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winshare 文軒

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)

2021 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 2021 (the “**Period**” or “**Current 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 2020 (the “**Same Period of Last Year**”).

CONSOLIDATED BALANCE SHEET

				RMB
ITEM	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)	
Current Assets:				
Cash and bank balances		5,265,892,103.95	5,785,974,800.85	
Held-for-trading financial assets		14,825.46	6,510,463.20	
Notes receivable		12,154,432.33	4,344,936.39	
Accounts receivable	5	1,811,689,051.62	1,586,906,258.90	
Financing receivables		7,540,726.73	6,201,191.14	
Prepayments		96,734,479.56	77,465,227.71	
Other receivables		142,183,264.62	103,776,291.44	
Inventories	6	2,223,780,281.17	2,130,621,634.21	
Non-current assets due within one year		206,348,844.35	181,722,570.04	
Other current assets		100,939,641.85	86,231,460.17	
Total Current Assets		9,867,277,651.64	9,969,754,834.05	

ITEM	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Non-current Assets:			
Long-term receivables	7	196,188,920.93	313,418,082.51
Long-term equity investments	8	720,312,794.50	717,889,546.28
Other equity instrument investment	9	1,600,744,424.27	1,446,798,951.64
Other non-current financial assets	10	650,938,167.00	680,880,618.26
Investment properties		84,310,745.53	86,104,385.12
Fixed assets	11	2,015,981,480.34	2,009,270,646.85
Construction in progress		63,550,489.82	37,670,169.58
Right-of-use assets	12	395,256,062.32	447,482,542.47
Intangible assets		353,303,179.09	355,813,424.01
Development cost		22,215,446.38	18,870,289.43
Goodwill	13	500,571,581.14	500,571,581.14
Long-term prepaid expenses		10,828,891.72	12,194,296.86
Deferred tax assets		23,154,546.42	21,183,296.95
Other non-current assets	14	701,255,482.17	350,933,345.43
Total Non-current Assets		7,338,612,211.63	6,999,081,176.53
TOTAL ASSETS		17,205,889,863.27	16,968,836,010.58
Current Liabilities:			
Notes payable		29,266,749.97	45,838,225.28
Accounts payable	15	4,709,546,981.82	4,550,158,695.76
Contract liabilities	16	487,025,697.14	442,825,006.30
Employee benefits payable		343,743,771.72	472,779,571.05
Taxes payable		43,723,596.44	64,081,630.88
Other payables	17	542,332,606.27	655,979,050.64
Non-current liabilities due within one year		102,536,661.01	103,865,186.60
Other current liabilities		195,756,962.03	176,472,136.88
Total Current Liabilities		6,453,933,026.40	6,511,999,503.39
Non-current Liabilities:			
Lease liabilities		292,447,828.05	357,266,005.19
Deferred income		40,666,375.73	45,644,566.05
Deferred income tax liabilities		19,958,218.77	25,775,918.61
Total Non-current Liabilities		353,072,422.55	428,686,489.85

ITEM	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)
TOTAL LIABILITIES		<u>6,807,005,448.95</u>	<u>6,940,685,993.24</u>
Shareholders' Equity:			
Share capital	18	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	25	1,171,502,277.87	1,016,266,307.50
Surplus reserve		897,647,684.81	897,647,684.81
Undistributed profits	19	4,635,671,635.97	4,416,564,721.94
Total Shareholder's Equity Attributable to the parent company		<u>10,511,187,364.97</u>	<u>10,136,844,480.57</u>
Non-controlling Interests		<u>(112,302,950.65)</u>	<u>(108,694,463.23)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>10,398,884,414.32</u>	<u>10,028,150,017.34</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>17,205,889,863.27</u>	<u>16,968,836,010.58</u>

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2021

		<i>RMB</i>	
ITEM	Notes	Amount recognized in the Current Period (Unaudited)	Amount recognized in the Same Period of Last Year (Unaudited)
I. Operating income	20	4,661,581,052.64	3,606,285,024.29
Less: Operating costs	20	2,753,023,066.47	2,032,754,444.10
Taxes and surcharges		18,470,555.76	20,356,301.32
Selling expenses		699,439,817.71	606,376,116.13
Administrative expenses		596,618,524.09	476,028,730.70
Research and development expenditure		1,309,586.41	773,305.17
Finance expenses		(32,705,955.22)	(18,843,738.56)
Including: Interest expense		10,968,702.67	11,553,034.25
Interest income		48,382,725.61	36,077,431.26
Add: Other income	21	38,604,454.63	17,314,528.24
Investment income	22	70,571,673.25	104,983,495.90
Including: Income from investments in associates and joint ventures		9,149,573.22	31,439,093.39
Gains (losses) from changes in fair values		(36,891,522.25)	127,162,814.85
Gains (losses) on credit impairment		(60,736,337.28)	(104,503,611.01)
Gains (losses) on asset impairment		(35,461,604.56)	(31,323,764.19)
Gains from disposal of assets		2,027,859.68	188,874.38
II. Operating profit		603,539,980.89	602,662,203.60
Add: Non-operating income		2,776,841.20	5,348,531.32
Less: Non-operating expenses		16,094,123.90	18,205,903.41
III. Total profit		590,222,698.19	589,804,831.51
Less: Income tax expenses	24	(9,594,898.29)	22,171,300.76
IV. Net profit		599,817,596.48	567,633,530.75
(I) Categorized by the nature of continuing operation:			
1. Net profit from continuing operations		599,817,596.48	567,633,530.75
2. Net profit from discontinued operations		—	—
(II) Categorized by ownership:			
1. Net profit attributable to shareholders of the parent company		602,909,289.93	580,258,976.15
2. Profit or loss (net loss) attributable to non-controlling interests		(3,091,693.45)	(12,625,445.40)

ITEM	Notes	Amount recognized in the Current Period (Unaudited)	Amount recognized in the Same Period of Last Year (Unaudited)
V. Other comprehensive income, net of tax	25	153,924,304.47	(78,903,392.55)
Other comprehensive income attributable to shareholders of the parent company, net of tax	25	153,924,304.47	(78,903,392.55)
(I) Other comprehensive income not reclassified to profit or loss			
1. Changes in other equity instrument investment at fair value	25	153,924,304.47	(78,903,392.55)
Other comprehensive income attributable to non-controlling shareholders, net of tax		—	—
VI. Total comprehensive income		753,741,900.95	488,730,138.20
Total comprehensive income attributable to shareholders of the parent company		756,833,594.40	501,355,583.60
Total comprehensive income attributable to non-controlling shareholders		(3,091,693.45)	(12,625,445.40)
VII. Earnings per share:			
(I) Basic earnings per share	26	0.49	0.47
(II) Diluted earnings per share		N/A	N/A

CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2021

ITEM	RMB	
	Amount recognized in the Current Period (Unaudited)	Amount recognized in the Same Period of Last Year (Unaudited)
I. Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services	4,712,206,904.61	3,549,628,516.17
Receipts of tax refunds	–	5,197,605.89
Other cash receipts relating to operating activities	116,501,482.17	127,924,028.08
Sub-total of cash inflows from operating activities	4,828,708,386.78	3,682,750,150.14
Cash payments for goods purchased and services received	2,869,121,763.23	2,127,856,657.02
Cash payments to and on behalf of employees	803,993,108.16	698,685,678.52
Payments of various types of taxes	71,623,054.14	61,337,855.50
Other cash payments relating to operating activities	612,831,815.06	526,437,627.75
Sub-total of cash outflows from operating activities	4,357,569,740.59	3,414,317,818.79
Net Cash Flow from Operating Activities	471,138,646.19	268,432,331.35
II. Cash Flows from Investing Activities:		
Cash receipts from recovery of investments	306,714,479.22	1,220,255,827.32
Cash receipts from investment income	66,748,425.03	40,198,701.97
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	2,477,621.09	1,580,281.11
Other cash receipts relating to investing activities	–	77,453,965.75
Sub-total of cash inflows from investing activities	375,940,525.34	1,339,488,776.15
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	95,564,737.81	41,385,839.27
Cash payments to acquire investments	624,228,987.47	1,248,282,104.26
Other cash payments relating to investing activities	700,000,000.00	245,106,518.99
Sub-total of cash outflows from investing activities	1,419,793,725.28	1,534,774,462.52
Net Cash Flow used in Investing Activities	(1,043,853,199.94)	(195,285,686.37)

ITEM	Amount recognized in the Current Period (Unaudited)	Amount recognized in the Same Period of Last Year (Unaudited)
III. Cash Flows from Financing Activities:		
Cash payments for distribution of dividends, profit or settlement of interest expenses	245,505,212.44	249,011,574.86
Other cash payments relating to financing activities	45,156,312.16	37,485,372.05
Sub-total of cash outflows from financing activities	290,661,524.60	286,496,946.91
Net Cash Flow used in Financing Activities	(290,661,524.60)	(286,496,946.91)
IV. Net Increase (Decrease) in Cash and Cash Equivalents	(863,376,078.35)	(213,350,301.93)
Add: Opening balance of cash and cash equivalents	5,740,841,068.18	3,393,906,225.68
V. Closing Balance of Cash and Cash Equivalents	<u>4,877,464,989.83</u>	<u>3,180,555,923.75</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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 RMB733,370,000.00.

The Company publicly offered 401,761,000 shares of overseas listed foreign shares (including overallotment) (“**H Shares**”) in Hong Kong and was listed at the Stock Exchange on 30 May 2007. Upon the completion of the issuance, the share capital of the Company was changed into RMB1,135,131,000.00.

As approved by Reply on Approval of IPO of Xinhua Winshare Publishing and Media Co., Ltd. (filed as Zheng Jian Xu Ke [2016] No. 1544) issued by China Securities Regulatory Commission, the Company publicly offered 98,710,000 shares of RMB ordinary share (“**A Shares**”) in the public and was listed at Shanghai Stock Exchange on 8 August 2016. Upon the completion of IPO, the share capital of the Company was changed into RMB1,233,841,000.00.

In accordance with the resolution made on 6th meeting of the fourth session of the Board in 2021 on 21 May 2021, Luo Yong was elected as the chairman of the Company, and in accordance with the Articles of Association of the Company (“**Articles of Association**”), the legal representative of the Company was changed from He Zhiyong to Luo Yong. The industrial and commercial registration of the change of legal person was completed on 21 June 2021. 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, 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; 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 and Distribution Group Co., Ltd. The Company is ultimately and de facto controlled by the State-owned Assets Supervision and Administration Commission of Sichuan Province.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

The Group has adopted the Accounting Standards for Business Enterprises and relevant regulations issued by the Ministry of Finance (“**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 Listing Rules.

Going concern

The Group assessed its ability to continue as a going concern for the 12 months subsequent to 30 June 2021, and found no events or circumstances that may cast significant doubts upon it. Hence the financial statements have been prepared on a 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 [2019] No. 16) issued by the MoF, the State Administration of Taxation and the Publicity Department of the Chinese Communist Party, the Company and its subsidiaries Beijing Shuchuan Xinhua Bookstore Book Distribution Co., Ltd., Sichuan Xinhua Online Network Co., Ltd., Sichuan Xinhua Culture Communication Co., Ltd. and the thirteen publishing houses under the Company enjoy enterprise income tax exemption for five years from 1 January 2019.

As approved and confirmed by Chengdu Development and Reform Commission pursuant to its government approval letter [2016] No.38, the Company's subsidiary, Sichuan Winshare Education Technology Co., Ltd. ("**Winshare Education Technology**"), which falls within the encouraged industries in the Western Region included in the Notice on Renewing the Enterprise Income Tax Policy for Great Western Development (Notice of the MoF [2020] No. 23) issued by the MoF, the State Administration of Taxation, and the National Development and Reform Commission, is subject to enterprise income tax calculated at the rate of 15% of the assessable income.

Beijing Aerospace Cloud Education Technology Co., Ltd., a subsidiary of the Company, which obtained the high-tech enterprise certificate of No. GR201911008465 on 2 December 2019, is subject to enterprise income tax calculated at 15% of the assessable income.

Value-added tax

Pursuant to Notice on Persistently Promoting Cultural Value-added Tax Preferential Policies (Cai Shui [2021] No. 10) issued by the MoF and the State Administration of Taxation: (1) for the period from 1 January 2021 to 31 December 2023, preferential policies of 100% reimbursement and 50% reimbursement are respectively proposed for publications of certain category specified in this Notice during publishing phase, and the Group is entitled to this tax incentive; (2) for period from 1 January 2021 through 31 December 2023, the wholesale and retail of books are exempted from value-added tax ("**VAT**"), and the Group's book wholesale and retail business is entitled to this tax incentive.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

4.1 Accounting Standards for Business Enterprises Interpretation No.14

Since 1 January 2021, the Group has implemented the ASBE Interpretation No. 14 (Cai Kuai [2021] No.1, “**Interpretation No. 14**”) issued by the MoF on 26 January 2021. The first issue addressed by the Interpretation No. 14 “Accounting Treatment of Social Capital Parties for Public-Private Partnership (PPP) Project Contracts” stipulates that social capital parties providing construction services or outsourcing to other parties shall conduct accounting treatment in accordance with the provisions of the ASBE No. 14 – Revenue. The second issue addressed by the Interpretation No. 14 “Accounting Treatment for Changes to the Basis for Determining the Underlying Contractual Cash Flows Resulting from the Reform of Benchmark Rate” stipulates the accounting treatment for changes to the basis for determining the contractual cash flows of financial assets or financial liabilities resulting from the reform of benchmark rate and lease changes resulting from the reform of benchmark rate. The Interpretation No. 14 does not have a significant impact on the Group’s and the Company’s 2021 interim financial statements.

4.2 Accounting treatment requirements for rent concessions related to COVID-19 epidemic

On 26 May 2021, the MoF issued the notification on the adjustments of applicable scope to the “Provisions on the Accounting Treatment of COVID-19 Related Rent Concessions” based on the document Cai Kuai [2021] No. 9 (the “**Circular No. 9**”), which adjusts the applicable scope of the document Cai Kuai [2020] No. 10 (the “**Circular No. 10**”) “Provisions on the Accounting Treatment of COVID-19 Related Rent Concessions” issued by the MoF on 19 June 2020. The Circular No. 9 adjusts the rent reduction period applicable under the simplified method of the Circular No. 10 from “the reduction only focuses on the lease payments payable before 30 June 2021, and the increase in lease payments payable after 30 June 2021 does not affect the fulfillment of this condition, and the decrease in lease payments payable after 30 June 2021 does not meet this condition” to “the reduction only focuses on the lease payments payable before 30 June 2022, and the increase in lease payments payable after 30 June 2022 does not affect the fulfillment of this condition, and the decrease in lease payments payable after 30 June 2022 does not meet this condition”, while other applicable conditions remain unchanged.

The above provisions do not have a significant impact on the Group’s and the Company’s 2021 interim financial statements.

5. ACCOUNTS RECEIVABLE

(1) Disclosure by aging

RMB

Aging	30 June 2021 (Unaudited)				31 December 2020 (Audited)			
	Amount	Proportion (%)	Credit loss provision	Carrying amount	Amount	Proportion (%)	Credit loss provision	Carrying amount
Within 1 year	1,938,538,485.58	81.72	239,162,284.86	1,699,376,200.72	1,692,271,225.55	81.12	201,121,723.66	1,491,149,501.89
More than 1 year but not exceeding 2 years	251,901,685.19	10.62	139,588,834.29	112,312,850.90	233,683,796.55	11.20	137,927,039.54	95,756,757.01
More than 2 years but not exceeding 3 years	70,295,103.12	2.96	70,295,103.12	-	63,142,430.17	3.03	63,142,430.17	-
More than 3 years	111,586,734.85	4.70	111,586,734.85	-	97,111,418.39	4.65	97,111,418.39	-
Total	<u>2,372,322,008.74</u>	<u>100.00</u>	<u>560,632,957.12</u>	<u>1,811,689,051.62</u>	<u>2,086,208,870.66</u>	<u>100.00</u>	<u>499,302,611.76</u>	<u>1,586,906,258.90</u>

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

(2) Credit loss provision made or reversed in the Current Period

The credit loss provision for the Current Period was RMB67,108,659.82, and the reversal of credit loss provision was RMB5,778,314.46.

(3) Accounts receivable actually written off for the Current Period

There were no accounts receivable actually written-off during the Current Period.

(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 2021 (Unaudited)	Aging	As a percentage of the total accounts receivable (%)	Credit loss provision as at 30 June 2021 (Unaudited)
People's Education Press Co., Ltd. Education, Technology and Sports	Third party	93,039,658.23	Within 1 year, 1-2 years	3.92	2,791,189.75
Bureau of Pingchang County Education and Sports Bureau of	Third party	91,632,454.30	Within 1 year, 1-2 years, 2-3 years	3.86	42,168,692.45
Dongpo District, Meishan City Education and Sports Bureau of	Third party	54,455,790.12	Within 1 year, 1-2 years, 2-3 years	2.30	13,666,480.36
Anyue County Education and Sports Bureau of	Third party	44,767,668.52	Within 1 year, 2-3 years	1.89	5,531,570.32
Jianyang City	Third party	30,624,662.12	Within 1 year, 1-2 years	1.29	351,267.40
Total		<u>314,520,233.29</u>		<u>13.26</u>	<u>64,509,200.28</u>

6. INVENTORIES

(1) Categories of inventories

RMB

Item	30 June 2021 (Unaudited)			31 December 2020 (Audited)		
	Gross carrying amount	Provision for decline in value	Carrying amount	Gross carrying amount	Provision for decline in value	Carrying amount
Goods on hand	2,370,385,352.86	274,963,812.94	2,095,421,539.92	2,180,053,344.97	240,104,806.50	1,939,948,538.47
Work-in-progress	82,450,240.05	–	82,450,240.05	140,412,358.95	–	140,412,358.95
Raw materials	49,180,302.41	3,271,801.21	45,908,501.20	53,532,538.00	3,271,801.21	50,260,736.79
Total	<u>2,502,015,895.32</u>	<u>278,235,614.15</u>	<u>2,223,780,281.17</u>	<u>2,373,998,241.92</u>	<u>243,376,607.71</u>	<u>2,130,621,634.21</u>

There were no inventories pledged or guaranteed as at the end of the Period.

(2) Provision for decline in value of inventories

RMB

Category of inventories	1 January 2021	Increase in the Current Period	Decrease in the Current Period Reversal in the Current Period	Write-off in the Current Period	30 June 2021 (Unaudited)
Goods on hand	240,104,806.50	35,461,604.56	–	602,598.12	274,963,812.94
Raw materials	3,271,801.21	–	–	–	3,271,801.21
Total	<u>243,376,607.71</u>	<u>35,461,604.56</u>	<u>–</u>	<u>602,598.12</u>	<u>278,235,614.15</u>

Note: As the expected net realizable value was lower than the cost of inventories at the end of the Period, a provision for decline in value of inventories amounting to RMB35,461,604.56 was made during the Current Period. As the goods provided for the decline in value of inventories were sold, the provision for the decline in value of inventories amounting to RMB602,598.12 was written off.

7. LONG-TERM RECEIVABLES

RMB

Item	30 June 2021 (Unaudited)			31 December 2020 (Audited)		
	Gross carrying amount	Provision for credit loss	Carrying amount	Gross carrying amount	Provision for credit loss	Carrying amount
Goods sold by instalments (<i>Note</i>)	402,537,765.28	–	402,537,765.28	495,140,652.55	–	495,140,652.55
Less: Long-term receivables included in non-current assets due within one year	<u>206,348,844.35</u>	<u>–</u>	<u>206,348,844.35</u>	<u>181,722,570.04</u>	<u>–</u>	<u>181,722,570.04</u>
Total	<u>196,188,920.93</u>	<u>–</u>	<u>196,188,920.93</u>	<u>313,418,082.51</u>	<u>–</u>	<u>313,418,082.51</u>

Note: Receivables of goods sold by instalments are the Group's receivables for education informatized business, which shall be collected by instalments in accordance with the contract. The agreed period in the contract is 2-5 years and the Group has discounted the instalments at a discount rate of 4.75%-5%.

8. LONG-TERM EQUITY INVESTMENTS

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

Investee	Changes for the Period							Provision for impairment as at 30 June 2021 (Unaudited)	
	1 January 2021	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
Joint Ventures									
Hainan Publishing House Co., Ltd.	201,674,680.56	-	-	13,503,476.44	-	-	-	-	215,178,157.00
Sichuan Fudou Technology Co., Ltd. ("Sichuan Fudou")	-	-	-	-	-	-	-	-	-
Shenzhen Xuancai Venture Capital Investment Fund Management Co., Ltd.	12,350,021.47	-	-	62,982.34	-	-	-	-	12,413,003.81
Liangshan Xinhua Winshare Education Technology Co. Ltd.	20,013,293.32	-	-	(633,007.17)	-	-	-	-	19,380,286.15
Subtotal	234,037,995.35	-	-	12,933,451.61	-	-	-	-	246,971,446.96

RMB

Investee	Changes for the Period							Provision for impairment as at 30 June 2021 (Unaudited)		
	1 January 2021	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
Associates										
Sichuan Winshare BLOGIS Supply Chain Co., Ltd	45,894,372.58	-	-	1,028,338.56	-	-	-	-	46,922,711.14	-
Commercial Press (Chengdu) Co., Ltd.	3,290,451.36	-	-	186,167.12	-	-	-	-	3,476,618.48	-
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	11,260,393.34	-	-	(1,227,925.97)	-	-	-	-	10,032,467.37	-
Guizhou Xinhua Winshare Book Audio-Visual Product Chanstore Co., Ltd. ("Guizhou Winshare")	-	-	-	-	-	-	-	-	-	-
Ming Bo Education Technology Holdings Co., Ltd.	30,511,387.57	-	-	(2,018,612.37)	-	-	-	-	28,492,775.20	-
Shanghai Jingjie Information Technology Co., Ltd. ("Shanghai Jingjie")	-	-	-	-	-	-	-	-	-	-
Sichuan Winshare Preschool Educational Management Co., Ltd.	5,622,359.24	-	-	713,709.36	-	-	-	-	6,336,068.60	(1,604,619.30)
Chengdu Winshare Venture Capital Investment Fund Management Co., Ltd.	36,632,411.19	-	-	(4,429,760.39)	-	-	-	-	32,202,650.80	-
Sichuan Education and Science Forum Magazine Press Co., Ltd.	787,195.45	-	-	115,897.87	-	-	-	-	903,093.32	-
Fuzhou Winshare Technology Partnership (Limited Partnership) ("Fuzhou Winshare")	6,617,923.97	-	-	(22,281.27)	-	-	-	-	6,595,642.70	-
Sichuan Jaoyang Sihuo Film Co., Ltd.	127,233.36	-	-	-	-	-	-	-	127,233.36	-
Xinhua Yingxuan (Beijing) Screen Culture Co., Ltd.	5,824,727.43	-	-	(999,208.95)	-	-	-	-	4,825,518.48	(5,042,726.27)
Tianjin Tianxi Zhongda Cultural Development Co., Ltd.	20,035,328.55	-	-	810,549.41	-	-	-	-	20,845,877.96	-
Winshare Yinshi (Beijing) Cultural Communication Co., Ltd.	186,691.89	-	-	95,057.25	-	-	-	-	281,749.14	-
Hainan Phoenix Xinhua Publishing and Distribution Co., Ltd. ("Hainan Phoenix")	317,061,075.00	-	-	1,964,190.99	-	-	(6,726,325.00)	-	312,298,940.99	-
Subtotal	483,851,550.93	-	-	(3,783,878.39)	-	-	(6,726,325.00)	-	473,341,347.54	(6,647,345.57)
Total	717,899,546.28	-	-	9,149,573.22	-	-	(6,726,325.00)	-	720,312,794.50	(6,647,345.57)

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

RMB

Item	30 June 2021 (Unaudited)		31 December 2020 (Audited)	
	Unrecognized investment losses for the Period	Accumulated unrecognized investment losses	Unrecognized investment losses for the prior year	Accumulated unrecognized investment losses
Guizhou Winshare	–	5,557,990.70	–	5,557,990.70
Sichuan Fudou	97,341.59	2,662,587.41	1,728,044.32	2,565,245.82
Shanghai Jingjie	12.13	12.13	–	–
Total	97,353.72	8,220,590.24	1,728,044.32	8,123,236.52

9. OTHER EQUITY INSTRUMENT INVESTMENTS

(1) Details of other equity instruments investments

Other equity instrument investments designated at FVTOCI:

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Anhui Xinhua Media Co., Ltd. (“Wan Xin Media”)	588,300,800.00	592,040,000.00
Jiangsu Hagong Intelligent Robot Co., Ltd. (“HGZN”)	868,230.46	783,557.83
Bank of Chengdu Co., Ltd. (“Bank of Chengdu”)	1,011,200,000.00	853,600,000.00
Others	375,393.81	375,393.81
Total	1,600,744,424.27	1,446,798,951.64

(2) Details of equity instruments investments not held for trading

RMB

Item	Dividend income recognized for the Current Period	Accumulated profits (losses)	Amount transferred from other comprehensive income (loss) to retained earnings during the Current Period	Reasons for equity instruments investments not held for trading designated at FVTOCI	Reasons for transfer from other comprehensive income to retained earnings for the Current Period
Wan Xin Media	19,942,400.00	401,885,472.00	–	The investment is not held for the purpose of selling it in the near term for short-term gains.	N/A
HGZN	–	63,505.21	–		N/A
Bank of Chengdu	36,800,000.00	771,200,000.00	–		N/A
Others	–	(2,958,365.24)	(1,311,665.90)		Disposal
Total	<u>56,742,400.00</u>	<u>1,170,190,611.97</u>	<u>(1,311,665.90)</u>		

10. OTHER NON-CURRENT FINANCIAL ASSETS

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Citic M&A Investment Fund (Shenzhen) Partnership (Limited Partnership) (“ Citic M&A Fund ”) (Note 1)	180,605,269.80	191,250,814.72
Winshare Hengxin (Shenzhen) Equity Investment Fund Partnership (Limited Partnership) (“ Winshare Hengxin ”) (Note 2)	211,076,850.53	233,637,441.71
Qingdao Goldstone Zhixin Investment Center (Limited Partnership) (“ Qingdao Goldstone ”) (Note 3)	111,897,925.26	111,676,675.26
Ningbo Meishan Free Trade Port Winshare Dingsheng Equity Investment Partnership (Limited Partnership) (Note 4)	144,358,121.41	141,315,686.57
Xinhua Internet E-commerce Co., Ltd.	3,000,000.00	3,000,000.00
Total	<u>650,938,167.00</u>	<u>680,880,618.26</u>

Note 1: Changes in fair value for the Current Period were losses of RMB10,645,544.92, and were recognized in losses from changes in fair values.

Note 2: Changes in fair value for the Current Period were losses of RMB22,560,591.18, and were recognized in losses from changes in fair values.

Note 3: Changes in fair value for the Current Period were losses of RMB228,750.00, and were recognized in losses from changes in fair values. During the Current Period, Winshare Investment Co., Ltd. (“**Winshare Investment**”) received dividends of RMB693,948.50 from Qingdao Goldstone, which were recognized in investment income.

Note 4: During the Current Period, new investment cost amounted to RMB6,500,000.00, and changes in fair value were losses of RMB3,457,565.16, and were recognized in the losses from changes in fair value.

11. FIXED ASSETS

(1) Fixed assets

RMB

Item	Buildings	Machinery and equipment	Electronic equipment and others	Transportation vehicles	Total
Cost as at 30 June 2021 (Unaudited)	2,432,351,049.44	340,169,275.32	174,285,343.85	102,723,008.81	3,049,528,677.42
Accumulated depreciation as at 30 June 2021 (Unaudited)	591,172,098.59	239,652,806.73	136,924,380.25	65,239,334.22	1,032,988,619.79
Provision for impairment of fixed assets as at 30 June 2021 (Unaudited)	558,577.29	–	–	–	558,577.29
Carrying amount as at 30 June 2021 (Unaudited)	1,840,620,373.56	100,516,468.59	37,360,963.60	37,483,674.59	2,015,981,480.34

(2) As at the end of the Current Period, fixed assets of which certificates of title have not been obtained amounted to RMB318,407,295.32 in aggregate, and fixed assets of which certificates of title have not been obtained had no significant impact on the Group's operations.

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

12. RIGHT-OF-USE ASSETS

RMB

Item	Buildings
Cost as at 30 June 2021 (Unaudited)	613,757,062.40
Accumulated depreciation as at 30 June 2021 (Unaudited)	218,501,000.08
Carrying amount as at 30 June 2021 (Unaudited)	395,256,062.32

The lease terms of leased buildings of the Group range from one to fifteen years. During the Period, the expenses relating to short-term lease applying the simplified approach and included in profit or loss for the period amounted to RMB7,704,767.53 (the Same Period of Last Year: RMB7,569,441.16).

Total cash outflow which was related to leases for the Current Period was RMB52,861,079.69 (the Same Period of Last Year: RMB45,054,813.21).

13. GOODWILL

(1) Cost of goodwill

RMB

Name of the investee or item resulting in goodwill	1 January 2021	Increase in the Current Period	Decrease in the Current Period	30 June 2021 (Unaudited)
Acquisitions of fifteen publishing companies (Note)	500,571,581.14	–	–	500,571,581.14
Others	3,851,606.53	–	–	3,851,606.53
Total	<u>504,423,187.67</u>	<u>–</u>	<u>–</u>	<u>504,423,187.67</u>

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

(2) Provision for impairment of goodwill

RMB

Name of the investee or item resulting in goodwill	1 January 2021	Increase in the Current Period	Decrease in the Current Period	30 June 2021 (Unaudited)
Others	3,851,606.53	–	–	3,851,606.53

14. OTHER NON-CURRENT ASSETS

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Prepaid land funds	35,355,838.00	35,355,838.00
VAT input tax to be deducted (Note 1)	68,352,928.37	60,228,693.74
Prepaid purchase price for property	–	13,904,800.00
Time deposits (Note 2)	<u>597,546,715.80</u>	<u>241,444,013.69</u>
Total	<u>701,255,482.17</u>	<u>350,933,345.43</u>

Note 1: The VAT input tax to be deducted is the VAT input tax that the Group expects to deduct in the following year.

Note 2: Time deposits are fixed deposits that the Group is unable or does not intend to withdraw in advance within one year, the rate of which is 3.50% – 4.07%.

15. ACCOUNTS PAYABLE

Details of aging analysis of accounts payable are as follows:

Item	RMB	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Within 1 year	3,676,821,498.92	3,597,085,730.79
More than 1 year but not exceeding 2 years	692,609,592.87	611,824,665.46
More than 2 years but not exceeding 3 years	162,319,419.87	166,494,831.79
More than 3 years	177,796,470.16	174,753,467.72
Total	<u>4,709,546,981.82</u>	<u>4,550,158,695.76</u>

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.

16. CONTRACT LIABILITIES

(1) Presentation of contract liabilities:

Item	RMB	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Advanced receipts for sold goods	483,914,152.76	440,976,479.36
Membership card points	3,111,544.38	1,848,526.94
Total	<u>487,025,697.14</u>	<u>442,825,006.30</u>

- (2) During the Current Period, the Group recognized the carrying amount of contract liabilities at the beginning of the Period of RMB267,555,628.57, comprising contract liabilities of RMB266,292,611.13 arising from advanced receipts for sold goods, and contract liabilities of RMB1,263,017.44 arising from membership card points.

(3) Analysis on related contract liabilities

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

The Group's retail stores adopt a reward policy of membership loyalty cards for customers. For customers with consumption points reaching a certain points, they can be converted into cash for purchase in the retail stores. The Group allocates sale consideration to the sold goods and issued points in accordance with the respective stand-alone selling prices. Sale consideration allocated to reward points is recognized as contract liabilities, and as revenue upon redemption.

17. OTHER PAYABLES

<i>RMB</i>		
Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Amounts due to related parties	83,937,679.41	48,205,419.86
Security deposit/deposit/quality warranty/performance security	64,609,289.26	55,047,287.60
Construction and infrastructure construction expenses	19,969,499.34	21,121,626.42
Amounts due to/from other entities	31,723,755.94	46,607,276.02
Investment payables	–	317,061,075.00
Dividends payable	137,517,294.97	–
Others	204,575,087.35	167,936,365.74
Total	<u>542,332,606.27</u>	<u>655,979,050.64</u>

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

18. SHARE CAPITAL

For the Current Period

RMB

Item	1 January 2021	Changes for the period					30 June 2021 (Unaudited)
		Issue of new shares	Bonus issue	Capitalization of surplus reserve	Others	Subtotal	
Promotor's shares	692,468,091.00	-	-	-	-	-	692,468,091.00
Overseas-listed foreign shares	441,937,100.00	-	-	-	-	-	441,937,100.00
Domestically-listed ordinary shares of RMB	99,435,809.00	-	-	-	-	-	99,435,809.00
Total	1,233,841,000.00	-	-	-	-	-	1,233,841,000.00

For the Same Period of Last Year

RMB

Item	1 January 2020	Changes for the period					30 June 2020 (Unaudited)
		Issue of new shares	Bonus issue	Capitalization of surplus reserve	Others	Subtotal	
Promotor's shares	692,468,091.00	-	-	-	-	-	692,468,091.00
Overseas-listed foreign shares	441,937,100.00	-	-	-	-	-	441,937,100.00
Domestically-listed ordinary shares of RMB	99,435,809.00	-	-	-	-	-	99,435,809.00
Total	1,233,841,000.00	-	-	-	-	-	1,233,841,000.00

19. UNDISTRIBUTED PROFITS

RMB

Item	Current Period (Unaudited)	Prior year (Audited)	Proportion of appropriation or distribution
Undistributed profits at the beginning of the Period/year	4,416,564,721.94	3,629,232,391.16	
Add: Net profit attributable to shareholders of the parent company for the Period	602,909,289.93	1,262,778,545.44	
Less: Appropriation to statutory surplus reserve	-	105,293,914.66	(1)
Distribution of dividends on ordinary shares	382,490,710.00	370,152,300.00	(2)
Internal carry-over within equity	1,311,665.90	-	(3)
Undistributed profits at the end of the Period/ the beginning of the year	4,635,671,635.97	4,416,564,721.94	

(1) Appropriation to statutory surplus reserve

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

(2) Cash dividends approved in shareholders' meeting

On 21 May 2021, the resolution regarding the Company's 2020 Annual Profit Distribution Proposal was approved at 2020 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 RMB0.31 (tax-inclusive) (prior year: RMB0.30 (tax-inclusive)) and the total cash dividends of RMB382,490,710.00 (tax-inclusive) (prior year: RMB370,152,300.00 (tax-inclusive)) was distributed.

(3) Internal carry-over within equity

During the Period, the Company derecognized the non-trading equity instrument investment designated as at FVTOCI, and transferred the accumulated loss of RMB1,311,665.90 included in other comprehensive income in the prior periods from other comprehensive income to retained earnings.

(4) Appropriation to surplus reserve by subsidiaries

At the end of the Current Period, the balance of the Group's undistributed profits included appropriation to surplus reserve by subsidiaries amounting to RMB163,620,261.97 (31 December 2020: RMB163,620,261.97).

20. OPERATING INCOME AND OPERATING COSTS

(1) Operating income and costs

<i>RMB</i>		
Item	Amount incurred in the Current Period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
Principal operating income	4,590,180,519.45	3,547,078,598.17
Other operating income (<i>Note</i>)	71,400,533.19	59,206,426.12
Operating costs	2,753,023,066.47	2,032,754,444.10

Note: Included in other operating income was net income from concessionaire sales of RMB17,629,292.42. Among which, revenue from concessionaire sales was RMB122,810,748.24 and cost from concessionaire sales was RMB105,181,455.82. (The Same Period of Last Year: net income from concessionaire sales of RMB13,754,453.46. Among which, revenue from concessionaire sales was RMB98,550,682.65 and cost from concessionaire sales was RMB84,796,229.19.)

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

RMB

Item	Operating income		Operating costs	
	Current Period (Unaudited)	Same Period of Last Year (Unaudited)	Current Period (Unaudited)	Same Period of Last Year (Unaudited)
Publishing segment				
Textbooks and supplementary materials	676,989,621.67	598,669,031.39	370,190,563.56	344,169,133.75
General books	356,961,935.82	234,617,514.02	263,713,874.06	170,341,150.75
Printing and supplies	127,419,234.13	97,520,435.34	106,508,397.47	84,787,909.11
Newspapers and journals	18,817,359.57	15,546,608.86	10,185,809.54	7,764,639.99
Others	18,886,156.61	14,173,493.78	9,734,021.26	7,078,411.67
Subtotal	1,199,074,307.80	960,527,083.39	760,332,665.89	614,141,245.27
Distribution segment				
Education services	2,640,135,512.11	2,229,389,493.84	1,521,825,009.51	1,272,579,360.92
Including: Textbooks and supplementary materials	2,491,797,710.34	2,187,432,118.53	1,407,030,876.94	1,240,671,447.58
Educational informatized and equipment businesses	99,938,290.90	33,746,176.93	82,019,621.24	29,029,668.42
Online Sales	1,060,189,082.43	709,633,144.36	910,505,241.47	595,293,772.21
Retail	294,658,079.65	169,672,919.55	173,945,068.10	100,114,835.50
Others	131,466,110.15	99,089,815.19	91,259,993.80	78,749,674.04
Subtotal	4,126,448,784.34	3,207,785,372.94	2,697,535,312.88	2,046,737,642.67
Others	182,588,634.36	153,077,657.45	164,036,816.21	134,162,290.34
Less: Inter-segment elimination	846,530,673.86	715,105,089.49	868,881,728.51	762,286,734.18
Total	4,661,581,052.64	3,606,285,024.29	2,753,023,066.47	2,032,754,444.10

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

21. OTHER INCOME

RMB

Item	Amount incurred in the Current Period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
Book publishing subsidies	7,206,821.78	4,444,146.05
VAT first levied then returned	24,747,690.97	5,197,605.89
Other financial subsidies	6,649,941.88	7,672,776.30
Total	38,604,454.63	17,314,528.24

22. INVESTMENT INCOME

RMB

Item	Amount incurred in the Current Period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
Income from long-term equity investments		
Including: Income from investments under equity method	9,149,573.22	31,439,093.39
Losses on disposal of long-term equity investments	—	(254,299.46)
Investment income from other non-current financial assets	693,948.50	—
Investment income from other equity instrument investments	56,742,400.00	53,544,416.02
Investment income from disposal of financial assets at fair value through profit or loss	2,578,353.34	20,254,285.95
Others	1,407,398.19	—
Total	70,571,673.25	104,983,495.90

23. SEGMENT REPORTING

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

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

Publication segment:	Publishing of publications like books, journals, audio-visual products and digital products; provision of printing services and supply of printing materials;
Distribution segment:	Distribution of textbooks and supplementary materials to schools, teachers and students and supply of education informatized and equipment services for secondary and primary school education; retailing, distribution and online sales of publications.

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

Segment reporting 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 reporting information***For the Current Period (Unaudited)****RMB*

	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	Total
External revenue	411,315,159.14	4,122,078,366.54	128,187,526.96	–	–	4,661,581,052.64
Inter-segment revenue	787,759,148.66	4,370,417.82	54,401,107.38	–	(846,530,673.86)	–
Total operating income	<u>1,199,074,307.80</u>	<u>4,126,448,784.36</u>	<u>182,588,634.34</u>	<u>–</u>	<u>(846,530,673.86)</u>	<u>4,661,581,052.64</u>
Operating profit	290,800,994.12	320,120,927.54	(34,810,136.54)	(2,587,346.94)	30,015,542.71	603,539,980.89
Non-operating income	250,722.94	2,085,574.81	440,543.45	–	–	2,776,841.20
Non-operating expenses	137,566.72	15,956,496.88	60.30	–	–	16,094,123.90
Total profit	<u>290,914,150.34</u>	<u>306,250,005.47</u>	<u>(34,369,653.39)</u>	<u>(2,587,346.94)</u>	<u>30,015,542.71</u>	<u>590,222,698.19</u>
Total assets	<u>7,216,326,906.79</u>	<u>10,925,424,615.27</u>	<u>1,302,434,460.97</u>	<u>1,806,260,616.22</u>	<u>(4,044,556,735.98)</u>	<u>17,205,889,863.27</u>
Total liabilities	<u>2,620,175,007.36</u>	<u>7,428,643,786.64</u>	<u>514,552,161.27</u>	<u>200,369,469.49</u>	<u>(3,956,734,975.81)</u>	<u>6,807,005,448.95</u>
Supplementary information						
Depreciation	9,514,966.51	92,791,814.03	12,884,490.62	–	–	115,191,271.16
Amortization	2,190,477.84	19,005,992.60	1,309,212.32	–	–	22,505,682.76
Interest income	455,150.79	47,377,448.01	550,126.81	–	–	48,382,725.61
Loss on credit impairment recognized in the Current Period	11,724,246.48	51,081,307.21	(2,069,216.41)	–	–	60,736,337.28
Impairment losses of assets recognized in the Current Period	16,909,245.48	18,552,359.08	–	–	–	35,461,604.56
Investment income (loss) recognized from long-term equity investment under equity method	926,447.28	11,583,846.70	(3,360,720.76)	–	–	9,149,573.22
Long-term equity investment balances under equity method	21,876,204.64	600,302,581.41	98,134,008.45	–	–	720,312,794.50
Capital expenditure	821,510.24	102,435,279.91	266,446.48	–	–	103,523,236.63
Including: Construction in progress	20,423.01	26,359,897.23	–	–	–	26,380,320.24
Expenditure arising from purchase of fixed assets	796,662.45	58,792,331.99	266,446.48	–	–	59,855,440.92
Expenditure arising from purchase of intangible assets	4,424.78	4,830,303.95	–	–	–	4,834,728.73
Development expenditure	–	12,452,746.74	–	–	–	12,452,746.74

For the Same Period of Last Year (Unaudited)

RMB

	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	Total
External revenue	307,957,458.16	3,204,160,270.87	94,167,295.26	–	–	3,606,285,024.29
Inter-segment revenue	652,569,625.23	3,625,102.07	58,910,362.19	–	(715,105,089.49)	–
Total operating income	<u>960,527,083.39</u>	<u>3,207,785,372.94</u>	<u>153,077,657.45</u>	<u>–</u>	<u>(715,105,089.49)</u>	<u>3,606,285,024.29</u>
Operating profit	171,562,393.93	204,593,997.22	122,977,114.01	49,143,317.29	54,385,381.15	602,662,203.60
Non-operating income	409,101.85	4,833,853.62	105,575.85	–	–	5,348,531.32
Non-operating expenses	59,967.28	18,145,935.56	0.57	–	–	18,205,903.41
Total profit	<u>171,911,528.50</u>	<u>191,281,915.28</u>	<u>123,082,689.29</u>	<u>49,143,317.29</u>	<u>54,385,381.15</u>	<u>589,804,831.51</u>
Total assets	<u>6,421,571,752.52</u>	<u>9,506,398,047.24</u>	<u>1,455,823,293.02</u>	<u>1,755,515,414.28</u>	<u>(3,627,770,136.80)</u>	<u>15,511,538,370.26</u>
Total liabilities	<u>2,235,332,560.48</u>	<u>6,794,273,191.55</u>	<u>536,148,865.07</u>	<u>246,911,616.93</u>	<u>(3,538,362,694.54)</u>	<u>6,274,303,539.49</u>
Supplementary information						
Depreciation	10,024,391.45	76,816,352.88	14,928,929.93	–	–	101,769,674.26
Amortization	2,256,078.77	20,553,542.80	1,275,860.82	–	–	24,085,482.39
Interest income	428,817.78	35,270,155.99	378,457.49	–	–	36,077,431.26
Loss on credit impairment recognized in the Current Period	20,557,185.22	81,893,429.36	2,052,996.43	–	–	104,503,611.01
Impairment losses of assets recognized in the Current Period	27,078,995.64	4,335,898.58	(91,130.03)	–	–	31,323,764.19
Investment income (loss) recognized from long-term equity investment under equity method	184,219.24	(14,075,337.70)	45,330,211.85	–	–	31,439,093.39
Long-term equity investment balances under equity method	20,308,424.97	250,165,052.45	212,547,559.23	–	–	483,021,036.65
Capital expenditure	1,162,421.88	37,409,607.56	624,438.38	–	–	39,196,467.82
Including: Construction in progress	53,019.97	15,189,865.85	–	–	–	15,242,885.82
Expenditure arising from purchase of fixed assets	1,095,685.09	9,584,259.38	624,438.38	–	–	11,304,382.85
Expenditure arising from purchase of intangible assets	13,716.82	3,440,314.22	–	–	–	3,454,031.04
Development expenditure	–	9,195,168.11	–	–	–	9,195,168.11

(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 People's Republic of China (the "PRC") customers and most of the Group's assets are located in the PRC. 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 RMB481,615,423.00 (Same Period of Last Year: RMB475,129,508.02), 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 and the Same Period of Last Year.

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.

24. INCOME TAX EXPENSES

<i>RMB</i>		
Item	Amount incurred in the Current Period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
Current income tax calculated according to tax laws and relevant requirements	1,805,449.44	1,403,328.97
Adjustment to impact of income tax of past periods	(3,590,230.26)	(1,549,457.40)
Deferred tax expenses	(7,810,117.47)	22,317,429.19
Total	(9,594,898.29)	22,171,300.76

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

<i>RMB</i>		
Item	Amount incurred in the Current Period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
Accounting profit	590,222,698.19	589,804,831.51
Income tax expenses calculated at 25%	147,555,674.55	147,451,207.88
Tax concessions	(170,278,685.16)	(135,020,319.75)
Effect of expenses that are not deductible for tax purposes	19,865,006.01	12,026,088.77
Effect of tax-free income	(14,185,600.00)	(13,386,104.01)
Effect of utilization of deductible losses for which no deferred income tax asset was recognized in the prior period	(3,025,544.34)	(179,251.88)
Effect of utilization of deductible temporary differences for which no deferred income tax asset was recognized in the prior period	(873,979.23)	(13,670,942.47)
Effect of deductible temporary differences or deductible losses for which no deferred income tax asset was recognized during the Current Period	14,938,460.14	26,500,079.62
Adjustment to impact of income tax of past periods	(3,590,230.26)	(1,549,457.40)
Total	(9,594,898.29)	22,171,300.76

25. OTHER COMPREHENSIVE INCOME

For the Current Period

RMB

Item	1 January 2021	Changes for the period					30 June 2021 (Unaudited)
		Amount for the Current Period before income tax	Less: Income tax expenses	Post-tax amount attributable to owners of the parent company	Post-tax amount attributable to non-controlling shareholders	Less: Amount included in other comprehensive income (loss) in the prior period that is transferred to retained earnings	
Other comprehensive income not reclassified into profit or loss	1,016,266,307.50	153,945,472.63	21,168.16	153,924,304.47	-	(1,311,665.90)	1,171,502,277.87
Profit or loss on changes in fair value of other equity instrument investments	1,016,266,307.50	153,945,472.63	21,168.16	153,924,304.47	-	(1,311,665.90)	1,171,502,277.87

For the Same Period of Last Year

RMB

Item	1 January 2020	Changes for the period					30 June 2020 (Unaudited)
		Amount for the Current Period before income tax	Less: Income tax expenses	Post-tax amount attributable to owners of the parent company	Post-tax amount attributable to non-controlling shareholders	Less: Amount included in other comprehensive income (loss) in the prior period that is transferred to retained earnings	
Other comprehensive income not reclassified into profit or loss	979,297,859.83	(78,928,256.74)	24,864.19	(78,903,392.55)	-	-	900,394,467.28
Profit or loss on changes in fair value of other equity instrument investments	979,297,859.83	(78,928,256.74)	24,864.19	(78,903,392.55)	-	-	900,394,467.28

26. 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:

	<i>RMB</i>	
	Current Period (Unaudited)	Same Period of Last Year (Unaudited)
Net profit for the period attributable to ordinary shareholders	602,909,289.93	580,258,976.15
Including: Net profit from continuing operations	602,909,289.93	580,258,976.15

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:

	<i>Number of shares</i>	
	Current Period (Unaudited)	Same Period of Last Year (Unaudited)
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:

	<i>RMB</i>	
	Current Period (Unaudited)	Same Period of Last Year (Unaudited)
Net profit for the period attributable to ordinary shareholders divided by weighted number of ordinary shares outstanding at the end of period	0.49	0.47
Net profit for the period attributable to ordinary shareholders and attributable to continuing operation divided by weighted number of ordinary shares outstanding at the end of period	0.49	0.47

The Company has no dilutive potential ordinary shares.

27. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the balance sheet date, the Group had no significant event.

MANAGEMENT DISCUSSION AND ANALYSIS

(I) BUSINESS REVIEW

INDUSTRY OVERVIEW

2021 is the first year of the “14th Five-Year Plan” and also a crucial year for the high-quality, integrated and innovative development of the press and publishing industry. The fourth meeting of the 13th National People’s Congress clearly proposed the goal of building a nation of cultural power by 2035, and “national reading” has been included in the Government Work Report for the eighth consecutive year. In recent years, the central and local governments have successively introduced various industrial development plans and a series of concession policies to support the publishing industry in various aspects such as system development, industrial upgrading, media integration, talent training and finance and tax concession, which have helped the publishing industry adjust industrial patterns, accelerate integration and transformation, and comprehensively promote high-quality development of the publishing industry.

With the gradual containment of the 2019 coronavirus disease (“COVID-19”) epidemic in China, the national economy continued to recover steadily, and the demand for book and cultural consumption gradually rebounded. According to the monitoring data publicly published by Beijing Openbook Co., Ltd. (“Open Book Data”), in the first half of 2021, China’s book retail market experienced an 11.45% year-on-year growth in terms of sales value. In particular, online store channel increased by 3.06% year-on-year, whereas the physical store channel increased significantly by 51.83% year-on-year, however still below the level of the same period in 2019 before the COVID-19 epidemic. The consumption habits of readers in the post-pandemic era have been changed rapidly. The recovery of physical bookstores is facing challenges of adjustment in business philosophy and operating model, and will still take some time. The continuous impact of the pandemic has prompted the publishing industry to accelerate the pace of transformation and upgrading, actively embrace new technologies, accelerate online and offline integration, proactively explore new business segments and models, and open a new chapter of integrated development in the changing environment.

RESULTS

In the first half of 2021, the Group seriously implemented the development of the national cultural industry, the construction of a strong cultural province and the decision-making and deployment for celebrating the 100th anniversary of the founding of the Communist Party of China. Deeply promoting the strategies of “revitalizing the publishing industry in Sichuan Province” and “revitalizing the physical bookstores”, the Group adhered to innovation-driven development, accelerated the integrated development, and strived to achieve the business targets.

During the Period, the Group recorded revenue of RMB4,662 million, representing growth of 29.26% as compared with the Same Period of Last Year; and net profit of RMB600 million, representing growth of 5.67% as compared with the Same Period of Last Year.

Revenue

During the Period, the Group recorded revenue of RMB4,662 million, representing growth of 29.26% as compared with RMB3,606 million in the Same Period of Last Year, among which, revenue of principal businesses amounted to RMB4,590 million, representing growth of 29.41% as compared with RMB3,547 million in the Same Period of Last Year. The growth in revenue was mainly due to the increase in sales from the education service, online sales business, bookstore retailing business and general book publication business and so on.

Operating costs

During the Period, operating costs of the Group amounted to RMB2,753 million, representing growth of 35.43% from RMB2,033 million in the Same Period of Last Year, among which, costs of principal businesses amounted to RMB2,747 million, representing growth of 35.55% as compared with RMB2,027 million in the Same Period of Last Year. The increase in operating costs was mainly caused by the increase in sales, the changes in sales structure and the increase in consolidated cost ratio.

Gross profit margin

During the Period, consolidated gross profit margin of the Group was 40.94%, down by 2.69 percentage points from 43.63% in the Same Period of Last Year, among which, gross profit margin of principal businesses was 40.15%, down by 2.71 percentage points from 42.86% in the Same Period of Last Year, mainly a result of the changes in sales structure.

ANALYSIS OF OPERATING SEGMENTS

1. Overview of Principal Business Segments

The operating businesses of the Group are divided into the publication segment and the distribution segment.

The principal business of the Group for the six months ended 30 June 2021 by segment is as follows:

Principal business by segment						
RMB						
By segment	Principal business income	Principal business costs	Gross profit margin (%)	Change of principal business income as compared with the Same Period of Last Year (%)	Change of principal business costs as compared with the Same Period of Last Year (%)	Change of gross profit margin as compared with the Same Period of Last Year (ppt)
I. Publication	1,186,476,746.69	755,842,964.78	36.30	24.86	23.98	0.46
Textbooks and supplementary materials	676,989,621.67	370,190,563.56	45.32	13.08	7.56	2.81
General books	356,961,935.82	263,713,874.06	26.12	52.15	54.82	(1.28)
Printing and supplies	127,173,871.19	106,284,119.46	16.43	30.41	25.79	3.08
Newspapers and journals	18,817,359.57	10,185,809.54	45.87	21.04	31.18	(4.19)
Others	6,533,958.44	5,468,598.16	16.30	68.49	90.86	(9.81)
II. Distribution	4,069,769,177.86	2,696,408,069.41	33.75	28.94	31.83	(1.45)
Education service	2,640,135,512.11	1,521,825,009.51	42.36	18.42	19.59	(0.56)
Of which: Textbooks and supplementary materials	2,491,797,710.34	1,407,030,876.94	43.53	13.91	13.41	0.25
Education informatized and equipment businesses	99,938,290.90	82,019,621.24	17.93	196.15	182.54	3.95
Online sales	1,046,457,802.39	910,505,241.47	12.99	53.04	52.95	0.05
Retailing	277,028,887.86	173,858,917.66	37.24	77.68	73.82	1.39
Others	106,146,975.50	90,218,900.77	15.01	21.84	16.45	3.94
III. Others	176,810,547.10	163,866,109.53	7.32	16.62	22.23	(4.25)
Inter-segment elimination total	(842,875,952.20)	(868,881,728.51)				
Total	4,590,180,519.45	2,747,235,415.21	40.15	29.41	35.55	(2.71)

2. Operating Data of the Business Segments

(1) *Publication segment*

The publication segment of the Group covers publishing of publications including books, newspapers and journals, audio-visual products and digital products; provision of printing services and supply of printing materials.

During the Period, revenue from the sales of the publishing segment amounted to RMB1,186,476,700, representing growth of 24.86% as compared with the Same Period of Last Year, mainly benefitting from the recovery growth of general book publication business following the COVID-19 outbreak.

During the Period, gross profit margin of the publishing segment was 36.30%, which remained basically the same as compared with the Same Period of Last Year.

Publication of Textbooks and Supplementary Materials

The Group continued to strengthen its capabilities in the education publishing's strategic planning, market expansion and education service. In order to comprehensively promote quality-oriented education and cultivate innovative and entrepreneurial talents, the Group optimized and upgraded the existing textbooks and supplementary materials and improved the genre distribution of textbooks and supplementary materials. A series of products was successively launched, such as Lovely Sichuan (《可愛的四川》), History Of Chengdu (《成都歷史》), Enlightenment Class On Language Expression (《語言表達啟蒙課》), Enlightenment Class On Mathematical Thinking (《數學思維啟蒙課》), Ancient Poems Hidden In History (《藏在歷史裡的古詩詞》), Sciences Around The Corner (《藏在身邊的科學》), Smart Parents (《智慧家長》) and the first set of university teaching materials for the elderly in China.

During the Period, revenue from the sales of textbooks and supplementary materials publication business amounted to RMB676,989,600 (including domestic sales), representing an increase of 13.08% as compared with the Same Period of Last Year; and cost of sales amounted to RMB370,190,600, representing an increase of 7.56% as compared with the Same Period of Last Year. Gross profit margin was 45.32%, up by 2.81 percentage points as compared with the Same Period of Last Year, mainly benefitting from the effect of stepped-up cost control by the Group.

Publication of General Books

Under the strategic guidance of “revitalizing the publishing industry in Sichuan Province”, the Group deeply implemented the theory of “targeted publishing, refined publishing and quality publishing”, ensuring its correct orientation while continuing to pursue high-quality development.

The Group strengthened the supervision of the publishing process, and steadily promoted various major publication projects. By focusing on resources and expanding the market, the Group transformed and upgraded the sales model, and promoted the synergetic development of publication and distribution. In the first half of 2021, the Group planned and published more than 10 publications to celebrate the 100th anniversary of the founding of the Communist Party of China, including *People Who Light Up The Sky* (《點亮星空的人們》), and launched 5 books of poverty alleviation, including *Poverty Alleviation People On The Long March Road* (《長徵路上的扶貧人》); 3 publications of the “Third Pole” project, including *Tibet Short Poems: Talk To Lhasa!* (《西藏短詩：對飲談心的拉薩呀！》); *Sanxingdui Bronze Line Drawings And Rubbings* (《三星堆青銅器線繪與拓片》) and other cultural and expo series publications; three books including *The Biography Of King Gesar (Volume 300)* (《格薩爾王傳大全》(300卷)) which won the 5th China Publishing Government Award (第五屆中國出版政府獎); *History of Civilization Without Break* (《不斷裂的文明史》) which was awarded the 2020 “China Good Book” (中國好書); and *Cliff Village* (《懸崖村》) which was awarded in the 12th China Minority Literature Award (第十二屆全國少數民族文學創作駿馬獎). A total of 303 copyrights were exported, representing a year-on-year increase of nearly 50%. According to the Open Book Data, in the first half of 2021, the Group ranked 7th among the 37 publishing and media groups in China in terms of market share of general books.

During the Period, the Group’s revenue from sales of general book publication business amounted to RMB356,961,900 (including domestic sales), representing growth of 52.15% as compared with the Same Period of Last Year; and cost of sales amounted to RMB263,713,900, representing growth of 54.82% as compared with the Same Period of Last Year. Gross profit margin was 26.12%, down by 1.28 percentage points as compared with the Same Period of Last Year. The increase in revenue was mainly due to the recovery growth following the COVID-19 outbreak, while the decrease in gross profit margin was mainly due to sales concession.

(2) *Distribution segment*

The distribution segment of the Group covers distribution of textbooks and supplementary materials to schools, teachers and students and supply of education informatized and equipment service for secondary and primary schools; retailing, distribution and online sales of publications.

During the Period, revenue from the sales of the distribution segment amounted to RMB4,069,769,200, representing growth of 28.94% as compared with the Same Period of Last Year, mainly due to the growth in revenue of education service, online sales and bookstore retailing businesses as compared with the Same Period of Last Year.

During the Period, gross profit margin of the distribution segment was 33.75%, down by 1.45 percentage points from the Same Period of Last Year, mainly due to the changes in sales structure, that the proportion of online sales business with a lower gross profit margin increased in the distribution segment.

Education Service

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

In the first half of 2021, by means of channel optimization and business integration, the Group continued to enhance its capabilities in product research and development and marketing service to achieve sustained and high efficiency growth of education service. As to textbooks, through continuously strengthening the synergies arising from the market and the upstream publication resources, the Group enhanced its capabilities in product planning and design, optimized product mix for better product and service quality with sales revenue maintaining steady growth with progress. As to education informatized and education equipment, the Group seized the market opportunities arising from new college entrance exam curriculum reform and education informatized 2.0 action plan, and further developed in the two directions of “integrated business” and “application-oriented business” focusing on the needs of different school semesters. At the same time, the Group endeavored to propel mechanism innovation and business innovation, and enhanced its capability of education service to achieve innovative and integrated development.

In the spring of 2021, the Company continued to promote the optimization and upgrade of the “quality learning and quality teaching” online service platform covering 6,244 schools and serving 4,270,000 students, launched the “Winshare Select” (文軒優選) mall to realize the function of complementing textbooks and supplementary materials, and carried out thematic research and learning activities such as “Inheriting the Red Gene, Helping Ideological and Political Education” (傳承紅色基因•助力思政教育), “Life Education” (生命教育) and “Moruo Aesthetic Education” (沫若美育). In the first half of the year, the labor and practical education business achieved a total order amount of RMB32,630,000, serving more than 120,000 students. The teacher training business organized and implemented 218 projects, with order amount of RMB10,890,000 and more than 17,000 teachers trained. In the first half of 2021, the “One More Green” (一本環保) charity campaign launched by the Company covering 61 branches in 17 cities of the province recycled 2,140.03 tons of waste books, which were recycled by paper production enterprises, the proceeds of which were then used for environmental education and education poverty alleviation public welfare in primary and secondary schools. At the same time, the Group further developed the high school education service market, gradually developed the vocational education service and pre-school education service markets, and innovatively explored the primary and secondary after-school extended service business.

During the Period, revenue from the external sales of the education service business of the Group amounted to RMB2,640,135,500, representing an increase of 18.42% as compared with the Same Period of Last Year, mainly benefitting from growth in the textbooks and supplementary materials and new businesses such as after-school extended service and the labor and practical education business during the Period. Gross profit margin of the education service business was 42.36%, which remained basically the same as compared with the Same Period of Last Year.

Online Sales

In the first half of 2021, the Group actively responded to the increasingly competitive market environment with the omni-channel and multi-scenario e-commerce service pattern, combined with big data analysis, digital marketing and other technological innovations, so as to strengthen the refined operation of products, improve the supply chain capabilities with multi-store and multi-segment synergetic efforts, consolidate advantageous channels and expand emerging channels. On the traditional e-commerce platform, the Group enriched marketing activities, strengthened the operation of key products and continuously scaled up the sales. On the content e-commerce channels such as Douyin and Kuaishou, the Group accelerated its deployment, seized emerging traffic opportunities, continuously enriched consumption scenarios, and achieved rapid growth in the scale of channel sales. In the first half of 2021, the Group maintained its top three position in book sales on major platforms such as Tmall and JD.com, and continued to consolidate its leading position in the national book e-commerce market.

During the Period, revenue from the sales of online sales business amounted to RMB1,046,457,800, representing an increase of 53.04% as compared with the Same Period of Last Year, mainly benefitting from enhancement of capabilities in product organization, sales organization and logistics services. Gross profit margin was 12.99%, which remained basically the same as compared with the Same Period of Last Year.

Retailing

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

In the first half of 2021, adhering to the business ideology of “brand operations + integrated development”, the Group focused on customers, strengthened the “store operation + institution service” business and improved its reading service capabilities. In terms of store operation, the Group increased customer purchase rate by improving its ability to organize and plan for events and attracting customers through these events. The Group continued to implement sales of popular products, distribution by staff and community operation, with a view to improving its sales performance. The Group expanded its store operation with different business models in two stores, namely, the new Stackway SM Store and Mianyang Highway Sports Store. In terms of institution service business, the Group made use of its advantages of main channels and spared no efforts to guarantee the subscription and distribution service of public affairs publications, library book supplies as well as operation service for specialized market of secondary vocational education. Apart from carrying out tertiary institution teaching material roadshows with influential publishing houses in the field of tertiary institution teaching material to explore new customers, the Group provided customized solutions of reading service for government and corporate customers, equipping itself with professional service capabilities and laying a foundation for ongoing business development.

During the Period, revenue from the sales of retailing business amounted to RMB277,028,900, representing an increase of 77.68% as compared with the Same Period of Last Year, mainly benefitting from recovery following the COVID-19 outbreak. Gross profit margin was 37.24%, up by 1.39 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 2021)

			RMB
Item	Current Period	Same Period of Last Year	Change (%)
Revenue	4,661,581,052.64	3,606,285,024.29	29.26
Operating costs	2,753,023,066.47	2,032,754,444.10	35.43
Selling expenses	699,439,817.71	606,376,116.13	15.35
Administrative expenses	596,618,524.09	476,028,730.70	25.33
Finance expenses	(32,705,955.22)	(18,843,738.56)	(73.56)
Research and development expenditure	1,309,586.41	773,305.17	69.35
Net cashflow generated from operating activities	471,138,646.19	268,432,331.35	75.51
Net cashflow generated from investing activities	(1,043,853,199.94)	(195,285,686.37)	(434.53)
Net cashflow generated from financing activities	(290,661,524.60)	(286,496,946.91)	(1.45)
Other incomes	38,604,454.63	17,314,528.24	122.96
Investment incomes (losses represented by “-”)	70,571,673.25	104,983,495.90	(32.78)
Gain on fair value change (loss represented by “-”)	(36,891,522.25)	127,162,814.85	(129.01)
Credit impairment loss (loss represented by “-”)	(60,736,337.28)	(104,503,611.01)	(41.88)
Gain on asset disposal (loss represented by “-”)	2,027,859.68	188,874.38	973.66
Non-operating income	2,776,841.20	5,348,531.32	(48.08)
Income tax expenses	(9,594,898.29)	22,171,300.76	(143.28)
Non-controlling interests (net loss represented by “-”)	(3,091,693.45)	(12,625,445.40)	75.51
Other comprehensive income net, after tax	153,924,304.47	(78,903,392.55)	N/A

EXPENSES

During the Period, selling expenses of the Group amounted to RMB699 million, representing growth of 15.35% as compared with the Same Period of Last Year, mainly due to the increase in labor costs, logistics and promotion-related expenses as a result of sales growth.

During the Period, administrative expenses of the Group amounted to RMB597 million, representing growth of 25.33% as compared with the Same Period of Last Year, mainly due to the fact that the Group no longer enjoyed the relevant national policies on social security reduction and exemption to mitigate the impact of the COVID-19 outbreak during the Period, resulting in a year-on-year increase in labor costs and expenses such as labor insurance premium during the Period. Moreover, depreciation of fixed assets and the related operating expenses of the Company also recorded a year-on-year increase.

During the Period, finance expenses of the Group amounted to RMB-32,706,000, as compared with RMB-18,843,700 in the Same Period of Last Year, among which, net interest expenses during the Period amounted to RMB37,414,000, representing an increase of RMB12,889,600 as compared with RMB24,524,400 in the Same Period of Last Year, mainly due to the increase in interest income arising from bank deposits during the Period as compared with the Same Period of Last Year.

During the Period, research and development expenses of the Group amounted to RMB1,309,600, representing growth of 69.35% as compared with the Same Period of Last Year, mainly due to the increase in the part expensed under research and development commitments in the area of the education informatized during the Period as compared with the Same Period of Last Year.

CREDIT IMPAIRMENT LOSS

During the Period, the Group made provision for credit impairment loss of RMB60,736,300, representing a decrease of RMB43,767,300 as compared with RMB104,503,600 in the Same Period of Last Year, mainly due to the relatively large amount of provision for credit loss in the Same Period of Last Year due to the fact that payment collection was affected to a certain extent by the COVID-19 outbreak.

GAIN/LOSS ON FAIR VALUE CHANGE

During the Period, loss on fair value change of the Group amounted to RMB36,891,500, as compared with gain on fair value change of RMB127,162,800 in the Same Period of Last Year, mainly due to the change in income as a result of the fair value changes of the items held by the funds invested by the Group including Winshare Hengxin.

INVESTMENT INCOME

During the Period, the Group recognized investment income of RMB70,571,700, representing a decrease of 32.78% as compared with the Same Period of Last Year, mainly due to the decrease in bank wealth management income recognized and income from a subsidiary's (Winshare Investment) investment in associates (Chengdu Winshare Equity Investment Funds Management Co., Ltd. and Fuzhou Winshare) recognized using the equity method during the Period as compared with the Same Period of Last Year.

OTHER INCOMES AND NON-OPERATING INCOME AND EXPENSES

During the Period, other incomes of the Group amounted to RMB38,604,500, representing growth of 122.96% as compared with the Same Period of Last Year, mainly due to the delay in progress of application for VAT refund as a result of the COVID-19 outbreak in the Same Period of Last Year and the increase in VAT refund income recognized during the Period as compared with the Same Period of Last Year.

During the Period, non-operating income of the Group amounted to RMB2,776,800, representing a decrease of 48.08% as compared with the Same Period of Last Year, mainly due to the relatively large amount of non-operating income in the Same Period of Last Year as a result of the compensation received by the Group from the PRC government with respect to land requisition for renovation and construction of High Speed Rail and the compensation with respect to housing demolition and relocation in Qionglai.

During the Period, non-operating expenses of the Group amounted to RMB16,094,100, representing a decrease of 11.60% as compared with the Same Period of Last Year, mainly due to the year-on-year decrease in donation expenses.

GAIN ON ASSET DISPOSAL

During the Period, gain on asset disposal of the Group amounted to RMB2,027,900, representing an increase of RMB1,839,000 as compared with the Same Period of Last Year, mainly due to the disposal of land use right by Winshare Sports Cultural Development Co., Ltd., a subsidiary, which resulted in gain on disposal of nearly RMB2,000,000.

INCOME TAX EXPENSES

During the Period, income tax expenses of the Group amounted to RMB-9,594,900, as compared with RMB22,171,300 in the Same Period of Last Year, mainly due to the decrease in income from a subsidiary's (Winshare Investment) investment in associates (Chengdu Winshare Equity Investment Funds Management Co., Ltd. and Fuzhou Winshare) recognized using the equity method and the change in deferred income tax expenses as a result of the fair value changes of the items held by the funds invested including Winshare Hengxin.

NON-CONTROLLING INTERESTS

During the Period, net loss of non-controlling interests amounted to RMB3,091,700, representing a decrease of RMB9,533,800 in loss as compared with the Same Period of Last Year, mainly due to the fluctuations in the operating results of non-wholly owned subsidiaries.

OTHER COMPREHENSIVE INCOME

During the Period, other comprehensive income net, after tax of the Group amounted to RMB153,924,300, as compared with RMB-78,903,400 in the Same Period of Last Year, mainly due to the fluctuations in the market price of shares of listed companies held including Wan Xin Media and Bank of Chengdu.

PROFIT

Net profit of the Group for the Period amounted to RMB600 million, representing growth of 5.67% as compared with RMB568 million in the Same Period of Last Year. Net profit attributable to owners of the parent amounted to RMB603 million, representing growth of 3.90% as compared with RMB580 million in the Same Period of Last Year, mainly due to an increase in profit brought by the increase in sales revenue of various segments of the Group benefitting from the recovery growth following the COVID-19 outbreak.

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 RMB0.49, representing an increase of 4.26% as compared with RMB0.47 in the Same Period of Last Year. For details regarding the calculation of earnings per share, please refer to note 26 to the consolidated financial statements in this interim results announcement.

CASH FLOW

During the Period, net cashflow of the Group generated from operating activities was net inflow of RMB471 million, representing an increase of RMB203 million as compared with net inflow of RMB268 million in the Same Period of Last Year, mainly due to a certain extent of impact on the progress of goods delivery and recovery of receivables in the Same Period of Last Year as a result of the COVID-19 outbreak.

During the Period, net cashflow of the Group generated from investing activities was net outflow of RMB1,044 million, representing an increase of RMB849 million as compared with net outflow of RMB195 million in the Same Period of Last Year, mainly due to the payment of RMB317 million for the investment in Hainan Phoenix and the placement of time deposits with maturity over three months during the Period.

During the Period, net cashflow of the Group generated from financing activities was net outflow of RMB290 million, which remained basically the same as compared with net outflow of RMB286 million in the Same Period of Last Year.

ASSETS AND LIABILITIES ANALYSIS

(As at 30 June 2021)

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 prior year	Amount as at the end of the prior 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 prior year (%)	Remark
Bank and cash	5,265,892,103.95	30.6	5,785,974,800.85	34.1	(9.0)	
Trade receivables	1,811,689,051.62	10.5	1,586,906,258.90	9.4	14.2	
Inventories	2,223,780,281.17	12.9	2,130,621,634.21	12.6	4.4	
Investment properties	84,310,745.53	0.5	86,104,385.12	0.5	(2.1)	
Long-term equity investments	720,312,794.50	4.2	717,889,546.28	4.2	0.3	
Fixed assets	2,015,981,480.34	11.7	2,009,270,646.85	11.8	0.3	
Construction in progress	63,550,489.82	0.4	37,670,169.58	0.2	68.7	Mainly due to the increase in injection to the Publishing and Media Creativity Center secondary installation project during the Period.
Right-of-use assets	395,256,062.32	2.3	447,482,542.47	2.6	(11.7)	
Contract liabilities	487,025,697.14	2.8	442,825,006.30	2.6	10.0	
Long-term borrowings						
Lease liabilities	292,447,828.05	1.7	357,266,005.19	2.1	(18.1)	
Held-for-trading financial assets	14,825.46	0.0	6,510,463.20	0.0	(99.8)	Mainly due to the non-purchase of bank wealth management products upon maturity.
Notes receivable	12,154,432.33	0.1	4,344,936.39	0.0	179.7	Mainly due to the increase in settlement of the balance of receivables by commercial acceptance bills for logistics business at the end of the Period as compared with that at the end of the prior year.
Other receivables	142,183,264.62	0.8	103,776,291.44	0.6	37.0	Mainly pledge, guarantee and other accounts receivable.

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 prior year	Amount as at the end of the prior 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 prior year (%)	Remark
Long-term receivables	196,188,920.93	1.1	313,418,082.51	1.8	(37.4)	Mainly due to the decrease in balance at the end of the Period as compared with the end of the prior year as a result of collection by instalments from the education informatized and equipment business, which were transferred to “trade receivables” and “non-current assets due within one year” as the agreed payment term was approaching.
Other non-current assets	701,255,482.17	4.1	350,933,345.43	2.1	99.8	Mainly due to the new placement of time deposits that the Group was unable or did not intend to withdraw in advance within one year during the Period.
Notes payable	29,266,749.97	0.2	45,838,225.28	0.3	(36.2)	Mainly due to the decrease in the balance of payment payables settled using the notes by the education informatized business as compared with that at the end of the prior year.
Taxes payable	43,723,596.44	0.3	64,081,630.88	0.4	(31.8)	Mainly due to the decrease in the balance of taxes payable as a result of the settlement of enterprise income tax and other taxes during the Period as compared to the end of the prior year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2021, the Group had cash and short-term deposits of approximately RMB5,266 million (31 December 2020: RMB5,786 million). The Group did not have any interest-bearing bank and other borrowings.

As at 30 June 2021, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 39.56%, down by 1.34 percentage points as compared with 40.90% as at 31 December 2020. The Group’s overall financial structure remains relatively stable.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2021, the Group's pledged deposits amounted to RMB11,457,200 (31 December 2020: RMB19,453,700), 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 2021	30 June 2020
Current ratio	1.5	1.6
Inventory turnover days	144.3	191.9
Notes and trade receivable turnover days	67.1	94.5
Notes and trade payable turnover days	309.4	390.4

As at 30 June 2021, current ratio of the Group was 1.5, which slightly decreased as compared with the Same Period of Last Year.

In the first half of the year, the inventory turnover days was 144.3 days, down by 47.6 days as compared with the Same Period of Last Year, mainly due to the fact that the inventory turnover of the general book publication, physical bookstore retailing, education informatized and education equipment businesses was affected to a certain extent by the COVID-19 outbreak in the Same Period of Last Year, which gradually recovered during the Period.

The notes and trade receivable turnover days was 67.1 days, down by 27.4 days as compared with the Same Period of Last Year; the notes and trade payable turnover days was 309.4 days, down by 81.0 days as compared with the Same Period of Last Year. The changes of the two indicators were mainly due to the fact that goods delivery and recovery of receivables, purchasing and payments of the Group were affected to a certain extent by the COVID-19 outbreak in the Same Period of Last Year, which gradually recovered during the Period.

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 centered on the development strategy, optimized 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.

To promote the cross-regional development of the Group's publication and distribution business, the Company entered into the Share Transfer Agreement with Hainan Xinhua Bookstore Group Co., Ltd. in December 2020 to acquire 25% equity interests in Hainan Phoenix held by it, and the consideration for the transaction was RMB317 million. The Company settled the investment in January 2021, and Hainan Phoenix completed the change of industry and commerce registration in March 2021.

The Company was interested in 80,000,000 shares of Bank of Chengdu and its shareholding was 2.21%. During the Period, the Company recognized a dividend receivable of RMB36,800,000 from Bank of Chengdu. As at 30 June 2021, the market capitalization of the shares held by the Company in Bank of Chengdu was RMB1,011 million.

The Company was interested in 6.27% shares of Wan Xin Media. During the Period, the Company received a dividend income of RMB19,942,400. As at 30 June 2021, the market capitalization of the shares held by the Company in Wan Xin Media was RMB588 million.

Wan Xin Media and Bank of Chengdu are financial investments of the Company which generate continuous and stable dividend income to the Group. The Company will monitor the price trends of the A share market and these two stocks from time to time. Coupled with the industrial development, the Company will formulate corresponding investment strategies to continuously and steadily contribute to the finance income of the Company.

Save as disclosed above, the Group did not have any other material acquisitions and disposals of relevant subsidiaries, associates and joint ventures 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

RMB0'000

Name of subsidiary	Nature of business	Shareholding percentage (%)	Registered capital	January to June 2021		30 June 2021	
				Revenue	Net profit	Total assets	Net assets
Sichuan Education Publishing House Co., Ltd.	Publication of books	100	1,000.00	37,639.44	19,517.59	127,769.21	101,799.56
Sichuan Publication Printing Co., Ltd.	Plate-leased printing and supply of textbooks	100	5,000.00	16,120.25	5,036.29	79,295.62	71,408.41
Sichuan Youth and Children's Publishing House Co., Ltd.	Publication of books and journals	100	11,000.00	13,521.02	3,777.24	67,724.35	54,984.12
Sichuan Printing Materials Co., Ltd.	Wholesale and retail of goods	100	3,000.00	17,784.05	206.54	34,509.70	4,687.98
Winshare Education Technology	Software development and sales of electronic equipment	100	33,000.00	8,161.75	(4,105.11)	99,211.65	26,697.88
Sichuan Winshare Online E-commerce Co., Ltd.	Online sales of different products	75	6,000.00	125,718.75	120.69	262,396.56	(9,345.13)

(IV) FUTURE PROSPECTS

While firmly setting foot in the principal business of publishing and media, the Group will seize the opportunities arising from the development of the cultural industry and utilize technology and capital as the driving force of transformation. By centering on big culture consumption service, the Group will implement the following strategies in 2021:

The Group will promote the implementation of thematic publications and major publication projects and deepen copyright operation to achieve an improvement in quality and efficiency of “Winshare’s publication” business. It will steadily push ahead the optimization and upgrading of channels and the development of business integration on the education service business front, continuously promote the education informatized and equipment business, and accelerate the development of labor and practice education business and teacher training business. In addition to enhancing its operation of online channels, the Group will strengthen the service business construction along the industry supply chain, and continue to enhance its product operation capability, supply chain capability and product development capability based on the advantages of online channels. It will continue to promote and improve quality and efficiency of physical bookstores, spare no efforts to guarantee the subscription and distribution service for learning materials of party history learning and education, and construct the core capabilities of customized solutions for government and corporate business reading service. Moreover, the Group will continue to improve its logistics service capabilities to steadily develop third-party logistics business, and gather social capital to continuously create a group of funds for improving the investment expansion capability and post-investment management level.

(V) POTENTIAL RISKS

The Group has formulated sound business objectives and optimized the operating plans. However, due to uncertainties in the external environment, if the management and administration, team building, ability to gather quality publication resources and resource allocation cannot cope with changes in the external environment, operating achievements far from the Company's expectations may arise. The Group will further improve the human resources management system, strengthen injection to quality publication resources, and improve the level of operation and management to ensure the achievement of business objectives.

In recent years, the Group has continued to explore the application of emerging technologies to drive the integration between the publishing industry and technology. However, due to rapid technological updates and iterations as well as the difficulty and complexity of the technology projects, there is risk that the results of technological innovation may fall short of expectation. The Group will continue to conduct in-depth research on the development trends of the integration of industry and technology, enhance information capture capability and quick response capability, and further improve the technological innovation mechanism, and strengthen the management of technological innovation decision-making, research and development investment and organization implementation.

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 adopted and complied with the applicable principles and the code provisions of the Corporate Governance Code and Corporate Governance Report ("**Code Provision**") 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 Board will be postponed and thus, the term of the Directors and Supervisors (the "**Supervisor(s)**") 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, for the purpose of regulating securities transactions by the Directors and Supervisors. Having made specific enquiries to each Director and Supervisor, all Directors and Supervisors confirmed that they have complied with the provisions as set out in the Model Code throughout the Period.

INTERIM DIVIDEND

The Board has not recommended the payment of an interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: Nil).

EVENTS AFTER THE PERIOD

By the date of this interim results announcement, there were no material events of the Group.

AUDIT COMMITTEE

The Company has established the audit committee (the “**Audit Committee**”) in compliance with the requirements under Rules 3.21 and 3.22 of 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 2021 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.

As at the date of this interim results announcement, to the best knowledge of the Board, the information contained in this interim results announcement is consistent with the information contained in the Company’s 2021 interim report.

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) respectively. The Company’s 2021 interim report will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company respectively on or before 30 September 2021.

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

Sichuan, the PRC, 26 August 2021

As at the date of this announcement, the Board comprises (a) Mr. Luo Yong and Mr. Liu Longzhang as executive Directors; (b) Mr. Dai Weidong, 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