and market capabilities. On the one hand, the Company adjusted the business structure of online shops to strengthen category management and enhance the level of operations of products, among which, revenue from the sales of children related books increased by 18% from last year and revenue from the sales of art related books increased by 19%. On the other hand, the Company further explored the needs of users, optimised the marketing model and launched timely promotions. As a result, the average sales value of customer orders increased by 23% from last year.

During the Year, revenue from online sales amounted to RMB1,267 million, among which, sales revenue secured through third-party e-commerce platforms amounted to RMB913 million, accounting for 72.12% of the total revenue of online sales business.

EXPENSES

During 2018, the selling expenses of the Group amounted to RMB1,011 million, which represents an increase of 13.24% as compared with that in the same period last year. The expenses margin increased by 0.2 percentage point as compared with that in the same period last year. The increase in total selling expenses was mainly due to the increase in operating costs including logistics expenses incurred from the growth of sales, increase in labour costs of sales personnel and the increase in handling fees as a result of the change in settlement method of Sanzhou's free textbooks since autumn 2017.

During 2018, the administrative expenses of the Group amounted to RMB1,115 million, which represents an increase of 4.71% as compared with that in the same period last year. The expenses margin decreased by 0.88 percentage point as compared with that in the same period last year. The increase in total administrative expenses was mainly due to the growth in the labour costs, and the increase in maintenance expenses including lease and repairs expenses.

During 2018, the finance cost of the Group amounted to RMB(24,410,700),which was basically unchanged as compared with the same period last year.

ASSET IMPAIRMENT LOSS AND CREDIT IMPAIRMENT LOSS

During the Year, asset impairment loss amounted to RMB57,346,700 and credit impairment loss amounted to RMB83,756,100, 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 74.73% in aggregate during the Reporting Period as compared with the same period last year, mainly due to the Company's provision for bad debt with respect to the receivables of the education equipment and informationised business due but not yet recovered based on the principle of prudence; and provision for impairment on relevant long-term equity investments based on the results of the impairment test on long-term equity investments.

GAIN/LOSS ON FAIR VALUE CHANGE

During the Year, the gain/loss on fair value change resulted in the loss of RMB38,181,000, representing a decrease of RMB38,191,300 as compared with resulted in the gain of RMB10,300 in the same period 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 recognised during the Reporting Period (same period last year: at fair value through other comprehensive income).

INVESTMENT INCOME

During the Year, the Group recognised investment income of RMB127 million, representing a decrease of 53.38% as compared with RMB272 million in the same period last year, mainly due to the gain and the related profit of approximately RMB170 million on disposal of 34% equity interest in Chengdu Xinhui Industrial Co., Ltd. (an associated company), 48% equity interest held in Sichuan Wenxuan Zhuotai Investment Co., Ltd. (a joint venture) and 85% equity interest held in Beijing Huaying Winshare Movie & TV Culture Co., Ltd. (a subsidiary), in the same period last year. During the Year, the Company strengthened the management of fund collection and generated capital proceeds an increase of more than RMB20 million as compared with the same period last year through purchasing wealth management products.

GAIN ON ASSET DISPOSAL

During the Year, gain on asset disposal amounted to RMB1,430,200, representing a decrease of 49.60% as compared with the same period of last year, mainly due to the gain from the disposal of properties by Sichuan Reader's Journal Press Co., Ltd, a subsidiary of the Company, during the Year. During the same period last year, Wenchuan Logistics, a subsidiary of the Company, made capital contribution to Sichuan Winshare BLOGIS, an associated company, as the consideration of land use rights and recognised a gain of RMB2,630,000 from the disposal.

INCOME TAX EXPENSES

During the Year, income tax expenses amounted to RMB(10,795,800), as compared with RMB559,900 in the same period of last year, mainly due to the change in deferred income tax expenses arising from the loss on fair value change of financial assets at FVTPL during the Reporting Period.

OTHER COMPREHENSIVE INCOME

During the Year, net other comprehensive income after tax amounted to RMB(389) million, as compared to RMB(815) million in the same period last year, mainly due to the effect of fluctuations of the price of shares held in listed companies including Wan Xin Media and Bank of Chengdu.

PROFIT

Net profit for the Year of the Group amounted to RMB927 million, up by 1.12% from that in the same period last year. Net profit attributable to the shareholders of the Company amounted to RMB932 million, up by 0.90% from that in the same period last year. Excluding non-recurring gain or loss, net profit attributable to the shareholders of the Company amounted to RMB868 million, up by 19.49% from that in the same period last year.

EARNINGS PER SHARE

Earnings per share is calculated based on the net profit attributable to the shareholders of the Company for the Year divided by the weighted average number of the ordinary shares in issue during the Year. During the Year, earnings per share of the Group amounted to RMB0.76, which increased by 1.33% as compared with RMB0.75 in the same period last year. For details regarding the calculation of earnings per share, please refer to note 26 to the consolidated financial statements in this results announcement.

R&D COMMITMENTS

Breakdown of R&D commitments

	RMB
R&D expenses for the current period	13,592,602.42
R&D commitments capitalised for the current period	10,000,833.14
Total R&D commitments	23,593,435.56
Total R&D commitments as a percentage of revenue (%)	0.29
Total no. of R&D personnel of the Company	91
No. of R&D personnel as a percentage of total no. of personnel of the Company (%)	1.18
Percentage of R&D commitments capitalised (%)	42.39

The R&D commitments of the Company amounted to RMB23,593,400, which remained basically unchanged compared to RMB23,812,600 in the same period last year, mainly due to R&D commitments of education informationised related products.

ANALYSIS OF CHANGES IN CASH FLOW

During the Year, net cash inflow from operating activities of the Group amounted to RMB993 million, up by 187.44% from that in the same period last year, mainly due to the fact that the educational book business continued to maintain a high recovery rate of receivables during the Reporting Period; the decrease in payments to suppliers during the Reporting Period from that in the same period last year as the proceeds from the education equipment and informationised business, which adopted the instalment payment method in prior years, were gradually recovered upon their maturity; and the increase in repayments of receivables from the online sales business during the Reporting Period in the areas of online operations and supply as compared with that in the same period last year. In addition, the net cash inflow increased from that in the same period last year was also due to the receipt of sales proceeds of books during the Year after the Company's increased commitments to general book publication business in the prior year.

During the Year, net cash inflow from investing activities of the Group amounted to RMB125 million; and net cash outflow from financing activities amounted to RMB367 million.

The major items of cash flow changes are set out below:

RMB

Item	January to December 2018	January to December 2017	Change (%)	Analysis of major changes
Cash receipts from the sale of goods and the rendering of services	**8,428,611,018.96**	7,429,249,050.43	13.45	Mainly due to the increase in sales proceeds from the education service business, online sales business and general book publication business during the Reporting Period as compared with the same period last year.
Receipts of tax refunds	**2,859,806.40**	29,900,529.02	(90.44)	Mainly due to the decrease in refund of value-added tax received during the Year as compared with the prior year.
Other cash receipts relating to operating activities	**128,901,806.29**	57,301,876.32	124.95	Mainly due to the increase in interest income, government grants related to revenue and current accounts received as compared with the prior year.
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	**4,535,883.74**	948,697.97	378.12	Mainly due to the increase in cash flow arising from the disposal of property by Reader's Journal Press, a subsidiary of the Company.
Net cash receipts from disposals of subsidiaries and other business units	**393,915.64**	66,946,783.23	(99.41)	Mainly due to the increase in net cash flow from the disposal of 85% equity interest in Huaying Winshare, a subsidiary of the Company, in the prior year.

Item	January to December 2018	January to December 2017	Change (%)	Analysis of major changes
Other cash receipts relating to investing activities	**283,561,027.40**	151,392,643.48	(87.30)	Mainly due to the recovery of two-year term deposits amounting to RMB280 million due during the Year; and the amount incurred last year was mainly due to the recovery of entrustment loans of RMB120 million from Sichuan Winshare Zhoutai Investment Co., Ltd.
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	**160,006,970.69**	245,938,614.43	(34.94)	Mainly due to the decrease in commitments to construction during the Year based on the construction progress as compared with the prior year.
Cash payments to acquire investments	**5,035,000.00**	–	N/A	Due to the capital increase received by Aerospace Cloud, a subsidiary of the Company, from the minority shareholders during the Year.
Other cash receipts relating to financing activities	**–**	10,423,573.81	(100.00)	The amount incurred in the prior year was due to the government grants related to assets received by the Company.
Other cash payments relating to financing activities	**1,780,947.00**	69,271,000.00	(97.43)	Due to the payment of RMB69,271,000 for the acquisition of 35% equity interest in Sichuan Xinhua Colour Printing Co., Ltd, a subsidiary of the Company in the prior year.

ASSETS AND LIABILITIES ANALYSIS

As at 31 December 2018, the position of the Group's major assets and liabilities and their movements are as follows:

RMB

Item	As at the end of the current period	Amount as at the end of the current period as a percentage of the total assets (%)	As at the end of the comparative period last year	Amount as at the end of the comparative period last year as a percentage of the total assets (%)	Change in the amount as at the end of the current period over the amount as at the end of the comparative period last year (%)	Remark
Bank and cash	2,608,612,572.01	19.63	1,885,682,217.83	15.35	38.34	Mainly due to the increase in bank and cash balance arising from the net cash inflows from operating activities during the Reporting Period.
Held-for-trading financial assets	1,262,431,274.52	9.50	–	0.00	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 Reporting Period, bank wealth management products amounted to RMB1,262 million, representing an increase of RMB104 million, or 9.03% as compared with RMB1,158 million as at the end of the previous year.
Notes receivable and accounts receivable	1,617,030,048.35	12.17	1,280,220,854.76	10.42	26.31	Mainly due to the increase in receivables due to expansion of sales from the education informationised and equipment business as well as general book publication business as compared to the beginning of the Year.
Non-current assets due within one year	–	0.00	280,000,000.00	2.28	(100.00)	Mainly due to the recovery of the two-year bank deposits due of RMB280 million in the opening balance.

Item	As at the end of the current period	Amount as at the end of the current period as a percentage of the total assets (%)	As at the end of the comparative period last year	Amount as at the end of the comparative period last year as a percentage of the total assets (%)	Change in the amount as at the end of the current period over the amount as at the end of the comparative period last year (%)	Remark
Other current assets	70,874,065.89	0.53	1,184,329,531.05	9.64	(94.02)	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 Reporting 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 RMB37.7 million.
Available-for-sale financial assets	–	0.00	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.
Long-term receivables	267,742,224.79	2.01	194,801,883.56	1.59	37.44	Mainly due to increase in the receivables that are settled by instalment payment as a result of the expansion of the education equipment business and education informationised service business

Item	As at the end of the current period	Amount as at the end of the current period as a percentage of the total assets (%)	As at the end of the comparative period last year	Amount as at the end of the comparative period last year as a percentage of the total assets (%)	Change in the amount as at the end of the current period over the amount as at the end of the comparative period last year (%)	Remark
Other equity instrument investments	1,452,054,632.09	10.93		0.00	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 RMB1,452 million as at the end of the Year decreased by 6.97% 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.
Other non-current financial assets	507,656,767.91	3.82		0.00	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 RMB508 million as at the end of the Year decreased by 8.56% 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	–	0.00	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 RMB326 million as at the end of the Year increased by 4.91% from RMB311 million as at the end of prior 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 last year	Amount as at the end of the comparative period last year as a percentage of the total assets (%)	Change in the amount as at the end of the current period over the amount as at the end of the comparative period last year (%)	Remark
Contract liabilities	338,681,880.89	2.55	–	0.00	N/A	The closing balance included advanced receipts for sold goods of RMB326 million and membership card points of RMB13 million, representing an increase of 4.91% and 18.38% as compared with the opening balances (membership card points as at the end of prior year were reflected under "Other current liabilities").
Other current liabilities	147,256,743.30	1.11	114,861,486.00	0.93	28.20	Mainly due to the recognition of returns of RMB48.88 million which was reflected under "Other current liabilities" pursuant to the New Revenue Standard, resulting in a more substantial change from the beginning of the Reporting Period.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2018, the Group had cash and short-term deposits of approximately RMB2,609 million (31 December 2017: RMB1,886 million). The Group did not have any interest-bearing bank and other borrowings.

As at 31 December 2018, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 36.74%, as compared with 35.24% as at 31 December 2017. The Group's overall financial structure remained relatively stable.

General particulars of entrusted wealth management

On 26 October 2018, the 8th meeting of the fourth session of the Board in 2018 was convened by the Company at which the *Resolution regarding the Grant of Authorisation to Use Idle Funds to Purchase Wealth Management Products* was considered and approved, pursuant to which the Group is authorised to use idle funds of no more than RMB1,300 million to purchase wealth management products. On 31 December 2018, all of the bank wealth management products purchased by the Group amounting to RMB1,262 million were bank guaranteed wealth management products due within one year.

RMB

Type	Source of funding	Amount incurred	Balance not yet due	Amount due but not yet recovered
Wealth management	Internal funding	1,290,600,000.00	1,261,790,000.00	0

CONTINGENT LIABILITIES

As at 31 December 2018, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 31 December 2018, the Group's pledged deposit balance amounted to RMB7,355,000 (31 December 2017: RMB18,634,800) as security deposits placed with the bank for the issuance of the bank's acceptance bill. Save as the above assets, the Group did not have any other assets under pledge or guarantee.

FOREIGN EXCHANGE RISK

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

WORKING CAPITAL MANAGEMENT

	31 December 2018	31 December 2017
Current ratio	**1.6**	1.6
Inventory turnover days	**131.5 days**	127.6 days
Trade receivables turnover days	**64.4 days**	51.7 days
Trade payables turnover days	**239.2 days**	225.8 days

As at 31 December 2018, the current ratio of the Group was 1.6, which was in line with that at the end of last year. During the Year, inventory turnover days were 131.5 days, which remained substantially the same as that of last year; trade payables turnover days were 64.4 days; which increased by 12.7 days from that of last year, mainly due to the longer trade receivables turnover days of the education informationised and equipment business. In addition, trade receivables from general book publication business also increased. Trade and note payables turnover days were 239.2 days, which increased by 13.4 days from that of last year. Such growth was minimal. The above indicators reflect that the operations of the Group are relatively stable. The turnover days of inventory, trade receivables and trade payables are in line with the publication and distribution business and the industry features.

OVERVIEW OF MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

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

To seize the market opportunities from new bookstore transformation driven by consumer upgrade and enhance the brand influence and profitability of "Winshare Bookstore", during the Reporting Period, the Company injected RMB50,000,000 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 Year, the Company made capital increase totalling RMB174 million to six of its wholly-owned publishing houses, of which, the capital increase in Sichuan Youth and Children's Publishing House Co., Ltd amounted to RMB100 million.

To quickly tap into the education informationised 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 RMB19,600,000, accounting for 49% of equity interests.

To seize the historical opportunities arising from "three links and two platforms" interconnection and application of the education informationised service sector and college entrance exam curriculum reform, and to enhance the Company's comparative advantages in the education informationised service area, the Company and Beijing Jinshi Bohui Technology Co., Ltd. (北京金石博惠科技有限公司) ("**Jinshi Bohui**") jointly made a capital increase in Aerospace Cloud proportionate to their shareholdings in cash with the Company contributing RMB35 million. Up to 31 December 2018, the Company has already contributed an investment amount of RMB11,748,300.

The Company subscribed for 80,000,000 additional shares of Bank of Chengdu at the consideration of RMB240 million in cash in December 2007. The shareholding percentage was 2.46%. During the Year, the Company received a dividend amounting to RMB22.4 million (tax inclusive) from Bank of Chengdu. On 31 January 2018, Bank of Chengdu was listed on the Shanghai Stock Exchange at the offer price of RMB6.99 per share. Upon listing, the shareholding of the Company has changed from 2.46% to 2.21% with lock-up period of one year. As at 31 December 2018, the market capitalisation of the equity interests held by the Company in Bank of Chengdu was RMB618 million.

During the Year, the Company recognised a dividend income of RMB21,188,800 (tax inclusive) 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 31 December 2018, the market capitalisation of the equity interests held by the Company in Wan Xin Media was RMB833 million.

In addition, the Company also received a dividend for 2017 of RMB2,400,000 from Ren Min Eastern (Beijing) Book Industry Co., Ltd.

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

During the Reporting Period, details of the external investments made by the Group are set out in notes 9, 10 and 11 to the consolidated financial statements in this results announcement.

Information of the major subsidiaries

RMB10,000

				2018		As at 31 December 2018	
Name of subsidiary	**Nature of business**	**Shareholding percentage (%)**	**Registered capital**	**Revenue**	**Net profit**	**Total assets**	**Net assets**
Sichuan Education Publishing House Co., Ltd.	Publishing and wholesaling of publications and related publications	100	1,000.00	72,135.33	27,642.05	106,923.18	63,513.98
Sichuan Publication Printing Co., Ltd.	Publishing and wholesaling of publications and related publications	100	5,000.00	28,145.23	7,681.01	73,707.16	58,794.94
Sichuan Tiandi Publishing House Co., Ltd. (consolidated)	Publishing and wholesaling of publications and related publications	100	13,063.47	26,210.95	6,030.37	37,488.64	21,937.61
Sichuan Youth and Children's Publishing House Co., Ltd.	Publishing and wholesaling of publications and related publications	100	11,000.00	30,765.29	7,439.25	50,395.21	36,452.28
Sichuan Printing Materials Co., Ltd.	Provision of printing related materials	100	3,000.00	57,393.91	(209.69)	39,992.45	3,824.86
Sichuan Winshare Education Technology Co., Ltd.	Software development and sales of electronic equipment	100	33,000.00	47,223.52	390.76	88,448.33	33,940.58
Sichuan Winshare Online E-commerce Co., Ltd.	Online sales of various products	75	6,000.00	162,634.61	162.65	144,687.49	(8,151.79)

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2018, the Group had a total of 7,724 (31 December 2017: 7,642) employees.

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

For the year ended 31 December 2018, the Group made post-retirement plan contributions and corporate annuity scheme contributions of RMB127,040,000 (2017: RMB116,080,000) in aggregate for its employees.

The Group attaches great importance to the growth and development of employees and provides training and opportunities for exchange to help them enhance their professional skills and expand their areas of expertise. With respect to employee training, the Company follows the principle of standardised management and hierarchical organisational implementation and continues to optimise the contents and types of training to build a multi-level and multi-format training system. The training contents cover operational management, position skills, cultural literacy, professional qualifications and teambuilding in various forms such as internal training, external training, online learning and quizzes.

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

FUTURE PROSPECTS

(I) Growth strategy

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

(II) Operating plans

1. Push ahead the transformation of publishing development from quantity growth to quality and efficiency enhancement upholding the "three key publishing" concepts to enhance single product efficiency and strengthen brand building with a view to achieving high quality development of publications of Winshare.

2. Promote innovation-led development as guided by user demand to vigorously push ahead the "education service + Internet" action plan and achieve indepth transformation and efficient development of the education service business; gradually construct the online sales channels for education products and services; consolidate the publishing and distribution business of textbooks and supplementary materials, further expand the education informationised service and equipment business, actively push ahead the development of innovative businesses including research education and teachers' training.

3. Endeavour to enhance the sales capabilities and standard of service for the online channels and optimise the cooperation with upstream suppliers and downstream sales channels to achieve enhancement in both sales size and profitability.

4. Continue to propel the physical bookstores' online system upgrade reform and expansion development, construction of rural distribution outlets and construction of smart bookstores while intensively implementing a "multi-brand building, multi-model development and multi-team operations" development strategy to enhance the professional reading service capabilities and big culture consumption service capabilities.

5. Continue to enhance the supply chain service capabilities of the logistics, IT, production & printing platforms, and provide strong support for the rapid development of the publication business and channel business; further improve the third-party logistics operational system with focus on key industries to gradually commence the third-party logistics business.

6. Fully capitalise on the capital operations platform to integrate quality social resources and facilitate the development of principal businesses; continue to build a fund base and nurture cultural industry projects with comparative advantages to drive synergistic development between industrial operations and capital operations.

7. Continue to explore the new model of integrated development of traditional media and new media while centering on the industry chain extension from principal businesses to actively push ahead the transformation and upgrade of traditional media so as to lay a more solid foundation for enhancing and expanding Winshare's brand influence.

(III) Potential risks

With the innovative development of technologies including big data, VR and AR and empowerment to the publishing industry, the Company may be subject to the risks such as revenue falling short of expectation in exploring the application of emerging technologies to drive the integration between the publishing industry and technology.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

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

AUDIT COMMITTEE

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

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

DIVIDEND

The Board has proposed the distribution of dividend for the year ended 31 December 2018 of RMB0.30 (tax inclusive) per share, totalling RMB370 million (tax inclusive) (2017: RMB0.30 per share) (the "**Dividend for 2018**"). Dividends payable to A shareholders will be made and paid in RMB, whereas dividends payable to the H shareholders will be declared in RMB and payable in Hong Kong dollars, the exchange rate of which would be calculated based on the average exchange rate published by the People's Bank of China during the week preceding the 2018 AGM.

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

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

The proposed Dividend for 2018 is subject to the approval by the shareholders at the forthcoming 2018 AGM of the Company.

H shareholders whose names appear on the register of members of the Company after the close of business on 18 April 2019 are entitled to attend and vote at the 2018 AGM. H shareholders whose names appear on the register of members of the Company on the Dividend Entitlement Date are entitled to the Dividend for 2018 of the Company (if approved by the shareholders). The Dividend for 2018 above will be paid before 20 July 2019 (if approved by the shareholders).

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

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

2018 AGM

The 2018 AGM will be held at Sichuan Xinhua International Hotel, No. 8 Guzhongshi Street, Chengdu, Sichuan, the PRC (中國四川省成都市古中市街8號四川新華國際酒店) on 21 May 2019. Details of the 2018 AGM will be set out in the notice of 2018 AGM to be despatched by the Company in due course. Such notice will also be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.winshare.com.cn).

CLOSURES OF REGISTER OF MEMBERS FOR H SHARES

In order to ascertain the shareholders who are entitled to attend 2018 AGM and to receive the Dividend for 2018 (if approved by the shareholders), the register of members for H shares will be closed by the Company during the following periods:

To ascertain the H shareholders who are qualified to attend and vote at the 2018 AGM:

Latest time for lodging transfers of H shares	4:30 p.m., Thursday, 18 April 2019
Closure of register of members for H shares	from Sunday, 21 April 2019 to Tuesday, 21 May 2019 (both days inclusive)
Date for the 2018 AGM	Tuesday, 21 May 2019

To ascertain the H shareholders who are entitled to the proposed Dividend for 2018:

Latest time for lodging transfers of H shares	4:30 p.m., Tuesday, 28 May 2019
Closure of register of members for H shares	from Wednesday, 29 May 2019 to Monday, 3 June 2019 (both days inclusive)
Dividend Entitlement Date	Monday, 3 June 2019

In order for the H shareholders to qualify to attend and vote at the 2018 AGM and to receive the Dividend for 2018 (if approved by the shareholders) proposed by the Company, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before the abovementioned deadlines for lodging the transfer documents.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement of the Company for the Year is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.winshare.com.cn), and the annual report of the Company for 2018 (including the audited financial statements) will be despatched to the shareholders on or before 30 April 2019 and will be published on the Stock Exchange's website and the Company's website.

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

Sichuan, the PRC
27 March 2019

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*