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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)

2022 INTERIM RESULTS ANNOUNCEMENT

The board (the “**Board**”) of directors (the “**Director(s)**”) of Xinhua Winshare Publishing and Media Co., Ltd.* (新華文軒出版傳媒股份有限公司) (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2022 (the “**Period**” or “**Current Period**”) prepared in accordance with the relevant requirements of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), together with the comparative figures for the corresponding period of 2021 (the “**Same Period of Last Year**”).

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2022

RMB

ITEM	Notes	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Current Assets:			
Cash and bank balances	5	6,346,513,408.41	6,040,029,278.72
Held-for-trading financial assets		8,041.10	20,945.15
Notes receivable		7,467,785.57	10,545,962.27
Accounts receivable	6	1,691,697,819.08	1,555,884,147.93
Financing receivables		4,827,529.91	5,132,438.00
Prepayments		76,008,266.86	79,323,179.35
Other receivables		119,300,649.04	101,641,043.44
Inventories	7	2,219,981,005.50	2,742,158,426.84
Contract assets		27,856,608.49	34,660,471.53
Non-current assets due within one year		164,992,003.76	172,294,518.11
Other current assets		493,220,424.72	502,276,759.44
Total Current Assets		11,151,873,542.44	11,243,967,170.78

ITEM	Notes	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Non-current Assets:			
Long-term receivables	8	104,165,055.44	143,479,125.91
Long-term equity investments	9	747,358,942.89	754,803,876.08
Other equity instrument investment	10	1,929,782,505.22	1,608,071,463.87
Other non-current financial assets	11	606,294,366.36	723,047,595.79
Investment properties		78,002,503.07	82,653,580.43
Fixed assets	12	2,160,465,470.89	2,014,782,433.12
Construction in progress		30,153,010.93	144,794,764.90
Right-of-use assets		391,371,978.77	345,014,851.31
Intangible assets		364,812,531.95	379,475,191.25
Development cost		3,002,593.11	2,561,158.72
Goodwill	13	500,571,581.14	500,571,581.14
Long-term prepaid expenses		23,459,999.76	15,260,900.36
Deferred income tax assets		29,087,429.96	23,931,737.96
Other non-current assets	14	747,024,641.52	791,530,359.26
Total Non-current Assets		7,715,552,611.01	7,529,978,620.10
TOTAL ASSETS		18,867,426,153.45	18,773,945,790.88
Current Liabilities:			
Notes payable		16,284,812.23	45,285,599.60
Accounts payable	15	4,864,028,421.56	5,406,581,179.99
Contract liabilities	16	535,257,219.26	542,086,414.16
Employee benefits payable		424,016,628.61	594,173,428.34
Taxes payable		45,255,964.35	62,425,209.54
Other payables	17	538,456,195.02	386,886,795.47
Non-current liabilities due within one year		85,565,471.91	101,706,168.70
Other current liabilities		213,167,057.76	201,498,906.04
Total Current Liabilities		6,722,031,770.70	7,340,643,701.84

ITEM	Notes	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Non-current Liabilities:			
Lease liabilities	18	345,672,418.70	259,594,365.23
Deferred income		28,544,452.24	31,146,881.78
Deferred income tax liabilities		20,291,163.04	32,872,282.61
Total Non-current Liabilities		394,508,033.98	323,613,529.62
TOTAL LIABILITIES		7,116,539,804.68	7,664,257,231.46
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	20	1,500,508,438.58	1,178,842,757.57
Surplus reserve		1,009,210,479.29	1,009,210,479.29
Undistributed profits	21	5,550,106,949.33	5,227,141,020.57
Total Shareholder's Equity Attributable to the Parent Company		11,866,191,633.52	11,221,560,023.75
Non-controlling Interests		(115,305,284.75)	(111,871,464.33)
TOTAL SHAREHOLDERS' EQUITY		11,750,886,348.77	11,109,688,559.42
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		18,867,426,153.45	18,773,945,790.88

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2022

		<i>RMB</i>	
ITEM	<i>Notes</i>	Amount recognized in the Current Period (Unaudited)	Amount recognized in the Same Period of Last Year (Unaudited)
I. Operating income	<i>22</i>	4,979,805,010.92	4,661,581,052.64
Less: Operating costs	<i>22</i>	3,083,492,387.26	2,753,023,066.47
Taxes and surcharges		20,102,483.76	18,470,555.76
Selling expenses		629,208,473.88	699,439,817.71
Administrative expenses		595,296,295.63	596,618,524.09
Research and development expenditure		2,322,116.03	1,309,586.41
Finance expenses		(69,114,840.22)	(32,705,955.22)
Including: Interest expense		10,939,606.43	10,968,702.67
Interest income		83,828,683.18	48,382,725.61
Add: Other income	<i>23</i>	50,859,579.20	38,604,454.63
Investment income	<i>24</i>	89,815,916.35	70,571,673.25
Including: Income (losses) from investments in associates and joint ventures		(6,544,933.19)	9,149,573.22
Gains (losses) from fair value change	<i>26</i>	(57,143,903.32)	(36,891,522.25)
Gains (losses) on credit impairment		(113,317,656.18)	(60,736,337.28)
Impairment gains (losses) of assets		(19,347,328.54)	(35,461,604.56)
Gains from disposal of assets		40,342,601.44	2,027,859.68
II. Operating profit		709,707,303.53	603,539,980.89
Add: Non-operating income		3,142,325.76	2,776,841.20
Less: Non-operating expenses		11,670,697.45	16,094,123.90
III. Total profit		701,178,931.84	590,222,698.19
Less: Income tax expenses	<i>27</i>	(13,749,731.56)	(9,594,898.29)

ITEM	<i>Notes</i>	Amount recognized in the Current Period (Unaudited)	Amount recognized in the Same Period of Last Year (Unaudited)
IV. Net profit		714,928,663.40	599,817,596.48
(I) Categorized by the nature of continuing operation:			
1. Net profit from continuing operations		714,928,663.40	599,817,596.48
2. Net profit from discontinued operations		—	—
(II) Categorized by ownership:			
1. Net profit attributable to shareholders of the parent company		717,795,048.76	602,909,289.93
2. Profit or loss attributable to non-controlling interests		(2,866,385.36)	(3,091,693.45)
V. Other comprehensive income, net of tax	<i>20</i>	321,665,681.01	153,924,304.47
Other comprehensive income attributable to shareholders of the parent company, net of tax	<i>20</i>	321,665,681.01	153,924,304.47
(I) Other comprehensive income not reclassified to profit or loss			
1. Changes in other equity instrument investment at fair value	<i>20</i>	321,665,681.01	153,924,304.47
VI. Total comprehensive income		1,036,594,344.41	753,741,900.95
Total comprehensive income attributable to shareholders of the parent company		1,039,460,729.77	756,833,594.40
Total comprehensive income attributable to non-controlling shareholders		(2,866,385.36)	(3,091,693.45)
VII. Earnings per share:	<i>28</i>		
(I) Basic earnings per share		0.58	0.49
(II) Diluted earnings per share		N/A	N/A

CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2022

ITEM	RMB	
	Amount recognized in the Current Period (Unaudited)	Amount recognized in the Same Period of Last Year (Unaudited)
I. Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services	4,999,988,853.97	4,712,206,904.61
Receipts of tax refunds	37,105,294.24	—
Other cash receipts relating to operating activities	107,191,401.70	116,501,482.17
Sub-total of cash inflows from operating activities	5,144,285,549.91	4,828,708,386.78
Cash payments for goods purchased and services received	3,285,357,971.86	2,869,121,763.23
Cash payments to and on behalf of employees	925,883,747.20	803,993,108.16
Payments of various types of taxes	76,593,774.99	71,623,054.14
Other cash payments relating to operating activities	435,725,618.98	612,831,815.06
Sub-total of cash outflows from operating activities	4,723,561,113.03	4,357,569,740.59
Net Cash Flow from Operating Activities	420,724,436.88	471,138,646.19
II. Cash Flows from Investing Activities:		
Cash receipts from recovery of investments	251,386,092.46	306,714,479.22
Cash receipts from investment income	98,676,394.54	66,748,425.03
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	38,895,018.65	2,477,621.09
Other cash receipts relating to investing activities	405,499,999.89	—
Sub-total of cash inflows from investing activities	794,457,505.54	375,940,525.34
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	116,014,885.70	95,564,737.81
Cash payments to acquire investments	191,763,862.30	624,228,987.47
Other cash payments relating to investing activities	300,000,000.00	700,000,000.00
Sub-total of cash outflows from investing activities	607,778,748.00	1,419,793,725.28
Net Cash Flow generated from Investing Activities	186,678,757.54	(1,043,853,199.94)

ITEM	Amount recognized in the Current Period (Unaudited)	Amount recognized in the Same Period of Last Year (Unaudited)
III. Cash Flows from Financing Activities:		
Cash payments for distribution of dividends, profit or settlement of interest expenses	253,426,737.21	245,505,212.44
Other cash payments relating to financing activities	42,779,482.54	45,156,312.16
Sub-total of cash outflows from financing activities	296,206,219.75	290,661,524.60
Net Cash Flow generated from Financing Activities	(296,206,219.75)	(290,661,524.60)
IV. Net Increase (Decrease) in Cash and Cash Equivalents	311,196,974.67	(863,376,078.35)
Add: Opening balance of cash and cash equivalents	5,997,769,686.81	5,740,841,068.18
V. Closing Balance of Cash and Cash Equivalents	<u>6,308,966,661.48</u>	<u>4,877,464,989.83</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

1. BASIC INFORMATION ABOUT THE COMPANY

The Company was registered at Sichuan Administration for Industry and Commerce on 11 June 2005 with the share capital of RMB733,370,000.00.

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

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

Luo Yong is the legal representative of the Company. The registered address of the Company is No. 1, 1/F, Block 4, No. 239, Jinshi Road, Jinjiang District, Chengdu, Sichuan Province. The headquarters of the Company has been changed from No. 6 Wenxuan Road, Rongbei Shangmao Avenue, Chengdu, Sichuan Province to Xinhua Star Tower A, No. 238 Sanse Road, Jinjiang District, Chengdu, Sichuan Province.

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

The parent company of the Company is Sichuan Xinhua Publishing and Distribution Group Co., Ltd. (“**Sichuan Xinhua Publishing and Distribution Group**”). The Company is ultimately and de facto controlled by the State-owned Assets Supervision and Administration Commission of Sichuan Province.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

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

Going concern

The Group assessed its ability to continue as a going concern for the 12 months subsequent to 30 June 2022, and found no events or circumstances that may cast significant doubts upon it. Hence the financial statements have been prepared on a going concern basis.

3. TAX INCENTIVES AND OFFICIAL APPROVALS

Enterprise income tax

In accordance with Notice on Several Tax Policies for the Transformation of Operating Cultural Institutions into Enterprises for Continuous Implementation of Cultural System Reform (Cai Shui [2019] No. 16) issued by the MoF, the State Administration of Taxation and the Publicity Department of the Chinese Communist Party, the Company and its subsidiaries Beijing Shuchuan Xinhua Bookstore Book Distribution Co., Ltd., Sichuan Xinhua Online Network Co., Ltd., Sichuan Winshare Culture Communication Co., Ltd. (original name: Sichuan Xinhua Culture Communication Co., Ltd.) and the thirteen publishing houses under the Company enjoy enterprise income tax exemption for five years from 1 January 2019.

As approved and confirmed by Chengdu Development and Reform Commission pursuant to its Administration Approval Letter [2016] No.38, the Company’s subsidiary, Sichuan Winshare Education Technology Co., Ltd., which falls within the encouraged industries in the Western Region included in the Notice on Renewing the Enterprise Income Tax Policy for Great Western Development (Notice of the MoF [2020] No. 23) issued by the MoF, the State Administration of Taxation, and the National Development and Reform Commission, is subject to enterprise income tax calculated at the rate of 15% of the assessable income. Beijing Aerospace Cloud Education Technology Co., Ltd., a subsidiary of the Company, which obtained the high-tech enterprise certificate of No. GR201911008465 on 2 December 2019, is subject to enterprise income tax calculated at 15% of the assessable income.

Value-added tax

Pursuant to Notice on Persistently Promoting Cultural Value-added Tax Preferential Policies (Cai Shui [2021] No. 10) issued by the MoF and the State Administration of Taxation: for the period from 1 January 2021 to 31 December 2023, the Group enjoys value-added tax (“**VAT**”) preferential policies of 100% reimbursement and 50% reimbursement for publications of certain category specified in this Notice during publishing phase, and VAT exemption for its book wholesale and retail business.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

4.1 Accounting Standards for Business Enterprises Interpretation No.15

On 30 December 2021, the MoF issued the ASBE Interpretation No.15 (“**Interpretation No.15**”) under the document Cai Kuai [2021] No.35, which regulates the accounting treatment of external sales of products or by-products produced before the fixed assets are ready for their intended use or during the research and development process as well as the assessment of loss-making contracts, and has been implemented since 1 January 2022. The Group is of the view that the adoption of the such requirements has no material effect on the Group’s and the Company’s financial statements.

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

On 19 May 2022, the MoF issued the “Notice on the Relevant Issues Concerning the Applicability of the ‘Provisions on the Accounting Treatment of COVID-19 Related Rent Concessions’” (“**Circular 13**”) under the document Cai Kuai [2022] No.13, which adjusts the applicable period of the “Provisions on the Accounting Treatment of COVID-19 Related Rent Concessions” issued by the MoF on 26 May 2021 under the document Cai Kuai [2021] No.9 (“**Circular 9**”). Circular 13 adjusts the rent concession period under the simplified method applicable to Circular 9 that “For rent concessions on lease payments due after 30 June 2022, lessees and lessors can still continue to elect to apply the simplified method provided in Circular 9”. The above requirements have no material effect on the Group’s and the Company’s financial statements.

4.3 Provisions on the Accounting Treatment of Asset Management Products

On 25 May 2022, the MoF issued the “Notice on Issuing of the ‘Provisions on the Accounting Treatment of Asset Management Products’” (“**Circular 14**”) under the document Cai Kuai [2022] No.14, which regulates the accounting treatment, presentation and disclosure of asset management products. The above requirements have no material effect on the Group’s and the Company’s financial statements.

5. CASH AND BANK BALANCES

RMB

Item	30 June 2022 (Unaudited)			31 December 2021 (Audited)		
	Amounts of the original currencies	Exchange rate	Amount in RMB	Amounts of the original currencies	Exchange rate	Amount in RMB
Cash on hand:						
RMB	1,053,076.68	1.0000	1,053,076.68	1,482,033.90	1.0000	1,482,033.90
Bank balances:						
RMB (Note 1)	6,283,988,131.15	1.0000	6,283,988,131.15	5,994,827,856.42	1.0000	5,994,827,856.42
USD	19,788.79	6.7114	132,810.49	18,348.27	6.3757	116,983.07
EUR	68.69	7.0084	481.41	85.27	7.2197	615.62
HKD	54,664.92	0.8552	46,749.44	95,946.49	0.8176	78,445.85
Other currency funds:						
RMB (Note 2)	61,292,159.24	1.0000	61,292,159.24	43,523,343.86	1.0000	43,523,343.86
Total			6,346,513,408.41			6,040,029,278.72

Note 1: At the end of the Period, the bank balances include 3-month above time deposits and interests amounting to RMB3,330,000,000.00 (31 December 2021: RMB2,390,000,000.00) with an interest rate of 2.05%-4.07%. The management held the term deposits for the Period 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 Period, other currency funds include the balances with Alipay App account and WeChat App account of RMB2,577,267.31 (31 December 2021: RMB1,263,751.95), dividend deposited in the stock account of RMB21,168,145.00 (31 December 2021: Nil), and restricted cash and bank balances of RMB37,546,746.93 (31 December 2021: RMB42,259,591.91). At the end of the Period, the Group's cash and bank balances with restricted ownership consist of security deposit for the issuance of bank acceptance bills of RMB390,000.00 (31 December 2021: RMB4,487,927.88), security deposit placed in bank for the issuance of guarantee letter of RMB11,125,903.00 (31 December 2021: RMB8,087,289.68), the special fund for housing reform and housing repair of RMB24,787,507.93 (31 December 2021: RMB24,770,900.35), 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 2021: RMB1,100,000.00) and frozen bank deposits as a result of the litigation against Sichuan Xinhua Printing Co., Ltd., a subsidiary of the Company, of RMB143,336.00 (31 December 2021: RMB3,813,474.00).

6. ACCOUNTS RECEIVABLE

(1) Disclosure by aging

Aging	30 June 2022 (Unaudited)				31 December 2021 (Audited)				RMB
	Amount	Proportion (%)	Credit loss provision	Carrying amount	Amount	Proportion (%)	Credit loss provision	Carrying amount	
Within 1 year	1,748,032,569.60	73.27	241,374,010.18	1,506,658,559.42	1,623,399,614.62	76.27	198,507,069.96	1,424,892,544.66	
More than 1 year but not exceeding 2 years	333,216,905.98	13.97	148,177,646.32	185,039,259.66	249,522,673.55	11.72	118,531,070.28	130,991,603.27	
More than 2 years but not exceeding 3 years	121,108,938.43	5.08	121,108,938.43	-	127,972,595.20	6.01	127,972,595.20	-	
More than 3 years	183,265,079.51	7.68	183,265,079.51	-	127,489,256.90	6.00	127,489,256.90	-	
Total	2,385,623,493.52	100.00	693,925,674.44	1,691,697,819.08	2,128,384,140.27	100.00	572,499,992.34	1,555,884,147.93	

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

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

The credit loss provision for the Current Period was RMB113,637,145.83, and other transfers amounted to RMB7,788,536.27. The additional credit loss provision for the Current Period totalled RMB121,425,682.10.

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

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

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

RMB

Name of entity	Relationship with the Group	30 June 2022 (Unaudited)	Aging	As a percentage of the total accounts receivable (%)	Credit loss provision as at 30 June 2022 (Unaudited)
Customer A	Third party	116,515,715.06	Within 1 year, 1-2 years, 2-3 years, more than 3 years	4.88	72,368,129.77
Customer B	Third party	91,493,252.00	Within 1 year	3.84	2,744,797.56
Customer C	Third party	84,948,477.81	Within 1 year	3.56	2,530,972.92
Customer D	Third party	80,476,625.18	Within 1 year, 1-2 years, 2-3 years	3.37	11,975,815.22
Customer E	Third party	46,938,025.22	Within 1 year, 1-2 years, 2-3 years	1.97	9,256,542.26
Total		420,372,095.27		17.62	98,876,257.73

7. INVENTORIES

(1) Categories of inventories

Item	30 June 2022 (Unaudited)			31 December 2021 (Audited)			RMB
	Book balance	Provision for decline in value	Carrying amount	Book balance	Provision for decline in value	Carrying amount	
Goods on hand	2,385,401,654.18	268,805,291.35	2,116,596,362.83	2,742,623,091.17	257,113,472.93	2,485,509,618.24	
Work-in-progress	75,354,110.08	–	75,354,110.08	202,673,827.36	–	202,673,827.36	
Raw materials	31,367,928.65	3,337,396.06	28,030,532.59	57,312,377.30	3,337,396.06	53,974,981.24	
Total	2,492,123,692.91	272,142,687.41	2,219,981,005.50	3,002,609,295.83	260,450,868.99	2,742,158,426.84	

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

(2) Provision for decline in value of inventories

Category of inventories	1 January 2022	Decrease in the Current Period		30 June 2022 (Unaudited)
		Increase in the Current Period	Reversal in the Current Period	
Goods on hand	257,113,472.93	19,347,328.54	–	268,805,291.35
Raw materials	3,337,396.06	–	–	3,337,396.06
Total	260,450,868.99	19,347,328.54	–	272,142,687.41

Note: As the expected net realizable value was lower than the cost of inventories at the end of the Period, a provision for decline in value of inventories amounting to RMB19,347,328.54 (2021: RMB48,395,369.07) was made during the Current Period. As the goods provided for the decline in value of inventories were sold, the provision for the decline in value of inventories amounting to RMB7,655,510.12 (2021: RMB14,319,562.18) was written off.

8. LONG-TERM RECEIVABLES

RMB

Item	30 June 2022 (Unaudited)			31 December 2021 (Audited)		
	Book balance	Credit loss provision	Carrying amount	Book balance	Credit loss provision	Carrying amount
Goods sold by instalments (<i>Note</i>)	318,417,028.46	49,259,969.26	269,157,059.20	372,822,149.55	57,048,505.53	315,773,644.02
Less: Long-term receivables included in non-current assets due within one year	195,173,228.26	30,181,224.50	164,992,003.76	202,851,573.83	30,557,055.72	172,294,518.11
Total	123,243,800.20	19,078,744.76	104,165,055.44	169,970,575.72	26,491,449.81	143,479,125.91

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

9. LONG-TERM EQUITY INVESTMENTS

(1) Summary of long-term equity investments:

Item	RMB	
	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Book balance of long-term equity investments	754,006,288.46	761,451,221.65
Less: Provision for impairment of long-term equity investments	6,647,345.57	6,647,345.57
Carrying amount of long-term equity investments	747,358,942.89	754,803,876.08

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

Investee	1 January 2022	Changes for the Period						Provision for impairment as at 30 June 2022 (Unaudited)	
		Addition in investment	Reduction in investment	Investment gain or loss recognized under equity method	Adjustment of other comprehensive income	Changes in other equity	Distribution of cash dividends or profits declared		Provision for impairment loss
Joint Ventures									
Hainan Publishing House Co., Ltd.	232,622,964.59	-	-	10,491,659.00	-	-	-	-	243,114,623.59
Sichuan Fudou Technology Co., Ltd. ("Sichuan Fudou")	-	-	-	-	-	-	-	-	-
Sanya Xuan Cai Private Equity Venture Capital Fund Management Co., Ltd.	12,510,295.91	-	-	(189,658.90)	-	-	-	-	12,320,637.01
Liangshan Xinhua Winshare Education Technology Co., Ltd.	20,048,975.48	-	-	(431,760.19)	-	-	-	-	19,617,215.29
Subtotal	265,182,235.98	-	-	9,870,239.91	-	-	-	-	275,052,475.89
Associates									
Sichuan Winshare BLOGIS Supply Chain Co., Ltd.	46,234,555.66	-	-	453,081.90	-	-	(900,000.00)	-	45,787,637.56
The Commercial Press (Chengdu) Co., Ltd.	3,720,175.58	-	-	15,685.73	-	-	-	-	3,735,861.31
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	9,731,023.89	-	-	(448,959.78)	-	-	-	-	9,282,064.11
Guizhou Xinhua Winshare Book Audio-Visual Product Chainstore Co., Ltd. ("Guizhou Winshare")	-	-	-	-	-	-	-	-	-
Ming Bo Education Technology Holdings Co., Ltd.	28,249,539.37	-	-	(9,440,450.02)	-	-	-	-	18,809,089.35

RMB

Changes for the Period

Investee	1 January 2022	Addition in investment	Reduction in investment	Investment gain or loss recognized under equity method	Adjustment of other comprehensive income	Changes in other equity	Distribution of cash dividends or profits declared	Provision for impairment loss	Other decreases	30 June 2022 (Unaudited)	Provision for impairment as at 30 June 2022 (Unaudited)
Shanghai Jingjie Information Technology Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-
Sichuan Winshare Preschool Educational Management Co., Ltd.	5,373,638.40	-	-	2,483,923.50	-	-	-	-	-	7,857,561.90	(1,604,619.30)
Chengdu Winshare Equity Investment Fund Management Co., Ltd.	48,644,654.29	-	-	(13,922,403.59)	-	-	-	-	-	34,722,250.70	-
Sichuan Education and Science Forum Magazine Press Co., Ltd.	892,386.41	-	-	67,039.16	-	-	-	-	-	959,425.57	-
Fuzhou Winshare Technology Partnership (Limited Partnership)	6,667,582.74	-	-	216,282.76	-	-	-	-	-	6,883,865.50	-
Sichuan Jiaoyang Sihuo Film Co., Ltd.	125,852.12	-	-	-	-	-	-	-	-	125,852.12	-
Xinhua Yingxuan (Beijing) Screen Culture Co., Ltd.	955,363.79	-	-	(590,963.70)	-	-	-	-	-	364,400.09	(5,042,726.27)
Tianjin Tianxi Zhongda Cultural Development Co., Ltd.	20,544,298.98	-	-	(50,061.04)	-	-	-	-	-	20,494,237.94	-
Winshare Yinshi (Beijing) Cultural Communication Co., Ltd.	278,750.32	-	-	9,127.03	-	-	-	-	-	287,877.35	-
Hainan Phoenix Xinhua Publishing and Distribution Co., Ltd. (“Hainan Phoenix”)	317,571,337.71	-	-	5,330,233.70	-	-	-	-	-	322,901,571.41	-
Sichuan Cuiya Education Technology Co., Ltd.	632,480.84	-	-	(537,708.75)	-	-	-	-	-	94,772.09	-
Subtotal	489,621,640.10	-	-	(16,415,173.10)	-	-	(900,000.00)	-	-	472,306,467.00	(6,647,345.57)
Total	754,803,876.08	-	-	(6,544,933.19)	-	-	(900,000.00)	-	-	747,358,942.89	(6,647,345.57)

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

RMB

Item	30 June 2022 (Unaudited)		31 December 2021 (Audited)	
	Unrecognized investment losses for the Period	Accumulated unrecognized investment losses	Unrecognized investment losses for the Period	Accumulated unrecognized investment losses
Guizhou Winshare	–	5,557,990.70	–	5,557,990.70
Sichuan Fudou	356,533.42	3,246,233.66	324,454.42	2,889,700.24
Total	356,533.42	8,804,224.36	324,454.42	8,447,690.94

10. OTHER EQUITY INSTRUMENT INVESTMENTS

(1) Details of other equity instruments investments

Other equity instrument investments designated at FVTOCI:

RMB

Item	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Anhui Xinhua Media Co., Ltd. (“Wan Xin Media”)	602,011,200.00	646,881,600.00
Jiangsu Hagong Intelligent Robot Co., Ltd. (“HGZN”)	995,911.41	814,470.06
Bank of Chengdu Co., Ltd. (“Bank of Chengdu”)	1,326,400,000.00	960,000,000.00
Others	375,393.81	375,393.81
Total	1,929,782,505.22	1,608,071,463.87

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

RMB

Item	Dividend income recognized for the Period	Accumulated profits (losses)	Amount transferred from other comprehensive income (loss) to retained earnings during the Period	Reasons for equity instruments investments not held for trading designated at FVTOCI	Reasons for transfer from other comprehensive income to retained earnings for the Period
Wan Xin Media	21,188,800.00	415,595,872.00	–	The investment is not held	N/A
HGZN	–	159,265.93	–	for the purpose of selling	N/A
Bank of Chengdu	50,400,000.00	1,086,400,000.00	–	it in the near term for	N/A
Others	–	(1,646,699.35)	–	short-term gains.	N/A
Total	71,588,800.00	1,500,508,438.58	–		

11. OTHER NON-CURRENT FINANCIAL ASSETS

RMB

Item	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Citic M&A Investment Fund (Shenzhen) Partnership (Limited Partnership) (Note 1)	186,595,947.80	195,611,536.30
Winshare Hengxin (Shenzhen) Equity Investment Fund Partnership (Limited Partnership) (“Winshare Hengxin”) (Note 2)	162,535,355.52	266,629,597.40
Qingdao Goldstone Zhixin Investment Center (Limited Partnership) (Note 3)	106,762,836.15	106,766,123.51
Ningbo Meishan Free Trade Port Winshare Dingsheng Equity Investment Partnership (Limited Partnership) (Note 4)	147,400,226.89	151,040,338.58
Xinhua Internet E-commerce Co., Ltd.	3,000,000.00	3,000,000.00
Total	606,294,366.36	723,047,595.79

Note 1: Changes in fair value for the Current Period were gains of RMB10,453,860.42, and the recovery of the exit money due to liquidation of investment project totalled RMB19,469,448.92.

Note 2: Changes in fair value for the Current Period were losses of RMB65,495,148.90, and the recovery of the exit money due to liquidation of investment project totalled RMB38,599,092.98.

Note 3: Changes in fair value for the Current Period were losses of RMB3,287.36.

Note 4: During the Current Period, new investment cost amounted to RMB14,607,973.42, changes in fair value were losses of RMB2,095,742.38, and the recovery of the exit money due to liquidation of investment project totalled RMB16,152,342.73.

12. FIXED ASSETS

(1) Fixed assets

RMB

Item	Buildings	Machinery and equipment	Electronic equipment and others	Transportation vehicles	Total
Cost as at 30 June 2022 (Unaudited)	2,665,535,007.02	335,785,151.70	197,921,664.57	114,600,137.78	3,313,841,961.07
Accumulated depreciation as at 30 June 2022 (Unaudited)	680,844,305.33	258,745,397.28	146,506,237.62	67,280,549.95	1,153,376,490.18
Carrying amount as at 30 June 2022 (Unaudited)	1,984,690,701.69	77,039,754.42	51,415,426.95	47,319,587.83	2,160,465,470.89

(2) As at the end of the Current Period, fixed assets of which certificates of title have not been obtained amounted to RMB177,585,944.50 in aggregate, and fixed assets of which certificates of title have not been obtained had no significant impact on the Group's operations.

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

13. GOODWILL

(1) Cost of goodwill

RMB

Name of the investee or item resulting in goodwill	1 January 2022	Increase in the Current Period	Decrease in the Current Period	30 June 2022 (Unaudited)
Acquisitions of fifteen publishing companies (Note)	500,571,581.14	–	–	500,571,581.14
Others	3,851,606.53	–	–	3,851,606.53
Total	504,423,187.67	–	–	504,423,187.67

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

(2) Provision for impairment of goodwill

<i>RMB</i>				
Name of the investee or item resulting in goodwill	1 January 2022	Increase in the Current Period	Decrease in the Current Period	30 June 2022 (Unaudited)
Others	3,851,606.53	–	–	3,851,606.53

14. OTHER NON-CURRENT ASSETS

<i>RMB</i>		
Item	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Prepaid land funds	35,355,838.00	35,355,838.00
VAT input tax to be deducted (<i>Note 1</i>)	–	68,477,191.12
Prepaid purchase price for property	29,904,991.14	29,043,520.00
Time deposits (<i>Note 2</i>)	670,509,997.12	658,653,810.14
Retention money	11,253,815.26	–
Total	747,024,641.52	791,530,359.26

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

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

15. ACCOUNTS PAYABLE

Details of aging analysis of accounts payable are as follows:

Item	RMB	
	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Within 1 year	3,626,789,484.21	4,137,818,371.49
More than 1 year but not exceeding 2 years	820,534,672.38	815,849,243.13
More than 2 years but not exceeding 3 years	227,583,597.09	254,492,255.24
More than 3 years	189,120,667.88	198,421,310.13
Total	4,864,028,421.56	5,406,581,179.99

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

16. CONTRACT LIABILITIES

(1) Presentation of contract liabilities:

Item	RMB	
	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Advanced receipts for sold goods	532,720,235.07	539,851,504.56
Membership card points	2,536,984.19	2,234,909.60
Total	535,257,219.26	542,086,414.16

- (2) During the Current Period, the Group recognized the carrying amount of contract liabilities at the beginning of the Period of RMB226,557,383.58, comprising contract liabilities of RMB226,554,252.17 arising from advanced receipts for sold goods, and contract liabilities of RMB3,131.41 arising from membership card points.

(3) Analysis on related contract liabilities

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

The Group's retail stores adopt a reward policy of membership loyalty cards for customers. For customers with consumption points reaching a certain 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 the respective stand-alone selling prices. Sale consideration allocated to reward points is recognized as contract liabilities, and as revenue upon redemption.

17. OTHER PAYABLES

(1) Total other payables

<i>RMB</i>		
Item	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Amounts due to related parties	14,269,008.36	15,993,430.45
Security deposit/deposit/quality warranty/ performance security	75,255,524.98	73,913,820.63
Construction and infrastructure construction expenses	66,098,718.14	72,072,547.92
Amounts due to/from other entities	23,515,790.65	13,967,874.80
Dividend payables	141,987,307.06	—
Others	217,329,845.83	210,939,121.67
Total	538,456,195.02	386,886,795.47

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

(2) Dividend payables

<i>RMB</i>		
Item	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Dividend payables – H Shareholders	141,419,872.00	—
Dividend payables – non-controlling interests of subsidiaries (<i>Note</i>)	567,435.06	—
Total	141,987,307.06	—

Note: The dividend payables represent the dividend payables by Sichuan Times English Cultural Communication Co., Ltd. to Sichuan Yangguang Didai Technology Co., Ltd.

18. LEASE LIABILITIES

RMB

Item	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Rents	431,237,890.61	361,300,533.93
Less: Lease liabilities included in non-current liabilities due within one year	85,565,471.91	101,706,168.70
Total	345,672,418.70	259,594,365.23

19. SHARE CAPITAL

For the Current Period

RMB

Item	1 January 2022	Issue of new shares	Bonus issue	Changes for the Period Capitalization of surplus reserve	Others	Subtotal	30 June 2022 (Unaudited)
Total number of shares	1,233,841,000.00	-	-	-	-	-	1,233,841,000.00

For the Same Period of Last Year

RMB

Item	1 January 2021	Issue of new shares	Bonus issue	Changes for the period Capitalization of surplus reserve	Others	Subtotal	30 June 2021 (Unaudited)
Total number of shares	1,233,841,000.00	-	-	-	-	-	1,233,841,000.00

20. OTHER COMPREHENSIVE INCOME

For the Current Period

RMB

Item	1 January 2022	Changes for the Current Period					30 June 2022 (Unaudited)
		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: Other comprehensive income (loss) that is transferred to retained earnings	
Other comprehensive income that cannot be reclassified into profit or loss	1,178,842,757.57	321,711,041.35	45,360.34	321,665,681.01	-	-	1,500,508,438.58
Changes in fair value of other equity instrument investments	<u>1,178,842,757.57</u>	<u>321,711,041.35</u>	<u>45,360.34</u>	<u>321,665,681.01</u>	<u>-</u>	<u>-</u>	<u>1,500,508,438.58</u>

For the Same Period of Last Year

RMB

Item	1 January 2021	Changes for the current period					30 June 2021 (Unaudited)
		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: Other comprehensive income (loss) that is transferred to retained earnings	
Other comprehensive income that cannot be reclassified into profit or loss	1,016,266,307.50	153,945,472.63	21,168.16	153,924,304.47	-	(1,311,665.90)	1,171,502,277.87
Changes in fair value of other equity instrument investments	<u>1,016,266,307.50</u>	<u>153,945,472.63</u>	<u>21,168.16</u>	<u>153,924,304.47</u>	<u>-</u>	<u>(1,311,665.90)</u>	<u>1,171,502,277.87</u>

21. UNDISTRIBUTED PROFITS

RMB

Item	Current Period (Unaudited)	Prior year (Audited)	Proportion of appropriation or distribution
Undistributed profits at the beginning of the Period/year	5,227,141,020.57	4,416,564,721.94	
Add: Net profit attributable to shareholders of the parent company for the Period	717,795,048.76	1,305,941,469.01	
Less: Appropriation to statutory surplus reserve	–	111,562,794.48	(1)
Distribution of dividends on ordinary shares	394,829,120.00	382,490,710.00	(2)
Internal carry-over within equity	–	1,311,665.90	
Undistributed profits at the end of the Period/year	5,550,106,949.33	5,227,141,020.57	

(1) Appropriation to statutory surplus reserve

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

(2) Cash dividends approved in shareholders' meeting

On 24 May 2022, the resolution regarding the Company's 2021 Annual Profit Distribution Proposal was approved at 2021 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 RMB0.32 (tax-inclusive) (prior year: RMB0.31 (tax-inclusive)) and the total cash dividends of RMB394,829,120.00 (tax-inclusive) (prior year: RMB382,490,710.00 (tax-inclusive)) was distributed.

(3) Appropriation to surplus reserve by subsidiaries

At the end of the Current Period, the balance of the Group's undistributed profits included appropriation to surplus reserve by subsidiaries amounting to RMB173,988,205.30 (31 December 2021: RMB173,988,205.30).

22. OPERATING INCOME AND OPERATING COSTS

(1) Classification

Item	RMB	
	Amount incurred in the Current Period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
Principal operating income	4,903,342,824.87	4,590,180,519.45
Other operating income (<i>Note</i>)	76,462,186.05	71,400,533.19
Total income	4,979,805,010.92	4,661,581,052.64
Principal operating costs	3,078,347,754.03	2,747,235,415.21
Other operating costs	5,144,633.23	5,787,651.26
Total costs	3,083,492,387.26	2,753,023,066.47

Note: Included in other operating income was net income from concessionaire sales of RMB16,064,238.54. Among which, revenue from concessionaire sales was RMB104,817,805.68 and cost from concessionaire sales was RMB88,753,567.14. (Same Period of Last Year: net income from concessionaire sales of RMB17,629,292.42. Among which, revenue from concessionaire sales was RMB122,810,748.24 and cost from concessionaire sales was RMB105,181,455.82.)

(2) Details of income from contracts

Description of income from principal contracts:

RMB

Product	Principal operating income		Principal operating costs	
	Current Period (Unaudited)	Same Period of Last Year (Unaudited)	Current Period (Unaudited)	Same Period of Last Year (Unaudited)
I. Publication segment				
Textbooks and supplementary materials	639,859,479.08	676,989,621.67	365,568,169.04	370,190,563.56
General book	335,709,777.32	356,961,935.82	263,061,978.04	263,713,874.06
Printing and supplies	93,537,050.78	127,173,871.19	73,922,083.11	106,284,119.46
Newspapers and journals	24,964,504.11	18,817,359.57	13,580,371.31	10,185,809.54
Others	5,542,208.21	6,533,958.44	3,546,640.87	5,468,598.16
Subtotal	1,099,613,019.50	1,186,476,746.69	719,679,242.37	755,842,964.78
II. Distribution segment				
Textbooks and supplementary materials	2,685,805,125.31	2,491,797,710.34	1,568,698,598.06	1,407,030,876.94
General book	1,521,714,759.48	1,429,633,665.75	1,297,799,958.35	1,174,583,059.90
Education informatized and equipment businesses	175,876,779.62	99,938,290.90	149,112,558.15	82,019,621.24
Others	11,255,106.67	48,399,510.87	8,879,445.08	32,774,511.33
Subtotal	4,394,651,771.08	4,069,769,177.86	3,024,490,559.64	2,696,408,069.41
III. Others	205,514,584.65	176,810,547.10	191,699,058.64	163,866,109.53
Less: Inter-segment elimination	796,436,550.36	842,875,952.20	857,521,106.62	868,881,728.51
Total	4,903,342,824.87	4,590,180,519.45	3,078,347,754.03	2,747,235,415.21

RMB

Channel	Principle operating income		Principle operating costs	
	Current Period (Unaudited)	Same Period of Last Year (Unaudited)	Current Period (Unaudited)	Same Period of Last Year (Unaudited)
I. Publication segment	1,099,613,019.50	1,186,476,746.69	719,679,242.37	755,842,964.78
II. Distribution segment				
Education service	2,872,937,011.60	2,640,135,512.11	1,726,690,601.29	1,521,825,009.51
Online sales	1,164,728,571.78	1,046,457,802.39	1,068,416,889.57	910,505,241.47
Store sales	295,429,235.68	277,028,887.86	187,343,604.10	173,858,917.66
Others	61,556,952.02	106,146,975.50	42,039,464.68	90,218,900.77
Subtotal	4,394,651,771.08	4,069,769,177.86	3,024,490,559.64	2,696,408,069.41
III. Others	205,514,584.65	176,810,547.10	191,699,058.64	163,866,109.53
Including: Logistics services	203,537,072.94	171,051,884.32	190,226,343.28	161,346,777.98
Less: Inter-segment elimination	796,436,550.36	842,875,952.20	857,521,106.62	868,881,728.51
Total	4,903,342,824.87	4,590,180,519.45	3,078,347,754.03	2,747,235,415.21

Division of publication segment and distribution segment and other details are set out in Note 25.

23. OTHER INCOME

RMB

Item	Amount incurred in the Current Period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
Book publishing subsidies	5,008,293.08	7,206,821.78
VAT first levied then returned	36,791,018.44	24,747,690.97
Other financial subsidies	9,060,267.68	6,649,941.88
Total	50,859,579.20	38,604,454.63

24. INVESTMENT INCOME

RMB

Item	Amount incurred in the Current Period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
Income from long-term equity investments		
Including: Income from investments under equity method	(6,544,933.19)	9,149,573.22
Investment income during the holding of other non-current financial assets	–	693,948.50
Dividend income during the holding of other equity instrument investments	71,588,800.00	56,742,400.00
Investment income from disposal of held-for-trading financial assets	24,772,049.54	2,578,353.34
Others	–	1,407,398.19
Total	89,815,916.35	70,571,673.25

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

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

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

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

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

(1) Segment reporting information

For the Current Period (Unaudited)

RMB

	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	Total
External revenue	377,520,262.56	4,452,837,776.81	149,446,971.55	-	-	4,979,805,010.92
Inter-segment revenue	734,063,991.44	2,261,472.95	63,034,851.82	-	(799,360,316.21)	-
Total operating income	<u>1,111,584,254.00</u>	<u>4,455,099,249.76</u>	<u>212,481,823.37</u>	<u>-</u>	<u>(799,360,316.21)</u>	<u>4,979,805,010.92</u>
Operating profit	285,797,069.64	424,121,363.09	(89,901,418.12)	23,561,909.41	66,128,379.51	709,707,303.53
Non-operating income	874,633.27	2,064,541.84	203,150.65	-	-	3,142,325.76
Non-operating expenses	384,617.72	11,286,077.94	1.79	-	-	11,670,697.45
Total profit	<u>286,287,085.19</u>	<u>414,899,826.99</u>	<u>(89,698,269.26)</u>	<u>23,561,909.41</u>	<u>66,128,379.51</u>	<u>701,178,931.84</u>
Total assets	<u>7,853,397,826.66</u>	<u>11,756,647,285.05</u>	<u>1,213,574,281.98</u>	<u>2,147,094,577.77</u>	<u>(4,103,287,818.01)</u>	<u>18,867,426,153.45</u>
Total liabilities	<u>2,938,791,301.68</u>	<u>7,487,794,172.67</u>	<u>520,960,570.70</u>	<u>186,447,452.68</u>	<u>(4,017,453,693.05)</u>	<u>7,116,539,804.68</u>
Supplementary information						
Depreciation	6,882,914.09	95,538,081.14	10,979,934.73	-	-	113,400,929.96
Amortization	2,364,576.67	24,292,162.12	1,310,273.76	-	-	27,967,012.55
Interest income	314,415.50	82,951,531.07	562,736.61	-	-	83,828,683.18
Loss on credit impairment recognized in the Current Period	15,750,856.63	98,614,729.68	(1,047,930.13)	-	-	113,317,656.18
Impairment losses of assets recognized in the Current Period	15,442,481.40	3,904,847.14	-	-	-	19,347,328.54
Investment income (loss) recognized from long-term equity investment under equity method	16,978.12	6,880,786.52	(13,442,697.83)	-	-	(6,544,933.19)
Long-term equity investment balances under equity method	21,579,515.62	626,065,036.50	99,714,390.77	-	-	747,358,942.89
Capital expenditure	3,044,688.79	81,658,323.57	8,745,544.38	-	-	93,448,556.74
Including: Construction in progress	101,274.04	47,594,908.90	-	-	-	47,696,182.94
Expenditure arising from purchase of fixed assets	2,640,065.23	28,101,596.57	8,654,393.94	-	-	39,396,055.74
Expenditure arising from purchase of intangible assets	-	1,717,507.03	91,150.44	-	-	1,808,657.47
Development expenditure	303,349.52	4,244,311.07	-	-	-	4,547,660.59

For the Same Period of Last Year (Unaudited)

RMB

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

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

More than 99% of the Group's income is sourced from the People's Republic of China (the "PRC") customers and most of the Group's assets are located in the PRC. Therefore, the regional data are not disclosed.

(3) **Concentration on major customers**

The Group's revenue from its single largest customer for the Current Period is RMB483,911,769.99 (Same Period of Last Year: RMB481,615,423.00), which is attributable to the distribution segment. Apart from the aforesaid single largest customer, the Group has no external customer from which the revenue accounts for 10% or more of the total revenue in the Current Period and the Same Period of Last Year.

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

26. GAINS (LOSSES) FROM FAIR VALUE CHANGE

RMB

Source of gains from fair value change	Amount incurred in the Current Period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
Financial assets at FVTPL	(57,143,903.32)	(36,891,522.25)
Including: Other non-current financial assets	(57,140,318.22)	(36,892,451.26)
Held-for-trading financial assets	(3,585.10)	929.01
Total	(57,143,903.32)	(36,891,522.25)

27. INCOME TAX EXPENSES

RMB

Item	Amount incurred in the Current Period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
Current income tax calculated according to tax laws and relevant requirements	3,162,187.44	1,805,449.44
Adjustment to impact of income tax of past periods	870,252.91	(3,590,230.26)
Deferred tax expenses	(17,782,171.91)	(7,810,117.47)
Total	(13,749,731.56)	(9,594,898.29)

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

RMB

Item	Amount incurred in the Current Period (Unaudited)	Amount incurred in the Same Period of Last Year (Unaudited)
Accounting profit	701,178,931.84	590,222,698.19
Income tax expenses calculated at 25%	175,294,732.96	147,555,674.55
Tax concessions	(199,039,546.32)	(170,278,685.16)
Effect of expenses that are not deductible for tax purposes	13,202,482.01	19,865,006.01
Effect of tax-free income	(17,897,200.00)	(14,185,600.00)
Effect of utilization of deductible losses for which no deferred income tax asset was recognized in the prior period	(97,469.82)	(3,025,544.34)
Effect of utilization of deductible temporary differences for which no deferred income tax asset was recognized in the prior period	(10,926,166.54)	(873,979.23)
Effect of deductible temporary differences or deductible losses for which no deferred income tax asset was recognized during the Current Period	24,843,183.24	14,938,460.14
Adjustment to impact of income tax of past periods	870,252.91	(3,590,230.26)
Total	(13,749,731.56)	(9,594,898.29)

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

	Current Period (Unaudited)	Same Period of Last Year (Unaudited)
Net profit for the Current Period attributable to ordinary shareholders	717,795,048.76	602,909,289.93
Including: Net profit from continuing operations	717,795,048.76	602,909,289.93

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

	<i>Number of shares</i>	
	Current Period (Unaudited)	Same Period of Last Year (Unaudited)
Number of ordinary shares outstanding at the beginning of the Period	1,233,841,000	1,233,841,000
Number of ordinary shares outstanding at the end of the Period	1,233,841,000	1,233,841,000

Earnings per share:

	<i>RMB</i>	
	Current Period (Unaudited)	Same Period of Last Year (Unaudited)
Net profit for the Current Period attributable to ordinary shareholders divided by weighted number of ordinary shares outstanding at the end of the Period	0.58	0.49
Net profit for the Current Period attributable to ordinary shareholders and attributable to continuing operation divided by weighted number of ordinary shares outstanding at the end of the Period	0.58	0.49

The Company has no dilutive potential ordinary shares.

29. EVENTS AFTER THE BALANCE SHEET DATE

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

MANAGEMENT DISCUSSION AND ANALYSIS

(I) BUSINESS REVIEW

INDUSTRY OVERVIEW

In the first half of 2022, favorable policies for promoting the development of the cultural industry continued to be released. “National reading” has been included in the Government Work Report for the ninth consecutive year, and it was transformed from “advocacy” to “in-depth promotion”, meaning that national reading would enter a new stage of development. The State successively issued policy documents such as the Implementation Opinions on Promoting the Development of In-depth Integration of Publishing (《關於推動出版深度融合發展的實施意見》) and the Opinions on Promoting the Implementation of the National Culture Digitalization Strategy (《關於推進實施國家文化數字化戰略的意見》), providing good development opportunities for the integrated development of the publishing industry. The central and local governments introduced a series of policy measures to promote consumption, which were conducive to boosting cultural consumption, activating the consumption vitality of the book market and enhancing the confidence on enterprise development.

In the first half of 2022, the Coronavirus Disease 2019 (“**COVID-19**”) spread in multiple places in China, resulting in a regional and phased shutdown of the publishing industry in terms of production, printing, logistics and distribution. The book market was affected to a certain extent. According to the monitoring data publicly published by Beijing Openbook Co., Ltd. (“**Open Book Data**”), in the first half of 2022, the book retail market experienced a 13.8% year-on-year decline. In particular, the physical store channel decreased by 39.7% year-on-year, whereas the online store channel decreased by 5.8% year-on-year. Against the trend, the short video e-commerce channel increased by 60% year-on-year. The impact of the COVID-19, technological transformation, and changes in reading and consumption habits drove the publishing industry to innovate and accelerate transformation and upgrading. Physical bookstores actively deployed online channels and gradually formed a model of online and offline integrated development. The traditional publishing business continued to make efforts in the direction of mobile, video and audio, accelerating the pace of product, service and model innovation with digital technology.

RESULTS

The Group deeply implemented the “three chains” strategy of “strengthening the chain, upgrading the chain and extending the chain”, continued to improve its production and distribution capabilities of high-quality products and creations, actively promoted the integrated innovation development and achieved both social benefits and economic benefits, thereby contributing to the construction of a strong cultural province and a strong publishing province.

During the Period, the Group recorded revenue of RMB4,980 million, representing growth of 6.83% as compared with the Same Period of Last Year, which was mainly due to the sales growth of businesses such as education service and online sales of the Group. The Group achieved net profit of RMB715 million, representing growth of 19.19% as compared with the Same Period of Last Year, which was mainly attributable to the increase in profit brought by sales growth, the increase in interest income from bank deposits and the compensation income received by several subsidiaries for housing demolition and relocation during the Period.

Revenue

During the Period, the Group recorded revenue of RMB4,980 million, representing growth of 6.83% as compared with RMB4,662 million in the Same Period of Last Year, which was mainly due to the sales growth of businesses such as education service and online sales of the Group.

Operating costs

During the Period, operating costs of the Group amounted to RMB3,083 million, representing growth of 12.00% from RMB2,753 million in the Same Period of Last Year, among which, costs of principal businesses amounted to RMB3,078 million, representing growth of 12.05% as compared with the Same Period of Last Year. The increase in operating costs was mainly due to the increase in costs caused by the expansion of sales scale, and the change of transportation and logistics expenses incurred for the performance of contractual obligations to be included in operating costs as contractual performance costs.

Gross profit margin

During the Period, consolidated gross profit margin of the Group was 38.08%, down by 2.86 percentage points from 40.94% in the Same Period of Last Year, among which, gross profit margin of principal businesses was 37.22%, down by 2.93 percentage points from 40.15% in the Same Period of Last Year. The decrease in gross profit margin was mainly due to the effect of adjustment of contractual performance costs. Excluding such factor, the gross profit margin of principal businesses decreased by 0.41 percentage points as compared with the Same Period of Last Year.

ANALYSIS OF OPERATING SEGMENTS

1. Overview of Principal Business Segments

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

The principal businesses of the Group for the six months ended 30 June 2022 by segment are as follows:

Analysis table of principal businesses by segment						
By segment	Principal business income	Principal business costs	Gross profit margin (%)	Change of		
				principal business income as compared with the Same Period of Last Year (%)	principal business costs as compared with the Same Period of Last Year (%)	gross profit margin as compared with the Same Period of Last Year (ppt)
I. Publication	1,099,613,019.50	719,679,242.37	34.55	(7.32)	(4.78)	(1.75)
Textbooks and supplementary materials	639,859,479.08	365,568,169.04	42.87	(5.48)	(1.25)	(2.45)
General books	335,709,777.32	263,061,978.04	21.64	(5.95)	(0.25)	(4.48)
Printing and supplies	93,537,050.78	73,922,083.11	20.97	(26.45)	(30.45)	4.54
Newspapers and journals	24,964,504.11	13,580,371.31	45.60	32.67	33.33	(0.27)
Others	5,542,208.21	3,546,640.87	36.01	(15.18)	(35.15)	19.71
II. Distribution	4,394,651,771.08	3,024,490,559.64	31.18	7.98	12.17	(2.57)
Education service	2,872,937,011.60	1,726,690,601.29	39.90	8.82	13.46	(2.46)
Of which: Textbooks and supplementary materials	2,685,805,125.31	1,568,698,598.06	41.59	7.79	11.49	(1.94)
Education informatized and equipment businesses	175,876,779.62	149,112,558.15	15.22	75.99	81.80	(2.71)
Online sales	1,164,728,571.78	1,068,416,889.57	8.27	11.30	17.34	(4.72)
Store sales	295,429,235.68	187,343,604.10	36.59	6.64	7.76	(0.65)
Others	61,556,952.02	42,039,464.68	31.71	(42.01)	(53.40)	16.70
III. Others	205,514,584.65	191,699,058.64	6.72	16.23	16.99	(0.60)
Of which: Logistics services	203,537,072.94	190,226,343.28	6.54	18.99	17.90	0.87
Inter-segment elimination total	(796,436,550.36)	(857,521,106.62)				
Total	4,903,342,824.87	3,078,347,754.03	37.22	6.82	12.05	(2.93)

2. Operating Data of the Business Segments

(1) Publication segment

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

During the Period, revenue from the principal businesses of the publication segment amounted to RMB1,100 million (including domestic sales), representing a decline of 7.32% as compared with the Same Period of Last Year, among which, the revenue of textbooks and supplementary materials publication, general books publication, printing and materials, etc., recorded a decrease as compared with the Same Period of Last Year.

During the Period, gross profit margin of the publication segment was 34.55%, representing a decrease of 1.75 percentage points from 36.30% in the Same Period of Last Year, which was mainly due to the decrease in gross profit margin of textbooks and supplementary materials publication and general books publication.

Publication of Textbooks and Supplementary Materials

The Group continued to strengthen its capabilities in the education publishing's strategic planning, market expansion and education service. Focusing on the fundamental task of cultivating virtuous talents, the Group advocated the excellent tradition, advanced reform and innovation, and created with our hearts high-quality textbooks that could cultivate the root of soul and enlighten students. In the first half of the year, the Group initiated the revision of national standard teaching materials and local teaching materials in accordance with the new curriculum plans and curriculum standards for compulsory education; newly prepared the supplementary materials for evaluation in accordance with the requirements of new textbooks and new college entrance exam to accommodate to the use of new textbooks for high schools in Sichuan Province; and developed new products that could better help students reduce burden and improve quality in order to adapt to the requirements of the "double reduction" policy. At the same time, the Group also successively launched serial products such as After-school Hierarchical Training for the Excellent (《課外培優分層訓練》), Standard Language Copybook (《語文規範字書寫字帖》), Easy Job to Learn Characters (《識字太容易了》), Mathematical Thinking Training (《數學思維訓練》), Xueba Classroom Notes (《學霸課堂筆記》) and the thematic educational reader Prevention and Self-rescue of Geological Disasters for Primary School Students in Sichuan Province (《四川省小學生地質災害防範與自救》), so as to improve the structure of education products.

During the Period, the Group's revenue from the principal business of the publication of textbooks and supplementary materials business amounted to RMB640 million (including domestic sales), representing a decrease of 5.48% as compared with the Same Period of Last Year, mainly affected by timing difference of revenue recognition; and cost of the principal businesses amounted to RMB366 million, representing a decrease of 1.25% as compared with the Same Period of Last Year. Gross profit margin was 42.87%, down by 2.45 percentage points as compared with the Same Period of Last Year, mainly affected by the increase in paper costs.

Publication of General Books

Under the strategic guidance of “revitalizing the publishing industry in Sichuan Province”, the Group adhered to the guidance and control, strengthened quality management, improved publishing planning, optimized topic selection structure, and steadily promoted various major publication projects. In the first half of the year, the Group focused on the theme and launched key theme books such as Love China with the Whole Life: The Story of Isabel Crook (《我用一生愛中國：伊莎白•柯魯克的故事》) and Golden League (《黃金團》); deeply explored local resources and continued to promote the thematic publications of “Sanxingdui” such as Encounter With Sanxingdui (《遇見三星堆》), Explore Sanxingdui (《探秘三星堆》) and Dragon Sanxingdui (《龍騰三星堆》) and the implementation of Tibet Pharmaceutical Encyclopedia (《藏醫藥大全》) and Bashu cultural heritage projects such as Bashu Rare Genealogy Manuscript Collection (《巴蜀珍稀家譜鈔稿本匯編》) and Bashu Rare Ethnic Group Literature Collection (《巴蜀珍稀民族文獻匯刊》); obtained subsidies from the 2022 National Publication Foundation for nine projects including Porcelain Changes the World (《瓷器改變世界》); received the third prize of the Sichuan News Award for the serial reports including Thousand-year-old Mystery of Sanxingdui (《三星堆千年未解之謎》), and won the thematic award at the 9th “Jinqing Award” for The “Latest” of Sanxingdui (《三星堆“上新”》); and cooperated with relevant institutions to launch the first blockchain book integration project “Digital Collections (數字藏書)” in China, which attracted the attention of the industry. The Group’s efforts in “Going Out” achieved remarkable results, with 254 copyrights of various types exported and physical books valued at RMB1,700,000 exported. According to the Open Book Data, in the first half of 2022, the actual value market share of the Group’s general books ranked 8th among 37 publishing and media groups in China, up by 2 places as compared with the end of 2021.

During the Period, the Group’s revenue from the principal business of the general book publication business amounted to RMB336 million (including domestic sales), representing a decline of 5.95% as compared with the Same Period of Last Year, which was due to a certain degree of impact of factors such as the resurgence of the COVID-19 pandemic and the closure and suspension of logistics in some regions in the first half of the year. Cost of the principal businesses amounted to RMB263 million, representing a decrease of 0.25% as compared with the Same Period of Last Year. Gross profit margin was 21.64%, down by 4.48 percentage points as compared with the Same Period of Last Year. The decrease in gross profit margin was mainly due to sales concession, changes in channel structure and the adjustment of contractual 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 Period, 14,100,200 copies were distributed by the newspapers and journal business of the Group. Revenue from the principal businesses amounted to RMB24,964,500, increased by 32.67% from the Same Period of Last Year. Costs of the principal businesses amounted to RMB13,580,400, increased by 33.33% from the Same Period of Last Year. The gross profit margin was 45.60%, dropped by 0.27 percentage points from the Same Period of Last Year.

(2) *Distribution segment*

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

During the Period, revenue from the principal businesses of the distribution segment of the Group amounted to RMB4,395 million, representing growth of 7.98% as compared with the Same Period of Last Year, mainly benefitting from the sales growth of businesses such as textbooks and supplementary materials, education informatized and equipment business and online sales.

During the Period, gross profit margin of the distribution segment of the Group was 31.18%, down by 2.57 percentage points from 33.75% in the Same Period of Last Year, mainly due to the adjustment of contractual performance costs. Excluding such factor, the gross profit margin remained basically the same as compared with the Same Period of Last Year.

Education Service

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

In the first half of 2022, the Group gave full play to the advantages of content resource integration and sales network, refined and deepened education service, adhered to the purpose of meeting customer needs, and subdivided customers into the groups of preschool, compulsory, high school and vocational education. By means of channel optimization and business integration, the Group continued to enhance its capabilities in product research and development and marketing service to adapt to the classroom teaching and after-school service needs of the “double reduction” policy and achieve sustained growth of education service. As to textbooks, through continuously strengthening the synergies of upstream and downstream, the Group enhanced its planning and focused on innovation, optimized product mix for better product and service quality with revenue from the principal businesses maintaining steady growth with progress. As to education informatized and education equipment, 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 developed businesses in the two directions of “integrated business” and “application-oriented business”, providing corresponding products and services. At the same time, the Company had always been committed to channel innovation, mechanism innovation and business innovation, and enhanced its comprehensive capability of education service to achieve innovative and integrated development. In the first half of 2022, the Company continued to optimize and upgrade system performance. The “quality learning and quality teaching” online service platform operated steadily, covering 6,319 schools and serving 4,520,000 students. In the first half of the year, the labor and practical education business achieved a total order amount of RMB7,700,000, serving more than 30,000 students. The teacher training business achieved a total order amount of RMB16,370,000, serving more than 90,000 teachers. At the same time, the Group continued to develop the high school education service market, gradually developed the vocational education service and preschool education service markets, and innovatively explored the primary and secondary after-school extended services.

During the Period, revenue from the principal businesses of the education service business of the Group amounted to RMB2,873 million, representing an increase of 8.82% as compared with the Same Period of Last Year, mainly benefitting from sales growth in the textbooks and supplementary materials and education informatized and equipment business in the Period. Gross profit margin was 39.90%, representing a decrease by 2.46 percentage points as compared with the Same Period of Last Year, which was mainly due to the adjustment of contractual performance costs. Excluding such factor, the gross profit margin remained basically the same as compared with the Same Period of Last Year.

Online Sales

In the first half of 2022, in the face of the difficulties such as multiple outbreaks of the COVID-19 pandemic in China and the phased suspension of logistics in some regions, the Group achieved “two-handed grasp” and “two-handed hard” in ensuring both operation and normalized pandemic prevention. In terms of consolidating core business capabilities, the Group continued to explore operational technologies such as product category management and traffic conversion, consolidated its competitive advantages on comprehensive e-commerce platforms such as Tmall, JD.com and Pinduoduo, vigorously developed short video and live streaming business, expanded new media channels, and strengthened single-product operation and talent cooperation, so as to enrich the consumption scenarios of content e-commerce. In terms of promoting business development through technological innovation, the Group continued to optimize the collaborative business cooperation mechanism and risk control methods, provided bookstores and institutional customers with mini apps supporting online sales, and provided libraries with an online borrowing platform connecting readers to library suppliers. In the first half of the year, the Group maintained its top three position in book sales on major platforms such as Tmall and JD.com, and continued to consolidate its leading position in the national book e-commerce market.

During the Period, revenue from the principal business of online sales business amounted to RMB1,165 million, representing an increase of 11.30% as compared with the Same Period of Last Year, mainly benefitting from the improvement of refined product category operation level and the promotion of product organization and logistics organization through technical means. Gross profit margin was 8.27%, representing a decrease of 4.72 percentage points as compared with the Same Period of Last Year, which was mainly due to the adjustment of contractual performance costs. Excluding such factor, the gross profit margin remained basically the same as compared with the Same Period of Last Year.

Store Sales

Store sales business includes the retail store business and the group-buying business.

In the first half of 2022, the Group built a new reading service system of “online and offline integration, in-store and off-store combination” with physical bookstores as the connection point. While improving store operation, the Group vigorously expanded off-store business by revitalizing the private domain traffic of stores and launching Winshare Cloud Store (文軒雲店). The Group also built large customer shopping malls and optimized the network system of physical bookstores by completing the transformation and upgrading of Xinhua Winshare Pujiang Store, Pidun Store and Bazhong Book City, providing readers with more comfortable reading service experience and helping the comprehensive construction of a bookish society.

During the Period, revenue from the principal businesses of the store sales business amounted to RMB295 million, representing an increase of 6.64% as compared with the Same Period of Last Year, mainly benefitting from revenue growth of government and corporate business. In-store sales revenue declined year-on-year due to the overall industry environment and the COVID-19 pandemic, but the decline was lower than the industry level. Gross profit margin was 36.59%, slightly decreased from 37.24% in the Same Period of Last Year.

(II) ANALYSIS OF OPERATING RESULTS AND FINANCIAL PERFORMANCE

Breakdown of the relevant item changes in the financial statements

(For the six months ended 30 June 2022)

RMB

Item	Current Period	Same Period of Last Year	Change (%)
Revenue	4,979,805,010.92	4,661,581,052.64	6.83
Operating costs	3,083,492,387.26	2,753,023,066.47	12.00
Selling expenses	629,208,473.88	699,439,817.71	(10.04)
Administrative expenses	595,296,295.63	596,618,524.09	(0.22)
Finance expenses	(69,114,840.22)	(32,705,955.22)	N/A
Research and development expenditure	2,322,116.03	1,309,586.41	77.32
Net cashflow generated from operating activities	420,724,436.88	471,138,646.19	(10.70)
Net cashflow generated from investing activities	186,678,757.54	(1,043,853,199.94)	N/A
Net cashflow generated from financing activities	(296,206,219.75)	(290,661,524.60)	N/A
Other incomes	50,859,579.20	38,604,454.63	31.75
Gain on fair value change (loss represented by “-”)	(57,143,903.32)	(36,891,522.25)	N/A
Credit impairment loss (loss represented by “-”)	(113,317,656.18)	(60,736,337.28)	N/A
Asset impairment loss (loss represented by “-”)	(19,347,328.54)	(35,461,604.56)	N/A
Gain on asset disposal (loss represented by “-”)	40,342,601.44	2,027,859.68	1,889.42
Income tax expenses	(13,749,731.56)	(9,594,898.29)	N/A
Other comprehensive income net, after tax	321,665,681.01	153,924,304.47	108.98

EXPENSES

During the Period, selling expenses of the Group amounted to RMB629 million, representing a decrease of 10.04% from RMB699 million in the Same Period of Last Year, mainly due to the increase in labor costs, promotion expenses and e-commerce platform service fees as compared with the Same Period of Last Year as a result of sales growth in the Period, coupled with the change of transportation and logistics expenses incurred for the performance of contractual obligations to be included in operating costs, resulting in a year-on-year decrease in selling expenses.

During the Period, administrative expenses of the Group amounted to RMB595 million, which remained basically the same as RMB597 million in the Same Period of Last Year.

During the Period, finance expenses of the Group amounted to RMB-69,114,800, as compared with RMB-32,706,000 in the Same Period of Last Year, which was mainly due to the increase in interest income of bank deposits during the Period as compared with the Same Period of Last Year.

During the Period, research and development expenses of the Group amounted to RMB2,322,100, representing growth of 77.32% from RMB1,309,600 in the Same Period of Last Year, mainly due to the increase in research and development investment in the area of education informatized and study tour business during the Period as compared with the Same Period of Last Year.

CREDIT IMPAIRMENT LOSS

During the Period, the Group made provision for credit impairment loss of RMB113,317,700, representing an increase of RMB52,581,400 as compared with RMB60,736,300 in the Same Period of Last Year, mainly due to the increase in the amount of provision for bad debts in the Period as compared with the Same Period of Last Year due to the fact that payment collection of general books sales business, education informatized and education equipment business and other businesses of the Group was affected to a certain extent by the multiple outbreaks of the COVID-19 pandemic in China, financial budget strain of some regional education bureaus and other factors in the first half of the year.

GAIN ON FAIR VALUE CHANGE

During the Period, loss on fair value change of the Group amounted to RMB57,143,900, representing an increase of loss of RMB20,252,400 as compared with loss on fair value change of RMB36,891,500 in the Same Period of Last Year, mainly due to the fair value changes of the items held by the funds invested by the Group as a result of stock price fluctuations and other factors during the Period.

INVESTMENT INCOME

During the Period, the Group's investment income was RMB89,815,900, representing an increase of 27.27% from RMB70,571,700 in the Same Period of Last Year, mainly due to the increase in the Group's income from convertible bond business and dividends from investee companies in the Period as compared with the Same Period of Last Year, while investment income from associates and joint ventures under the equity method decreased as compared with the Same Period of Last Year.

OTHER INCOMES AND NON-OPERATING INCOME AND EXPENSES

During the Period, other incomes of the Group amounted to RMB50,859,600, representing growth of 31.75% from RMB38,604,500 in the Same Period of Last Year, mainly due to the increase in VAT refund received during the Period as compared with the Same Period of Last Year as a result of the preferential policies of reimbursement of value-added tax enjoyed by the publication segment of the Group.

During the Period, non-operating income of the Group amounted to RMB3,142,300, representing an increase of 13.16% from RMB2,776,800 in the Same Period of Last Year.

During the Period, non-operating expenses of the Group amounted to RMB11,670,700, representing a decrease of 27.48% from RMB16,094,100 in the Same Period of Last Year, mainly due to the decrease in donation expenses of the Group during the Period as compared with the Same Period of Last Year.

GAIN ON ASSET DISPOSAL

During the Period, gain on asset disposal of the Group amounted to RMB40,342,600, representing an increase of RMB38,314,700 from RMB2,027,900 in the Same Period of Last Year, mainly due to the compensation with respect to housing demolition and relocation received by various subsidiaries during the Period.

INCOME TAX EXPENSES

During the Period, income tax expenses of the Group amounted to RMB-13,749,700, compared with RMB-9,594,900 in the Same Period of Last Year, mainly due to the change in deferred income tax expenses as a result of the fair value changes of the funds including Winshare Hengxin held by the Company's subsidiary Winshare Investment Co., Ltd. ("**Winshare Investment**") and effect of deductible losses on income tax expenses.

OTHER COMPREHENSIVE INCOME

During the Period, other comprehensive income net, after tax of the Group amounted to RMB322 million, representing an increase of 108.98% from RMB154 million in the Same Period of Last Year, mainly due to the fluctuations in the market price of shares of listed companies held by the Company including Wan Xin Media and Bank of Chengdu.

PROFIT

Net profit of the Group for the Period amounted to RMB715 million, representing year-on-year growth of 19.19%. Net profit attributable to shareholders of the listed company amounted to RMB718 million, representing year-on-year growth of 19.06%. After deducting non-recurring profit or loss, the net profit attributable to shareholders of the listed company amounted to RMB642 million, representing a year-on-year increase of 4.15%, which was mainly attributable to the increase in profit brought by sales growth and the increase in interest income from bank deposits.

EARNINGS PER SHARE

Earnings per share is calculated based on the net profit of the Company attributable to the shareholders of the listed company for the Period divided by the weighted average number of the ordinary shares in issue during the Period. During the Period, earnings per share of the Group amounted to RMB0.58, representing an increase of 18.37% as compared with RMB0.49 in the Same Period of Last Year. For details regarding the calculation of earnings per share, please refer to Note 28 to the consolidated financial statements in the results announcement for the Period.

CASH FLOW

During the Period, net cashflow of the Group generated from operating activities was net inflow of RMB421 million, representing a decrease of 10.70% as compared with net inflow of RMB471 million in the Same Period of Last Year, mainly due to the increase in the cash outflow for purchase of goods and payment to employees for the Period as compared with the Same Period of Last Year.

During the Period, net cashflow of the Group generated from investing activities was net inflow of RMB187 million, compared with net outflow of RMB1,044 million in the Same Period of Last Year, mainly due to RMB400 million of time deposits collected during the Period, whereas in the Same Period of Last Year, net outflow was mainly due to payment of RMB317 million to Hainan Phoenix with respect to investment and placement of time deposits with maturity over three months.

During the Period, net cashflow of the Group generated from financing activities was net outflow of RMB296 million, which remained basically the same as compared with net outflow of RMB291 million in the Same Period of Last Year.

ASSETS AND LIABILITIES ANALYSIS
(As at 30 June 2022)

RMB

Item	As at the end of the Current Period	Amount as at the end of the Current Period as a percentage of the total assets (%)	As at the end of the prior year	Amount as at the end of the prior year as a percentage of the total assets (%)	Change in the amount as at the end of the Current Period over the amount as at the end of the prior year (%)	Remark
Construction in progress	30,153,010.93	0.16	144,794,764.90	0.77	(79.18)	Mainly due to the completion of the Publishing and Media Creativity Center secondary installation project, which was reclassified as fixed asset.
Lease liabilities	345,672,418.70	1.83	259,594,365.23	1.38	33.16	Mainly due to the fact that the Company renewed the three-year lease contract with Sichuan Xinhua Publishing and Distribution Group, and considered the renewal period on this basis, resulting in an increase in future lease payments.
Held-for-trading financial assets	8,041.10	0.00	20,945.15	0.00	(61.61)	Mainly due to changes in market value of stock investment.
Long-term prepaid expenses	23,459,999.76	0.12	15,260,900.36	0.08	53.73	Mainly due to the official relocation of the Company and its subsidiaries to the Publishing and Media Creative Center in April this year, and the office furniture purchased, which led to an increase in the balance of long-term prepaid expenses.

Item	As at the end of the Current Period	Amount as at the end of the Current Period as a percentage of the total assets (%)	As at the end of the prior year	Amount as at the end of the prior year as a percentage of the total assets (%)	Change in the amount as at the end of the Current Period over the amount as at the end of the prior year (%)	Remark
Notes receivable	16,284,812.23	0.09	45,285,599.60	0.24	(64.04)	Mainly due to the decrease in the balance of trade payables settled by notes for the provision of printing materials business, education informatized and equipment business at the end of the Period as compared with the end of last year.
Other payables	538,456,195.02	2.85	386,886,795.47	2.06	39.18	Mainly due to the H share cash dividend in 2021 of RMB141 million declared by the Company which was paid in July.
Deferred income tax liabilities	20,291,163.04	0.11	32,872,282.61	0.18	(38.27)	Mainly due to the change in deferred income tax expenses caused by the change in fair value of Winshare Hengxin Fund and other funds held by Winshare Investment, a subsidiary of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2022, the Group had cash and short-term deposits of approximately RMB6,347 million (31 December 2021: RMB6,040 million). The Group did not have any interest-bearing bank and other borrowings.

As at 30 June 2022, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 37.72%, down by 3.10 percentage points as compared with 40.82% as at 31 December 2021. The Group's overall financial structure remains relatively stable.

CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2022, the balance of pledged deposits of the Group amounted to RMB12,615,900 (31 December 2021: RMB13,675,200), representing the security deposits placed with the banks for the issuance of bank's acceptance bills. Save as disclosed above, the Group did not have any other assets under pledge or guarantee.

FOREIGN EXCHANGE RISK

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

WORKING CAPITAL MANAGEMENT

	30 June 2022	30 June 2021
Current ratio	1.7	1.5
Inventory turnover days	146.8	144.3
Notes and trade receivable turnover days	60.0	67.1
Notes and trade payable turnover days	305.8	309.4

As at 30 June 2022, current ratio of the Group was 1.7, which slightly increased as compared with the Same Period of Last Year. In the first half of the year, the inventory turnover days was 146.8 days, which slightly increased from 144.3 days as compared with the Same Period of Last Year. The notes and trade receivable turnover days was 60.1 days, down by 7.1 days as compared with the Same Period of Last Year. The notes and trade payable turnover days was 305.8 days, which slightly decreased from 309.4 days as compared with the Same Period of Last Year.

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

(III) OVERVIEW OF MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the reporting period, the Group centered on the development strategy and optimized the industry layout. While developing its principal businesses, the Group pushed ahead the industry-finance integration with a view to establishing the Group as a first-class cultural media group in the PRC.

In order to improve the utilization efficiency of the Company's assets, in December 2021, the 10th meeting in 2021 of the 4th session of the Board of Directors of the Company considered and agreed to the subscription of 177,174 board lots of Chengdu convertible bonds (10 convertible bonds per board lot) (subject to the actual placing announced by Bank of Chengdu) with the Company's own funds of not more than RMB177,174,000. On 3 March 2022, the Company subscribed 1,771,200 convertible bonds of Bank of Chengdu, with a par value of RMB100 each, with the Company's own funds of RMB177,120,000 and sold the convertible bonds in whole on the first day of the listing of convertible bonds of Bank of Chengdu. The net proceeds after handling charges and VAT amounted to RMB24,723,900.

The Company was interested in 80,000,000 shares of Bank of Chengdu. Its shareholding was 2.21%. The cost of investment was RMB240 million. During the Period, the Company recognized a dividend income of RMB50,400,000 from Bank of Chengdu. The Group made use of the share of Bank of Chengdu to carry out the securities refinancing business and realized an income of RMB17,300. As at 30 June 2022, the market capitalization of the shares held by the Company in Bank of Chengdu was RMB1,326 million.

The Company was interested in 6.27% shares of Wan Xin Media, with investment costs of RMB186 million. During the Period, the Company recognized a dividend income of RMB21,188,800 from Wan Xin Media. As at 30 June 2022, the market capitalization of the shares held by the Company in Wan Xin Media was RMB602 million.

Wan Xin Media and Bank of Chengdu are financial investments of the Company which not only generate attractive dividend income to the Group for the Period, but also higher capital appreciation to the Group. The Company will monitor the price trends of the A share market and these two stocks from time to time. Coupled with the industrial development, the Company will formulate corresponding investment strategies to continuously and steadily contribute to the finance income of the Company.

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

Information of the major subsidiaries

RMB0'000

Name of subsidiary	Nature of business	Shareholding percentage (%)	Registered capital	January to June 2022		30 June 2022	
				Revenue	Net profit	Total assets	Net assets
Sichuan Education Publishing House Co., Ltd.	Publication of books	100	1,000.00	34,542.64	17,885.22	131,055.63	112,432.20
Sichuan Publication Printing Co., Ltd.	Plate-leased printing and supply of textbooks	100	5,000.00	16,153.07	6,275.52	82,644.90	75,512.44
Sichuan Youth and Children's Publishing House Co., Ltd.	Publication of books and journals	100	11,000.00	11,805.62	4,045.55	73,816.59	62,446.40
Sichuan Printing Materials Co., Ltd.	Wholesale and retail of goods	100	3,000.00	14,560.60	138.86	32,558.20	5,385.41
Sichuan Winshare Education Technology Co., Ltd.	Software development and sales of electronic equipment	100	33,000.00	8,727.94	(3,171.39)	96,420.00	22,350.89
Sichuan Winshare Online E-commerce Co., Ltd.	Online sales of different products	75	6,000.00	141,024.39	170.27	293,457.46	(8,957.78)

(IV) FUTURE PROSPECTS

In 2022, the Group will continue to promote the “three chains” strategy. In addition to strengthening the mass publishing and distribution industry chain and the education publishing and distribution industry chain, the Group will promote the upgrading and transformation of the Group’s traditional industry chain towards the smart industry chain, and drive the external extension of the Group’s industrial chain advantages with a view to creating a new growth pole for industrial development:

The Group will continue to improve its thematic publication capabilities, consolidate its existing publication advantages, and accelerate the promotion of key publication projects. In addition, it will deepen copyright operations, accelerate integrated publishing, and drive the mass publishing and the education publishing industry chain towards refined operation and diversified model development in an effort to build the Winshare publishing brand. Facing the opportunities and challenges brought by policy changes such as “double reduction”, new college entrance examination reform and vocational education reform, the Group will promote the online and offline integrated development of education service channels, deeply explore the new demand of the education service market within the province, actively expand diversified businesses, extend the education service industry chain, and improve comprehensive education service capabilities. The Group will accelerate the expansion of new media channels, strengthen product operation capabilities, and optimize the business model of content and channel integration; continuously strengthen supply chain synergistic service capabilities with innovative technologies; and continue to improve the construction of the Internet reading service system to consolidate and expand the market share of the Internet business. As to the physical bookstores, the Group will continue to improve the quality and efficiency of in-store operation, create new space for cultural consumption, actively expand business outside the stores, and strive to ensure the subscription, distribution and service guarantee of current political publications, so as to continuously improve the comprehensive capabilities of reading service. Besides, the Group will improve the construction of logistics network system, improve the efficiency of logistics operation, optimize the business structure, expand the third-party logistics market, and reinforce its comprehensive logistics service capabilities holistically. Through gathering high-quality social resources, the Group will strengthen cooperation with leading investment institutions, improve investment expansion capabilities and post-investment management level, make contribution to capital operating income, and promote the coordinated development of the Group’s industrial development and capital operation.

(V) POTENTIAL RISKS

In recent years, the trend of online and offline integration of the publishing industry has intensified. The book channel has shown a diversified pattern, and the cross-border competition among emerging Internet enterprises has also become increasingly fierce. In addition, the ongoing COVID-19 pandemic has changed the market consumption expectation of the whole society, which has undoubtedly brought more challenges to the traditional publishing and distribution enterprises. The market environment faced by the Group has become increasingly complex, which may bring certain market risks and operating pressure. The Group will continue to pay attention to market changes, strengthen the top-level strategic design, maintain reasonable and stable resource investment, and continuously improve its innovative development capabilities, market competitiveness and risk resistance abilities.

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 publishing business. The Group will conduct in-depth research on the development trends of the integration of the industry and technology, further improve the technological innovation mechanism, enhance the level of digitization and intelligence, and promote the in-depth integrated development of the publishing industry.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors are of the view that, during the Period, the Company has adopted and complied with the applicable principles and the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

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

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

INTERIM DIVIDEND

The Board has not recommended the payment of an interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: Nil).

EVENTS AFTER THE PERIOD

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

AUDIT COMMITTEE

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

The Audit Committee has reviewed the Group’s unaudited consolidated financial statements for the six months ended 30 June 2022 included in this interim results announcement and has communicated and discussed the financial reporting issues of the Group with the management of the Company. The Audit Committee confirmed that the interim financial report of the Group has been prepared in accordance with the applicable accounting standards and requirements and have made appropriate disclosures accordingly.

As at the date of this interim results announcement, to the best knowledge of the Board, the information contained in this interim results announcement is consistent with the information contained in the Company’s 2022 interim report.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.winshare.com.cn) respectively. The Company’s 2022 interim report will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company respectively on or before 30 September 2022.

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

Sichuan, the PRC, 25 August 2022

As at the date of this notice, 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. Lau Tsz Bun, Mr. Fang Bingxi and Mr. Li Xu as independent non-executive Directors.

* For identification purposes only