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)

2019 INTERIM RESULTS ANNOUNCEMENT

The board (the "**Board**") of directors (the "**Director(s)**") of Xinhua Winshare Publishing and Media Co., Ltd.* (新華文軒出版傳媒股份有限公司) (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2019 (the "**Period**") prepared in accordance with the relevant requirements of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), together with the comparative figures for the corresponding period of 2018.

CONSOLIDATED BALANCE SHEET

At 30 JUNE 2019

RMB

ITEM	*Notes*	**30 June 2019 (Unaudited)**	31 December 2018 (Audited)
Current Assets:			
Cash and bank balances		**3,836,795,574.18**	2,608,612,572.01
Held-for-trading financial assets	*5*	**480,394,177.61**	1,262,431,274.52
Notes receivable		**–**	4,418,800.18
Accounts receivable	*6*	**1,877,040,213.49**	1,612,611,248.17
Financing receivables		**7,422,713.53**	–
Prepayments		**92,629,874.62**	71,487,222.26
Other receivables		**120,419,846.72**	99,002,826.00
Inventories	*7*	**1,658,576,749.69**	1,921,544,765.26
Other current assets		**76,544,389.30**	70,874,065.89
Total Current Assets		**8,149,823,539.14**	7,650,982,774.29

RMB

ITEM	*Notes*	**30 June 2019 (Unaudited)**	31 December 2018 (Audited)
Non-current Assets:			
Long-term receivables		**242,057,300.81**	267,742,224.79
Long-term equity investments	*8*	**396,878,491.91**	374,130,558.86
Other equity instrument investment	*9*	**1,456,832,169.03**	1,452,054,632.09
Other non-current financial assets	*10*	**454,455,931.95**	507,656,767.91
Investment properties		**52,600,641.09**	53,919,142.25
Fixed assets	*11*	**1,274,810,981.07**	1,284,362,282.11
Construction in progress		**668,447,552.53**	671,459,973.65
Right-of-use assets	*12*	**344,386,022.37**	N/A
Intangible assets		**359,007,423.32**	334,741,307.45
Development cost		**29,689,412.44**	47,521,564.75
Goodwill		**500,590,036.14**	500,590,036.14
Long-term prepaid expenses		**29,434,086.71**	21,063,047.60
Deferred tax assets		**11,185,740.44**	11,674,788.33
Other non-current assets		**150,195,811.35**	109,813,352.57
Total Non-current Assets		**5,970,571,601.16**	5,636,729,678.50
TOTAL ASSETS		**14,120,395,140.30**	13,287,712,452.79
Current Liabilities:			
Notes payable		**12,823,627.90**	22,176,144.64
Accounts payable	*13*	**3,840,455,269.87**	3,598,337,771.59
Contract liabilities		**336,617,280.61**	338,681,880.89
Employee benefits payable		**227,544,170.98**	338,084,927.10
Taxes payable		**48,437,542.93**	48,138,758.54
Other payables	*14*	**437,547,341.64**	286,639,643.77
Deferred income		**108,414,734.02**	98,377,250.58
Non-current liabilities due within one year		**70,787,077.24**	–
Provisions		**57,606,106.53**	48,879,492.72
Total Current Liabilities		**5,140,233,151.72**	4,779,315,869.83
Non-current Liabilities:			
Lease liabilities	*15*	**251,471,230.63**	N/A
Deferred income		**66,944,468.84**	70,210,541.84
Deferred income tax liabilities		**47,858,976.74**	32,156,680.02
Total Non-current Liabilities		**366,274,676.21**	102,367,221.86

RMB

ITEM	*Notes*	**30 June 2019 (Unaudited)**	31 December 2018 (Audited)
TOTAL LIABILITIES		**5,506,507,827.93**	4,881,683,091.69
Shareholders' Equity:			
Share capital	*16*	**1,233,841,000.00**	1,233,841,000.00
Capital reserve		**2,572,524,766.32**	2,572,524,766.32
Other comprehensive income	*23*	**1,026,252,820.54**	1,021,506,867.83
Surplus reserve		**711,068,358.95**	711,068,358.95
Undistributed profits	*17*	**3,150,973,013.59**	2,941,622,541.24
Total Shareholder's Equity Attributable to equity holders of the Company		**8,694,659,959.40**	8,480,563,534.34
Non-controlling Interests		**(80,772,647.03)**	(74,534,173.24)
TOTAL SHAREHOLDERS' EQUITY		**8,613,887,312.37**	8,406,029,361.10
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**14,120,395,140.30**	13,287,712,452.79

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2019

RMB

ITEM	*Notes*	**Amount recognized in the current period (Unaudited)**	Amount recognized in the prior period (Unaudited)
I. Total operating income	*18*	**3,874,385,388.20**	3,577,678,699.56
Less: Operating costs	*18*	**2,331,152,105.99**	2,240,412,062.70
Taxes and surcharges		**14,202,213.13**	16,136,796.86
Selling expenses		**572,562,489.33**	484,307,612.41
Administrative expenses		**482,911,889.75**	443,430,377.63
Research and development expenditure		**1,929,084.96**	8,856,046.95
Finance expenses		**(6,062,699.09)**	(12,254,208.92)
Including: Interest expense		**9,173,829.60**	–
Interest income		**18,173,273.27**	14,742,646.37
Add: Other income	*19*	**73,962,988.64**	26,218,522.67
Investment income	*20*	**122,756,258.96**	78,733,633.70
Including: Income from investments in associates and joint ventures		**48,360,904.41**	2,209,094.82
Losses from changes in fair values		**(16,478,022.12)**	(12,654,946.22)
Loss on credit impairment		**(20,352,061.62)**	(5,796,336.83)
Impairment losses of assets		**(39,144,937.44)**	(48,365,598.71)
Gains from disposal of assets		**3,126,981.39**	1,412,396.50
II. Operating profit		**601,561,511.94**	436,337,683.04
Add: Non-operating income		**1,625,877.62**	4,761,835.99
Less: Non-operating expenses		**12,718,660.42**	8,966,857.21
III. Total profit		**590,468,729.14**	432,132,661.82
Less: Income tax expenses	*22*	**16,927,257.42**	(3,671,853.55)
IV. Net profit		**573,541,471.72**	435,804,515.37
(I) Categorized by the nature of continuing operation:			
1. Net profit from continuing operations		**573,541,471.72**	435,804,515.37
(II) Categorized by ownership:			
1. Non-controlling interests		**(5,961,300.63)**	(13,091,926.02)
2. Net profit attributable to shareholders of the Company		**579,502,772.35**	448,896,441.39

RMB

ITEM	*Notes*	**Amount recognized in the current period (Unaudited)**	Amount recognized in the prior period (Unaudited)
V. Other comprehensive income, net of tax	*23*	**4,745,952.71**	(239,323,488.64)
Other comprehensive income attributable to shareholders of the Company, net of tax		**4,745,952.71**	(239,323,488.64)
(I) Other comprehensive income not reclassified to profit or loss			
1. Changes in other equity instrument investment at fair value		**4,745,952.71**	(239,323,488.64)
Other comprehensive income attributable to non-controlling interests, net of tax		**–**	–
VI. Total comprehensive income		**578,287,424.43**	196,481,026.73
Total comprehensive income attributable to shareholders of the Company		**584,248,725.06**	209,572,952.75
Total comprehensive income attributable to non-controlling interests		**(5,961,300.63)**	(13,091,926.02)
VII. Earnings per share:	*24*		
(I) Basic earnings per share		**0.47**	0.36
(II) Diluted earnings per share		**N/A**	N/A

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2019

RMB

ITEM		**Amount recognized in the current period (Unaudited)**	Amount recognized in the prior period (Unaudited)
I.	**Cash Flows from Operating Activities:**		
	Cash receipts from the sale of goods and the rendering of services	**3,949,417,669.19**	3,503,153,447.53
	Receipts of tax refunds	**52,517,971.00**	389,830.15
	Other cash receipts relating to operating activities	**86,028,552.73**	49,398,708.88
	Sub-total of cash inflows from operating activities	**4,087,964,192.92**	3,552,941,986.56
	Cash payments for goods purchased and services received	**2,205,839,589.53**	2,002,142,450.45
	Cash payments to and on behalf of employees	**662,254,198.91**	602,827,277.51
	Payments of various types of taxes	**39,101,087.43**	61,008,916.48
	Other cash payments relating to operating activities	**516,766,840.26**	443,694,889.05
	Sub-total of cash outflows from operating activities	**3,423,961,716.13**	3,109,673,533.49
	Net Cash Flow from Operating Activities	**664,002,476.79**	443,268,453.07
II.	**Cash Flows from Investing Activities:**		
	Cash receipts from disposals and recovery of investments	**1,318,923,005.89**	1,326,246,610.95
	Cash receipts from investment income	**47,099,784.77**	55,335,759.20
	Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	**7,363,809.66**	2,359,355.43
	Net cash flow receipts from acquisition of subsidiaries	**3,020,764.08**	–
	Other cash receipts relating to investing activities	**–**	20,000,000.00
	Sub-total of cash inflows from investing activities	**1,376,407,364.40**	1,403,941,725.58
	Cash payments to acquire or construct fixed assets, construction in progress, intangible assets and other long-term assets	**67,770,190.23**	54,974,881.07
	Cash payments to acquire investments	**463,500,873.44**	1,356,995,816.49
	Other cash payments relating to investing activities	**254,000,000.00**	–
	Sub-total of cash outflows from investing activities	**785,271,063.67**	1,411,970,697.56
	Net Cash Flow from Investing Activities	**591,136,300.73**	(8,028,971.98)

RMB

ITEM	**Amount recognized in the current period (Unaudited)**	Amount recognized in the prior period (Unaudited)
III. Cash Flows from Financing Activities:		
Cash receipts from capital contributions	**–**	655,000.00
Including: cash receipts from capital contributions from non-controlling shareholders of subsidiaries	**–**	655,000.00
Other cash receipts relating to financing activities	**–**	12,545.29
Sub-total of cash inflows from financing activities	**–**	667,545.29
Cash payments for distribution of dividends or settlement of interest expenses	**249,512,252.60**	249,250,981.29
Including: payments for distribution of dividends to non-controlling shareholders of subsidiaries	**277,173.16**	–
Other cash payments relating to financing activities	**28,521,783.22**	–
Sub-total of cash outflows from financing activities	**278,034,035.82**	249,250,981.29
Net Cash Flow from Financing Activities	**(278,034,035.82)**	(248,583,436.00)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	**–**	–
V. Net Increase in Cash and Cash Equivalents	**977,104,741.70**	186,656,045.09
Add: Opening balance of cash and cash equivalents	**2,576,699,731.25**	1,825,572,649.15
VI. Closing Balance of Cash and Cash Equivalents	**3,553,804,472.95**	2,012,228,694.24

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

1. BASIC INFORMATION ABOUT THE COMPANY

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

The Company publicly offered 401,761,000 shares of overseas listed foreign shares (including overallotment) ("**H Shares**") at the Stock Exchange on 30 May 2007. The share's par value was RMB1.00 and its issue price was HKD5.80. Upon completion of issuance, the share capital of the Company was 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 share ("**A Shares**") at Shanghai Stock Exchange on 8 August 2016, at the issue price of RMB7.12 per share. Upon the completion of IPO, the share capital of the Company changed into RMB1,233,841,000.00.

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

The Group is mainly engaged in: sales of books, newspapers, journals, electronic publications; wholesale of audio-visual products (for exclusive purpose of chain store); manufacture of electronic publications and audio-visual products; production of audio tapes, video tapes; logistics; and wholesale and retail of pre-packaged food, dairy products (not including infant formula, solely operated by branch office management); printing of publications, printed matters of package and decoration and other printed matters; (the valid period of the above business scope is subject to the approval of licenses). Plate-leased printing and supply of textbooks; investments in publications and assets management; leasing of properties; business services; wholesale and retail of goods; import and export business; vocational skills training; education ancillary services, catering business and ticketing agency. (the items above exclude pre-licensing items while the post-licensing items are subject to the approval of licenses and shall be operated according to the licenses)

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

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

Going concern

The Group assessed its ability to continue as a going concern for the 12 months subsequent to 30 June 2019, 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 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 its companies, Beijing Shuchuan Xinhua Bookstore Book Distribution Co., Ltd., Sichuan Xinhua Online Network Co., Ltd., Sichuan Xinhua Culture Communication Co., Ltd. and thirteen publishing units enjoy income tax exemption until 31 December 2023.

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

Value-added tax

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

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

New Lease Standard

The Group has adopted the Accounting Standards for Business Enterprises No.21 – Lease amended by the Ministry of Finance in 2018 (hereinafter referred to as the "**New Lease Standard**" while the "**Original Lease Standard**" refers to the lease standard prior to amendment) since 1 January 2019 ("**initial implementation date**"). The New Lease Standards supplemented the definition of lease by adding contents of lease identification, split, and consolidation; cancelled the differentiation of a lessee's operating leases and financing leases, requiring the confirmation of right-of-use assets and lease liabilities on all leases (except short-term leases and leases of low-value assets) from the date of commencement of lease term; improved lessee's subsequent measurement by adding accounting treatment methods under the scenarios of option revaluation and lease change; and increased relevant disclosure requirements.

For contracts started to exist before the initial implementation date, the Group chooses not to reassess whether they are leases or contain leases on the initial implementation date.

For contracts signed or amended after the initial implementation date, the Group assesses whether they are leases or contain leases according to the definition of lease in the New Lease Standard. The New Lease Standard determines whether a contract is a lease or contains a lease based on whether a party to the contract conveys the right to control the use of one or more identified assets for a period of time in exchange for a consideration. The Group has assessed the lease contracts for properties and the definition of a lease in the New Lease Standard does not have a significant impact on the scope of the Group's contracts that meet the definition of a lease.

The Group as lessee

Based on the accumulated amount affected by the initial implementation of the New Lease Standard, the Group adjusts the relevant itemized amounts in the financial statements without adjustments to comparable data of the period.

Operating leases before the initial implementation date are accounted for in a simplified manner using one or more of the following methods on a lease-by-lease basis:

- Leases to be completed within 12 months after the initial implementation date are treated as short-term leases;
- When measuring lease liabilities, the same discount rate is applied to leases with similar characteristics;
- Initial direct expenses are not included in the measurement of right-of-use assets; and
- Lease term of leases with renewal option or termination option is determined by the actual exercising of such option and other latest circumstances prior to the initial implementation date.

The Group made the following amendments due to the implementation of the New Lease Standard on the initial implementation date:

On 1 January 2019, the Group recognized lease liabilities of RMB342,237,335.31 and right-of-use assets of RMB346,721,404.32. As for operating leases before the initial implementation date, the Group measured lease liabilities using the present value discounted by the incremental borrowing rates on the initial implementation date. The weighted average of such incremental borrowing rates ranged between 4.75% to 4.90%, and right-of-use assets are measured at the amount equivalent to the lease liabilities (subject to necessary adjustment based on prepaid lease payments).

The following shows the Group's lease liabilities as recognized on 1 January 2019 and the adjustments to the material operating lease commitments as disclosed in the financial statements of 2018:

		RMB
Item		**1 January 2019**
I.	**Operating lease commitments as at 31 December 2018**	275,671,378.00
	Lease liabilities calculated by discounting the incremental borrowing rate on the initial implementation date	257,206,273.33
	Add: Renewal option reasonably determined to be exercised	98,274,564.51
	Less: Recognition of exemption – short-term lease	(13,243,502.53)
	Lease liabilities related to original operating leases and recognized by the implementation of the New Lease Standard	342,237,335.31
2.	**Lease liabilities as at 1 January 2019**	342,237,335.31
	Presented as:	
	Non-current liabilities due within one year	67,529,069.63
	Lease liabilities	274,708,265.68

The composition of carrying amount of right-of-use assets as at 1 January 2019 is as follows:

	RMB
Item	**1 January 2019**
Right-of-use assets:	
Right-of-use assets equivalent to lease liabilities recognized for operating leases prior to the initial implementation date	**342,237,335.31**
Advance rents reclassified	**4,484,069.01**
Total:	**346,721,404.32**

By categories:

	RMB
Item	**1 January 2019**
Buildings	**346,721,404.32**
Total:	**346,721,404.32**

The major impacts of the changes in accounting policies arising from the above New Lease Standard on the financial statements as at 1 January 2019 are as follows:

The Group

	31 December 2018	Impacts of implementation of New Lease Standard	**1 January 2019**
Prepayments	71,487,222.26	(3,085,354.31)	**68,401,867.95**
Right-of-use assets	N/A	346,721,404.32	**346,721,404.32**
Long-term prepaid expenses	21,063,047.60	(1,398,714.70)	**19,664,332.90**
Total effects on assets	N/A	342,237,335.31	**N/A**
Non-current liabilities due within one year	–	67,529,069.63	**67,529,069.63**
Lease liabilities	N/A	274,708,265.68	**274,708,265.68**
Total effects on liabilities	N/A	342,237,335.31	**N/A**

Format of presentation of financial statements

Since the preparation of the interim financial statements for 2019, the Group has implemented the Notice of the Revised Format of Financial Statements for General Business Enterprise (Cai Kuai (2019) No.6, hereinafter referred to as "**Cai Kuai Document No.6**") issued by the Ministry of Finance on 30 April 2019. Cai Kuai Document No.6 has made amendments to the items presented in the balance sheet, income statement, cash flow statement and statement of changes in shareholders' equity. The item of "notes receivable and accounts receivable" is split into "notes receivable" and "accounts receivable", while "notes payable and accounts payable" is split into "notes payable" and "accounts payable". The items of "financing receivables" and "special accounts reserve" are incorporated. Clarifications or amendments are made to the presentation contents of the items of "other receivables", "non-current assets due within one year", "other receivables", "deferred income", "other equity instrument", "R&D expenses", "interest income" under "finance expense", "other income", "non-operating income", "non-operating expenses" and "other equity instruments' holders' investing capital". At the same time, presentation requirements are established for loss provisions for loan commitments, financial guarantee contracts, etc., while an item of "derecognition of income for financial assets measured at amortized cost" is incorporated under "investment income". Moreover, presentation layouts for some items in the income statement are adjusted, and the presentation for government grants in the cash flow statement is clarified. With respect to the changes in the above presented items, the Group restated the comparable data of prior year.

5. HELD-FOR-TRADING FINANCIAL ASSETS

RMB

Item	**30 June 2019 (Unaudited) Carrying amount**	31 December 2018 (Audited) Carrying amount
Financial assets at FVTPL *(Note)*		
Including: Bank wealth management products	**480,290,000.00**	1,261,790,000.00
Investment in A-share listed companies	**104,177.61**	641,274.52
Total	**480,394,177.61**	1,262,431,274.52

Note: The Group's classification of financial assets at FVTPL is mainly composed of purchased bank wealth management products with a maturity period of 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. ACCOUNTS RECEIVABLE

(1) Accounts receivable by aging:

RMB

	30 June 2019 (Unaudited)				31 December 2018 (Audited)			
Aging	Amount	Proportion (%)	Credit loss provision	Carrying amount	Amount	Proportion (%)	Credit loss provision	Carrying amount
Within 1 year	**1,902,568,349.62**	**87.97**	**(95,889,319.14)**	**1,806,679,030.48**	1,639,966,040.12	88.03	(77,209,352.59)	1,562,756,687.53
More than 1 year but not exceeding 2 years	**167,091,295.10**	**7.73**	**(96,730,112.09)**	**70,361,183.01**	117,597,470.68	6.31	(67,742,910.04)	49,854,560.64
More than 2 years but not exceeding 3 years	**27,395,131.12**	**1.27**	**(27,395,131.12)**	**–**	34,325,001.94	1.84	(34,325,001.94)	–
More than 3 years	**65,642,687.23**	**3.03**	**(65,642,687.23)**	**–**	71,081,969.28	3.82	(71,081,969.28)	–
Total	**2,162,697,463.07**	**100.00**	**(285,657,249.58)**	**1,877,040,213.49**	1,862,970,482.02	100.00	(250,359,233.85)	1,612,611,248.17

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

(2) Credit loss provision made or reversed in the current period

The credit loss provision for the current period is RMB45,560,686.30, and the reversal of credit loss provision is RMB10,028,562.03.

(3) Accounts receivable written off for the current period

The accounts receivable written off for the current period is RMB443,008.54, and the reversal of credit loss provision written off is RMB208,900.00.

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

RMB

Name of entity	Relationship with the Group	30 June 2019 (Unaudited)	Aging	As a percentage of the total accounts receivable (%)	Credit loss provision 30 June 2019 (Unaudited)
People's Education Press Co., Ltd.	Third party	123,047,304.98	Within 1 year	5.68	(3,691,419.15)
Education Bureau of Anyue County	Third party	118,633,161.60	Within 1 year	5.49	(4,854,988.49)
Education Bureau of Pingchang County	Third party	48,555,778.19	Within 1 year, 1-2 years	2.25	(4,625,905.10)
Education and Technology Bureau of Hejiang County	Third party	34,820,000.00	Within 1 year	1.61	(4,220,660.22)
Education Technology Equipment Institute of Enyang District, Bazhong Municipality	Third party	29,344,694.00	Within 1 year, 1-2 years	1.36	(4,328,841.05)
Total		354,400,938.77		16.39	(21,721,814.01)

7. INVENTORIES

(1) Categories of inventories

RMB

Item	30 June 2019 (Unaudited) Gross carrying amount	Provision for decline in value	Carrying amount	31 December 2018 (Audited) Gross carrying amount	Provision for decline in value	Carrying amount
Goods on hand	**1,712,658,055.01**	**(191,296,066.99)**	**1,521,361,988.02**	1,878,279,312.31	(173,068,922.90)	1,705,210,389.41
Work-in-progress	**118,556,251.97**	**–**	**118,556,251.97**	161,510,325.29	–	161,510,325.29
Raw materials	**22,276,184.01**	**(3,617,674.31)**	**18,658,509.70**	58,095,851.77	(3,271,801.21)	54,824,050.56
Total	**1,853,490,490.99**	**(194,913,741.30)**	**1,658,576,749.69**	2,097,885,489.37	(176,340,724.11)	1,921,544,765.26

(2) Provision for decline in value of inventories

RMB

Category of inventories	31 December 2018 (Audited)	Increase in the current year	Decrease in the current year Write-off/reversal	30 June 2019 (Unaudited)
Goods on hand	173,068,922.90	20,006,188.52	(1,779,044.43)	191,296,066.99
Raw materials	3,271,801.21	345,873.10	–	3,617,674.31
Total	176,340,724.11	20,352,061.62	(1,779,044.43)	194,913,741.30

Note: As the expected net realizable value is lower than the cost of inventories at the end of the reporting period, provision, amounting to RMB20,006,188.52, for decline in value of inventory goods with respect to goods on hand for current period is made, and provision, amounting to RMB345,873.10, for decline in value of inventory goods with respect to raw materials for current period is made. The provision for decline in value amounting to RMB1,234,460.05 is written off as such inventories are retired during the reporting period. 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 RMB544,584.38 is reversed.

8. LONG-TERM EQUITY INVESTMENTS

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

RMB

Investee	31 December 2018	Changes for the period: Increase in investments	Decrease in investments	Investment profit or loss recognized under equity method	Adjustment of other comprehensive income	Changes in other equity	Distribution of cash dividends or profits declared	Provision for impairment loss	Other decreases	30 June 2019 (Unaudited)	30 June 2019 provision for impairment (Unaudited)
Joint Ventures											
Hainan Publishing House Co., Ltd.	148,227,458.64	–	–	7,615,911.36	–	–	–	–	–	155,843,370.00	–
Sichuan Fudou Technology Co., Ltd. (“**Sichuan Fudou**”) *(Note 1)*	240,630.39	–	–	(240,630.39)	–	–	–	–	–	–	–
Shenzhen Xuancai Venture Capital Investment Fund Management Co., Ltd. (“**Shenzhen Xuancai**”) *(Note 2)*	608,008.31	–	–	5,554,914.98	–	–	–	–	–	6,162,923.29	–
Liangshan Xinhua Winshare Education Technology Co. Ltd. (“**Liangshan Xinhua**”) *(Note 3)*	19,537,503.06	–	–	(1,715,707.08)	–	–	–	–	–	17,821,795.98	–
Subtotal	168,613,600.40	–	–	11,214,488.87	–	–	–	–	–	179,828,089.27	–

Investee	31 December 2018	Changes for the period: Increase in investments	Decrease in investments	Investment profit or loss recognized under equity method	Adjustment of other comprehensive income	Changes in other equity	Distribution of cash dividends or profits declared	Provision for impairment loss	Other decreases	30 June 2019 (Unaudited)	30 June 2019 provision for impairment (Unaudited)
Associates											
Sichuan Winshare BLOGIS Supply Chain Co., Ltd ("**Sichuan BLOGIS**") *(Note 4)*	44,823,624.11	–	–	(1,046,487.58)	–	–	–	–	–	43,777,136.53	–
Commercial Press (Chengdu) Co., Ltd.	2,626,882.83	–	–	(84,614.85)	–	–	–	–	–	2,542,267.98	–
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	10,922,805.08	–	–	(608.02)	–	–	–	–	–	10,922,197.06	–
Guizhou Xinhua Winshare Book Audio-Visual Product Chainstore Co., Ltd. ("**Guizhou Winshare**")	–	–	–	–	–	–	–	–	–	–	–
Ming Bo Education Technology Holdings Co., Ltd.	36,994,885.76	–	–	265,419.61	–	–	–	–	–	37,260,305.37	–
Shanghai Jingjie Information Technology Co., Ltd.	2,158,978.36	–	–	(6,381.22)	–	–	–	–	–	2,152,597.14	–
Sichuan Winshare Preschool Educational Management Co., Ltd.	5,577,399.07	–	–	586,464.64	–	–	–	–	–	6,163,863.71	–
Chongqing Yunhan Internet and Media Co., Ltd. ("**Chongqing Yunhan**") *(Note 5)*	27,370,479.01	–	–	(3,624,159.57)	–	–	–	–	(23,746,319.44)	–	–
Chengdu Winshare Venture Capital Investment Fund Management Co., Ltd.	25,866,146.87	–	–	(1,234,038.08)	–	–	–	–	–	24,632,108.79	–
Sichuan Education and Science Forum Magazine Press Co., Ltd. ("**Education and Science Forum**")	143,598.78	–	–	230,793.38	–	–	–	–	–	374,392.16	–
Tibet Winshare Venture Capital Investment Fund Partnership (Limited Partnership) ("**Tibet Winshare**") *(Note 6)*	28,651,097.51	–	(1,866,651.92)	42,752,588.85	–	–	–	–	–	69,537,034.44	–
Sichuan Jiaoyang Sihuo Film Co., Ltd.	67,491.26	–	–	62,972.31	–	–	–	–	–	130,463.57	–
Xinhua Yingxuan (Beijing) Screen Culture Co., Ltd.	20,313,569.82	–	–	(755,533.93)	–	–	–	–	–	19,558,035.89	–
Subtotal	205,516,958.46	–	(1,866,651.92)	37,146,415.54	–	–	–	–	(23,746,319.44)	217,050,402.64	–
Total	374,130,558.86	–	(1,866,651.92)	48,360,904.41	–	–	–	–	(23,746,319.44)	396,878,491.91	–

Note 1: Pursuant to the articles of association of Sichuan Fudou, Winshare Education Technology, a subsidiary of the Company, holds 38.5% of the voting rights at the shareholders' meeting and the other shareholder holds 61.5% at the shareholders' meeting. Resolutions of annual financial budget plans, final accounts, profit distribution and make up losses made by the shareholders of Sichuan Fudou shall be approved by over two-thirds of the total votes from its shareholders. Accordingly, Winshare Education Technology and the other shareholder have joint control over Sichuan Fudou, which accordingly became a joint venture of the Group. Winshare 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 latter inherited all the rights of Winshare Education Technology in Sichuan Fudou.

Note 2: 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 accordingly.

Note 3: 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, the resolution of Liangshan Xinhua on annual financial budget plan, final accounting plan, profit distribution and make up losses etc. must be approved by the shareholders representing over 2/3 of the voting power. Therefore, the Company and the other shareholder have common control over the Liangshan Xinhua which is a joint venture of the Group accordingly.

Note 4: 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 BLOGIS with the shareholding of 45%, 40% and 15%, respectively. According to the articles of association, the resolution on annual financial budget plan, final accounting plan, profit distribution and make up losses etc. must be approved by the shareholders representing over 50% of the voting power. Therefore, Sichuan BLOGIS is an associate of the Group.

Note 5: In March 2019, all shareholders unanimously agreed to the capital reduction of Chongqing Yunhan by other shareholders of Chongqing Yunhan, namely Chongqing Wenrong Investment Co., Ltd., Chongqing Xinhua Media Co., Ltd. and Chongqing Publication Group Co., Ltd. pursuant to which Chongqing Wenrong Investment Co., Ltd., Chongqing Xinhua Media Co., Ltd. and Chongqing Publication Group Co., Ltd. reduced all of their respective shareholding and the registered capital of Chongqing Yunhan was reduced from RMB100,000,000.00 to RMB50,000,000.00. Upon completion of capital reduction, Chongqing Yunhan became a wholly-owned subsidiary of Sichuan Winshare Online E-commerce Co., Ltd. ("**Winshare Online**") and was included in the Group upon consolidation.

Note 6: As a limited partner, Winshare Investment, a subsidiary of the Company, invested RMB28,433,348.08 in Tibet Winshare, and the proportion of the subscribed capital contribution of Winshare Investment accounted for 56.34% of its total subscribed capital. According to the partnership agreement of Tibet Winshare, 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. As a result, Tibet Winshare is an associate of the Group.

In January 2019, Tibet Winshare conducted cash allocation based on the exit money of Guoyun Cultural project according to the paid-up percentage of each partner. Winshare Investment, a subsidiary of the Company received cash allocation of RMB1,866,651.92.

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

RMB

Item	30 June 2019 (Unaudited)		31 December 2018 (Audited)	
	Unrecognized investment losses for the period	**Accumulated unrecognized investment losses**	Reversed but unrecognized investment losses for the prior year	Accumulated unrecognized investment losses
Guizhou Winshare	**–**	**5,557,990.70**	–	5,557,990.70
Education and Science Forum	**–**	**–**	(106,711.55)	–
Sichuan Fudou	**435,518.68**	**435,518.68**	–	–
Total	**435,518.68**	**5,993,509.38**	(106,711.55)	5,557,990.70

9. OTHER EQUITY INSTRUMENT INVESTMENTS

Other equity instrument investments designated at FVTOCI

RMB

Item	**30 June 2019 (Unaudited) Carrying amount**	31 December 2018 (Audited) Carrying amount
Anhui Xinhua Media Co., Ltd. ("**Wan Xin Media**") *(Note 1)*	**749,086,400.00**	832,595,200.00
Jiangsu Hagong Intelligent Robot Co., Ltd. ("**HGZN**") *(Note 2)*	**970,375.22**	844,038.28
Bank of Chengdu Co., Ltd. ("**BoCD**") *(Note 3)*	**706,400,000.00**	618,240,000.00
Others	**375,393.81**	375,393.81
Total	**1,456,832,169.03**	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. Subsequent changes in fair value of Wan Xin Media's shares for current period are losses of RMB83,508,800.00, and are recognized in other comprehensive income. The Company's dividends received of RMB21,812,000.00 from Wan Xin Media for current period are recognized in investment income.

Note 2: The subsidiary Sichuan Xinhua Printing Co., Ltd., acquired by the Company in August 2014, holds 0.02% of the equity of HGZN (originally Jiangsu Youli Investment Holding Co., Ltd.). The fair value was RMB783,556.84 on the acquisition date. Subsequent changes in fair value for current period are gains of RMB126,336.94, and are recognized in other comprehensive income. The Company's dividends received of RMB2,688.02 from HGZN for current period are recognized in investment income.

Note 3: The Company holds 2.21% (80 million shares) of BoCD. BoCD was listed on the Shanghai Stock Exchange on 31 January 2018. Changes in fair value of BoCD for current period are gains of RMB88,160,000.00, and are recognized in other comprehensive income. The Company's dividends receivable of RMB28,000,000.00 from BoCD for current period are recognized in investment income.

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

10. OTHER NON-CURRENT FINANCIAL ASSETS

RMB

Item	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Citic M&A Investment Fund (Shenzhen) Partnership (Limited Partnership) ("**Citic M&A**") *(Note 1)*	**96,857,014.97**	94,837,468.07
Winshare Hengxin (Shenzhen) Equity Investment Fund Partnership (Limited Partnership) ("**Winshare Hengxin**") *(Note 2)*	**256,465,780.70**	248,097,708.00
Qingdao Goldstone Zhixin Investment Center (Limited Partnership) ("**Qingdao Goldstone**") *(Note 3)*	**101,133,136.28**	148,790,378.40
Taizhou Xinheng Zhongrun Investment Fund (Limited Partnership) ("**Taizhou Xinheng**") *(Note 4)*	**–**	15,931,213.44
Total	**454,455,931.95**	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. According to the partnership agreement, the proportion of the subscribed capital contribution of the Company accounts for 1% of its total subscribed capital.

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

Changes in fair value for current period are gains of RMB2,019,546.90, 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.

In May 2019, the Company's subsidiary, Winshare Investment received the exit money amounting to RMB20,638,255.90 with respect to the liquidation of investment project.

Changes in fair value for current period are gains of RMB29,006,328.60, and are recognized in gains from changes in fair values.

Note 3: As a limited partner, the Company's subsidiary, Winshare Investment invested RMB152,117,500.00 in Qingdao Goldstone. According to the partnership agreement, the proportion of the subscribed capital contribution of the Group accounts for 10.05% of its total subscribed capital.

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

Changes in fair value for current period are losses of RMB47,657,242.12, and are recognized in 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 accounts for 2.37% of the partnership's total subscribed capital. The Group's investment costs are RMB10,426,540.29. Such investment is subsequently measured at fair value.

Winshare Investment, the Company's subsidiary, received the exit money amounting to RMB15,226,783.22 with respect to the liquidation of investment project in January 2019.

11. FIXED ASSETS

(1) Fixed assets

RMB

Item	Buildings	Machinery and equipment	Electronic equipment and others	Transportation vehicles	Total
Cost as at 30 June 2019 (Unaudited)	1,643,328,171.83	285,932,153.59	172,149,927.47	88,946,093.96	2,190,356,346.85
Accumulated depreciation as at 30 June 2019 (Unaudited)	(487,388,208.97)	(215,459,435.91)	(136,712,435.79)	(75,985,285.11)	(915,545,365.78)
Carrying amount as at 30 June 2019 (Unaudited)	1,155,939,962.86	70,472,717.68	35,437,491.68	12,960,808.85	1,274,810,981.07
Carrying amount as at 31 December 2018 (Audited)	1,163,774,364.80	68,958,920.11	34,530,444.05	17,098,553.15	1,284,362,282.11

(2) At the end of the Period, the amount of fixed assets of which certificates of title have not been obtained is RMB178,595,650.21, and fixed assets of which certificates of title have not been obtained have no significant influence on the Group's operations.

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

12. RIGHT-OF-USE ASSETS

(1) Presentation of right-of-use assets

RMB

Item			Property
I.	**Cost**		
	1.	1 January 2019 (Unaudited)	346,721,404.32
	2.	Increase in the period	40,335,987.96
	3.	30 June 2019 (Unaudited)	387,057,392.28
II.	**Accumulated depreciation**		
	1.	1 January 2019 (Unaudited)	–
	2.	Increase in the period	(42,671,369.91)
		(1) Provision	(42,671,369.91)
	3.	30 June 2019 (Unaudited)	(42,671,369.91)
III.	**Book value**		
	1.	30 June 2019 (Unaudited)	344,386,022.37
	2.	1 January 2019 (Unaudited)	346,721,404.32

13. ACCOUNTS PAYABLE

Details of aging analysis of accounts payable are as follows:

RMB

Item	**30 June 2019 (Unaudited)**	31 December 2018 (Audited)
Within 1 year	**2,699,967,785.88**	2,546,123,422.14
More than 1 year but not exceeding 2 years	**790,650,902.19**	714,272,450.41
More than 2 years but not exceeding 3 years	**228,689,909.21**	212,033,704.35
More than 3 years	**121,146,672.59**	125,908,194.69
Total	**3,840,455,269.87**	3,598,337,771.59

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

14. OTHER PAYABLES

RMB

Item	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Amounts due to related parties	**4,409,196.86**	6,929,554.20
Security deposit/deposit/quality warranty/performance security	**53,185,670.42**	67,959,185.69
Construction and infrastructure construction expenses	**36,611,137.95**	27,578,598.79
Amounts due to/from other entities	**45,856,776.32**	62,825,482.23
Dividends payable	**121,096,964.38**	–
Others	**176,387,595.71**	121,346,822.86
Total	**437,547,341.64**	286,639,643.77

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

15. LEASE LIABILITIES

RMB

Item	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Rents	**322,258,307.87**	N/A
Less: Lease liabilities included in non-current liabilities due within one year	**(70,787,077.24)**	N/A
Total	**251,471,230.63**	N/A

16. SHARE CAPITAL

Current period

RMB

Items	31 December 2018	Changes for the period: Issue of new shares	Bonus issue	Capitalization of surplus reserve	Others	Subtotal	30 June 2019 (Unaudited)
Promotor's shares	692,468,091.00	–	–	–	(1,718,000,000)	(1,718,000,000)	690,750,091.00
National Council for Social Security Fund	725,809.00	–	–	–	(725,809.00)	(725,809.00)	–
Overseas-listed foreign shares	441,937,100.00	–	–	–	–	–	441,937,100.00
Domestically-listed ordinary shares of RMB	98,710,000.00	–	–	–	2,443,809.00	2,443,809.00	101,153,809.00
Total	1,233,841,000.00	–	–	–	–	–	1,233,841,000.00

Prior period

RMB

Items	31 December 2017	Changes for the period: Issue of new shares	Bonus issue	Capitalization of surplus reserve	Others	Subtotal	30 June 2018 (Unaudited)
Promotor's shares	692,468,091.00	–	–	–	–	–	692,468,091.00
National Council for Social Security Fund	725,809.00	–	–	–	–	–	725,809.00
Overseas-listed foreign shares	441,937,100.00	–	–	–	–	–	441,937,100.00
Domestically-listed ordinary shares of RMB	98,710,000.00	–	–	–	–	–	98,710,000.00
Total	1,233,841,000.00	–	–	–	–	–	1,233,841,000.00

17. UNAPPROPRIATED PROFITS

RMB

Item	**Current period (Unaudited)**	Prior period (Unaudited)	Proportion of appropriation or distribution
Undistributed profits at the end of the prior year	**2,941,622,541.24**	2,364,509,602.80	
Effects of implementation of New Financial Instrument Standards	**–**	100,405,157.91	
Undistributed profits at the beginning of the current period	**2,941,622,541.24**	2,464,914,760.71	
Add: Net profit attributable to shareholders of the Company for the current period	**579,502,772.35**	448,896,441.39	
Less: Appropriation to statutory surplus reserve	**–**	–	Note 1
Distribution of dividends on ordinary shares	**(370,152,300.00)**	(370,152,300.00)	Note 2
Undistributed profits at the end of the period	**3,150,973,013.59**	2,543,658,902.10	

Note 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.

Note 2: Cash dividends approved in shareholders' meeting

On 21 May 2019, the resolution regarding the Company's 2018 Annual Profit Distribution Proposal was approved at 2018 annual general meeting of the Company. The profit distribution was based on the Company's total share capital of 1,233,841,000 shares before the implementation of the proposal. The cash dividend per share was RMB0.30 (tax-inclusive) (Prior period: RMB0.30 (tax-inclusive)) and the total cash dividends of RMB370,152,300.00 (tax-inclusive) (Prior period: RMB370,152,300.00 (tax-inclusive)) was distributed.

Note 3: Appropriation to surplus reserve by subsidiaries

At the end of the period, the balance of the Group's undistributed profits included appropriation to surplus reserve by subsidiaries amounting to RMB98,503,003.33 (31 December 2018: RMB98,503,003.33).

18. OPERATING INCOME AND OPERATING COSTS

(1) Operating income and costs

RMB

Item	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Unaudited)
Principal operating income	**3,804,537,930.80**	3,515,028,393.73
Other operating income	**69,847,457.40**	62,650,305.83
Including: Revenue from concessionaire sales	**144,442,650.17**	147,464,570.10
Cost from concessionaire sales	**(122,907,148.73)**	(125,975,877.73)
Net income from concessionaire sales	**21,535,501.44**	21,488,692.37
Operating costs	**2,331,152,105.99**	2,240,412,062.70

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

RMB

Item	Operating income		Operating costs	
	Current period (Unaudited)	Prior period (Unaudited)	**Current period (Unaudited)**	Prior period (Unaudited)
Publishing segment				
Textbooks and supplementary materials	**514,685,821.13**	467,195,340.75	**327,830,624.37**	320,895,462.45
General books	**446,279,815.26**	376,943,081.52	**284,730,535.89**	248,984,464.55
Printing and supplies	**88,743,885.65**	110,257,643.32	**76,762,638.33**	107,958,583.56
Others	**35,511,155.36**	27,361,311.82	**20,865,974.27**	9,772,657.23
Subtotal	**1,085,220,677.40**	981,757,377.41	**710,189,772.86**	687,611,167.79
Distribution segment				
Education services	**2,188,697,311.84**	2,102,228,227.18	**1,319,819,952.86**	1,355,162,657.80
Including: Textbooks and supplementary materials	**2,017,933,725.68**	1,831,226,847.18	**1,175,268,462.49**	1,100,655,479.36
Educational informatization and equipment business	**170,763,586.16**	271,001,380.00	**144,551,490.37**	254,507,178.44
Online sales	**694,821,959.04**	550,343,744.33	**630,809,547.29**	506,237,805.37
Retailing	**315,048,009.62**	322,858,624.53	**190,005,876.73**	198,210,087.82
Others	**196,120,005.62**	185,237,430.53	**148,209,512.20**	130,094,433.06
Subtotal	**3,394,687,286.12**	3,160,668,026.57	**2,288,844,889.08**	2,189,704,984.05
Others	**164,676,846.84**	140,363,420.90	**139,272,557.33**	119,182,794.30
Less: inter-segment elimination	**(770,199,422.16)**	(705,110,125.32)	**(807,155,113.28)**	(756,086,883.44)
Total	**3,874,385,388.20**	3,577,678,699.56	**2,331,152,105.99**	2,240,412,062.70

Details of publishing segment and distribution segment and other details are set out in note 21.

19. OTHER INCOME

RMB

Item	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Unaudited)
Book publishing subsidies	**11,292,616.55**	12,288,957.19
VAT first levied then returned	**52,517,971.00**	389,830.15
Other financial subsidies	**10,152,401.09**	13,539,735.33
Total	**73,962,988.64**	26,218,522.67

20. INVESTMENT INCOME

RMB

Item	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Unaudited)
Income from long-term equity investments under equity method	**48,360,904.41**	2,209,094.82
Investment income (loss) on disposal of long-term equity investments	**–**	(20.32)
Investment income from other non-current financial assets	**–**	9,343,165.00
Investment income from other equity instrument investments	**49,814,688.02**	43,591,488.02
Investment income from disposal of financial assets at FVTPL	**24,580,666.53**	23,589,906.18
Total	**122,756,258.96**	78,733,633.70

21. 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 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 informationized and equipment services for secondary and primary school education; retailing, distribution and online sales of publications;

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

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

(1) Segment information

Current period (Unaudited)

RMB

	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	Total
External revenue	389,774,431.63	3,391,036,296.96	93,574,659.61	–	–	3,874,385,388.20
Inter-segment revenue	695,446,245.77	3,650,989.16	71,102,187.23	–	(770,199,422.16)	–
Total operating income	1,085,220,677.40	3,394,687,286.12	164,676,846.84	–	(770,199,422.16)	3,874,385,388.20
Operating profit	280,767,520.70	176,414,883.90	31,769,665.88	64,529,657.77	48,079,783.69	601,561,511.94
Non-operating income	265,693.46	1,266,908.40	93,275.76	–	–	1,625,877.62
Non-operating expenses	53,990.35	12,651,615.15	13,054.92	–	–	12,718,660.42
Total profit	280,979,223.81	165,030,177.15	31,849,886.72	64,529,657.77	48,079,783.69	590,468,729.14
Total assets	5,746,035,251.59	7,562,740,320.68	1,192,721,420.38	3,053,026,005.00	(3,434,127,857.35)	14,120,395,140.30
Total liabilities	1,935,110,283.74	6,202,631,756.53	529,894,666.13	179,423,718.75	(3,340,552,597.22)	5,506,507,827.93
Supplementary information						
Depreciation	10,148,815.68	63,248,094.53	11,512,521.72	–	–	84,909,431.93
Amortization	1,782,598.41	13,974,886.06	1,700,786.85	–	–	17,458,271.32
Interest income	696,317.12	8,833,123.52	148,808.70	8,495,023.93	–	18,173,273.27
Impairment losses recognized in the current period	18,741,822.16	40,047,495.23	707,681.67	–	–	59,496,999.06
Investment income from long-term equity investment under equity method	293,765.69	2,280,790.94	45,786,347.78	–	–	48,360,904.41
Long-term equity investments under equity method	504,855.73	252,264,433.13	144,109,203.05	–	–	396,878,491.91
Capital expenditure	6,363,340.70	35,896,863.40	4,776,554.33	–	–	47,036,758.43
Including: Construction in progress	705,904.17	13,330,080.53	1,588,616.21	–	–	15,624,600.91
Expenditure arising from purchase of fixed assets	5,449,804.80	6,451,508.76	3,187,938.12	–	–	15,089,251.68
Expenditure arising from purchase of intangible assets	207,631.73	4,252,444.64	–	–	–	4,460,076.37
Development expenditure	–	11,862,829.47	–	–	–	11,862,829.47

Prior period (Unaudited)

RMB

	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	Total
External revenue	330,552,435.75	3,156,848,804.65	90,277,459.16	–	–	3,577,678,699.56
Inter-segment revenue	651,204,941.66	3,819,221.92	50,085,961.74	–	(705,110,125.32)	–
Total operating income	981,757,377.41	3,160,668,026.57	140,363,420.90	–	(705,110,125.32)	3,577,678,699.56
Operating profit (loss)	168,316,998.79	180,592,077.09	(16,527,312.93)	45,348,132.71	58,607,787.38	436,337,683.04
Non-operating income	3,199,713.16	1,303,729.63	258,393.20	–	–	4,761,835.99
Non-operating expenses	352,136.67	8,584,719.75	30,000.79	–	–	8,966,857.21
Total profit (loss)	171,164,575.28	173,311,086.97	(16,298,920.52)	45,348,132.71	58,607,787.38	432,132,661.82
Total assets	5,227,916,624.02	6,373,866,524.91	1,172,958,295.06	3,128,275,630.60	(2,874,443,377.89)	13,028,573,696.70
Total liabilities	1,893,387,109.71	5,208,767,163.29	514,131,550.22	151,191,304.77	(2,802,765,388.41)	4,964,711,739.58
Supplementary information						
Depreciation	10,446,378.70	28,064,490.73	6,255,723.60	–	–	44,766,593.03
Amortization	1,551,337.26	8,520,224.79	2,269,710.70	–	–	12,341,272.75
Interest income	709,382.58	5,706,827.45	492,523.90	7,833,912.44	–	14,742,646.37
Impairment losses recognized in the current period	18,494,787.01	36,472,919.28	(805,770.75)	–	–	54,161,935.54
Investment income (loss) from long-term equity investment under equity method	82,103.27	2,930,352.04	(803,360.49)	–	–	2,209,094.82
Long-term equity investments under equity method	116,148.82	290,316,012.03	72,722,122.09	–	–	363,154,282.94
Capital expenditure	2,719,985.47	43,815,320.04	360,116.09	–	–	46,895,421.60
Including: Construction in progress	142,982.49	28,933,224.42	83,207.55	–	–	29,159,414.46
Expenditure arising from purchase of fixed assets	1,665,494.55	7,894,811.95	276,908.54	–	–	9,837,215.04
Expenditure arising from purchase of intangible assets	911,508.43	1,430,983.57	–	–	–	2,342,492.00
Development expenditure	–	5,556,300.10	–	–	–	5,556,300.10

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

(3) Concentration on major customers

The Group's revenue from its single largest customer for the current period is RMB465,164,226.93 (prior period: RMB448,398,430.51), 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 period or prior period.

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

22. INCOME TAX

RMB

Item	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Unaudited)
Current tax expense calculated according to tax laws and relevant requirements	**767,497.04**	1,292,150.64
Deferred tax expenses	**16,159,760.38**	(4,964,004.19)
Total	**16,927,257.42**	(3,671,853.55)

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

RMB

Item	Amount incurred in the current period (Unaudited)	Amount incurred in the prior period (Unaudited)
Accounting profit	**590,468,729.14**	432,132,661.82
Income tax expenses calculated at 25%	**147,617,182.29**	108,033,165.46
Tax concessions	**(151,316,905.00)**	(126,792,882.12)
Effect of expenses that are not deductible for tax purposes	**14,084,699.55**	9,633,377.19
Effect of tax-free income	**(12,453,672.01)**	(13,233,663.26)
Effect of unrecognized (utilized) deductible temporary differences	**894,384.79**	(104,948.38)
Effect of unrecognized deductible losses	**18,101,567.80**	18,793,097.56
Total	**16,927,257.42**	(3,671,853.55)

23. OTHER COMPREHENSIVE INCOME

Current period

RMB

Item	31 December 2018 (Audited)	Changes in the period: Amount for the current period before income tax	Less: Amount included in other comprehensive income in the prior period that is transferred to profit or loss for the period	Less: Income tax expenses	Post-tax amount attributable to owners of the Company	Post-tax amount attributable to non-controlling interests	30 June 2019 (Unaudited)
Other comprehensive income that cannot be reclassified into profit or loss	1,021,506,867.83	4,777,536.94	–	(31,584.23)	4,745,952.71	–	1,026,252,820.54
Gains or losses arising from fair value change of other equity instrument investments	1,021,506,867.83	4,777,536.94	–	(31,584.23)	4,745,952.71	–	1,026,252,820.54

Prior period

RMB

Item	31 December 2017 (Audited)	Effect of implementation of New Financial Instrument Standards	Changes in the period: Amount for the current period before income tax	Less: Amount included in other comprehensive income in the prior period that is transferred to profit or loss for the period	Less: Income tax expenses	Post-tax amount attributable to owners of the Company	Post-tax amount attributable to non-controlling interests	30 June 2018 (Unaudited)
Other comprehensive income not reclassified into profit or loss	1,230,619,792.07	179,650,842.09	(239,352,384.86)	–	28,896.22	(239,323,488.64)	–	1,170,947,145.52
Gains or losses arising from fair value change of other equity instrument investments	1,209,044,536.39	201,226,097.77	(239,352,384.86)	–	28,896.22	(239,323,488.64)	–	1,170,947,145.52
Share of other comprehensive income of the investee that will be transferred from other comprehensive income to retained profits	21,575,255.68	(21,575,255.68)	–	–	–	–	–	–

24. CALCULATION PROCESS OF BASIC EARNINGS PER SHARE

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

		RMB
	Current period (Unaudited)	Prior period (Unaudited)
Net profit for the current period attributable to ordinary shareholders	**579,502,772.35**	448,896,441.39
Including: Net profit from continuing operations	**579,502,772.35**	448,896,441.39

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

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

Earnings per share:

		RMB
	Current period (Unaudited)	Prior period (Unaudited)
Number of ordinary shares outstanding at the end of period divided by net profit for the current period attributable to ordinary shareholders	**0.47**	0.36
Number of ordinary shares outstanding at the end of period divided by net profit for the current period attributable to ordinary shareholders and attributable to continuing operation	**0.47**	0.36

The Company has no dilutive potential ordinary shares.

25. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements of the Group were approved by the Board of Directors on 29 August 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

(I) BUSINESS REVIEW

INDUSTRY OVERVIEW

In the first half of 2019, the reform of the publishing industry continued to progress and the pace of integrated publishing development accelerated significantly with speedy construction of the omnimedia publishing layout. The PRC government continued to attach more importance on and provide more support to the cultural business and cultural industry while providing support in areas including talents, technology, finance and taxation. "National Reading" has been included in the Government Work Report for the sixth time, which is conducive to the innovative development and sustained prosperity of the news and publishing industry.

With the increasing cultural spending power and the changing reading styles among the people, demand for reading service showed a growing trend of digitalisation, networkitisation and intelligentisation with consumption features of personalisation, experience and diversity. In the first half of the year, the scale of the PRC book retail market grew steadily and the high-quality development of the publishing industry further expanded the market. While the transformation and upgrade of physical bookstores accelerated, online and offline integrated development further progressed deeply. With the rapid growth of digital publishing and digital reading, publishing segments including e-books, audiobooks and AR books continued to innovate. An omnimedia publishing layout was quickly taking shape with the integrated development of the traditional publishing and emerging publishing, thus injecting new vitality and momentum to the development of the news and publishing industry.

RESULTS

In the first half of 2019, the Group further pushed ahead the strategy to "revitalise the publishing industry in Sichuan". Guided by the principle of high-quality development, the Company took effective measures to drive the speedy growth of business. During the Period, revenue of the Group amounted to RMB3,874,385,400, representing an increase of 8.29% as compared with the same period of last year. Net profit amounted to RMB573,541,500, representing an increase of 31.61% as compared with the same period of last year and representing an increase of 35.23% as compared with the same period of last year excluding the net profit attributable to the parent after deducting non-recurring gains/losses of RMB551,231,800, mainly benefiting from the increase in gross profit arising from the growth of sales of the general book publication, reading service and education service businesses and the increase in VAT refunds received during the Period.

Gross profit margin

During the Period, the gross profit margin of the Group's principal businesses was 39.19%, up by 2.73 percentage points as compared with 36.46% in the same period of last year, which was primarily due to the change in sales structure, growth of sales of best-sellers under its own general book publication segment and increased efficiency of standalone books as well as the Company's effective cost control over its own education publications.

ANALYSIS OF OPERATING DATA

1. Overview of Principal Business Segments

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

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

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

The principal business of the Group during the Period by segment is as follows:
For the six months ended 30 June 2019

RMB

Principal business by segment

By segment		Operating income	Operating costs	Gross profit margin (%)	Change of operating income as compared with the same period of last year (%)	Change of operating costs as compared with the same period of last year (%)	Change of gross profit margin as compared with the same period of last year (ppts)
I.	**Publication**	**1,067,886,010.93**	**698,104,920.15**	**34.63**	**10.05**	**2.07**	**5.11**
	Textbooks and supplementary materials	514,685,821.13	327,830,624.37	36.30	10.17	2.16	4.99
	General books	446,279,815.26	284,730,535.89	36.20	18.09	14.36	2.08
	Printing and materials	88,741,737.26	76,762,638.33	13.50	(19.49)	(28.90)	11.44
	Others	18,178,637.28	8,781,121.56	51.70	21.16	44.01	(7.66)
II.	**Distribution**	**3,339,623,294.38**	**2,283,426,682.81**	**31.63**	**7.29**	**4.34**	**1.94**
	Education service	2,188,697,311.84	1,319,819,952.86	39.70	4.11	(2.61)	4.16
	Of which: Textbooks and supplementary materials	2,017,933,725.68	1,175,268,462.49	41.76	10.20	6.78	1.86
	Education informationised service and equipment business	170,763,586.16	144,551,490.37	15.35	(36.99)	(43.20)	9.26
	Online sales	694,821,959.04	630,809,547.29	9.21	26.25	24.61	1.20
	Retailing	293,512,508.18	190,005,876.73	35.26	(2.61)	(4.14)	1.03
	Others	162,591,515.32	142,791,305.93	12.18	2.48	10.75	(6.56)
III.	**Others**	**163,369,942.62**	**139,169,429.22**	**14.81**	**22.46**	**18.91**	**2.54**
	Inter-segment elimination total	(766,341,317.13)	(807,107,943.47)				
Total		**3,804,537,930.80**	**2,313,593,088.71**	**39.19**	**8.24**	**3.59**	**2.73**

2. Operating Data of the Business Segments

(1) Publication segment

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

Publication of Textbooks and Supplementary Materials

The Group continued to strengthen its capabilities in the education publishing's strategic planning, marketing expansion and education services; researched and developed high-quality educational products; built the education publishing brand; and developed a range of products including academic books, extracurricular readings for students and popular science readings for children.

During the Period, revenue from the sales of textbooks and supplementary materials publication business amounted to RMB515,000,000 (including domestic sales), representing an increase of 10.17% as compared with the same period of last year; and cost of sales amounted to RMB328,000,000, representing an increase of 2.16% as compared with the same period of last year. Gross profit margin was 36.30%, up by 4.99 percentage points as compared with the same period of last year, mainly benefiting from the Group's effective cost control over its own educational publications and the change in the structure of the category of books sold as compared with the same period of last year.

Publication of General Books

In the first half of 2019, placing social benefits as a top priority and adhering to the principle of aligning social benefits with economic benefits and upholding the theory of "targeted publishing, refined publishing and quality publishing", the Group's publication business continued its high-quality development.

During the Period, revenue from the sales of general books under the Group's publication business amounted to RMB446,000,000 (including domestic sales), representing an increase of 18.09% as compared with the same period of last year; and cost of sales amounted to RMB285,000,000, representing an increase of 14.36% as compared with the same period of last year. Gross profit margin was 36.20%, up by 2.08 percentage points as compared with the same period of last year, mainly benefiting from the growth of sales of the Group's best-sellers and the increased efficiency of standalone books.

(2) Distribution segment

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

During the Period, revenue from the sales of the distribution segment amounted to RMB3,340,000,000, representing an increase of 7.29% as compared with the same period of last year, mainly benefiting from the growth of sales of the education service business and the online sales business.

During the Period, gross profit margin of the distribution segment was 31.63%, up by 1.94 percentage points from 29.69% in the same period of last year, mainly benefiting from the increase in gross profit margin of the education service business and the online sales business.

Education Service

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

During the Period, the Group continued to take a customer-oriented approach to achieve high-quality development of education service as guided by innovative development. As to textbooks, through strengthening the synergies arising from the market and the upstream publication resources, the Group enhanced its capabilities in product planning and product design. In addition to enhancing product quality, it also optimised the product structure with sales revenue maintaining steady growth with progress. As to education informationised and education equipment, the Group seized the market opportunities arising from new college entrance exam curriculum reform and education informationised 2.0 action plan and provided products and services including professional subject classroom, innovation education space and smart campus. At the same time, the Group endeavoured to propel channel innovation, mechanism innovation and business innovation to enhance its education service capability.

During the Period, revenue from the external sales of the education service business of the Group amounted to RMB2,189,000,000, representing an increase of 4.11% as compared with the same period of last year, mainly benefiting from the growth of textbooks and supplementary materials during the Period. During the Period, revenue from the education informationised and equipment business decreased by 36.99% as compared with the same period of last year, mainly due to the shrinking of market share in general after the market of the education equipment business has reached a certain scale.

During the Period, gross profit margin of the education service business was 39.70%, up by 4.16 percentage points as compared with the same period of last year, mainly due to the impact of the decrease in the percentage of sales from the education equipment business with a lower gross profit margin.

Online Sales

In the first half of 2019, the Group steadily commenced the construction of the synergistic platform of the publication supply chain. Capitalising on the online technology and business technology, the Company endeavoured to build a responsive publication supply chain sales system covering the whole nation through expanding the platform user base, expanding the scope of business application and coordinating the commodity, logistics and marketing resources between the bookstores and publishing units.

As to online sales, faced with anomalously intensified market competition, the Group strengthened the category operating standard and enhanced the market position of the niche areas. At the same time, it actively expanded the emerging channels to maintain the overall competitive strengths of the Company.

During the Period, revenue from the sales of online sales business amounted to RMB695,000,000, representing an increase of 26.25% as compared with the same period of last year. Gross profit margin of the online sales business was 9.21%, up by 1.20 percentage points as compared with the same period of last year, mainly due to the Group's adjustment to the procurement structure, which strengthened bargaining power and reduced the cost of procurement.

Retailing

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

Adhering to the "multi-brand building, multi-model development and multi-team operations" development strategy, the Group strove to build a multi-brand and multi-segment modern reading service network system. At the same time, the Company continued to improve the operational management of stores, optimised merchandise structure and enhanced operating capabilities. During the first half of the year, a total of eight stores were newly opened, upgraded and revamped with a total area of 8,583 sq.m, among which, four "Xinhua Winshare" stores, three "Winshare Bookstore" stores and one "Kids WinShare" store were newly opened. The commencement of operation of "Kids WinShare" Global Center Store provided readers with modern reading service comprising "reading service by age and grade + children-parents social experience", which further enhanced the professional reading service capability. In addition, the Company actively strengthened the distribution work of main theme publications and enhanced the professional reading service capability of current politics books channel.

During the Period, revenue from the sales of retailing business amounted to RMB294,000,000, representing a decrease of 2.61% as compared with the same period of last year, mainly due to the decrease in the sales of current politics books as compared with the same period of last year. Gross profit margin of the retailing business was 35.26%, up by 1.03 percentage points as compared with the same period of last year.

(II) ANALYSIS OF OPERATING RESULTS AND FINANCIAL PERFORMANCE

Breakdown of the relevant item changes in the financial statements
(For the six months ended 30 June 2019)

RMB

Item	Current period	Comparative period last year	Change (%)
Revenue	**3,874,385,388.20**	3,577,678,699.56	**8.29**
Operating costs	**2,331,152,105.99**	2,240,412,062.70	**4.05**
Selling expenses	**572,562,489.33**	484,307,612.41	**18.22**
Administrative expenses	**482,911,889.75**	443,430,377.63	**8.90**
Finance expenses	**(6,062,699.09)**	(12,254,208.92)	**N/A**
Research and development expenditure	**1,929,084.96**	8,856,046.95	**(78.22)**
Net cashflow generated from operating activities	**664,002,476.79**	443,268,453.07	**49.80**
Net cashflow generated from investing activities	**591,136,300.73**	(8,028,971.98)	**N/A**
Net cashflow generated from financing activities	**(278,034,035.82)**	(248,583,436.00)	**N/A**
Other incomes	**73,962,988.64**	26,218,522.67	**182.10**
Investment income	**122,756,258.96**	78,733,633.70	**55.91**
Loss on fair value change	**(16,478,022.12)**	(12,654,946.22)	**N/A**
Asset impairment loss	**(20,352,061.62)**	(5,796,336.83)	**N/A**
Gain on asset disposal	**3,126,981.39**	1,412,396.50	**121.40**
Non-operating income	**1,625,877.62**	4,761,835.99	**(65.86)**
Non-operating expenses	**12,718,660.42**	8,966,857.21	**41.84**
Income tax expenses	**16,927,257.42**	(3,671,853.55)	**N/A**
Non-controlling interests	**(5,961,300.63)**	(13,091,926.02)	**N/A**
Other comprehensive income net, after tax	**4,745,952.71**	(239,323,488.64)	**N/A**

REVENUE

During the Period, revenue from the Group amounted to RMB3,874,000,000, representing an increase of 8.29% as compared with RMB3,578,000,000 in the same period of last year, mainly benefiting from the growth of revenue from the general book publication business, reading service business and education service business.

OPERATING COSTS

During the Period, operating costs of the Group amounted to RMB2,331,000,000, representing an increase of 4.05% as compared with the same period of last year. The increase in operating costs was driven by the growth of sales revenue, which was due to the change in revenue structure and the increased external bargaining power after the Group's adjustment to the structure of procurement business, resulting in the decrease in combined ratio during the Period as compared with the same period of last year.

EXPENSES

During the Period, selling expenses of the Group amounted to RMB573,000,000, representing an increase of 18.22% as compared with the same period of last year, mainly due to the increase in labour costs and logistics expenses as a result of the growth of sales.

During the Period, administrative expenses of the Group amounted to RMB483,000,000, representing an increase of 8.90% as compared with the same period of last year, mainly due to the increase in labour costs.

During the Period, finance expenses of the Group amounted to -RMB6,062,700, as compared with -RMB12,254,200 in the same period of last year, among which, net interest expenses during the Period amounted to RMB8,999,400, representing a decrease of RMB5,743,200 as compared with RMB14,742,600 in the same period of last year, mainly due to the recognition of relevant interest expense during the Period as a result of the Group's implementation of the New Lease Standard since 1 January 2019.

During the Period, R&D expenses of the Group amounted to RMB1,929,100, representing a decrease of 78.22% as compared with the same period of last year, mainly due to the decrease in the part expensed under R&D commitments in the area of the education informationised business during the Period as compared with the same period of last year.

ASSET IMPAIRMENT LOSS

During the Period, provision for asset impairment loss of the Group amounted to RMB20,352,100, representing an increase of RMB14,555,800 as compared with RMB5,796,300 in the same period of last year, mainly due to the increase in provision for decline in value of inventory as a result of the revision of textbooks.

CREDIT IMPAIRMENT

During the Period, the Group made provision for credit impairment loss of RMB39,144,900, representing a decrease of RMB9,221,000 as compared with RMB48,366,000 in the same period of last year, mainly due to the reversal of provision for credit impairment resulting from the recovery of receivables.

LOSS ON FAIR VALUE CHANGE

During the Period, loss on fair value change of the Group amounted to RMB16,478,000, representing an increase of RMB3,823,100 as compared with RMB12,654,900 in the same period of last year, mainly due to the fair value change incurred in the fund investments held by the Group.

INVESTMENT INCOME

During the Period, the Group recognised investment income of RMB122,756,300, representing an increase of 55.91% as compared with the same period of last year, mainly due to the increase in growth of profit of Tibet Winshare, an associate of the Group, for the Period.

OTHER INCOMES AND NON-OPERATING INCOME AND EXPENSES

During the Period, other incomes of the Group amounted to RMB73,963,000, representing an increase of 182.10% as compared with the same period of last year, mainly due to the increase in the refund of value-added tax received as a result of the difference in the timing of implementation of policies during the Period.

During the Period, non-operating income of the Group amounted to RMB1,625,900, representing a decrease of 65.86% as compared with the same period of last year, mainly due to the default penalty of overdue payment on housing demolition and relocation of RMB2,637,200 (during the Period: nil) received by a subsidiary of the Group in the same period of last year.

During the Period, non-operating expenses of the Group amounted to RMB12,718,700, representing an increase of 41.84% as compared with the same period of last year, mainly due to the increase in donation expenses during the Period.

GAIN ON ASSET DISPOSAL

During the Period, gain on asset disposal of the Group amounted to RMB3,127,000, representing an increase of 121.40% as compared with the same period of last year, mainly due to the recognition of the gain on disposal of vehicles for office use and the gain on disposal of properties by a subsidiary of the Company during the Period.

INCOME TAX EXPENSES

During the Period, income tax expenses of the Group amounted to RMB16,927,300, as compared with -RMB3,671,900 in the same period of last year, mainly due to the changes in deferred income tax expenses arising from the growth of investment income from associates recognised by Winshare Investment, a subsidiary of the Company using equity method during the Period.

OTHER COMPREHENSIVE INCOME

During the Period, other comprehensive income net, after tax of the Group amounted to RMB4,746,000, as compared with -RMB239,323,500 in the same period of last year, mainly due to the fluctuations in the market price of shares of listed companies including Wan Xin Media and Bank of Chengdu held by the Company.

PROFIT

Net profit for the Period amounted to RMB574,000,000, representing an increase of RMB138,000,000 as compared with RMB436,000,000 in the same period of last year. Net profit attributable to owners of the parent amounted to RMB580,000,000, representing an increase of RMB131,000,000 as compared with RMB449,000,000 in the same period of last year, mainly due to the increase in gross profit driven by the growth of sales of general book publication, reading service and education service businesses and the increase in VAT refunds received during the Period.

EARNINGS PER SHARE

Earnings per share is calculated based on the net profit attributable to the owners of the parent for the Period divided by the weighted average number of the ordinary shares in issue during the Period. During the Period, earnings per share of the Group amounted to RMB0.47, up by RMB0.11 as compared with RMB0.36 in the same period of last year. For details regarding the calculation of earnings per share, please refer to note 24 to the consolidated financial statements in this interim results announcement.

CASH FLOW

During the Period, net cashflow generated from operating activities was net inflow of RMB664,000,000, as compared with net inflow of RMB443,000,000 in the same period of last year, mainly due to the increase in sales receivables and refund of value-added tax received as compared with the same period of last year.

During the Period, net cashflow generated from investing activities was net inflow of RMB591,000,000, as compared with net outflow of RMB8,029,000 in the same period of last year, mainly due to the decrease in wealth management products newly purchased during the Period as compared with that same period of last year.

During the Period, net cashflow generated from financing activities was net outflow of RMB278,000,000, as compared with net outflow of RMB249,000,000 in the same period of last year, mainly due to the inclusion of cash from repayment of lease principal and interests recognised under the New Lease Standard during the Period under financing activities.

ASSETS AND LIABILITIES ANALYSIS
(As at 30 June 2019)

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	3,836,795,574.18	27.17	2,608,612,572.01	19.63	47.08	Mainly due to the increase in net cash inflow from operating activities and recovery of part of the wealth management products purchased during the Period.
Held-for-trading financial assets	480,394,177.61	3.40	1,262,431,274.52	9.50	(61.95)	Mainly due to the expiry and recovery of part of the wealth management products purchased by the Group during the Period.
Notes receivable	–	–	4,418,800.18	0.03	(100.00)	Mainly due to the reclassification receivable with financing feature to financing receivables at the end of the Period.
Financing receivables	7,422,713.53	0.05	–	–	N/A	Mainly due to the reclassification of notes receivable with financing feature to such item. The notes received by the third-party logistics business of the Group increased as compared with the beginning of the Period.
Right-of-use assets	344,386,022.37	2.44	–	–	N/A	Pursuant to the New Lease Standard, right to lease the asset of the Company as lessee during the lease term is recognised as right-of-use assets subject to depreciation.

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
Development expenditure	29,689,412.44	0.21	47,521,564.75	0.36	(37.52)	Mainly due to the capitalisation of part of the R&D expenses of the Group's education informationised business during the Period, which were carried forward to intangible assets.
Long-term prepaid expenses	29,434,086.71	0.21	21,063,047.60	0.16	39.74	Mainly due to the increase in renovation expenses of stores incurred during the Period.
Other non-current assets	150,195,811.35	1.06	109,813,352.57	0.83	36.77	Mainly due to the increase in prepayment for the purchase of properties and the increase in the VAT input tax that the Group expects to deduct in the following year.
Notes payable	12,823,627.90	0.09	22,176,144.64	0.17	(42.17)	Mainly due to the decrease in the balance which was settled by the Company's education informationised business using notes as compared with the beginning of the Period.
Employee benefits payable	227,544,170.98	1.61	338,084,927.10	2.54	(32.70)	Mainly due to the distribution of 2018 year-end incentives by the Company during the Period.
Other payables	437,547,341.64	3.10	286,639,643.77	2.16	52.65	Mainly due to the payment of 2018 dividend of RMB121,000,000 payable to H shareholders in July included in the balance as at the end of the Period.
Non-current liabilities due within one year	70,787,077.24	0.50	–	–	N/A	Pursuant to the New Lease Standard, present value of the lease payment of the Group as lessee during the lease term is recognised as lease liabilities and presented as "Non-current liabilities" and "Lease liabilities" according to liquidity.

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
Lease liabilities	251,471,230.63	1.78	–	–	N/A	Same as above.
Deferred income tax liabilities	47,858,976.74	0.34	32,156,680.02	0.24	48.83	Mainly due to the growth in investment income from associates recognised by Winshare Investment, a subsidiary of the Company using equity method during the Period.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2019, the Group had cash and short-term deposits of approximately RMB3,837,000,000 (31 December 2018: RMB2,609,000,000). The Group did not have any bank and other borrowings.

As at 30 June 2019, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group slightly increased to 39.00%, up by 2.26 percentage points from 36.74% as at 31 December 2018, mainly due to the payment of 2018 dividend declared and paid by the Group in July 2019 and the implementation of the New Lease Standard by the Group, which also increased the gearing ratio. The Group's overall financial structure remained relatively stable.

GENERAL CONDITION OF ENTRUSTED WEALTH MANAGEMENT

On 26 October 2018, the Board of the Company considered and approved the use of idle funds of no more than RMB1,300,000,000 by the Group to purchase wealth management products which shall be effective within 12 months from the date of passing of the resolution by the Board. On 30 June 2019, the balance of bank wealth management products purchased by the Group amounted to RMB480,000,000, all of which were capital-guaranteed wealth management products due within one year.

CONTINGENT LIABILITIES

As at 30 June 2019, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2019, the Group's pledged deposits amounted to RMB4,369,300 (31 December 2018: RMB7,355,000), representing the security deposits placed with the banks for the issuance of bank's acceptance bills. Save as disclosed above, 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

	30 June 2019	30 June 2018
Current ratio	**1.6**	1.5
Inventory turnover days	**140.1**	143.3
Notes and accounts receivable turnover days	**82.3**	75.4
Notes and accounts payables turnover days	**292.6**	278.3

As at 30 June 2019, current ratio of the Group was 1.6, which remained the same as compared with the same period of last year.

In the first half of the year, the inventory turnover days was 140.1 days, which decreased slightly as compared with 143.3 days in the same period of last year.

The notes and trade receivable turnover days was 82.3 days, up by 6.9 days as compared with the same period of last year, mainly due to the relatively rapid development of the general book publication and reading service businesses in recent years, which slightly increased the trade receivable turnover days.

The notes and trade payable turnover days was 292.6 days, increased by 14.3 days as compared with the same period of last year and the growth was not material.

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

(III) OVERVIEW OF MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the Period, the Group centred on the development strategy, optimised the industry 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.

The Company was interested in 80,000,000 shares of Bank of Chengdu and its shareholding was 2.21%. During the Period, the Company recognised dividend of RMB28,000,000 (tax inclusive) received from Bank of Chengdu (received in July 2019). The shares held by the Company are subject to a lock-up period of one year from the date of listing, which have been unlocked for sale since 31 January 2019. As at 30 June 2019, the market capitalisation of the shares held by the Company in Bank of Chengdu was RMB706,000,000.

The Company was interested in 6.27% shares of Wan Xin Media. During the Period, the Company received a dividend income of RMB21,812,000 (tax inclusive). As at 30 June 2019, the market capitalisation of the shares held by the Company in Wan Xin Media was RMB749,000,000.

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

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

Information of the major subsidiaries

RMB'0,000

Name of subsidiary	Nature of business	Shareholding percentage (%)	Registered capital	January to June 2019 Revenue	January to June 2019 Net profit	30 June 2019 Total assets	30 June 2019 Net assets
Sichuan Education Publishing House Co., Ltd.	Publishing and wholesaling of publications and related publications	100	1,000.00	28,798.47	15,627.48	99,097.72	79,141.45
Sichuan Publication Printing Co., Ltd.	Publishing and wholesaling of publications and related publications	100	5,000.00	13,591.42	5,159.13	70,368.58	63,954.07
Sichuan Tiandi Publishing House Co., Ltd.	Publishing and wholesaling of publications and related publications	100	13,063.47	15,841.43	4,306.33	42,745.64	26,238.19
Sichuan Youth and Children's Publishing House Co., Ltd.	Publishing and wholesaling of publications and related publications	100	11,000.00	19,918.04	5,731.02	58,747.94	42,183.30
Sichuan Printing Materials Co., Ltd.	Provision of printing related materials	100	3,000.00	13,761.09	73.05	33,972.10	3,946.69
Sichuan Winshare Education Technology Co., Ltd.	Software development and sales of electronic equipment	100	33,000.00	12,749.17	(572.53)	83,500.63	33,368.05
Sichuan Winshare Online E-commerce Co., Ltd.	Online sales of publications and other products	75	6,000.00	96,903.13	(894.06)	176,048.29	(8,859.72)
Sichuan Wenchuan Logistics Co., Ltd.	Storage and distribution	100	35,000.00	13,698.67	642.16	53,938.37	33,614.05

Note: Sichuan Education Publishing House Co., Ltd. recorded revenue of RMB278,365,000 and profit of RMB122,867,000 during the Period.

(IV) FUTURE PROSPECTS

In 2019, while firmly setting foot in the principal business of publishing and media, the Group will seize the opportunities arising from the development of the international cultural industry and utilise technology and capital as the driving force of transformation. By centring on big culture consumption service, the Group will implement the following strategies:

Riding on the theory of "targeted publishing, refined publishing and quality publishing", the Group will strengthen the brand building of its publishing business and increase the efficiency of standalone products to drive the continuous and high-quality development of the publishing business. The Group will further implement the "multi-brand building, multi-model development and multi-team operations" development strategy to enhance the store operational capability and professional reading service capability and cultural consumption service capability. In addition to continuing to enhance the marketing capability and service standard of online channels, the Company will optimise the cooperation with upstream suppliers and downstream sales channels to improve sales scale and profitability. The Group will strengthen the publication and distribution business of textbooks and supplementary materials, further expand the education informationised and equipment business, and actively push ahead new business expansion including research practice education and teacher training. The Company will continue to enhance the supply chain service capabilities including logistics, information and production printing platform to provide strong support for the development of publication business and channel business, as well as strengthen the operational management of third-party logistics to gradually commence the third-party logistics business. By making use of the capital operations platform, the Company can drive the rapid development of capital operations business. The Company will continue to explore the new model of integrated development between traditional media and new media and actively push ahead the transformation and upgrade of traditional media, thus laying a more solid foundation for enhancing and expanding Winshare brand's influence.

(V) USE OF PROCEEDS

In August 2016, the Company publicly offered 98,710,000 Renminbi-denominated ordinary shares (A shares) on the Shanghai Stock Exchange for the first time at the offer price of RMB7.12 per share. The gross proceeds amounted to RMB702,815,200 and the net proceeds after deducting the issue expenses amounted to RMB645,175,100, which were used for the Company's service platform of education cloud project, logistics network construction project in Western China, retail shops upgrading and expansion project, ERP construction and upgrading project as well as Chinese culture revival publication project. In the first half of 2019, the Company utilised proceeds of RMB5,428,400. As at 30 June 2019, the proceeds utilised cumulatively amounted to RMB585,367,100. The unutilised proceeds amounted to RMB61,280,300. As of the date hereof, there was no change to the plans for the use of proceeds of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors are of the view that, during the Period, the Company has complied with the principles and the code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules with the exception of the deviation from code provision A.4.2.

According to code provision A.4.2, each director (including directors with a specific service term) shall take turns to resign, at least once every three years. The service term of the Company's fourth session of the Board and the Supervisory Committee expired on 5 March 2018. Since the nomination of the candidates of Director and Supervisor has not finished and in order to maintain the continuity and stability of the work of the Board and Supervisory Committee, the re-election and appointment of the Company's fifth session of the Board, the Supervisory Committee and all the specific committees under the fifth session of the Board will be postponed and thus, the term of the Directors and Supervisors will be extended accordingly as well. If feasible, the Company will conduct the re-election and appointment of the Board and Supervisory Committee as soon as possible.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as the code of conduct for securities transactions by the Directors and Supervisors of the Company (the "**Supervisor(s)**"), for the purpose of regulating securities transactions by the Directors and Supervisors. Having made specific enquiries to each Director and Supervisor, all Directors and Supervisors confirmed that they have complied with the provisions as set out in the Model Code throughout the Period. So far as the Company is aware, there was no violation by any Directors or Supervisors during the Period.

INTERIM DIVIDEND

The Board has not recommended the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

AUDIT COMMITTEE

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

The Audit Committee has reviewed the Group's unaudited consolidated financial statements for the six months ended 30 June 2019 included in this interim results announcement and has communicated and discussed the financial reporting issues of the Group with the management of the Company. The Audit Committee confirmed that the interim financial report of the Group has been prepared in accordance with the applicable accounting standards and requirements and have made appropriate disclosures accordingly.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.winshare.com.cn). The Company's 2019 interim report will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company on or before 30 September 2019.

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

Sichuan, the PRC, 29 August 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*