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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The board (the “**Board**”) of directors (the “**Director(s)**”) of Xinhua Winshare Publishing and Media Co., Ltd.* (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2021 (the “**Year**” or “**Reporting Period**”).

CONSOLIDATED BALANCE SHEET 31 DECEMBER 2021

RMB

Item	Notes	31 December 2021	31 December 2020
Current Assets:			
Cash and bank balances	5	6,040,029,278.72	5,785,974,800.85
Held-for-trading financial assets		20,945.15	6,510,463.20
Notes receivable		10,545,962.27	4,344,936.39
Accounts receivable	6	1,555,884,147.93	1,586,906,258.90
Financing receivables		5,132,438.00	6,201,191.14
Prepayments		79,323,179.35	77,465,227.71
Other receivables		101,641,043.44	103,776,291.44
Inventories	7	2,742,158,426.84	2,130,621,634.21
Contract assets		34,660,471.53	—
Non-current assets due within one year		172,294,518.11	181,722,570.04
Other current assets	8	502,276,759.44	86,231,460.17
Total Current Assets		11,243,967,170.78	9,969,754,834.05

Item	Notes	31 December 2021	31 December 2020
Non-current Assets:			
Long-term receivables	9	143,479,125.91	313,418,082.51
Long-term equity investments	10	754,803,876.08	717,889,546.28
Other equity instrument investments	11	1,608,071,463.87	1,446,798,951.64
Other non-current financial assets	12	723,047,595.79	680,880,618.26
Investment properties		82,653,580.43	86,104,385.12
Fixed assets	13	2,014,782,433.12	2,009,270,646.85
Construction in progress		144,794,764.90	37,670,169.58
Right-of-use assets		345,014,851.31	447,482,542.47
Intangible assets		379,475,191.25	355,813,424.01
Development cost		2,561,158.72	18,870,289.43
Goodwill	14	500,571,581.14	500,571,581.14
Long-term prepaid expenses		15,260,900.36	12,194,296.86
Deferred tax assets		23,931,737.96	21,183,296.95
Other non-current assets	15	791,530,359.26	350,933,345.43
Total Non-current Assets		7,529,978,620.10	6,999,081,176.53
TOTAL ASSETS		18,773,945,790.88	16,968,836,010.58
Current Liabilities:			
Notes payable		45,285,599.60	45,838,225.28
Accounts payable	16	5,406,581,179.99	4,550,158,695.76
Contract liabilities	17	542,086,414.16	442,825,006.30
Employee benefits payable		594,173,428.34	472,779,571.05
Taxes payable		62,425,209.54	64,081,630.88
Other payables	18	386,886,795.47	655,979,050.64
Non-current liabilities due within one year		101,706,168.70	103,865,186.60
Other current liabilities		201,498,906.04	176,472,136.88
Total Current Liabilities		7,340,643,701.84	6,511,999,503.39

Item	Notes	31 December 2021	31 December 2020
Non-current Liabilities:			
Lease liabilities		259,594,365.23	357,266,005.19
Deferred income		31,146,881.78	45,644,566.05
Deferred tax liabilities		32,872,282.61	25,775,918.61
Total Non-current Liabilities		323,613,529.62	428,686,489.85
TOTAL LIABILITIES		7,664,257,231.46	6,940,685,993.24
Shareholders' Equity:			
Share capital	19	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	27	1,178,842,757.57	1,016,266,307.50
Surplus reserve		1,009,210,479.29	897,647,684.81
Retained profits	20	5,227,141,020.57	4,416,564,721.94
Total Shareholder's Equity Attributable to Equity Holders of the Parent		11,221,560,023.75	10,136,844,480.57
Non-controlling Interests		(111,871,464.33)	(108,694,463.23)
TOTAL SHAREHOLDERS' EQUITY		11,109,688,559.42	10,028,150,017.34
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		18,773,945,790.88	16,968,836,010.58

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

RMB

Item	Notes	Amount recognized in the current year	Amount recognized in the prior year
I. Operating income	<i>21</i>	10,460,363,983.51	9,008,056,554.27
Less: Operating costs	<i>21</i>	6,646,716,822.70	5,453,686,898.97
Taxes and levies		46,699,627.72	49,186,093.62
Selling expenses		1,121,009,338.73	1,184,329,784.17
Administrative expenses		1,453,389,763.05	1,204,845,480.50
Research and development expenditure		3,793,741.38	3,038,699.13
Finance expenses		(80,383,936.21)	(45,819,600.44)
Including: Interest expenses		19,487,842.59	22,163,954.57
Interest income		109,754,708.81	78,064,013.41
Add: Other income	<i>22</i>	81,146,478.58	91,859,820.38
Investment income	<i>23</i>	112,091,963.82	169,637,327.24
Including: Income from investments in associates and joint ventures		44,348,654.80	67,083,656.84
Gains from changes in fair values	<i>24</i>	71,685,949.54	101,627,007.34
Gain (loss) on credit impairment		(132,054,924.22)	(144,517,397.58)
Gain (loss) on asset impairment		(48,395,369.07)	(68,594,494.90)
Gains from disposal of assets		2,015,713.48	255,029.19
II. Operating profit		1,355,628,438.27	1,309,056,489.99
Add: Non-operating income		4,369,008.12	20,438,948.12
Less: Non-operating expenses		51,263,372.53	78,329,940.29
III. Total profit		1,308,734,073.86	1,251,165,497.82
Less: Income tax expenses	<i>26</i>	5,452,811.98	8,170,550.61

Item	Notes	Amount recognized in the current year	Amount recognized in the prior year
IV. Net profit		1,303,281,261.88	1,242,994,947.21
(I) Categorized by the nature of continuing operations			
1. Net profit from continuing operations		1,303,281,261.88	1,242,994,947.21
(II) Categorized by ownership:			
1. Net profit attributable to shareholders of the parent		1,305,941,469.01	1,262,778,545.44
2. Profit or loss attributable to non-controlling interests		(2,660,207.13)	(19,783,598.23)
V. Other comprehensive income, net of tax	27	161,264,784.17	36,968,447.67
Other comprehensive income attributable to shareholders of the parent, net of tax	27	161,264,784.17	36,968,447.67
(I) Other comprehensive income not reclassified to profit or loss	27	161,264,784.17	36,968,447.67
1. Changes in fair value of other equity instrument investments	27	161,264,784.17	36,968,447.67
VI. Total comprehensive income		1,464,546,046.05	1,279,963,394.88
Total comprehensive income attributable to shareholders of the parent		1,467,206,253.18	1,299,746,993.11
Total comprehensive income attributable to non-controlling interests		(2,660,207.13)	(19,783,598.23)
VII. Earnings per share:	28		
(I) Basic earnings per share		1.06	1.02
(II) Diluted earnings per share		N/A	N/A

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

RMB

Item	Amount recognized in the current year	Amount recognized in the prior year
I. Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services	11,118,245,552.45	9,588,783,630.79
Receipts of tax refunds	27,748,888.66	36,166,173.62
Other cash receipts relating to operating activities	212,251,761.50	223,123,233.54
Sub-total of cash inflows from operating activities	11,358,246,202.61	9,848,073,037.95
Cash payments for goods purchased and services received	6,712,233,583.71	5,556,870,229.85
Cash payments to and on behalf of employees	1,331,002,015.79	1,169,624,684.09
Payments of various types of taxes	158,899,022.53	153,537,186.56
Other cash payments relating to operating activities	1,108,782,003.37	1,149,235,646.98
Sub-total of cash outflows from operating activities	9,310,916,625.40	8,029,267,747.48
Net Cash Flow from Operating Activities	2,047,329,577.21	1,818,805,290.47
II. Cash Flows from Investing Activities:		
Cash receipts from disposals and recovery of investments	350,201,840.69	3,310,783,519.96
Cash receipts from investment income	73,149,634.02	188,342,215.83
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	3,947,138.21	2,963,890.24
Other cash receipts relating to investing activities	—	81,760,506.83
Sub-total of cash inflows from investing activities	427,298,612.92	3,583,850,132.86
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	273,749,887.65	246,466,701.71
Cash payments to acquire investments	632,154,425.63	2,065,455,965.68
Other cash payments relating to investing activities	800,000,000.00	240,000,000.00
Sub-total of cash outflows from investing activities	1,705,904,313.28	2,551,922,667.39
Net Cash Flow from Investing Activities	(1,278,605,700.36)	1,031,927,465.47

Item	Amount recognized in the current year	Amount recognized in the prior year
III. Cash Flows from Financing Activities:		
Cash payments for distribution of dividends and profits or settlement of interest expenses	383,022,507.41	370,534,292.38
Including: Payments for distribution of dividends and profits to non-controlling shareholders of subsidiaries	516,793.97	318,070.11
Other cash payments relating to financing activities	128,772,750.81	133,263,621.06
Sub-total of cash outflows from financing activities	511,795,258.22	503,797,913.44
Net Cash Flow from Financing Activities	(511,795,258.22)	(503,797,913.44)
IV. Net Increase in Cash and Cash Equivalents	256,928,618.63	2,346,934,842.50
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	5,997,769,686.81	5,740,841,068.18

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. BASIC INFORMATION ABOUT THE COMPANY

The Company was registered at Administration for Market Regulation of Sichuan Province on 11 June 2005 with the share capital of RMB733,370,000.00.

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

As approved by Reply on Approval of IPO of Xinhua Winshare Publishing and Media Co., Ltd. (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**”) to the public on 8 August 2016 and was listed on the Shanghai Stock Exchange. Upon the completion of IPO, the share capital of the Company changed into RMB1,233,841,000.00.

In accordance with the resolution made on the 6th meeting of 2021 of the fourth session of the Board of Directors on 21 May 2021, Mr. 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 Mr. He Zhiyong to Mr. Luo Yong. The industrial and commercial registration was completed on 21 June 2021. The registered address of the Company is located at Unit 1, 1/F, Block 4, No. 239, Jinshi Road, Jinjiang District, Chengdu, Sichuan and the headquarters is located at No.6 Wenxuan Road, Rongbei Shangmao Avenue, Chengdu, Sichuan.

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 of the Company is Sichuan Xinhua Publishing and Distribution Group Co., Ltd. The de facto controller of the Company is 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 (“**ASBE**”) and relevant regulations issued by the Ministry of Finance (“**MoF**”). In addition, the Group has disclosed relevant financial information in accordance with Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15 General Provisions on Financial Reporting (Revised in 2014), Hong Kong Companies Ordinance and Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Going concern

The Group assessed its ability to continue as a going concern for the 12 months subsequent to 31 December 2021, and found no events or circumstances that may cast significant doubts upon it. Hence the financial statements have been prepared on going concern basis.

3. TAX INCENTIVES AND OFFICIAL APPROVALS

Enterprise income tax

In accordance with the 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, State Administration of Taxation and Publicity Department of the Communist Party of China, the Company and its subsidiaries, Beijing Shuchuan Xinhua Bookstore Book Distribution Co., Ltd., Sichuan Xinhua Online Network Co., Ltd., Sichuan Xinhua Cultural Communication Co., Ltd. and the Company's thirteen publishing houses 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., which falls within the encouraged industries 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. ("**Beijing Aerospace Cloud**"), 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, for the period from 1 January 2021 to 31 December 2023, the Group's publications of certain category specified in this Notice during publishing phase are entitled to preferential policies of 100% reimbursement and 50% reimbursement, respectively, while the book wholesale and retail business is entitled to exemption from value-added tax.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

4.1 Accounting Standards for Business Enterprises Interpretation No.14

On 26 January 2021, the MoF issued the ASBE Interpretation No. 14 ("**Interpretation No. 14**") as the document Cai Kuai [2021] No. 1. Interpretation No. 14 standardizes the accounting treatment of social capital parties for public-private partnership (PPP) project contracts and the accounting treatment for changes to the basis for determining the underlying contractual cash flows resulting from the reform of benchmark rate. None of these developments has had a material effect on the Group's financial statements for the year ended 31 December 2021.

4.2 Accounting treatment requirements for rent concessions related to 2019 coronavirus disease ("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'" as the document Cai Kuai [2021] No. 9 ("**Circular No. 9**"), which adjusts the applicable scope of the document Cai Kuai [2020] No. 10 "Provisions on the Accounting Treatment of COVID-19 Related Rent Concessions" issued by the MoF on 19 June 2020. None of these developments has had a material effect on the Group's financial statements for the year ended 31 December 2021.

4.3 Accounting Standards for Business Enterprises Interpretation No.15

On 30 December 2021, the MoF issued the ASBE Interpretation No. 15 (“**Interpretation No. 15**”) as the document Cai Kuai [2021] No. 35. Interpretation No. 15 regulates the presentation of centralized fund management, with effect from the date of issuance. The Group’s presentation of centralized fund management before 30 December 2021 is consistent with the provisions of Interpretation No. 15. Accordingly, the Group is of the view that the adoption of such provisions has no material effect on the Group’s and the Company’s financial statements.

5. CASH AND BANK BALANCES

RMB

Item	Balance at the end of the current year			Balance at the end of the prior year		
	Amounts of the original currencies	Exchange rate	Amount in RMB	Amounts of the original currencies	Exchange rate	Amount in RMB
Cash on hand:						
RMB	1,482,033.90	1.0000	1,482,033.90	2,033,235.17	1.0000	2,033,235.17
Bank balances:						
RMB (Note 1)	5,994,827,856.42	1.0000	5,994,827,856.42	5,737,135,430.61	1.0000	5,737,135,430.61
USD	18,348.27	6.3757	116,983.07	18,346.38	6.5249	119,708.29
EUR	85.27	7.2197	615.62	85.27	8.0250	684.29
HKD	95,946.49	0.8176	78,445.85	35,578.73	0.8416	29,943.06
Other currency funds						
RMB (Note 2)	43,523,343.86	1.0000	43,523,343.86	46,655,799.43	1.0000	46,655,799.43
Total			6,040,029,278.72			5,785,974,800.85

Note 1: At the end of the current year, the bank balances include 3-month above term deposits amounting to RMB2,390,000,000.00 (31 December 2020: RMB1,678,331,780.82) with an interest rate ranging from 2.05% to 3.85%. During the current year, the management held the term deposit with the intention of flexible arrangement of funds and withdrew funds at any time depending on the capital needs.

Note 2: At the end of the current year, other cash and bank balances include the balances with Alipay App account and WeChat App account of RMB1,263,751.95 (31 December 2020: RMB1,522,066.76), and the balances of restricted currency funds of RMB42,259,591.91 (31 December 2020: RMB45,133,732.67). At the end of the current year, of the Group’s cash and bank balances with restricted ownership, there were security deposit for the issuance of bank acceptance bills of RMB4,487,927.88 (31 December 2020: RMB10,926,115.05); security deposit placed in bank for the issuance of guarantee letter of RMB8,087,289.68 (31 December 2020: RMB8,527,574.17); security deposit for travel service quality of Sichuan Winshare Xingzhi Study Tour Travel Agency Co., Ltd., a subsidiary of the Company, of RMB1,100,000.00 (31 December 2020: nil); special fund for housing reform and housing repair of RMB24,770,900.35 (31 December 2020: RMB24,727,430.45); bank deposits frozen as a result of the litigation of Sichuan Xinhua Printing Co., Ltd., a subsidiary of the Company, of RMB3,813,474.00 (31 December 2020: nil); no bank deposits frozen as a result of the completion of litigation of Beijing Aerospace Cloud, a subsidiary of the Company (31 December 2020: RMB952,613.00).

6. ACCOUNTS RECEIVABLE

(1) Disclosure by aging

Aging	Balance at the end of the current year			Balance at the end of the prior year			RMB
	Amount	Percentage (%)	Credit loss provision	Amount	Percentage (%)	Credit loss provision	
Within 1 year	1,623,399,614.62	76.27	198,507,069.96	1,424,892,544.66	81.12	201,121,723.66	1,491,149,501.89
More than 1 year but not exceeding 2 years	249,522,673.55	11.72	118,531,070.28	130,991,603.27	11.20	137,927,039.54	93,756,757.01
More than 2 years but not exceeding 3 years	127,972,595.20	6.01	127,972,595.20	-	3.03	63,142,430.17	-
More than 3 years	127,489,256.90	6.00	127,489,256.90	-	4.65	97,111,418.39	-
Total	2,128,384,140.27	100.00	572,499,992.34	1,555,884,147.93	100.00	499,302,611.76	1,586,906,258.90

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

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

The amount of provision for credit impairment loss in the current year was RMB116,981,603.94. The amount of credit loss provision reversed was RMB43,784,223.36.

(3) Accounts receivable actually written off for the current year

No accounts receivable was actually written off for the current period.

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

					RMB
Name of entity	Relationship with the Company	Balance at the end of the current year	Aging	As a percentage of the total accounts receivable (%)	Closing balance of credit loss provision of the current year
Customer A	Third party	122,035,301.16	Within 1 year, 1-2 years, 2-3 years, more than 3 years	5.73	58,522,636.72
Customer B	Third party	93,877,894.74	Within 1 year	4.41	2,816,336.84
Customer C	Third party	57,570,633.22	Within 1 year, 1-2 years, 2-3 years	2.70	13,960,710.50
Customer D	Third party	54,155,974.84	Within 1 year, 1-2 years	2.54	6,245,993.45
Customer E	Third party	40,786,417.00	1-2 years, 2-3 years	1.92	26,248,703.17
Total		368,426,220.96		17.30	107,794,380.68

7. INVENTORIES

(1) Categories of inventories

Item	Balance at the end of the current year		Balance at the end of the prior year		Carrying amount
	Book balance	Provision for impairment	Book balance	Provision for impairment	
Goods on hand	2,742,623,091.17	257,113,472.93	2,180,053,344.97	240,104,806.50	1,939,948,538.47
Work-in-progress	202,673,827.36	–	140,412,358.95	–	140,412,358.95
Raw materials	57,312,377.30	3,337,396.06	53,532,538.00	3,271,801.21	50,260,736.79
Total	3,002,609,295.83	260,450,868.99	2,373,998,241.92	243,376,607.71	2,130,621,634.21

(2) Provision for impairment of inventories

Categories of inventories	Decrease in write-off/reversal for the		31 December 2021
	1 January 2021	Provision for the current year	
Goods on hand	240,104,806.50	48,329,774.22	257,113,472.93
Raw materials	3,271,801.21	65,594.85	3,337,396.06
Total	243,376,607.71	48,395,369.07	260,450,868.99

Note: A provision for impairment of inventories amounting to RMB48,395,369.07 (2020: RMB61,388,572.04) was made in the current year. The provision for impairment of inventories written off due to retirement of inventories during the current year amounted to RMB17,001,545.61 (2020: RMB12,442,528.67). A reversal of provision for impairment of inventories amounting to RMB14,319,562.18 (2020: RMB17,902,018.43) was made since the goods where provision for impairment of inventories was made were sold. The provision totalled RMB31,321,107.79 (2020: RMB30,344,547.10).

8. OTHER CURRENT ASSETS

RMB

Item	Balance at the end of the current year	Balance at the end of the prior year
Refund costs receivable	89,691,547.73	61,433,364.54
VAT input tax to be deducted (<i>Note 1</i>)	11,355,211.82	24,798,095.63
Time deposits (<i>Note 2</i>)	401,229,999.89	—
Total	502,276,759.44	86,231,460.17

Note 1: VAT input tax to be deducted is the amount of VAT input tax to be deducted by the Group within one year in the future.

Note 2: Term deposits are fixed deposits and accrued interests that are held for more than three months and due within one year and the Group does not intend to withdraw in advance, the rate of which is 2.05% (31 December 2020: nil).

9. LONG-TERM RECEIVABLES

RMB

Item	Balance at the end of the current year			Balance at the end of the prior year			Range of discount rate
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount	
Goods sold by installments (<i>Note</i>)	372,822,149.55	57,048,505.53	315,773,644.02	495,140,652.55	–	495,140,652.55	4.75%-5%
Less: Long-term receivables included under non-current assets due within one year	202,851,573.83	30,557,055.72	172,294,518.11	181,722,570.04	–	181,722,570.04	4.75%-5%
Net	<u>169,970,575.72</u>	<u>26,491,449.81</u>	<u>143,479,125.91</u>	<u>313,418,082.51</u>	<u>–</u>	<u>313,418,082.51</u>	

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

10. LONG-TERM EQUITY INVESTMENTS

(1) Details of long-term equity investments:

Item	RMB	
	Balance at the end of the current year	Balance at the end of the prior year
Book balance of long-term equity investment	761,451,221.65	724,536,891.85
Less: Provision for impairment of long-term equity investment	6,647,345.57	6,647,345.57
Carrying amount of long-term equity investment	<u>754,803,876.08</u>	<u>717,889,546.28</u>

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

RMB

Investee	1 January 2021	Changes for the current year						Provision for impairment loss	Others	31 December 2021	Closing balance of provision for impairment
		Addition in investment	Reduction in investment	Investment gain recognized under equity method	Adjustment of other comprehensive income	Changes in other equity	Distribution of cash dividends or profits declared				
Joint Ventures											
Hainan Publishing House Co., Ltd. ("Hainan Publishing House")	201,674,680.56	-	-	30,948,284.03	-	-	-	-	-	232,622,964.59	-
Sichuan Fudou Technology Co., Ltd. ("Fudou Technology")	-	-	-	-	-	-	-	-	-	-	-
Sanya Xuancai Venture Capital Investment Fund Management Co., Ltd. ("Sanya Xuancai") (originally known as "Shenzhen Xuancai Venture Capital Investment Fund Management Co., Ltd.") (Note 1)	12,350,021.47	-	-	160,274.44	-	-	-	-	-	12,510,295.91	-
Liangshan Xinhua Winshare Education Technology Co., Ltd. ("Liangshan Xinhua Winshare") (Note 2)	20,013,293.32	-	-	35,682.16	-	-	-	-	-	20,048,975.48	-
Subtotal	234,037,995.35	-	-	31,144,240.63	-	-	-	-	-	265,182,235.98	-
Associates											
Sichuan Winshare BLOGIS Supply Chain Co., Ltd ("Winshare BLOGIS") (Note 3)	45,894,372.58	-	-	340,183.08	-	-	-	-	-	46,234,555.66	-
The Commercial Press (Chengdu) Co., Ltd.	3,290,451.36	-	-	429,724.22	-	-	-	-	-	3,720,175.58	-
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	11,260,393.34	-	-	70,630.55	-	-	(1,600,000.00)	-	-	9,731,023.89	-
Guizhou Xinhua Winshare Book Audio-Visual Product Chainstore Co., Ltd. ("Guizhou Winshare")	-	-	-	-	-	-	-	-	-	-	-
Ming Bo Education Technology Holdings Co., Ltd.	30,511,387.57	-	-	(2,261,848.20)	-	-	-	-	-	28,249,539.37	-
Shanghai Jingjie Information Technology Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-
Sichuan Winshare Preschool Educational Management Co., Ltd.	5,622,359.24	-	-	(248,720.84)	-	-	-	-	-	5,373,638.40	(1,604,619.30)
Chengdu Winshare Venture Capital Investment Fund Management Co., Ltd.	36,632,411.19	-	-	12,012,243.10	-	-	-	-	-	48,644,654.29	-
Sichuan Education and Science Forum Magazine Press Co., Ltd.	787,195.45	-	-	113,190.96	-	-	(8,000.00)	-	-	892,386.41	-

Investee	1 January 2021	Changes for the current year							Closing balance of provision for impairment
		Addition in investment	Reduction in investment	Investment gain recognized under equity method	Adjustment of other comprehensive income	Changes in other equity	Distribution of cash dividends or profits declared	Provision for impairment loss	
							Others	31 December 2021	
Fuzhou Winshare Technology Partnership (Limited Partnership) ("Fuzhou Winshare") (Note 4)	6,617,923.97	-	-	49,658.77	-	-	-	6,667,582.74	-
Sichuan Jiaoyang Sihuo Film Co., Ltd.	127,233.36	-	-	(1,381.24)	-	-	-	125,852.12	-
Xinhua Yingxuan (Beijing) Screen Culture Co., Ltd.	5,824,727.43	-	-	(4,869,363.64)	-	-	-	955,363.79	(5,042,726.27)
Tianjin Tianxi Zhongda Cultural Development Co., Ltd. ("Tianxi Zhongda") (Note 5)	20,035,328.55	-	-	508,970.43	-	-	-	20,544,298.98	-
Winshare Yinshi (Beijing) Cultural Communication Co., Ltd. ("Winshare Yinshi") (Note 6)	186,691.89	-	-	92,058.43	-	-	-	278,750.32	-
Hainan Phoenix Xinhua Publishing and Distribution Co., Ltd. ("Hainan Phoenix") (Note 7)	317,061,075.00	-	-	7,236,587.71	-	-	(6,726,325.00)	317,571,337.71	-
Sichuan Cuiya Education Technology Co., Ltd. ("Cuiya Education") (Note 8)	-	900,000.00	-	(267,519.16)	-	-	-	632,480.84	-
Subtotal	483,851,550.93	900,000.00	-	13,204,414.17	-	-	(8,334,325.00)	489,621,640.10	(6,647,345.57)
Total	717,889,546.28	900,000.00	-	44,348,654.80	-	-	(8,334,325.00)	754,803,876.08	(6,647,345.57)

- Note 1:* According to the articles of association of Sanya Xuancai, Winshare Investment Co., Ltd. (“**Winshare Investment**”), a subsidiary of the Company, has 40% of the voting rights in the shareholders’ meeting and the other two shareholders will enjoy 30% of the voting rights respectively. Resolutions of annual financial budget plans, final accounting plan, profit distribution and make up losses plans made by the shareholders’ meeting of Sanya Xuancai shall be approved by over 75% of the votes from the shareholders. Therefore, Winshare Investment and the other two shareholders have joint control over Sanya Xuancai which is a joint venture of the Group.
- Note 2:* In March 2017, the Company and Xichang Xinhua Bookstore entered into an investment agreement, jointly establishing Liangshan Xinhua Winshare, with a shareholding proportion of 49% and 51% respectively. According to the articles of association, the resolution of Liangshan Xinhua Winshare on the events such as annual financial budget plan, final accounting plan, profit distribution and making up losses plans etc. must be approved by the shareholders representing more than two-thirds of the voting power. Therefore, the Company and Xichang Xinhua Bookstore have common control over Liangshan Xinhua Winshare. Therefore, Liangshan Xinhua Winshare is a joint venture of the Group.
- Note 3:* In June 2017, Sichuan Wenchuan Logistics Co., Ltd., a subsidiary of the Company, entered into the Investment Agreement with BLOGIS Holdings Limited and Chengdu Longchuang Investment Management Center (Limited Partnership) to jointly establish Winshare BLOGIS with a shareholding proportion of 45%, 40% and 15%, respectively. According to the articles of association, the resolutions of Winshare BLOGIS on the events such as annual financial budget plan, final accounting plan, profit distribution and making up losses plans etc. must be approved by the shareholders representing more than 50% of the voting power at the general meeting of Winshare BLOGIS. Therefore, Winshare BLOGIS is an associate of the Group.
- Note 4:* As a limited partner, Winshare Investment, a subsidiary of the Company, contributed 56.34% of the total subscribed capital to Fuzhou Winshare. According to the partnership agreement of Fuzhou Winshare, the Investment Decision-making Committee is responsible for the decision of fund projects. Winshare Investment holds 25% of the voting rights in the Investment Decision-making Committee, by which it can exert significant influence on Fuzhou Winshare. Therefore, Fuzhou Winshare is an associate of the Group.
- Note 5:* In July 2019, Sichuan Tiandi Publishing House Co., Ltd. (“**Tiandi Publishing House**”), a subsidiary of the Company, and Shanghai Ximalaya Network Technology Co., Ltd. (“**Shanghai Ximalaya**”) entered into an investment agreement, jointly establishing Tianxi Zhongda, with a shareholding proportion of 40% and 60% respectively. In 2020, Shanghai Ximalaya transferred 5% of the equity interests of Tianxi Zhongda it held to Huang Wenhua, and in June 2021, Shanghai Ximalaya transferred 55% of the equity interests of Tianxi Zhongda it held to Shanghai Xizhao Network Technology Co., Ltd. According to the latest articles of association of Tianxi Zhongda, the resolutions of Tianxi Zhongda on the events such as annual financial budget plan, final accounting plan, profit distribution and making up losses plans etc. must be approved by the shareholders representing more than 50% of the voting power. Therefore, Tianxi Zhongda is an associate of the Group.

Note 6: In August 2019, the Company entered into an investment agreement with Beijing Guoling Smart Health and Elderly Care Industry Development Centre and Fenglinhong (Beijing) Cultural Communication Co., Ltd., jointly establishing Winshare Yinshi, with a shareholding proportion of 40%, 30% and 30% respectively. According to the articles of association, the resolutions of Winshare Yinshi on the events such as annual financial budget plan, final accounting plan, profit distribution and making up losses plans etc. must be approved by the shareholders representing more than 50% of the voting power. Therefore, Winshare Yinshi is an associate of the Group.

Note 7: On 30 December 2020, Hainan Xinhua Bookstore Group Co., Ltd. (“**Hainan Xinhua Bookstore**”) transferred 25% equity interests in Hainan Phoenix to the Company by way of transfer under an agreement. According to the articles of association of Hainan Phoenix, the Company has appointed two directors to Hainan Phoenix and is able to exercise significant influence over Hainan Phoenix. Therefore, Hainan Phoenix is an associate of the Group.

Note 8: On 14 July 2021, the Company entered into an investment agreement with Sichuan Magic Cloud Technology Co., Ltd., Sichuan Daily Newspaper Network Media Development Company Limited, Sichuan Lianxiang Future Technology Partnership (Limited Partnership), Sichuan Cable Radio and Television Network Co., Ltd. and Sichuan Rennixue Education Technology Co., Ltd., jointly establishing Cuiya Education, with a shareholding proportion of 18%, 34%, 18%, 15%, 11% and 4% respectively. According to the articles of association of Cuiya Education, the Company has appointed one director to Cuiya Education. The chairman of the board of directors shall be recommended by the Company and elected and removed by more than half of the directors of the board of directors. As the Company is able to exercise significant influence over Cuiya Education, Cuiya Education is an associate of the Group.

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

RMB

Item	Balance at the end of the current year		Balance at the end of the prior year	
	Unrecognized investment losses for the current year	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
Fudou Technology	324,454.42	2,889,700.24	1,728,044.32	2,565,245.82
Total	324,454.42	8,447,690.94	1,728,044.32	8,123,236.52

11. OTHER EQUITY INSTRUMENT INVESTMENTS

(1) Details of other equity instrument investments

Other equity instrument investments designated at FVTOCI

RMB

Item	Balance at the end of the current year	Balance at the end of the prior year
Anhui Xinhua Media Co., Ltd. (“Wan Xin Media”)	646,881,600.00	592,040,000.00
Jiangsu Hagong Intelligent Robot Co., Ltd. (“HGZN”)	814,470.06	783,557.83
Bank of Chengdu Co., Ltd. (“Bank of Chengdu”)	960,000,000.00	853,600,000.00
Others	375,393.81	375,393.81
Total	1,608,071,463.87	1,446,798,951.64

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

RMB

Item	Dividend income recognized for the current year	Accumulated profits (losses)	Amount transferred from other comprehensive income to retained earnings during the current year	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 year
Wan Xin Media	19,942,400.00	460,466,272.00	–	The investment	N/A
HGZN	–	23,184.92	–	is not held for the	N/A
Bank of Chengdu	36,800,000.00	720,000,000.00	–	purpose of selling it	N/A
Others	–	(2,958,365.25)	(1,311,665.90)	in the near term for short-term gains.	Deregistration of an investee company
Total	56,742,400.00	1,177,531,091.67	(1,311,665.90)		

12. OTHER NON-CURRENT FINANCIAL ASSETS

RMB

Item	Balance at the end of the current year	Balance at the end of the prior year
Citic Buyout Investment Fund (Shenzhen) Partnership (Limited Partnership) (“ Citic Buyout Fund ”) (Note 1)	195,611,536.30	191,250,814.72
Winshare Hengxin (Shenzhen) Equity Investment Fund Partnership (Limited Partnership) (“ Winshare Hengxin ”) (Note 2)	266,629,597.40	233,637,441.71
Qingdao Goldstone Zhixin Investment Center (Limited Partnership) (“ Qingdao Goldstone ”) (Note 3)	106,766,123.51	111,676,675.26
Ningbo Meishan Free Trade Port Winshare Dingsheng Equity Investment Partnership (Limited Partnership) (Note 4)	151,040,338.58	141,315,686.57
Xinhua Internet E-commerce Co., Ltd. (“ Xinhua Internet ”) (Note 5)	3,000,000.00	3,000,000.00
Total	723,047,595.79	680,880,618.26

Note 1: Gains from changes in fair values for the current year were RMB16,449,851.92, and the recovery of the exit money due to liquidation of investment project totaled RMB12,089,130.34.

Note 2: Gains from changes in fair values for the current year were RMB64,241,612.69, and the recovery of the exit money due to liquidation of investment project totaled RMB31,249,457.00.

Note 3: Losses from changes in fair values for the current year were RMB4,910,551.75, and dividends of RMB6,914,198.77 were received from Qingdao Goldstone, which were included in investment income.

Note 4: During the current year, new investment cost amounted to RMB13,822,259.15, and losses from changes in fair values were RMB4,097,607.14.

Note 5: In November 2020, the Company entered into an investment agreement with Xinhua Bookstore Headquarters Co., Ltd. and Wan Xin Media to make an investment of RMB3,000,000.00 in Xinhua Internet. The shareholding of the Company was 1.6585%.

13. FIXED ASSETS

(1) Fixed assets

RMB

Item	Buildings	Machinery and equipment	Electronic equipment and others	Transportation vehicles	Total
Cost as at 31 December 2021	2,487,640,245.98	329,413,289.92	192,355,595.09	113,064,079.85	3,122,473,210.84
Accumulated depreciated as at 31 December 2021	643,516,713.29	252,238,396.94	144,636,923.42	67,298,744.07	1,107,690,777.72
Provision for impairment of fixed assets as at 31 December 2021	–	–	–	–	–
Carrying amount as at 31 December 2021	1,844,123,532.69	77,174,892.98	47,718,671.67	45,765,335.78	2,014,782,433.12

(2) As at the end of the current period, fixed assets of which certificates of title have not been obtained amounted to RMB169,137,000.13 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 period.

14. GOODWILL

(1) Original carrying amount of goodwill

RMB

Name of the investee or item resulting in goodwill	1 January 2021	Increase in the current year	Decrease in the current year	31 December 2021
Acquisitions of 15 publishing companies (Note)	500,571,581.14	–	–	500,571,581.14
Others	3,851,606.53	–	–	3,851,606.53
Total	504,423,187.67	–	–	504,423,187.67

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

The recoverable amount of these asset groups is determined based on the present value of its expected future cash flows. The future cash flows are determined based on the financial budget approved by the management for the five-year period. All budget gross profits during the budget period are determined based on the average gross profit achieved in the five years (from 2017 to 2021) before the historical year. The growth rate of operating income after 5 years is from nil to 2% (31 December 2020: nil to 2%). Discount rate of 14% to 15% (31 December 2020: 14% to 15%) is proposed according to the specific risk of publishing business.

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

(2) Provision for impairment loss of goodwill

RMB

Name of the investee or item resulting in goodwill	1 January 2021	Increase in the current year	Decrease in the current year	31 December 2021
Others	3,851,606.53	–	–	3,851,606.53

15. OTHER NON-CURRENT ASSETS

RMB

Item	Balance at the end of the current year	Balance at the end of the prior year
Prepaid purchase price for land	35,355,838.00	35,355,838.00
VAT input tax to be deducted (Note 1)	68,477,191.12	60,228,693.74
Prepaid purchase price for property	29,043,520.00	13,904,800.00
Term deposits (Note 2)	658,653,810.14	241,444,013.69
Total	791,530,359.26	350,933,345.43

Note 1: The VAT input tax to be deducted is the amount of VAT input tax to be deducted by the Group within one year in the future.

Note 2: The term deposits are fixed deposits and interests that the Group cannot withdraw in advance or does not intend to withdraw in advance within one year, with interest rates ranging from 3.50% to 4.07%.

16. ACCOUNTS PAYABLE

Details of aging analysis of accounts payable are as follows:

RMB

Item	Balance at the end of the current year	Balance at the end of the prior year
Within 1 year	4,137,818,371.49	3,597,085,730.79
More than 1 year but not exceeding 2 years	815,849,243.13	611,824,665.46
More than 2 years but not exceeding 3 years	254,492,255.24	166,494,831.79
More than 3 years	198,421,310.13	174,753,467.72
Total	5,406,581,179.99	4,550,158,695.76

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

17. CONTRACT LIABILITIES

(1) Presentation of contract liabilities

RMB

Item	Balance at the end of the current year	Balance at the end of the prior year
Advanced receipts for sold goods	539,851,504.56	440,976,479.36
Membership card points	2,234,909.60	1,848,526.94
Total	542,086,414.16	442,825,006.30

- (2) During the current year, the Group recognized revenue of RMB442,825,006.30 which was within the carrying amount of contract liabilities at the beginning of the year, including contract liabilities of RMB440,976,479.36 arising from advanced receipts for sold goods, and contract liabilities of RMB1,848,526.94 arising from membership card points. It is expected that carrying amount of advanced receipts for sold goods at the end of the year will be recognized as revenue in 2022.

(3) Analysis on contract liabilities

The Group's receipts in advance for goods sold are mainly advanced receipts from books sold to customers such as 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 exceeding a certain level, points 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 corresponding respective selling prices. Sale consideration allocated to reward points is recognized as contract liabilities, and as revenue upon redemption.

18. OTHER PAYABLES

RMB

Item	Balance at the end of the current year	Balance at the end of the prior year
Amounts due to related parties	15,993,430.45	48,205,419.86
Security deposit/deposit/quality warranty/performance security	73,913,820.63	55,047,287.60
Construction and infrastructure construction expenses	72,072,547.92	21,121,626.42
Amounts due to/from other entities	13,967,874.80	46,607,276.02
Investment payables (Note)	–	317,061,075.00
Others	210,939,121.67	167,936,365.74
Total	386,886,795.47	655,979,050.64

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

Note: On 30 December 2020, Hainan Xinhua Bookstore transferred its 25% equity interests in Hainan Phoenix to the Company by way of agreement transfer at a total consideration of RMB317,061,075.00. The Group settled such payment on 6 January 2021.

19. SHARE CAPITAL

RMB

Item	1 January 2021	Issue of new shares	Changes for the current year			Subtotal	31 December 2021
			Bonus issue	Capitalization of surplus reserve	Others		
Total number of shares	1,233,841,000.00	–	–	–	–	–	1,233,841,000.00

RMB

Item	1 January 2020	Issue of new shares	Changes for the prior year			Subtotal	31 December 2020
			Bonus issue	Capitalization of surplus reserve	Others		
Total number of shares	1,233,841,000.00	–	–	–	–	–	1,233,841,000.00

20. RETAINED PROFITS

RMB

Item	Current year	Prior year	Proportion of appropriation or distribution
Retained profits at the beginning of the year	4,416,564,721.94	3,629,232,391.16	
Add: Net profit attributable to shareholders of the parent for the current year	1,305,941,469.01	1,262,778,545.44	
Less: Appropriation to statutory surplus reserve	111,562,794.48	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)
Retained profits at the end of the year	5,227,141,020.57	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 at 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)) were distributed.

(3) Internal carry-over within equity

Due to the deregistration of the investee, during the current year, the Company derecognized the non-trading equity instrument investment designated as at FVTOCI, and transferred the total accumulated loss of RMB1,311,665.90 of prior years from other comprehensive income to retained earnings.

(4) Appropriation to surplus reserve by subsidiaries

At the end of the current year, the balance of the Group's retained profits includes the surplus reserve of RMB173,988,205.30 (31 December 2020: RMB163,620,261.97) appropriated to subsidiaries.

21. OPERATING INCOME AND OPERATING COSTS

(1) Operating income and operating costs

RMB

Item	Amount recognized in the current year	Amount recognized in the prior year
Principal operating income	10,293,803,203.30	8,873,374,924.36
Other operating income (<i>Note 1</i>)	166,560,780.21	134,681,629.91
Total income	10,460,363,983.51	9,008,056,554.27
Operating costs (<i>Note 2</i>)	6,646,716,822.70	5,453,686,898.97

Note 1: Included in other operating income was commissions from concessionaire sales of RMB38,718,193.60. Among which, gross revenue from concessionaire sales was RMB254,726,964.79 and gross cost from concessionaire sales was RMB216,008,771.19 (2020: commissions from concessionaire sales of RMB39,135,568.21. Among which, gross revenue from concessionaire sales was RMB277,165,035.13 and gross cost from concessionaire sales was RMB238,029,466.92).

Note 2: During the Year, the Group has analyzed and sorted out the expenses related to contract performance costs in accordance with the revenue standard, and the transportation fees and logistics fees arising from the performance of contract obligations were included in the operating cost accounting as contract performance costs.

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

RMB

Item	Operating income		Operating costs	
	Amount recognized in the current year	Amount recognized in the prior year	Amount recognized in the current year	Amount recognized in the prior year
Publication segment				
Textbooks and supplementary materials	1,615,686,656.08	1,441,306,485.11	905,225,178.17	813,140,144.13
General books	809,571,981.81	677,624,735.81	611,125,128.44	473,711,913.12
Printing and supplies	336,496,494.70	266,244,949.59	301,538,341.08	237,648,319.21
Newspapers and journals	48,164,073.79	35,957,382.82	26,714,236.17	18,485,622.62
Others	47,648,259.86	41,918,353.79	20,088,224.85	16,953,471.60
Subtotal	2,857,567,466.24	2,463,051,907.12	1,864,691,108.71	1,559,939,470.68
Distribution segment				
Education services	5,848,264,093.41	5,386,014,599.89	3,651,769,918.31	3,311,627,315.62
Including: Textbooks and supplementary materials	5,366,021,188.96	4,771,902,213.75	3,250,109,964.70	2,789,297,332.30
Education informatized and equipment business	374,373,194.47	555,158,358.25	311,572,893.69	479,971,492.60
Online sales	2,301,018,988.11	1,671,227,992.84	2,022,753,037.45	1,409,378,272.69
Retailing	771,945,479.86	630,614,254.64	491,027,321.10	391,406,109.28
Others	230,272,606.16	224,440,913.83	162,433,229.83	195,996,946.44
Subtotal	9,151,501,167.54	7,912,297,761.20	6,327,983,506.69	5,308,408,644.03
Others	470,301,480.19	409,067,036.90	422,140,451.47	362,920,869.25
Less: Inter-segment elimination	2,019,006,130.46	1,776,360,150.95	1,968,098,244.17	1,777,582,084.99
Total	10,460,363,983.51	9,008,056,554.27	6,646,716,822.70	5,453,686,898.97

22. OTHER INCOME

RMB

Item	Amount recognized in the current year	Amount recognized in the prior year
Book publishing subsidies	30,758,966.58	28,500,217.97
VAT first levied then returned	27,748,888.66	36,166,173.62
Other financial subsidies	22,638,623.34	27,193,428.79
Total	81,146,478.58	91,859,820.38

23. INVESTMENT INCOME

RMB

Item	Amount recognized in the current year	Amount recognized in the prior year
Income from long-term equity investments under equity method	44,348,654.80	67,083,656.84
Investment income from disposal of long-term equity investments	—	(247,308.93)
Investment income obtained during the holding of other non-current financial assets	6,914,198.77	2,044,245.43
Dividend income obtained during the holding of other equity instrument investments	56,742,400.00	53,544,416.02
Investment income from disposal of held-for-trading financial assets	2,676,364.26	47,212,317.88
Others	1,410,345.99	—
Total	112,091,963.82	169,637,327.24

24. GAINS FROM FAIR VALUE CHANGE

RMB

Source of gains from fair value change	Amount recognized in the current year	Amount recognized in the prior year
Financial assets at FVTPL	71,685,949.54	101,627,007.34
Including: Other non-current financial assets	71,683,305.72	101,623,609.80
Held-for-trading financial assets	2,643.82	3,397.54
Total	71,685,949.54	101,627,007.34

25. 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 Group's business types. The Group's management regularly 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 including books, journals, audio-visual products and digital products; provision of printing services and supply of printing materials; and

Distribution segment : Distribution of textbooks and supplementary materials to schools, teachers and students and provision of education informatized and equipment service for secondary and primary schools; retailing, distribution and online sales of publications, etc.

Other businesses of the Group cover provision of capital operations, logistic service and 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 the management. The accounting policies and measurement criteria are consistent with the accounting policies and measurement criteria in the preparation of the financial statements.

(1) Segment reporting information

Current year

RMB

Item	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	Total
External revenue	1,009,321,662.94	9,142,824,157.93	308,218,162.64	–	–	10,460,363,983.51
Inter-segment revenue	1,848,245,803.30	8,677,009.61	162,083,317.54	–	(2,019,006,130.45)	–
Total operating income	<u>2,857,567,466.24</u>	<u>9,151,501,167.54</u>	<u>470,301,480.18</u>	<u>–</u>	<u>(2,019,006,130.45)</u>	<u>10,460,363,983.51</u>
Operating profit	707,896,689.98	581,077,345.26	72,123,927.49	28,655,677.12	(34,125,201.58)	1,355,628,438.27
Non-operating income	578,390.07	2,611,082.73	1,179,535.32	–	–	4,369,008.12
Non-operating expenses	727,588.38	50,409,516.23	126,267.92	–	–	51,263,372.53
Total profit	<u>707,747,491.67</u>	<u>533,278,911.76</u>	<u>73,177,194.89</u>	<u>28,655,677.12</u>	<u>(34,125,201.58)</u>	<u>1,308,734,073.86</u>
Total assets	<u>8,229,020,305.12</u>	<u>12,447,725,388.55</u>	<u>1,417,517,315.88</u>	<u>1,834,385,054.33</u>	<u>(5,154,702,273.00)</u>	<u>18,773,945,790.88</u>
Total liabilities	<u>3,456,045,005.70</u>	<u>8,643,319,588.21</u>	<u>521,821,666.74</u>	<u>45,810,739.35</u>	<u>(5,002,739,768.54)</u>	<u>7,664,257,231.46</u>
Supplementary information						
Depreciation	17,099,113.60	215,512,517.69	23,812,318.85	–	–	256,423,950.14
Amortization	4,287,191.48	40,063,282.98	2,611,810.89	–	–	46,962,285.35
Interest income	1,468,619.80	107,857,361.25	428,727.76	–	–	109,754,708.81
Loss on credit impairment recognized in the current period	28,975,584.73	103,622,736.58	(543,397.09)	–	–	132,054,924.22
Impairment losses of assets recognized in the current period	18,592,027.43	29,803,341.64	–	–	–	48,395,369.07
Investment gains from long-term equity investment under equity method	620,780.14	31,165,515.27	12,562,359.39	–	–	44,348,654.80
Long-term equity investments under equity method	21,562,537.51	619,184,249.97	114,057,088.60	–	–	754,803,876.08
Capital expenditure	6,004,548.82	286,223,649.95	1,236,591.68	–	–	293,464,790.45
Including: Construction in progress expense	105,378.76	163,552,195.16	–	–	–	163,657,573.92
Expenditure arising from purchase of fixed assets	1,414,150.37	85,816,035.11	1,125,795.23	–	–	88,355,980.71
Expenditure arising from purchase of intangible assets	2,484,011.76	11,708,154.39	110,796.45	–	–	14,302,962.60
Development cost	<u>2,001,007.93</u>	<u>25,147,265.29</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>27,148,273.22</u>

Prior year**RMB**

	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	Total
External revenue	837,043,013.24	7,903,362,375.69	267,651,165.34	–	–	9,008,056,554.27
Inter-segment revenue	1,626,008,893.88	8,935,385.51	141,415,871.56	–	(1,776,360,150.95)	–
Total operating income	<u>2,463,051,907.12</u>	<u>7,912,297,761.20</u>	<u>409,067,036.90</u>	<u>–</u>	<u>(1,776,360,150.95)</u>	<u>9,008,056,554.27</u>
Operating profit	644,015,860.41	505,089,489.57	63,168,659.41	70,826,960.07	25,955,520.53	1,309,056,489.99
Non-operating income	7,994,922.35	12,238,767.66	205,258.11	–	–	20,438,948.12
Non-operating expenses	459,715.40	77,870,023.64	201.25	–	–	78,329,940.29
Total profit	<u>651,551,067.36</u>	<u>439,458,233.59</u>	<u>63,373,716.27</u>	<u>70,826,960.07</u>	<u>25,955,520.53</u>	<u>1,251,165,497.82</u>
Total assets	<u>7,371,667,566.98</u>	<u>11,186,850,518.16</u>	<u>1,353,835,243.58</u>	<u>1,661,074,111.66</u>	<u>(4,604,591,429.80)</u>	<u>16,968,836,010.58</u>
Total liabilities	<u>2,916,032,420.21</u>	<u>7,926,779,537.40</u>	<u>533,620,715.55</u>	<u>51,007,446.99</u>	<u>(4,486,754,126.91)</u>	<u>6,940,685,993.24</u>
Supplementary information						
Depreciation	18,567,984.12	157,167,861.58	28,762,545.67	–	–	204,498,391.37
Amortization	4,780,270.46	45,174,173.42	2,645,226.02	–	–	52,599,669.90
Interest income	1,374,739.76	75,927,465.95	761,807.70	–	–	78,064,013.41
Loss on credit impairment recognized in the current period	17,972,499.80	123,643,050.79	2,901,846.99	–	–	144,517,397.58
Impairment losses of assets recognized in the current period	32,049,043.11	36,078,004.53	467,447.26	–	–	68,594,494.90
Investment gains from long-term equity investment under equity method	825,551.63	21,990,940.13	44,267,165.08	–	–	67,083,656.84
Long-term equity investments under equity method	20,949,757.36	595,445,059.71	101,494,729.21	–	–	717,889,546.28
Capital expenditure	8,523,451.78	252,914,152.65	1,940,977.24	–	–	263,378,581.67
Including: Construction in progress expense	120,205.80	21,356,636.43	–	–	–	21,476,842.23
Expenditure arising from purchase of fixed assets	3,409,610.38	211,820,665.53	1,940,977.24	–	–	217,171,253.15
Expenditure arising from purchase of intangible assets	2,931,257.33	5,302,032.10	–	–	–	8,233,289.43
Development cost	<u>2,062,378.27</u>	<u>14,434,818.59</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>16,497,196.86</u>

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

As more than 99% of the Group's income is sourced from PRC customers and most of the Group's assets are located in China, the regional data are not disclosed.

(3) Concentration on major customers

The Group's revenue from its single largest customer for the current year was RMB1,050,094,376.09 (prior year: RMB1,011,905,166.86), which was attributable to the distribution segment. Apart from the aforesaid single largest customer, the Group had no external customer from which the revenue accounted for 10% or more of the total revenue in the current year and prior 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 or the attributable liabilities resulting from the operating activities of a segment.

26. INCOME TAX EXPENSES

<i>RMB</i>		
Item	Amount recognized in the current year	Amount recognized in the prior year
Current tax calculated according to tax laws and relevant requirements	1,112,617.05	42,322,578.72
Deferred income tax expenses	4,340,194.93	(34,152,028.11)
Total	5,452,811.98	8,170,550.61

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

<i>RMB</i>		
Item	Amount recognized in the current year	Amount recognized in the prior year
Accounting profit	1,308,734,073.86	1,251,165,497.82
Income tax expenses calculated at 25%	327,183,518.47	312,791,374.49
Tax concessions	(348,327,878.16)	(319,139,430.75)
Effect of non-deductible expenses	35,696,693.77	33,659,426.99
Effect of non-assessable income	(14,307,562.64)	(13,386,104.01)
Effect of utilization of deductible losses for which no deferred income tax asset was recognized in the prior period	(6,417,555.62)	(8,612,514.64)
Effect of utilization of deductible temporary differences for which no deferred income tax asset was recognized in the prior period	(15,057,981.83)	(9,652,406.87)
Effect of deductible temporary differences or deductible losses for which no deferred income tax asset was recognized during the current period	26,683,577.99	12,510,205.40
Total	5,452,811.98	8,170,550.61

27. OTHER COMPREHENSIVE INCOME

RMB

Item	1 January 2021	Changes for the current year					31 December 2021
		Amount before income tax for the current period	Less: Income tax expenses	Post-tax amount attributable to the owner of the parent	Post-tax amount attributable to the non-controlling shareholders	Less: Amount included in other comprehensive income (loss) in the prior period that is transferred to retained earnings	
Other comprehensive income that cannot be reclassified into profit or loss	1,016,266,307.50	161,272,512.23	7,728.06	161,264,784.17	-	(1,311,665.90)	1,178,842,757.57
Changes in fair value of other equity instrument investments	1,016,266,307.50	161,272,512.23	7,728.06	161,264,784.17	-	(1,311,665.90)	1,178,842,757.57

RMB

Item	1 January 2020	Changes for the prior year					31 December 2020
		Amount before income tax for the current period	Less: Income tax expense	Post-tax amount attributable to the owner of the parent	Post-tax amount attributable to the non-controlling shareholders	Less: Amount included in other comprehensive income (loss) in the prior period that is transferred to retained earnings	
Other comprehensive income that cannot be reclassified into profit or loss	979,297,859.83	36,953,663.56	(14,784.11)	36,968,447.67	-	-	1,016,266,307.50
Changes in fair value of other equity instrument investments	979,297,859.83	36,953,663.56	(14,784.11)	36,968,447.67	-	-	1,016,266,307.50

28. CALCULATION PROCESS OF BASIC EARNINGS PER SHARE

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

RMB

	Amount recognized in the current year	Amount recognized in the prior year
Net profit for the current period attributable to ordinary shareholders	1,305,941,469.01	1,262,778,545.44
Including: Net profit from continuing operations	1,305,941,469.01	1,262,778,545.44

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

	<i>Shares</i>	
	Current year	Prior year
Number of ordinary shares outstanding at the beginning of year	1,233,841,000	1,233,841,000
Weighted number of ordinary shares outstanding at the end of year	1,233,841,000	1,233,841,000

Earnings per share:

	<i>RMB</i>	
	Current year	Prior year
Net profit for the current period attributable to ordinary shareholders divided by number of ordinary shares outstanding at the end of year	1.06	1.02
Net profit for the current period attributable to ordinary shareholders and attributable to continuing operations divided by number of ordinary shares outstanding at the end of year	1.06	1.02

The Company has no dilutive potential ordinary shares.

29. EVENT AFTER THE BALANCE SHEET DATE

Subsequent to the balance sheet date, the Group had the following significant event:

At the board meeting of the Company held on 29 March 2022, the resolution regarding the profit distribution for 2021 was passed where the undistributed profit at the end of 2021 was distributed at the price of RMB0.32 (tax inclusive) per share and the proposed dividend amounted to RMB394,829,120.00 (tax inclusive). The resolution shall take effect upon obtaining approval at the annual general meeting for 2021 to be held in May 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

(I) BUSINESS REVIEW

Industry Overview

2021 was the first year of China's "14th Five-Year Plan", and also a crucial year for the high-quality development and integrated innovation development of the press and publishing industry. The country attaches great importance to the work on press and publication. The "National Reading" has been included in the Government Work Report for the eighth consecutive years to advocate national reading, and building a cultural power has become the general goal of the development of the publishing industry. The central and local governments have promulgated a series of supporting policies and project plans for the publishing industry, providing support in areas such as fiscal and taxation, quality publishing, new business development and digital development, boosting the confidence in the development of the industry, promoting the transformation and upgrading of publishing enterprises, and improving quality and efficiency. The launch of the Development Plan for the Period of "14th Five-Year Plan" in the Publishing Industry anchored the goal of building a solid publishing country, and clarified the development plan and specific measures for the publishing industry during the period of "14th Five-Year Plan", which injected strong momentum into the comprehensive promotion of high-quality development of the publishing industry. The newly amended Copyright Law of the People's Republic of China has been officially implemented, providing a strong guarantee for the healthy and orderly development of the publishing industry. The implementation of the "dual reduction" policy will drive the transformation of China's fundamental education model, and the publishing and distribution industry will face new opportunities as well as challenges.

In 2021, the COVID-19 continued globally. Meanwhile, with the effective control of the COVID-19, the national economy continued to recover and the demand for book and cultural consumption gradually recovered. According to the monitoring data publicly published by Beijing Openbook Co., Ltd. ("**Open Book**"), in 2021, China's book retail market recorded an amount of RMB98.68 billion in terms of sales value, representing a slight year-on-year increase of 1.65%, but representing a decrease of 3.51% as compared to 2019, indicating that the sales had not yet restored to pre-pandemic level. As the domestic pandemic prevention and control work had become normalized, the development of online and digital publishing and distribution had been accelerating, and both contents and channels had been continuously evolving. The implementation of the dual reduction policy resulted in the restructuring of compulsory education, summer care and after-school services. While National Reading continued to advance, the publishing industry was guided by high-quality development to improve room for development and stimulate service potential. From the perspective of different channels, the online store channel maintained positive growth while the growth rate slowed down to a year-on-year increase of 1%. Driven by thematic publications, the physical store channel recorded a year-on-year increase of 4.09%, but when compared with 2019, it was still a negative growth of 31.09%. In the post-pandemic era, both the social reading needs and public reading habits experienced new changes, which made the publishing industry undergo a reform in terms of production and operation model, greatly facilitating the progress of integrated development of the publishing industry. The channels and ecosystem of the publishing industry were rapidly changing, with accelerated online and offline integration, emerging new business forms and models and the expanding digital publishing industry. Publishing enterprises are expediting their transformation and upgrading, actively cultivating new momentum while accumulating new capacity to start a new phase of integrated development in the midst of changes.

RESULTS

2021 is the 100th anniversary of the founding of the Communist Party of China and the first year of the national “14th Five-Year Plan”. The Group continued to improve its production and distribution capabilities of high-quality products and creations through the implementation of the “three chains” strategy of “strengthening the chain, upgrading the chain and extending the chain”, thereby promoting the integrated innovation development and achieving steady growth in operating results. During the Year, the Group realized operating income of RMB10,460 million, representing a year-on-year increase of 16.12%, which was mainly attributable to the growth of sales in sectors such as mass publishing, educational services and reading services. Net profit amounted to RMB1,303 million, representing a year-on-year increase of 4.85%, which was mainly attributable to the increase in gross profit brought by sales growth.

Revenue

During the Year, the Group’s revenue amounted to RMB10,460 million, representing an increase of 16.12% as compared to RMB9,008 million in the same period last year, which was mainly attributable to the growth of sales in sectors such as mass publishing, educational services and reading services.

Operating costs

During the Year, the operating costs of the Group amounted to RMB6,647 million, representing an increase of 21.88% as compared to RMB5,454 million in the same period last year. Among which, the principal operating costs amounted to RMB6,634 million, representing an increase of 21.88% as compared with that in the same period last year, which was mainly attributable to the expansion of sales scale. In addition, the Group analyzed and sorted out the expenses related to contract performance costs during the Year, and included the transportation fees and logistics fees arising from the performance of contract obligations in the operating cost accounting as contract performance costs.

Gross profit margin

During the Year, the consolidated gross profit margin of the Group was 36.46%, decreased by 3 percentage points from 39.46% in the same period last year. Among which, the gross profit margin of principal businesses was 35.56%, decreased by 3.1 percentage points from 38.66% in the same period last year, mainly due to the fact that during the current year, the Group included the transportation fees and logistics fees arising from the performance of contract obligations in the operating cost accounting as contract performance costs. Excluding this factor, the gross profit margin of principal businesses was basically the same as that of the prior year.

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

RMB

Principal business by product						
Product	Operating income	Operating costs	Gross profit margin (%)	Change of operating income as compared with prior year (%)	Change of operating costs as compared with prior year (%)	Change of gross profit margin as compared with prior year (ppt)
I. Publication	2,826,553,513.10	1,855,430,118.87	34.36	15.93	19.56	(1.99)
Textbooks and supplementary materials	1,615,686,656.08	905,225,178.17	43.97	12.10	11.32	0.39
General books	809,571,981.81	611,125,128.44	24.51	19.47	29.01	(5.58)
Printing and supplies	336,417,613.70	301,275,390.76	10.45	26.75	26.87	(0.08)
Newspapers and journals	48,164,073.79	26,714,236.17	44.53	33.95	44.51	(4.06)
Others	16,713,187.72	11,090,185.33	33.64	(6.87)	21.98	(15.70)
II. Distribution	9,022,137,526.88	6,325,045,198.20	29.89	15.69	19.22	(2.08)
Textbooks and supplementary materials	5,366,021,188.96	3,250,109,964.70	39.43	12.45	16.52	(2.12)
General books	3,175,310,140.34	2,673,447,777.39	15.81	31.89	34.07	(1.36)
Education informatized and equipment business	373,135,162.51	311,572,893.69	16.50	(32.79)	(35.09)	2.96
Others	107,671,035.07	89,914,562.42	16.49	82.64	113.52	(12.08)
III. Others	456,681,329.69	421,172,862.25	7.78	12.78	16.13	(2.65)
Inter-segment elimination total	(2,011,569,166.37)	(1,968,098,244.17)				
Total	<u>10,293,803,203.30</u>	<u>6,633,549,935.15</u>	<u>35.56</u>	<u>16.01</u>	<u>21.88</u>	<u>(3.10)</u>

Principal business by region						
Region	Operating income	Operating costs	Gross profit margin (%)	Change of operating income as compared with prior year (%)	Change of operating costs as compared with prior year (%)	Change of gross profit margin as compared with prior year (ppt)
Within Sichuan Province	7,261,837,416.85	4,033,948,955.14	44.45	11.94	18.92	(3.26)
Outside Sichuan Province	<u>3,031,965,786.45</u>	<u>2,599,600,980.01</u>	14.26	27.07	26.77	0.20

Principal business by sales model

Sales model	Operating income	Operating costs	Gross profit margin (%)	Change of operating income as compared with prior year (%)	Change of operating costs as compared with prior year (%)	Change of gross profit margin as compared with prior year (ppt)
Publication	2,826,553,513.10	1,855,430,118.87	34.36	15.93	19.56	(1.99)
Distribution	9,022,137,526.88	6,325,045,198.20	29.89	15.69	19.22	(2.08)
Including: Education services	5,846,827,386.54	3,651,597,420.81	37.55	8.56	10.27	(0.96)
Online sales	2,260,461,503.91	2,022,753,037.45	10.52	38.98	43.52	(2.82)
Retailing	715,926,178.41	488,975,792.61	31.70	21.04	25.01	(2.17)
Others	198,922,458.02	161,718,947.33	18.70	2.22	(16.35)	18.05
Others	456,681,329.69	421,172,862.25	7.78	12.78	16.13	(2.65)
Including: Logistics services	440,564,135.05	412,657,507.09	6.33	12.05	16.35	(3.46)
Inter-segment elimination total	(2,011,569,166.37)	(1,968,098,244.17)				
Total	10,293,803,203.30	6,633,549,935.15	35.56	16.01	21.88	(3.10)

ANALYSIS OF OPERATING DATA

1. Overview of Principal Business Segments

The Group's businesses are divided into two reportable segments, namely the publication segment and the distribution segment.

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

	Sales volume (10,000 copies)			Sales value ^(Note)			Operating income			Operating costs			Gross profit margin (%)		
	Prior year	Current period	Growth rate (%)	Prior year	Current period	Growth rate (%)	Prior year	Current period	Growth rate (%)	Prior year	Current period	Growth rate (%)	Prior year	Current period	Growth rate (%)
Publication segment:															
Self-compiled textbooks and supplementary materials	11,877.94	14,258.86	20.04	130,375.56	160,112.40	22.81	66,141.74	80,659.86	21.95	31,890.91	35,536.02	11.43	51.78	55.94	4.16
Plate-leased textbooks and supplementary materials	14,945.24	15,660.60	4.79	114,652.44	119,926.26	4.60	72,294.15	75,078.87	3.85	44,525.79	49,981.94	12.25	38.41	33.43	(4.98)
General books	5,960.29	6,870.62	15.27	239,813.53	311,450.96	29.87	67,762.47	80,957.20	19.47	47,371.19	61,112.51	29.01	30.09	24.51	(5.58)
Printing of textbooks and supplementary materials on behalf of others	1,508.83	1,834.28	21.57	8,534.99	8,727.51	2.26	5,694.76	5,829.94	2.37	4,897.31	5,004.56	2.19	14.00	14.16	0.16
Distribution segment:															
Textbooks and supplementary materials	47,808.39	51,081.65	6.85	497,051.13	560,938.88	12.85	477,190.22	536,602.12	12.45	278,929.73	325,011.00	16.52	41.55	39.43	(2.12)
General books	9,203.40	12,151.21	32.03	440,028.57	583,823.90	32.68	240,761.68	317,531.01	31.89	199,412.44	267,344.78	34.07	17.17	15.81	(1.36)

Note: Value refers to the list price of books printed on the back of each book.

2. Operating data of various 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 Year, revenue from the sales of the publication segment amounted to RMB2,827 million, representing growth of 15.93% as compared with RMB2,438 million during the same period of last year, mainly benefitting from the sales growth of textbooks and supplementary materials publication, general book publication and printing materials during the Year.

During the Year, gross profit margin of the publication segment was 34.36%, representing a decrease of 1.99 percentage points as compared with 36.35% during the same period of last year, which was attributable to the decrease in gross profit margin for the general book publication during the Year.

Major cost breakdown of the publication segment

RMB0,000

	Publication of textbooks and supplementary materials			Publication of general books		
	Prior year	Current period	Growth rate (%)	Prior year	Current period	Growth rate (%)
Plate-leased textbooks and supplementary materials expenses	8,441.48	9,641.11	14.21	N/A	N/A	N/A
Copyright fee	3,163.64	3,046.86	(3.69)	N/A	N/A	N/A
Author's remuneration	3,455.49	5,402.47	56.34	14,810.28	17,168.69	15.92
Printing costs	24,162.04	25,164.68	4.15	19,544.58	25,083.07	28.34
Logistics costs	—	—	—	—	2,085.05	N/A
Paper costs	40,111.19	44,768.85	11.61	9,489.68	11,991.86	26.37
Documentation fee	929.68	772.75	(16.88)	3,084.39	3,896.83	26.34
Others	1,050.49	1,725.80	64.28	442.26	887.01	100.56

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

Textbooks and supplementary materials publication business

Sichuan Education Publishing House, a subsidiary of the Company, obtained the permit for book publication (Xin Chu Tu Zheng [Chuan] No. 004) from the State Administration of Press, Publication, Radio, Film and Television of the PRC with a validity from 1 January 2014 to 31 December 2029, and is qualified for the publication of supplementary materials on all subjects of primary and secondary schools.

In 2021, according to the changes in national education policies and the demand from compulsory education for teaching practice, the Group carried out revision, re-editing and upgrade for more than 20 series of books including *Information Technology* (《信息技術》) and *Dianjin Xunlian* (《點金訓練》) to improve product quality in four aspects including content, design, editing and printing. More than 100 supplementary materials were newly launched, including *Guidelines for Labor Education* (《勞動教育指南》), *Chinese Language Early Reading Textbook* (《語文早讀課本》) and *Three Syllabuses and Five Disciplines Guidance Plan* (《三環五學導學案》), which received good market response. At the same time, the Group actively and steadily pushed ahead the integrated development of education products and media. The innovative teaching mode of supplemental materials on media convergence including *AR Tips for Exam Preparation (Junior High Geography • China)* (《AR備考秘笈(初中地理•中國冊)》) and *AR Tips for Exam Preparation (Junior High Geography • World)* (《AR備考秘笈(初中地理•世界冊)》) has successfully solved the pain points and difficulties in teaching, and received wide recognition from teachers and students. National standard textbooks such as *English for Primary School Students* (《小學英語》), *A Century Years Old Children's Folk Rhymes* (《百歲童謠》) and “Reading Curriculum of Masterpieces by Famous Authors” (名家名作閱讀課程化書系) have set up exclusive channels on Himalaya platform to provide users with high-quality online knowledge services. The functions of the “Sichuan Education Learning App” developed have been gradually optimized with richer online content resources, and the number of users has increased steadily. 48 e-books were launched on the OverDrive platform, and the digital copyright output has achieved a new breakthrough.

During the Year, the value from the sales of textbooks and supplementary materials under the Group's publication segment amounted to RMB2,888 million. The sales revenue amounted to RMB1,616 million, representing an increase of 12.10% as compared with that in the same period last year. The cost of sales amounted to RMB905 million, representing an increase of 11.32% as compared with that in the same period last year. The gross profit margin was 43.97%, increased by 0.39 percentage points from the same period last year.

General book publication business

Adhering to the “three key” publishing concepts, the Group implemented the “three chains” development strategy, and has achieved remarkable results in high-quality development. According to the data of Open Book, during the Year, a total of 51 book genres of the Group were among the Top 500 best-selling book genres in China’s book retail market, increased by 3 genres as compared to that in the same period last year, topping 50 genres for the first time. There were 45 book genres with sales volume of 300,000 copies, increased by 15 book genres as compared with that in the same period last year, while there were 248 book genres with sales volume between 20,000 and 100,000 copies. There were 44 product lines with sales value at RMB10 million-level, among which 6 product lines were at RMB50 million-level, 5 product lines at RMB100 million-level, and 2 product lines at over RMB300 million of sales value.

In 2021, the Group focused on the thematic publication work, organized the publication of a large number of excellent thematic publications such as *Feng Lei Ding* (《風雷頂》), *Qing Feng Yong Kai* (《清風永開》), *People Who Light Up The Sky* (《點亮星空的人們》), *Chuan Xiang Zhuan* (《川鄉傳》) and *Poverty Alleviation People On The Long March Road* (《長征路上的扶貧人》). The Group steadily advanced the publication project of the “Third Pole” and the book series publication project of Sichuan Historical Celebrities (the second batch), and developed the publishing product line of “Sanxingdui” featuring archaeological knowledge. Remarkable results were achieved in brand building. For instance, excellent original picture books launched by Mingqin Workshop, including *Xun Long Sanxingdui* (《尋龍三星堆》), *The Great Love Of Father* (《爸爸的愛很大》) and *PANDA Hi* (《我是胖大海》), were selected as recommended high-quality children’s picture books by the Ministry of Education. The “Tianxi Culture” historical product line has entered the live broadcast book lists of Tik Tok experts such as Zhang Chenliang, Fan Deng and Yu Minhong. “Whale Song” (鯨歌) published more than 40 new books during the Year. “Golden Russian Series” (金色俄羅斯叢書), *Yi Ce Qing Liang* (《一冊清涼》) and other works were honored to be funded by the National Publication Foundation and receive the Sanmao Prose Award (三毛散文獎). “Yi Juan Workshop” (壹卷工作室) signed contracts for the works of Ge Jianxiong, Sang Bing, Meng Xianshi and other scholars, while the series of “Analyzing the World and History” (論世衡史) and “Classics and Interpretation” (經典與解釋) were widely praised in the academic field. In the meantime, “Wenbo Publishing Center” signed a strategic cooperation agreement with the Sichuan Cultural Heritage Archaeology Research Institute and Guanghan Sanxidu Museum to publish more than 10 featured books such as *Encounter With Sanxingdui* (《遇見三星堆》).

During the Year, the Group proactively adapted to the new normal of “online + offline” publication trade by participating in more than 10 foreign book exhibitions such as London Book Fair and Frankfurt Book Fair, as well as special events such as the “Asian Classics Translation Program” and “Walking into Sanxingdui to Read and Understand Chinese Civilization”, while hosting nationwide major events such as the “Belt and Road” publication cooperation exchange meeting. The Group realized exports of 563 copyrights including *Unbroken History Of Civilization* (《不斷裂的文明史》), representing a year-on-year increase of 18% and maintaining a leading position

in China. The sales value for the exports of physical books and journals amounted to RMB4,800,000, representing a year-on-year increase of 17%. In 2021, six publishing houses under the Group were shortlisted as “Top 100 Influential Overseas Collections of Chinese Books”, positioning among the top of publishing groups in China in terms of the number of publishing houses and genres selected. The Company, together with its Youth and Children’s Publishing House and Tiandi Publishing House, were rated as key enterprises for the export of Chinese culture for 2021 to 2022 by the Ministry of Commerce, while the “South Asia Publishing Center” was rated as a key project for the export of Chinese culture for 2021-2022. Moreover, nearly 30 book genres were shortlisted as the national “Going Out” projects, including “Silk Road Books” and “Classics China”.

During the Year, the value from the sales of general books under the Group’s publication segment amounted to RMB3,115 million. The sales revenue amounted to RMB810 million, increased by 19.47% from the same period last year, mainly due to the impact of the outbreak of COVID-19 in the first half of last year, which brought significant impacts on the editing, printing and distribution of self-published books. The cost of sales was RMB611 million, increased by 29.01% from the same period last year; the gross profit margin was 24.51%, decreased by 5.58 percentage points from the same period last year, which was mainly due to the larger sales discount offered and the adjustment of contract performance costs.

Newspapers and journal business

The Group has 13 newspaper and journal brands (comprising 2 newspapers and 11 journals, including newspapers and journals run by the publishing houses), covering culture, children, popular science, fashion and other categories. The audience covers all age groups from infants to middle-aged and elderly people.

During the Year, the newspapers and journal publication of the Group adhered to the concept of high-quality development, and the number of both original reports and readership continued to grow. There were 576 original works of Reader’s Journal Press, increased by 30% year-on-year. 83% of the tweets of the official account of *Publishing Commercial Weekly* were original while 99% of the works of the 3D communication platform *Watch Panda* were original. There were 111,200 user-end downloads added to *Diyiduzhe*, increased by 140% year-on-year.

During the Year, 16,951,800 copies were distributed by the newspapers and journal business of the Group. The sales revenue amounted to RMB48,164,100, increased by 33.95% from the same period last year. The selling expenses amounted to RMB26,714,200, increased by 44.51% from the same period last year. The gross profit margin was 44.53%, dropped by 4.06 percentage points from the same period last year, which was mainly due to the larger sales discount offered of newspaper distribution business and the decline in advertising income.

(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 Year, revenue from the sales of the distribution segment amounted to RMB9,022 million, representing growth of 15.69% as compared with RMB7,799 million during the same period of last year, mainly benefitting from the sales growth of textbooks and supplementary materials and general book distribution.

During the Year, gross profit margin of the distribution segment of the Group was 29.89%, down by 2.08 percentage points from 31.97% during the same period of last year, mainly due to the inclusion of the transportation fees and logistics fees arising from the performance of contract obligations in the operating cost accounting as contract performance costs. Excluding this factor, the gross profit margin of the distribution segment was 32.97%, representing a year-on-year increase of 1 percentage point.

Textbooks and supplementary materials distribution business

The Company is the only enterprise in Sichuan Province possessing the qualifications to engage in the distribution of primary to secondary textbooks. Being the sole source supplier in Sichuan Province regarding the supply of textbooks to primary and secondary school students during their compulsory education, the Company enters into the “purchase contract regarding free textbooks for students in urban-rural areas during compulsory education” (城鄉義務教育階段學生免費教科書採購合同書) with Sichuan’s provincial education office each school year. In 2021, the Company entered into the “government purchase contract regarding free textbooks for students during compulsory education in Sichuan Province from 2021 to 2022” (四川省 2021-2022 學年義務教育階段學生免費教科書政府採購合同書).

During the Year, 511 million copies of textbooks and supplementary materials with sales value of RMB5,609 million were sold by the Group. The sales revenue amounted to RMB5,366 million, increased by 12.45% as compared with that in the same period last year. The cost of sales amounted to RMB3,250 million, representing an increase of 16.52% as compared with that in the same period last year. The gross profit margin was 39.43%, decreased by 2.12 percentage points from the same period last year, which was mainly due to the impact of adjustments in contract performance costs. If such factor was excluded, the gross profit margin would have increased by 1.15 percentage points from the same period last year.

Education informatized and equipment business

The Group provided products and services including subject classroom, innovation education space and smart campus. During the Year, the Group seized the market opportunities arising from national policies such as 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 to provide corresponding products and services. The education informatized and equipment business achieved sales revenue of RMB373 million during the Year, representing a decrease of 32.79% as compared with that in the same period last year, mainly because after several years of development, the education informatized and equipment business has now entered the stage of promoting and optimizing applications from the focus on infrastructure, with scattered demand and of smaller scale. At the same time, the Company also voluntarily gave up projects with low gross profit and no guarantee for capital recovery. The cost of sales amounted to RMB312 million, representing a decrease of 35.09% as compared with that in the same period last year. Gross profit margin was 16.50%, increased by 2.96 percentage points from that in the same period last year.

General books distribution business

During the Year, the Group further improved the online and offline distribution channel system. While improving the operation of offline physical bookstores, the Group pushed ahead the online business development of traditional physical bookstores through online distribution, community operation and live-streaming sales. In addition to creating the new pattern of omni-channel and multi-scenario online reading services, the Group improved the refined operation on self-built official website, Tmall, JD.com and Pinduoduo channels, and actively explored the business model in relation to new media channels such as TikTok and Kuaishou. During the Year, the Group’s general book distribution business achieved better results with a much higher sales growth rate than the overall year-on-year growth in China’s book retail market of 1.65% in 2021.

During the Year, 122 million copies of general books with sales value of RMB5,838 million were sold by the Group. The sales revenue amounted to RMB3,175 million, increased by 31.89% as compared with that in the same period last year. The cost of sales amounted to RMB2,673 million, increased by 34.07% as compared with that in the same period last year. The gross profit margin was 15.81%, decreased by 1.36 percentage points as compared with the same period last year. In particular, the revenue from online sales amounted to RMB2,260 million, increased by 38.98% as compared with that in the same period last year, mainly benefitting from the continuous expansion of the “full-network chain distribution” mode, the improvement of the operation of refined categories, and the promotion effect of technical means for commodity organizations/logistics organizations. Among which, the sales revenue secured through third-party e-commerce platforms amounted to RMB1,633 million, accounting for 72.22% of the total revenue of online sales business.

(II) ANALYSIS OF OPERATING RESULTS AND FINANCIAL PERFORMANCE

Expenses

During the Year, the Group's selling expenses amounted to RMB1,121 million, representing a decrease of 5.35% as compared to RMB1,184 million in the same period last year, mainly due to increase in labor cost, promotion and other expenses brought by the sales growth during the Year as compared with prior year, and the year-on-year decrease in sales expenses was due to the fact that the transportation and logistics expenses incurred in performing the contractual obligations were included in the operating cost accounting during the Year.

During the Year, the Group's administrative expenses amounted to RMB1,453 million, representing an increase of 20.63% as compared to RMB1,205 million in the same period last year, mainly due to the fact that the Group no longer enjoyed the relevant national social security exemption policies to mitigate the impact of COVID-19, resulting in an increase in labor costs such as basic pension insurance as compared with that in prior year. In addition, depreciation of fixed assets and corporate-related operating expenses have also increased.

During the Year, the Group's finance expenses amounted to RMB-80,383,900 as compared to RMB-45,819,600 in the same period last year, the change of which was mainly due to the increase in interest income derived from bank deposits as compared with that in prior year.

During the Year, the Group's research and development ("R&D") expenses amounted to RMB3,793,700, representing an increase of 24.85% as compared to RMB3,038,700 in the same period last year, which was mainly due to the R&D commitments for the new study tour business during the Year.

Gain from changes in fair value

During the Year, the Group's gain from changes in fair value amounted to RMB71,685,900, representing a decrease of 29.46% as compared with a gain from changes in fair value of RMB101,627,000 in the same period last year, mainly due to the changes in the gain from changes in fair value of projects held by funds invested by the Group such as Citic Buyout Fund and Winshare Hengxin.

Investment income

During the Year, the Group's investment income amounted to RMB112 million, representing a decrease of 33.92% as compared to RMB170 million in the same period last year, which was mainly due to the decrease in the income from bank wealth management and the investment income of Winshare Investment, a subsidiary of the Company, in Fuzhou Winshare, an associate, audited and recognized under equity method during the Year as compared with that in the same period last year.

Other incomes and non-operating income/expenses

During the Year, the Group's other incomes amounted to RMB81,146,500, representing a decrease of 11.66% as compared to RMB91,859,800 in the same period last year, which was mainly due to the decrease in refund of value-added tax received during the Year when compared with the prior year.

During the Year, the Group's non-operating income amounted to RMB4,369,000, representing a decrease of 78.62% as compared to RMB20,438,900 in the same period last year, mainly due to more compensation received by the Group for demolition and relocation and land requisition last year.

During the Year, the Group's non-operating expenses amounted to RMB51,263,400, representing a decrease of 34.55% as compared to RMB78,329,900 in the same period last year, which was mainly due to the decrease in external donation of the Group during the Year.

Gains on asset disposal

During the Year, the Group's gain on asset disposal amounted to RMB2,015,700, representing an increase of 690.39% as compared to RMB255,000 in the same period last year, which was mainly due to the gain of nearly RMB2,000,000 obtained by Winshare Sports Cultural Development Co., Ltd. ("**Winshare Sports**"), a subsidiary of the Company, from disposing a land use right during the Year.

Income tax expenses

During the Year, the Group's income tax expenses amounted to RMB5,452,800, representing a decrease of 33.26% as compared to RMB8,170,600 in the same period last year, which was mainly due to the changes in deferred income tax expenses brought by the changes in fair value of Winshare Hengxin and other funds held by Winshare Investment, a subsidiary of the Company, and the impact of deductible losses on income tax expenses.

Other comprehensive income

During the Year, the Group's net other comprehensive income after tax amounted to RMB161,264,800, representing an increase of 336.22% as compared to RMB36,968,400 in the same period last year, which was mainly due to the fluctuations of market price of the shares of listed companies held by the Company such as Wan Xin Media and Bank of Chengdu.

Profit

During the Year, the Group achieved a net profit of RMB1,303 million, representing an increase of 4.85% as compared with that in the same period last year. Net profit attributable to the shareholders of the Company amounted to RMB1,306 million, representing an increase of 3.42% as compared with that in the same period last year. Net profit attributable to the shareholders of the Company after non-recurring gain or loss amounted to RMB1,311 million, representing an increase of 11.93% as compared with that in the same period last year, which was mainly attributable to the increase in gross profit brought by the increase in sales.

Earnings per share

Earnings per share is calculated based on the net profit attributable to the shareholders of the Company for the Year divided by the weighted average number of the ordinary shares in issue during the Year. During the Year, earnings per share of the Group amounted to RMB1.06, which increased by 3.92% as compared to RMB1.02 in the same period last year. For details regarding the calculation of earnings per share, please refer to Note 28 to the consolidated financial statements in this annual results announcement.

R&D COMMITMENTS

Breakdown of R&D commitments

	<i>RMB</i>
R&D expenses for the current year	3,793,741.38
R&D commitments capitalized for the current year	27,148,273.22
Total R&D commitments	30,942,014.60
Total R&D commitments as a percentage of revenue (%)	0.30
Total no. of R&D personnel of the Company	18
No. of R&D personnel as a percentage of total no. of personnel of the Company (%)	0.24
Percentage of R&D commitments capitalized (%)	87.74

The R&D commitments of the Group amounted to RMB30,942,000, representing an increase of 58.39% as compared to RMB19,535,900 in the same period last year, mainly due to the increase in R&D commitments for education informatized business of the Group.

ANALYSIS OF CHANGES IN CASH FLOW

During the Year, cash flow from operating activities of the Group amounted to net inflow of RMB2,047 million representing an increase of 12.56% as compared to net inflow of RMB1,819 million in the same period last year, mainly benefiting from the increase of net cash inflow from operating activities due to sales growth of the textbook and online sales businesses during the Year.

During the Year, cash flow from investing activities of the Group amounted to net outflow of RMB1,279 million, as compared to net inflow of RMB1,032 million in the same period last year, mainly due to the investment fund of RMB317 million in Hainan Phoenix paid during the Year and the increase of approximately RMB800 million in time deposits allocated for more than three months as compared with prior year. The net inflow of prior year was mainly due to the recovery of matured bank wealth management products.

During the Year, cash flow from financing activities of the Group amounted to net outflow of RMB512 million, which was basically the same as net outflow of RMB504 million in the same period last year.

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

RMB

Item	2021	2020	Change (%)	Analysis of major changes
Cash receipts from disposals and recovery of investments	350,201,840.69	3,310,783,519.96	(89.42)	Mainly due to the decrease in the amount of the matured wealth management products recovered during the Year.
Cash receipts from investment income	73,149,634.02	188,342,215.83	(61.16)	Mainly due to the decrease in income from wealth management products received during the Year as compared with that in the prior year, and the significant decrease in dividend received by Winshare Investment, a subsidiary of the Company, as compared with that in the prior year.
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	3,947,138.21	2,963,890.24	33.17	Mainly due to the disposal payment of a land use right received by Winshare Sports, a subsidiary of the Company, during the Year.
Other cash receipts relating to investing activities	–	81,760,506.83	(100.00)	Mainly due to the changes in the use of restricted capital.
Cash from investment payments	632,154,425.63	2,065,455,965.68	(69.39)	Mainly due to the large amount of relevant cash outflow caused by the rolling purchase of bank wealth management products due and recovered in the prior year and the investment fund of RMB317 million in Hainan Phoenix paid during the Year.
Other cash payments relating to investing activities	800,000,000.00	240,000,000.00	233.33	The increase in cash outflow in term deposits of more than three months.

ASSETS AND LIABILITIES ANALYSIS

As at 31 December 2021, the position of the Group's major assets and liabilities and their movements are as follows:

RMB

Item	At the end of the current period	Amount as at the end of the current period as a percentage of the total assets (%)	At the end of the prior period	Amount as at the end of the prior period as a percentage of the total assets (%)	Percentage change in the amount from the end of the prior period to the end of the current period (%)	Explanation of situation
Held-for-trading financial assets	20,945.15	0.00	6,510,463.20	0.04	(99.68)	Mainly due to the non-purchase of bank wealth management products upon maturity.
Notes receivable	10,545,962.27	0.06	4,344,936.39	0.03	142.72	Mainly due to the increase in settlement of the balance of receivables by notes for logistics business at the end of the Year as compared with that at the beginning of the Year.
Contract assets	34,660,471.53	0.18	–	–	–	The item represented receivables (non-unconditional rights to payment) such as retention money which would only be collected at the end of the warranty period without significant quality problems.
Other current assets	502,276,759.44	2.68	86,231,460.17	0.51	482.48	Mainly due to the addition of time deposits that were held for more than three months and due within one year with no intention to withdraw in advance during the Year.

Item	At the end of the current period	Amount as at the end of the current period as a percentage of the total assets (%)	At the end of the prior period	Amount as at the end of the prior period as a percentage of the total assets (%)	Percentage change in the amount from the end of the prior period to the end of the current period (%)	Explanation of situation
Long-term receivables	143,479,125.91	0.76	313,418,082.51	1.85	(54.22)	Mainly due to the decrease in closing balance of receivables as compared to the opening balance as a result of the fact that the receivables of education informatized and equipment business, which adopted collection by instalments, were transferred to “accounts receivable” and “non-current assets due within one year” as the agreed payment period approached.
Construction in progress	144,794,764.90	0.77	37,670,169.58	0.22	284.38	Mainly due to the increase in investment in the Publishing and Media Creativity Center secondary installation project.
Development expenditure	2,561,158.72	0.01	18,870,289.43	0.11	(86.43)	Mainly due to the decrease in the balance of assets formed by the settlement of education informatized R&D projects.
Other non-current assets	791,530,359.26	4.22	350,933,345.43	2.07	125.55	Mainly due to the addition of time deposits during the Year with no intention to withdraw in advance within one year.

Item	At the end of the current period	Amount as at the end of the current period as a percentage of the total assets (%)	At the end of the prior period	Amount as at the end of the prior period as a percentage of the total assets (%)	Percentage change in the amount from the end of the prior period to the end of the current period (%)	Explanation of situation
Other payables	386,886,795.47	2.06	655,979,050.64	3.87	(41.02)	Mainly due to the inclusion of the investment fund of RMB317 million due to Hainan Phoenix into the opening balance, which was paid in January 2021.
Deferred income	31,146,881.78	0.17	45,644,566.05	0.27	(31.76)	Mainly due to the decrease in the balance of the special subsidy received by the Group as the projects were settled and carried forward.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2021, the Group had cash and short-term deposits of approximately RMB6,040 million (31 December 2020: RMB5,786 million). The Group did not have any interest-bearing bank and other borrowings.

As at 31 December 2021, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 40.82%, which was basically the same as compared with 40.90% as at 31 December 2020. The Group's overall financial structure remained relatively stable.

CONTINGENT LIABILITIES

As at 31 December 2021, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 31 December 2021, the balance of deposits of the Group amounting to RMB13,675,200 (31 December 2020: RMB19,453,700) was pledged as security deposits placed with the bank for the issuance of the bank's acceptance bill and letter of guarantee. 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

	31 December 2021	31 December 2020
Current ratio	1.5	1.5
Inventory turnover days	133.8	143.5
Trade receivables turnover days (<i>Note</i>)	61.0	74.1
Trade payables turnover days	273.4	296.7

As at 31 December 2021, the current ratio of the Group was 1.5, which was the same as compared with that at the end of last year. During the Year, inventory turnover days were 133.8 days, which decreased by 9.7 days as compared with that of last year. Trade receivables turnover days were 61.0 days, which decreased by 13.1 days as compared with that of last year. Trade payables turnover days were 273.4 days, which decreased by 23.3 days as compared with that of last year, mainly due to the increase in the turnover rates of inventory, trade receivables and trade payables as the impact of COVID-19 reduced during the Year. The above indicators reflect that the operations of the Group are relatively stable. The turnover days of inventory, trade receivables and trade payables are in line with the publication and distribution business and the industry features.

Note: The trade payables turnover days were calculated based on the aggregate amount of accounts receivable and long-term receivables due within one year.

(III) OVERVIEW OF SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the Year, the Group focused on its growth strategies and improved existing industrial layout. While developing its principal businesses, the Group pushed ahead the integration of business and finance 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 in December 2020 to acquire the 25% equity interests in Hainan Phoenix held by Hainan Xinhua Bookstore at a consideration of RMB317 million. The Company settled the investment in January 2021. Hainan Phoenix has completed the change of industry and commerce registration in March 2021.

In order to improve the utilization efficiency of the Company's assets, in December 2021, the Board of the Company considered and resolved to propose subscription of not more than 177,174 board lots of convertible bonds (10 convertible bonds per board lot) (subject to the actual placing announced by Bank of Chengdu) to be preferentially placed by Bank of Chengdu to the Company with the Company's own funds of not more than RMB177,174,000. On 3 March 2022, the Company completed the full subscription of 1,771,200 convertible bonds of Bank of Chengdu, with a par value of RMB100 each.

The Company was interested in 80,000,000 shares of Bank of Chengdu, representing a shareholding ratio of 2.21%. The investment cost was RMB240 million. During the Year, the Company received a dividend amounting to RMB36.8 million from Bank of Chengdu. As at 31 December 2021, the market capitalization of the shares held by the Company in Bank of Chengdu was RMB960 million.

The Company was interested in 6.27% of the shares of Wan Xin Media. During the Year, the Company received a dividend income of RMB19,942,400. As at 31 December 2021, the market capitalization of the shares held by the Company in Wan Xin Media was RMB647 million.

Wan Xin Media and Bank of Chengdu are financial investments of the Company which generate attractive dividend income to the Group for the period and generate higher capital appreciation to the Group in the future. The Company will monitor the price trends of the A share market and these two stocks from time to time. Coupled with the funding needs for industrial development, the Company will formulate corresponding investment strategies so as to generate finance income to the Company in a continuous and steady manner.

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

During the Year, details of the external investments made by the Group are set out in Notes 10, 11 and 12 to the consolidated financial statements in this results announcement.

Information of the major subsidiaries

<i>RMB0,000</i>							
Name of subsidiary	Nature of business	Shareholding percentage (%)	Registered capital	2021		31 December 2021	
				Operating income	Net profit	Total assets	Net assets
Sichuan Education Publishing House Co., Ltd.	Publication of books	100	1,000.00	96,322.25	47,265.01	165,735.80	94,546.98
Sichuan Publication Printing Co., Ltd.	Plate-leased printing of textbooks	100	5,000.00	35,609.47	10,864.80	91,948.17	69,236.92
Sichuan Youth and Children's Publishing House Co., Ltd.	Publication of books	100	11,000.00	28,560.65	7,193.97	71,186.85	58,400.85
Sichuan Printing Materials Co., Ltd.	Wholesaling and retailing of commodities	100	3,000.00	57,756.37	724.15	40,629.21	5,246.54

RMB0,000

Name of subsidiary	Nature of business	Shareholding percentage (%)	Registered capital	2021		31 December 2021	
				Operating income	Net profit	Total assets	Net assets
Sichuan Winshare Education Technology Co., Ltd.	Software development and sales of electronic equipment	100	33,000.00	27,760.37	(5,837.11)	109,173.28	25,522.27
Sichuan Winshare Online E-commerce Co., Ltd.	Online sales of various products	75	6,000.00	289,951.23	337.76	289,692.49	(9,128.05)

(IV) EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2021, the Group had a total of 7,481 (31 December 2020: 7,633) employees.

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

The Group attaches great importance to and cares about the growth and development of employees. The Group has built a multi-layer and multi-format training system and constantly optimizes the contents and types of training. It follows the principle of "standardized management and hierarchical organizational implementation" to conduct training for employees in order to help them enhance their professional skills and thinking awareness as well as expand their areas of expertise. Based on the objectives and requirements of personnel training that are in line with the corporate strategies, the Group plans to build a reserve cadre echelon and strengthen the capacity building of the talent team, helping management cadres improve their operation and management level through different ways while building a compound management team. At the same time, based on the business development requirements of capabilities and qualities of employees at different levels, the Group implements professional post competence training in order to improve the professional knowledge and skills of employees. It also organizes general training to improve the general skills and comprehensive quality of employees, with a view to driving business development with employee capabilities and qualities.

During the Year, with the normalization of COVID-19 prevention and control and on the premise of pandemic prevention and control by the Group, it innovated the training model and deepened the training results through online training and organic combination of online and offline training. Throughout the Year, more than 70 training sessions were organized with an attendance exceeding 17,000 employees.

(V) FUTURE PROSPECTS

Growth strategy

With the goal of becoming an internationally influential comprehensive cultural service group, the Company, by focusing on the principal publishing and media business and innovate the industrial development model, and by capitalizing on the two-wheel driven strategy of “technology + capital”, will push ahead the upgrade of the publishing and media industry chain, and build a premium system covering four major segments namely creative content publishing, education services, cultural consumption services and supply chain services as well as the investment and financing system that features capital operations, so as to meet the needs of the public for a better cultural life, while developing itself into the most innovative and fast-growing publishing and media enterprise in China.

Operating plans

The Group will thoroughly implement the strategic deployment of “Revitalizing the publishing industry in Sichuan Province” of the Sichuan Provincial Party Committee and the Sichuan Provincial Government, continue to promote the “three chains” strategy to strengthen the mass publishing and distribution industry chain and the education publishing and distribution industry chain, while advancing the upgrading and transformation of the Group’s traditional industry chain to the smart industry chain for the extension of industry chain advantages to the exterior, thereby creating a new growth pole for industrial development.

1. Continue to improve its thematic publishing capabilities, consolidate its existing publishing advantages, push ahead the key publication projects while deepening the copyright operations to drive the integrated publishing for the refined operation and diversified modes of development of the industry chain of mass publishing and education publishing, thereby continuously building the “Winshare Publishing” brand.
2. Constantly adapt to the new environment of education development by changing thoughts, adjusting structure and altering methods in the face of the opportunities and challenges brought by policy changes such as “dual reduction”, new college entrance exam reform and vocational education reform. While driving the integrated development of online and offline education service channels to enhance comprehensive education service capabilities, as well as the transformation and development of the education informatized and equipment business from the product integration model to the operation service model, the Group will further explore new demands in the education service market within the province, actively expand diversified businesses such as labor and practice education, teachers’ training and after-school extended service, so as to extend the education service industry chain.
3. Strengthen the “full-network chain distribution” model with accelerated operation of new media channels to consolidate and expand the market share of Internet business; bolster genre operation capability and optimize the business model of content creation and channel integration; enhance the construction of supply chain collaborative service capability for higher sales, marketing capabilities of partners and their ability to serve end consumers through technology, data and other services; constantly improve the construction of Internet reading service system, proactively carry out diversified reading activities to reinforce the building of a three-dimensional brand image.

4. Continue to improve quality and efficiency of physical bookstores in terms of in-store operations, while increasing investment in terms of out-store business, so as to expand business size. At the same time, the Company will make every effort to ensure the subscription, distribution and service guarantee of current political publications, and upgrade the integrated online and offline marketing system to create new space for cultural consumption services.
5. Optimize the layout of logistics network with ongoing digital construction of logistics services, while reasonably controlling logistics operation costs to expand the third-party logistics market and improve comprehensive logistics service capability.
6. Integrate quality social resources, enhance the investment expansion capabilities and post-investment management level and constantly contribute to the revenue from capital operation to drive synergistic development between the Group's industrial operations and capital operations.

(VI) POTENTIAL RISKS

The Group has formulated sound business objectives and optimized the operating plans. However, changes in the industry and tax policies may affect the Group's market size, profitability and subsequent development. The Group will keep close watch on the changes in the industry and tax-related policies, further strengthen its policy research capabilities for constant improvement in operational flexibility as well as the level of operation and management to ensure the achievement of business objectives.

With the rapid rise of information technology and mobile Internet, advanced technologies such as big data, cloud computing and AI have been reshaping the forms and management models of traditional publishing business. Various new business forms and new models have been emerging, which bring development opportunities and a series of challenges to the Company's traditional publishing business. 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, R&D investment and organization implementation.

In recent years, the online and offline integration of the publishing industry has been intensifying. The book channel has shown a diversified pattern, and the cross-sector competition among emerging Internet enterprises has also become increasingly fierce. The market environment faced by the Group has become more complicated, which may bring certain operating pressure and market risks to the Group. The Group will endeavor to pay attention to market changes and maintain reasonable and stable resource investment with a sound top-level strategic design to constantly enhance innovation and development capabilities and market competitiveness.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving sound corporate governance, continuously perfecting and optimizing the internal control system of the Company. The Company has adopted and complied with all applicable code provisions of the Corporate Governance Code (formerly known as the Corporate Governance Code and the Corporate Governance Report) as set out in Appendix 14 to the Listing Rules during the Year, save for code provision B.2.2 (formerly code provision A.4.2). According to code provision B.2.2, 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, and the election and appointment of the fifth session of the Board, the Supervisory Committee and the special committees under the Board were completed on 24 January 2022. In accordance with the Articles of Association, to maintain the continuity and stability of the work of the Board and Supervisory Committee, the term of the Directors and Supervisors under the fourth session of the Board and the Supervisory Committee of the Company was extended accordingly, during which they continued to perform their duties as the Directors or Supervisors.

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

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

AUDIT COMMITTEE

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

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

As at the date of this results announcement, so far as the Board is aware, the information set out herein is the same as those to be set out in the Company's annual report for 2021.

DIVIDEND

The Board has proposed the distribution of dividend for the year ended 31 December 2021 of RMB0.32 (tax inclusive) per share (2020: RMB0.31 (tax inclusive) per share), totaling RMB394,829,120.00 (tax inclusive) (the “**Dividend for 2021**”). Dividends payable to A shareholders will be made and paid in RMB, whereas dividends payable to the H shareholders will be declared in RMB and payable in Hong Kong dollars, the exchange rate of which would be calculated based on the average exchange rate published by the People’s Bank of China during the week preceding the 2021 annual general meeting (the “**2021 AGM**”).

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

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

The proposed Dividend for 2021 is subject to the approval by the shareholders at the forthcoming 2021 AGM of the Company.

H shareholders whose names appear on the register of members of the Company after the close of business at 4:30 p.m. on Friday, 22 April 2022 are entitled to attend and vote at the 2021 AGM. H shareholders whose names appear on the register of members of the Company on the dividend entitlement date are entitled to the Dividend for 2021 of the Company (if approved by the shareholders). The Dividend for 2021 above will be paid before 21 July 2022 (if approved by the shareholders).

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

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

2021 AGM

The 2021 AGM will be held at Xinhua International Hotel, No.8 Guzhongshi Street, Chengdu, Sichuan, the PRC (中國四川省成都市古中市街 8 號四川新華國際酒店) on Tuesday, 24 May 2022. Details of the 2021 AGM will be set out in the notice of the 2021 AGM to be despatched by the Company in due course. Such notice will also be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.winshare.com.cn).

CLOSURES OF REGISTER OF MEMBERS FOR H SHARES

In order to ascertain the shareholders who are entitled to attend the 2021 AGM and to receive the Dividend for 2021 (if approved by the shareholders), the register of members for H shares will be closed by the Company during the following periods:

To ascertain the H shareholders who are qualified to attend and vote at the 2021 AGM:

Latest time for lodging transfers of H shares	4:30 p.m., Friday, 22 April 2022
Closure of register of members for H shares	from Sunday, 24 April 2022 to Tuesday, 24 May 2022 (both days inclusive)
Date for the 2021 AGM	Tuesday, 24 May 2022

To ascertain the H shareholders who are entitled to the proposed Dividend for 2021:

Latest time for lodging transfers of H shares	4:30 p.m., Friday, 27 May 2022
Closure of register of members for H shares	from Monday, 30 May 2022 to Monday, 6 June 2022 (both days inclusive)
Dividend entitlement date	Monday, 6 June 2022

In order for the H shareholders to qualify to attend and vote at the 2021 AGM and to receive the Dividend for 2021 (if approved by the shareholders) proposed by the Company, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before the abovementioned deadlines for lodging the transfer documents.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement of the Company for the Year is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.winshare.com.cn), and the annual report of the Company for 2021 (including the audited financial statements) will be despatched to the shareholders on or before 30 April 2022 and will be published on the Stock Exchange's website and the Company's website.

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

Sichuan, the PRC
29 March 2022

As at the date of this announcement, the Board comprises (a) Mr. Luo Yong, Mr. Liu Longzhang and Mr. Li Qiang as executive Directors; (b) Mr. Dai Weidong, Mr. Ke Jiming and Mr. Zhang Peng as non-executive Directors; and (c) Mr. Chan Yuk Tong, Mr. Fang Bingxi and Mr. Li Xu as independent non-executive Directors.

* *For identification purposes only*