

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

2020 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 2020 (the “**Period**”) prepared in accordance with the relevant requirements of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), together with the comparative figures for the corresponding period of 2019.

CONSOLIDATED BALANCE SHEET

		<i>RMB</i>	
ITEM	<i>Notes</i>	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Current Assets:			
Cash and bank balances		3,408,228,539.70	3,512,103,793.03
Held-for-trading financial assets	4	1,298,032,948.88	1,280,006,671.94
Notes receivable		920,000.00	2,218,450.46
Accounts receivable	5	1,959,878,759.41	1,761,441,147.35
Financing receivables		3,258,168.30	7,007,859.79
Prepayments		71,789,788.19	58,181,516.90
Other receivables		147,630,205.75	104,061,715.50
Inventories	6	2,117,761,786.71	2,157,448,334.24
Non-current assets due within one year		183,946,329.53	125,609,106.15
Other current assets		108,111,594.22	77,122,753.65
Total Current Assets		9,299,558,120.69	9,085,201,349.01

RMB

ITEM	Notes	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Non-current Assets:			
Long-term receivables	7	210,185,373.42	350,957,672.37
Long-term equity investments	8	483,021,036.65	449,653,943.26
Other equity instrument investment	9	1,330,917,031.34	1,409,845,288.08
Other non-current financial assets	10	662,599,224.56	527,436,409.71
Investment properties		66,656,663.25	68,648,805.99
Fixed assets	11	1,294,373,245.65	1,322,693,949.23
Construction in progress	12	638,984,299.30	626,686,549.71
Right-of-use assets	13	423,663,333.63	437,964,136.29
Intangible assets		354,014,589.02	367,011,714.16
Development cost		23,948,366.50	15,224,896.49
Goodwill	14	500,571,581.14	500,590,036.14
Long-term prepaid expenses		19,116,380.90	24,642,631.46
Deferred income tax assets		19,697,868.51	16,124,167.44
Other non-current assets		184,231,255.70	121,821,923.19
Total Non-current Assets		6,211,980,249.57	6,239,302,123.52
TOTAL ASSETS		15,511,538,370.26	15,324,503,472.53
Current Liabilities:			
Notes payable		44,011,429.41	14,054,710.75
Accounts payable	15	4,322,683,578.83	4,315,781,514.83
Contract liabilities	16	359,483,519.52	376,701,382.73
Employee benefits payable		304,737,026.61	418,106,174.73
Taxes payable		48,942,728.97	49,032,631.64
Other payables	17	466,679,145.74	297,303,824.56
Non-current liabilities due within one year		104,937,766.05	93,885,902.56
Other current liabilities		174,736,533.50	172,783,579.12
Total Current Liabilities		5,826,211,728.63	5,737,649,720.92
Non-current Liabilities:			
Lease liabilities	18	313,614,507.93	353,248,365.44
Deferred income		53,727,435.54	58,755,458.63
Deferred income tax liabilities		80,749,867.39	54,883,601.32
Total Non-current Liabilities		448,091,810.86	466,887,425.39

RMB

ITEM	Notes	30 June 2020 (Unaudited)	31 December 2019 (Audited)
TOTAL LIABILITIES		<u>6,274,303,539.49</u>	<u>6,204,537,146.31</u>
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	26	900,394,467.28	979,297,859.83
Surplus reserve		792,353,770.15	792,353,770.15
Undistributed profits	20	3,839,339,067.31	3,629,232,391.16
Total Shareholder's Equity Attributable to the parent company		<u>9,338,453,071.06</u>	<u>9,207,249,787.46</u>
Non-controlling Interests		<u>(101,218,240.29)</u>	<u>(87,283,461.24)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>9,237,234,830.77</u>	<u>9,119,966,326.22</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>15,511,538,370.26</u>	<u>15,324,503,472.53</u>

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2020

		<i>RMB</i>	
ITEM	Notes	Amount recognized in the current period (Unaudited)	Amount recognized in the same period of last year (Unaudited)
I. Operating income	21	3,606,285,024.29	3,874,385,388.20
Less: Operating costs	21	2,032,754,444.10	2,331,152,105.99
Taxes and surcharges		20,356,301.32	14,202,213.13
Selling expenses		606,376,116.13	572,562,489.33
Administrative expenses		476,028,730.70	482,911,889.75
Research and development expenditure		773,305.17	1,929,084.96
Finance expenses		(18,843,738.56)	(6,062,699.09)
Including: Interest expense		11,553,034.25	9,173,829.60
Interest income		36,077,431.26	18,173,273.27
Add: Other income	22	17,314,528.24	73,962,988.64
Investment income	23	104,983,495.90	122,756,258.96
Including: Income from investments in associates and joint ventures		31,439,093.39	48,360,904.41
Gains (losses) from changes in fair values		127,162,814.85	(16,478,022.12)
Loss on credit impairment (loss represented by “-”)		(104,503,611.01)	(39,144,937.44)
Impairment losses of assets (loss represented by “-”)		(31,323,764.19)	(20,352,061.62)
Gains from disposal of assets		188,874.38	3,126,981.39
II. Operating profit		602,662,203.60	601,561,511.94
Add: Non-operating income		5,348,531.32	1,625,877.62
Less: Non-operating expenses		18,205,903.41	12,718,660.42
III. Total profit		589,804,831.51	590,468,729.14
Less: Income tax expenses	25	22,171,300.76	16,927,257.42
IV. Net profit		567,633,530.75	573,541,471.72
(I) Categorized by the nature of continuing operation:			
1. Net profit from continuing operations		567,633,530.75	573,541,471.72
2. Net profit from discontinued operations		-	-
(II) Categorized by ownership:			
1. Net profit attributable to shareholders of the parent company		580,258,976.15	579,502,772.35
2. Profit or loss attributable to non-controlling shareholders		(12,625,445.40)	(5,961,300.63)

RMB

ITEM	Notes	Amount recognized in the current period (Unaudited)	Amount recognized in the same period of last year (Unaudited)
V. Other comprehensive income, net of tax	26	(78,903,392.55)	4,745,952.71
Other comprehensive income attributable to shareholders of the parent company, net of tax		(78,903,392.55)	4,745,952.71
(I) Other comprehensive income not reclassified to profit or loss			
1. Changes in other equity instrument investment at fair value	26	(78,903,392.55)	4,745,952.71
Other comprehensive income attributable to non-controlling shareholders, net of tax		—	—
VI. Total comprehensive income		488,730,138.20	578,287,424.43
Total comprehensive income attributable to shareholders of the parent company		501,355,583.60	584,248,725.06
Total comprehensive income attributable to non-controlling shareholders		(12,625,445.40)	(5,961,300.63)
VII. Earnings per share:			
(I) Basic earnings per share	27	0.47	0.47
(II) Diluted earnings per share		N/A	N/A

CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	<i>RMB</i>	
ITEM	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	3,549,628,516.17	3,949,417,669.19
Receipts of tax refunds	5,197,605.89	52,517,971.00
Other cash receipts relating to operating activities	127,924,028.08	86,028,552.73
Sub-total of cash inflows from operating activities	3,682,750,150.14	4,087,964,192.92
Cash payments for goods purchased and services received	2,127,856,657.02	2,205,839,589.53
Cash payments to and on behalf of employees	698,685,678.52	662,254,198.91
Payments of various types of taxes	61,337,855.50	39,101,087.43
Other cash payments relating to operating activities	526,437,627.75	516,766,840.26
Sub-total of cash outflows from operating activities	3,414,317,818.79	3,423,961,716.13
Net Cash Flow from Operating Activities	268,432,331.35	664,002,476.79
II. Cash Flows from Investing Activities:		
Cash receipts from disposals and recovery of investments	1,220,255,827.32	1,318,923,005.89
Cash receipts from investment income	40,198,701.97	47,099,784.77
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	1,580,281.11	7,363,809.66
Other cash receipts relating to investing activities	77,453,965.75	3,020,764.08
Sub-total of cash inflows from investing activities	1,339,488,776.15	1,376,407,364.40
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	41,385,839.27	67,770,190.23
Cash payments to acquire investments	1,248,282,104.26	463,500,873.44
Other cash payments relating to investing activities	245,106,518.99	254,000,000.00
Sub-total of cash outflows from investing activities	1,534,774,462.52	785,271,063.67
Net Cash Flow from Investing Activities	(195,285,686.37)	591,136,300.73

RMB

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 and profit or settlement of interest expenses	249,011,574.86	249,512,252.60
Including: Payments for distribution of dividends and profit to non-controlling shareholders of subsidiaries	–	277,173.16
Other cash payments relating to financing activities	37,485,372.05	28,521,783.22
Sub-total of cash outflows from financing activities	286,496,946.91	278,034,035.82
Net Cash Flow from Financing Activities	(286,496,946.91)	(278,034,035.82)
IV. Net Increase in Cash and Cash Equivalents	(213,350,301.93)	977,104,741.70
Add: Opening balance of cash and cash equivalents	3,393,906,225.68	2,576,699,731.25
V. Closing Balance of Cash and Cash Equivalents	<u>3,180,555,923.75</u>	<u>3,553,804,472.95</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

1. BASIC INFORMATION ABOUT THE COMPANY

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

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

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

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

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

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

Going concern

The Group assessed its ability to continue as a going concern for the 12 months subsequent to 30 June 2020, and found no events or circumstances that may cast significant doubts upon it. Hence the financial statements have been prepared on going concern basis.

3. TAX INCENTIVES AND OFFICIAL APPROVALS

Enterprise income tax

In accordance with Notice on Several Tax Policies for the Transformation of Operating Cultural Institutions into Enterprises for Continuous Implementation of Cultural System Reform (Cai Shui [2019] No. 16) issued by the Ministry of Finance, State Administration of Taxation and Publicity Department of the Chinese Communist Party, enterprises which have completed transformation prior to 31 December 2018 may continue to be exempted from enterprise income tax for five years from 1 January 2019.

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

The Company's subsidiary, Sichuan Winshare Education Technology Co., Ltd. ("**Winshare Education Technology**"), falls within the encouraged industries included in the Notice to the Enterprise Income Tax on the Implementation of the Catalogue of Encouraged Industries in the Western Region (Guo Shui [2015] No. 14), which has also been confirmed by Chengdu National Development and Reform Commission's Government Approval Letter ([2016] No. 38). Winshare Education Technology is subject to enterprise income tax calculated at the rate of 15% of the taxable income according to the relevant tax provisions.

Beijing Aerospace Cloud Education Technology Co., Ltd. ("**Beijing Aerospace Cloud**"), a subsidiary of the Company, obtained the high-tech enterprise certificate of No. GR201911008465 on 2 December 2019, with a validity period until 1 December 2022. Beijing Aerospace Cloud is subject to enterprise income tax calculated at 15% of the taxable income according to the relevant tax provisions.

Value-added tax

Pursuant to Notice on Persistently Promoting Cultural Value-added Tax Preferential Policies (Cai Shui [2018] No. 53) issued by the Ministry of Finance and State Administration of Taxation: (1) for the period from 1 January 2018 to 31 December 2020, preferential policies of 100% reimbursement and 50% reimbursement are respectively proposed for publications of certain category specified in this Notice during publishing phase, and the Group is entitled to this tax incentive; (2) for period from 1 January 2018 through 31 December 2020, the wholesale and retail of books are exempted from value-added tax, and the Group's book wholesale and retail business is entitled to this tax incentive.

4. HELD-FOR-TRADING FINANCIAL ASSETS

	<i>RMB</i>	
Item	30 June 2020 (Unaudited) Carrying amount	31 December 2019 (Audited) Carrying amount
Financial assets at FVTPL (<i>Note</i>)		
Including: Bank wealth management products	1,298,000,000.00	1,280,000,000.00
Investment in A-share listed companies	32,948.88	6,671.94
Total	<u>1,298,032,948.88</u>	<u>1,280,006,671.94</u>

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

5. ACCOUNTS RECEIVABLE

(1) Accounts receivable by aging:

RMB

Aging	30 June 2020 (Unaudited)			31 December 2019 (Audited)				
	Amount	Proportion (%)	Credit loss provision	Carrying amount	Amount	Proportion (%)	Credit loss provision	Carrying amount
Within 1 year	2,019,963,624.17	83.42	(160,388,426.83)	1,859,575,197.34	1,849,180,130.42	87.29	(144,259,504.85)	1,704,920,625.57
More than 1 year but not exceeding 2 years	258,146,564.31	10.66	(157,843,002.24)	100,303,562.07	136,342,076.79	6.44	(79,821,555.01)	56,520,521.78
More than 2 years but not exceeding 3 years	59,145,964.94	2.44	(59,145,964.94)	-	56,242,467.72	2.65	(56,242,467.72)	-
More than 3 years	84,349,202.41	3.48	(84,349,202.41)	-	76,780,471.03	3.62	(76,780,471.03)	-
Total	2,421,605,355.83	100.00	(461,726,596.42)	1,959,878,759.41	2,118,545,145.96	100.00	(357,103,998.61)	1,761,441,147.35

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

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

The credit loss provision for the current period was RMB104,662,597.81, with the impairment provision for receivables transferred or written off of RMB40,000.00.

(3) Accounts receivable written off for the current period

No material accounts receivable was written off for 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 2020 (Unaudited)	Aging	As a percentage of the total accounts receivable (%)	Credit loss provision as at 30 June 2020 (Unaudited)
People's Education Press Co., Ltd.	Third party	161,493,731.18	Within 1 year	6.67	(5,890,398.80)
Education Department of Sichuan Province	Third party	132,129,508.02	Within 1 year	5.46	-
Education and Science and Technology Intellectual Property Bureau of Xide County	Third party	70,331,439.86	Within 1 year	2.90	(8,340,338.35)
Education and Sports Bureau of Dongpo District, Meishan City	Third party	69,455,790.12	Within 1 year	2.87	(8,549,584.72)
Education, Technology and Sports Bureau of Pingchang County	Third party	55,306,492.84	Within 1 year, 1-2 years	2.28	(19,124,209.96)
Total		488,716,962.02		20.18	(41,904,531.83)

6. INVENTORIES

(1) Categories of inventories

RMB

Item	30 June 2020 (Unaudited)			31 December 2019 (Audited)		
	Gross carrying amount	Provision for decline in value	Carrying amount	Gross carrying amount	Provision for decline in value	Carrying amount
Goods on hand	2,193,865,515.13	(235,397,130.19)	1,958,468,384.94	2,143,044,979.35	(209,060,781.56)	1,933,984,197.79
Work-in-progress	107,837,534.77	-	107,837,534.77	170,609,926.07	-	170,609,926.07
Raw materials	54,727,668.21	(3,271,801.21)	51,455,867.00	56,126,011.59	(3,271,801.21)	52,854,210.38
Total	<u>2,356,430,718.11</u>	<u>(238,668,931.40)</u>	<u>2,117,761,786.71</u>	<u>2,369,780,917.01</u>	<u>(212,332,582.77)</u>	<u>2,157,448,334.24</u>

(2) Provision for decline in value of inventories

RMB

Category of inventories	1 January 2020	Increase in the current period	Decrease in the current period		30 June 2020 (Unaudited)
			Reversal in the current period	Write-off in the current period	
Goods on hand	209,060,781.56	31,323,764.19	-	(4,987,415.56)	235,397,130.19
Raw materials	3,271,801.21	-	-	-	3,271,801.21
Total	<u>212,332,582.77</u>	<u>31,323,764.19</u>	<u>-</u>	<u>(4,987,415.56)</u>	<u>238,668,931.40</u>

Note: As the expected net realizable value was lower than the cost of inventories at the end of the period, a provision for decline in value of inventories amounting to RMB31,323,764.19 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 RMB4,987,415.56 was reversed.

7. LONG-TERM RECEIVABLES

RMB

Item	30 June 2020 (Unaudited)			31 December 2019 (Audited)		
	Gross carrying amount	Provision for credit loss	Carrying amount	Gross carrying amount	Provision for credit loss	Carrying amount
Goods sold by installments (<i>Note</i>)	394,131,702.95	-	394,131,702.95	476,566,778.52	-	476,566,778.52
Less: Long-term receivables included in non-current assets due within one year	<u>183,946,329.53</u>	<u>-</u>	<u>183,946,329.53</u>	<u>125,609,106.15</u>	<u>-</u>	<u>125,609,106.15</u>
Total	<u>210,185,373.42</u>	<u>-</u>	<u>210,185,373.42</u>	<u>350,957,672.37</u>	<u>-</u>	<u>350,957,672.37</u>

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

8. LONG-TERM EQUITY INVESTMENTS

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

Investee	1 January 2020	Changes for the period						Provision for impairment as at 30 June 2020 (Unaudited)		
		Increase in investments	Decrease in investments	Investment profit or loss recognized under equity method	Adjustment of other comprehensive income	Changes in other equity	Distribution of cash dividends or profits declared		Provision for impairment loss	Other decreases
Joint Ventures										
Hainan Publishing House Co., Ltd.	165,107,228.38	-	-	4,103,400.08	-	-	-	-	-	169,210,628.46
Sichuan Fudou Technology Co., Ltd. ("Sichuan Fudou")	-	-	-	-	-	-	-	-	-	-
Shenzhen Xuancat Venture Capital Investment Fund Management Co., Ltd.	7,675,583.46	-	-	3,270,806.33	-	-	-	-	-	10,946,389.79
Liangshan Xinhua Winshare Education Technology Co. Ltd.	19,637,833.39	-	-	(1,010,976.95)	-	-	-	-	-	18,626,856.44
Subtotal	192,420,645.23	-	-	6,363,229.46	-	-	-	-	-	198,783,874.69

RMB

Changes for the period

Investee	1 January 2020	Increase in investments	Decrease in investments	Investment profit or loss recognized under equity method	Adjustment of other comprehensive income	Changes in other equity	Distribution of cash dividends or profits declared	Provision for impairment loss	Other decreases	30 June 2020 (Unaudited)	Provision for impairment as at 30 June 2020 (Unaudited)
Associates											
Sichuan Winshare BLOGIS Supply Chain Co., Ltd	44,323,539.63	-	-	481,891.04	-	-	-	-	-	44,807,430.67	-
Commercial Press (Chengdu) Co., Ltd.	2,846,167.54	-	-	(98,594.07)	-	-	-	-	-	2,747,573.47	-
Ren Min Eastern (Beijing) Book Industry Co., Ltd.	11,063,418.98	-	-	(867,917.50)	-	-	-	-	-	10,195,501.48	-
Guizhou Xinhua Winshare Book Audio-Visual Product Chainstore Co., Ltd. ("Guizhou Winshare")	-	-	-	-	-	-	-	-	-	-	-
Ming Bo Education Technology Holdings Co., Ltd.	39,914,422.65	-	-	(14,203,204.69)	-	-	-	-	-	25,711,217.96	-
Shanghai Jingjie Information Technology Co., Ltd.	454,528.04	-	-	(85,961.26)	-	-	-	-	-	368,566.78	-
Sichuan Winshare Preschool Educational Management Co., Ltd.	6,718,343.79	-	-	(244,633.43)	-	-	-	-	-	6,473,710.36	-
Chengdu Winshare Venture Capital Investment Fund Management Co., Ltd.	30,599,541.14	-	-	19,897,028.90	-	-	-	-	-	50,496,570.04	-
Education and Science Forum	484,419.10	-	-	105,956.03	-	-	(72,000.00)	-	-	518,375.13	-
Tibet Winshare Venture Capital Investment Fund Partnership (Limited Partnership) ("Tibet Winshare") (Note)	82,616,683.15	2,000,000.00	-	21,680,485.58	-	-	-	-	-	106,297,168.73	-
Sichuan Jiayang Sihuo Film Co., Ltd.	130,463.57	-	-	(3,230.21)	-	-	-	-	-	127,233.36	-
Xinhua Yingxuan (Beijing) Screen Culture Co., Ltd.	18,116,255.53	-	-	(1,619,191.03)	-	-	-	-	-	16,497,064.50	-
Tianjin Tianxi Zhongda Cultural Development Co., Ltd.	19,581,323.06	-	-	81,493.42	-	-	-	-	-	19,662,816.48	-
Winshare Yinshi (Beijing) Cultural Communication Co., Ltd.	382,191.85	-	-	(48,258.85)	-	-	-	-	-	333,933.00	-
Subtotal	257,233,298.03	2,000,000.00	-	25,075,863.93	-	-	(72,000.00)	-	-	284,237,161.96	-
Total	449,653,943.26	2,000,000.00	-	31,439,093.39	-	-	(72,000.00)	-	-	483,021,036.65	-

Note: As a limited partner, Winshare Investment Co., Ltd. (“**Winshare Investment**”), a subsidiary of the Company, invested RMB30,533,348.08 in Tibet Winshare, and the proportion of the subscribed capital contribution of Winshare Investment accounted for 56.34% of its total subscribed capital. According to the partnership agreement of Tibet Winshare, the Investment Decision-making Committee is responsible for the decision of fund projects. Winshare Investment holds 25% of the voting rights in the Investment Decision-making Committee, by which it can exert significant influence on Tibet Winshare. As a result, Tibet Winshare is an associate of the Group. For the period, the Group added investment of RMB2,000,000.00.

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

RMB

Item	30 June 2020 (Unaudited)		31 December 2019 (Audited)	
	Unrecognized investment losses for the period	Accumulated unrecognized investment losses	Unrecognized investment losses for the prior year	Accumulated unrecognized investment losses
Guizhou Winshare	–	5,557,990.70	–	5,557,990.70
Sichuan Fudou	1,315,348.95	2,152,550.45	837,201.50	837,201.50
Total	1,315,348.95	7,710,541.15	837,201.50	6,395,192.20

9. OTHER EQUITY INSTRUMENT INVESTMENTS

Other equity instrument investments designated at FVTOCI

RMB

Item	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Anhui Xinhua Media Co., Ltd. (“ Wanxin Media ”) (<i>Note 1</i>)	692,998,400.00	683,027,200.00
Jiangsu Hagong Intelligent Robot Co., Ltd. (“ HGZN ”) (<i>Note 2</i>)	743,237.53	842,694.27
Bank of Chengdu Co.,Ltd. (“ Bank of Chengdu ”) (<i>Note 3</i>)	636,800,000.00	725,600,000.00
Others	375,393.81	375,393.81
Total	1,330,917,031.34	1,409,845,288.08

Note 1: The Company’s investment in the listed shares of Wanxin Media accounts for 6.27% of Wanxin Media’s equity. Wanxin Media’s shares were listed on the Shanghai Stock Exchange on 18 January 2010. The gain from fair value changes of Wanxin Media for current period was RMB9,971,200.00, and was recognized in other comprehensive income. The Company’s dividends received of RMB19,942,400.00 from Wanxin Media for current period were recognized in investment income.

Note 2: The subsidiary Sichuan Xinhua Printing Co., Ltd., acquired by the Company in August 2014, holds 0.02% of the equity of HGZN. The loss from fair value changes of HGZN for the current period was RMB99,456.74, and was recognized in other comprehensive income. The Company’s dividends received of RMB2,016.02 from HGZN for current period were recognized in investment income.

Note 3: The Company holds 2.21% (80 million shares) of Bank of Chengdu. Bank of Chengdu was listed on the Shanghai Stock Exchange on 31 January 2018. The loss from fair value changes of Bank of Chengdu for the current period was RMB88,800,000.00, and was recognized in other comprehensive income. The Company's dividends receivable of RMB33,600,000.00 from Bank of Chengdu for current period were recognized in investment income.

The Group does not hold the above investments for the purpose of disposal in the near term for short-term gains, thus the above investments are designated as financial assets at FVTOCI.

10. OTHER NON-CURRENT FINANCIAL ASSETS

	<i>RMB</i>	
Item	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Citic M&A Investment Fund (Shenzhen) Partnership (Limited Partnership) (<i>Note 1</i>)	156,505,522.71	111,887,206.48
Winshare Hengxin (Shenzhen) Equity Investment Fund Partnership (Limited Partnership) (<i>Note 2</i>)	371,286,407.57	292,338,697.14
Qingdao Goldstone Zhixin Investment Center (Limited Partnership) (<i>Note 3</i>)	101,552,153.77	102,430,506.09
Ningbo Meishan Free Trade Port Winshare Dingsheng Equity Investment Partnership (Limited Partnership) (<i>Note 4</i>)	33,255,140.51	20,780,000.00
Total	<u>662,599,224.56</u>	<u>527,436,409.71</u>

Note 1: The Company, as a limited partner, incurred costs of RMB100,000,000.00 from investment in Citic M&A Investment Fund (Shenzhen) Partnership (Limited Partnership) ("**Citic M&A Fund**"). According to the partnership agreement, the proportion of the subscribed capital contribution of the Company accounts for 1% of its total subscribed capital of Citic M&A Fund.

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

Changes in fair value for current period were gains of RMB44,618,316.23, and were recognized in gains from changes in fair values.

Note 2: As a limited partner, the Company's subsidiary, Winshare Investment invested RMB200,000,000.00 in Winshare Hengxin (Shenzhen) Equity Investment Fund Partnership (Limited Partnership) ("**Winshare Hengxin**"). According to the partnership agreement, the proportion of the subscribed capital contribution of the Group accounts for 62.30% of its total subscribed capital.

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

Changes in fair value for current period were gains of RMB78,947,710.43, and were recognized in gains from changes in fair values.

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

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

Changes in fair value for current period were losses of RMB878,352.32, and were recognized in losses from changes in fair values.

Note 4: As a limited partner, the Company's subsidiary, Winshare Investment invested RMB20,780,000.00 in Ningbo Meishan Free Trade Port Winshare Dingsheng Equity Investment Partnership (Limited Partnership). According to the partnership agreement, the proportion of the subscribed capital contribution of the Group accounts for 66.45% of its total subscribed capital. During the current period, the Group made new investments of RMB8,000,000.00.

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

Changes in fair value for current period were gains of RMB4,475,140.51, and were recognized in gains from changes in fair values.

11. FIXED ASSETS

(1) Fixed assets

RMB

Item	Buildings	Machinery and equipment	Electronic equipment and others	Transportation vehicles	Total
Cost as at					
30 June 2020 (Unaudited)	1,706,699,271.07	286,523,173.40	180,695,131.78	93,316,886.59	2,267,234,462.84
Accumulated depreciation at					
30 June 2020 (Unaudited)	(532,131,632.30)	(223,856,631.26)	(140,834,223.28)	(76,038,730.35)	(972,861,217.19)
Carrying amount at					
30 June 2020 (Unaudited)	<u>1,174,567,638.77</u>	<u>62,666,542.14</u>	<u>39,860,908.50</u>	<u>17,278,156.24</u>	<u>1,294,373,245.65</u>

(2) At the end of the current period, the amount of fixed assets of which certificates of title not yet obtained was RMB136,069,930.15, and fixed assets of which certificates of title not yet obtained had no significant influence on the Group's operations.

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

12. CONSTRUCTION IN PROGRESS

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

RMB

Item	30 June 2020 (Unaudited)			31 December 2019 (Audited)		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Publishing Media Creation Center	598,319,240.70	-	598,319,240.70	594,470,914.98	-	594,470,914.98
Yilong textbook distribution center project	-	-	-	-	-	-
Ziyang textbooks transfer station project	32,251,450.76	-	32,251,450.76	32,169,611.14	-	32,169,611.14
Lezhi branch complex	-	-	-	-	-	-
Renovation of Lezhi warehouse and office building	500,000.00	-	500,000.00	-	-	-
Nanjiang business building (interior renovation)	7,828,715.22	-	7,828,715.22	-	-	-
Others	84,892.62	-	84,892.62	46,023.59	-	46,023.59
Total	<u>638,984,299.30</u>	<u>-</u>	<u>638,984,299.30</u>	<u>626,686,549.71</u>	<u>-</u>	<u>626,686,549.71</u>

(2) Changes in construction in progress for current period

RMB

Item name	Budget amount	1 January 2020	Increase in the period	Transfer to fixed assets in the period	Transfer to others	30 June 2020 (Unaudited)	Amount injected as a proportion of budget amount (%)	Construction progress (%)	Amount of accumulated capitalized interest	Including: Amount of capitalized interest per annum for the period	Interest capitalization rate for the period (%)	Source of funds
Publishing media creation center	736,000,000.00	594,470,914.98	3,848,325.72	-	-	598,319,240.70	81.29	81.29	-	-	-	Self-financing
Yilong textbook distribution center project	21,900,000.00	-	61,787.12	(61,787.12)	-	-	88.21	88.21	-	-	-	Self-financing
Ziyang textbooks transfer station project	32,730,000.00	32,169,611.14	81,839.62	-	-	32,251,450.76	98.54	98.54	-	-	-	Self-financing
Lezhi branch complex	19,700,000.00	-	2,869,198.17	(2,869,198.17)	-	-	100.00	100.00	-	-	-	Self-financing
Renovation of Lezhi warehouse and office building	3,500,000.00	-	500,000.00	-	-	500,000.00	74.29	74.29	-	-	-	Self-financing
Nanjiang business building (interior renovation)	9,651,048.00	-	7,828,715.22	-	-	7,828,715.22	81.12	81.12	-	-	-	Self-financing
Others	-	46,023.59	53,019.97	(14,150.94)	-	84,892.62	-	-	-	-	-	Self-financing
Total	823,481,048.00	626,686,549.71	15,242,885.82	(2,945,136.23)	-	638,984,299.30	-	-	-	-	-	-

13. RIGHT-OF-USE ASSETS

(1) Presentation of right-of-use assets

	<i>RMB</i>
Item	Property
I. Cost	
1. 1 January 2020	532,674,371.21
2. Increase in the period	52,634,522.34
3. Decrease in the period	(26,665,852.23)
4. 30 June 2020 (Unaudited)	558,643,041.32
II. Accumulated depreciation	
1. 1 January 2020	(94,710,234.92)
2. Increase in the period	(58,899,296.15)
(1) Provision	(58,899,296.15)
3. Decrease in the period	18,629,823.38
4. 30 June 2020 (Unaudited)	(134,979,707.69)
III. Carrying amount	
1. 30 June 2020 (Unaudited)	<u>423,663,333.63</u>
2. 1 January 2020	<u>437,964,136.29</u>

The lease terms of leased properties of the Group range from one to fifteen years. During the current period, the expenses relating to short-term lease applying the simplified approach and included in profit or loss for the period amounted to RMB7,569,441.16 (same period of last year: RMB18,659,931.64).

14. GOODWILL

(1) Cost of goodwill

	<i>RMB</i>			
Name of the investee or item resulting in goodwill	1 January 2020	Increase in the current period	Decrease in the current period	30 June 2020 (Unaudited)
Acquisitions of 15 publishing companies (<i>Note</i>)	500,571,581.14	–	–	500,571,581.14
Others	3,870,061.53	–	(18,455.00)	3,851,606.53
Total	<u>504,441,642.67</u>	<u>–</u>	<u>(18,455.00)</u>	<u>504,423,187.67</u>

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

The recoverable amount of these asset groups is determined based on the present value of its expected future cash flows. The future cash flows are determined based on the financial budget approved by the management for the five-year period. Budget gross profit is determined based on the average gross profit achieved in the five years before the budget year. The revenue growth rate of operating income after 5 years is from 0% to 2% (31 December 2019: 0% to 2%). Discount rate of 14% to 15% (31 December 2019: 14% to 15%) is proposed according to the specific risk of publishing business.

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

(2) Provision for impairment loss of goodwill

RMB

Name of the investee or item resulting in goodwill	1 January 2020	Increase in the current period	Decrease in the current period	30 June 2020 (Unaudited)
Others	(3,851,606.53)	–	–	(3,851,606.53)

15. ACCOUNTS PAYABLE

Details of aging analysis of accounts payable are as follows:

RMB

Item	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Within 1 year	3,263,777,331.34	3,237,967,685.53
More than 1 year but not exceeding 2 years	693,396,653.40	747,755,788.80
More than 2 years but not exceeding 3 years	240,796,831.98	205,784,181.87
More than 3 years	124,712,762.11	124,273,858.63
Total	<u>4,322,683,578.83</u>	<u>4,315,781,514.83</u>

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

16. CONTRACT LIABILITIES

(1) Presentation of contract liabilities:

RMB

Item	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Advanced receipts for sold goods	356,702,207.63	373,162,442.02
Membership card points	2,781,311.89	3,538,940.71
Total	<u>359,483,519.52</u>	<u>376,701,382.73</u>

(2) During the current period, the Group recognized the carrying amount of contract liabilities at the beginning of the period of RMB338,505,699.45, comprising contract liabilities of RMB337,478,618.46 arising from advanced receipts for sold goods, and contract liabilities of RMB1,027,080.99 arising from membership card points.

(3) Analysis on related contract liabilities

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

The Group's retail 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

	<i>RMB</i>	
Item	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Amounts due to related parties	45,617,971.11	6,210,151.46
Security deposit/deposit/quality warranty/performance security	50,059,433.86	67,405,502.62
Construction and infrastructure construction expenses	23,407,368.03	25,973,935.91
Amounts due to/from other entities	51,753,335.24	43,115,718.18
Dividends payable	121,204,647.42	–
Others	174,636,390.08	154,598,516.39
Total	<u>466,679,145.74</u>	<u>297,303,824.56</u>

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

18. LEASE LIABILITIES

	<i>RMB</i>	
Item	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Rents	418,552,273.98	447,134,268.00
Less: Lease liabilities included in non-current liabilities due within one year	<u>(104,937,766.05)</u>	<u>(93,885,902.56)</u>
Total	<u>313,614,507.93</u>	<u>353,248,365.44</u>

19. SHARE CAPITAL

Current period

RMB

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

Same period of last year

RMB

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

20. UNDISTRIBUTED PROFITS

RMB

Item	Current period (Unaudited)	Prior year (Audited)	Proportion of appropriation or distribution
Undistributed profits at the beginning of the period	3,629,232,391.16	2,941,622,541.24	
Add: Net profit attributable to shareholders of the parent company for the period	580,258,976.15	1,139,047,561.12	
Less: Appropriation to statutory surplus reserve	-	(81,285,411.20)	(1)
Distribution of dividends on ordinary shares	(370,152,300.00)	(370,152,300.00)	(2)
Undistributed profits at the end of the period	3,839,339,067.31	3,629,232,391.16	(3)

Note 1: Appropriation to statutory surplus reserve

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

Note 2: Cash dividends approved in shareholders' meeting

On 21 May 2020, the resolution regarding the Company's 2019 Annual Profit Distribution Proposal was approved at 2019 annual general meeting of the Company. The profit distribution was based on the Company's total share capital of 1,233,841,000 shares before the implementation of the proposal. The cash dividend per share was RMB0.30 (tax-inclusive) (Prior year: RMB0.30 (tax-inclusive)) and the total cash dividends of RMB370,152,300.00 (tax-inclusive) (Prior year: RMB370,152,300.00 (tax-inclusive)) was distributed.

Note 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 RMB134,816,191.16 (31 December 2019: RMB134,816,191.16).

21. OPERATING INCOME AND OPERATING COSTS**(1) Operating income and costs**

Item	Amount incurred in the current period (Unaudited)	<i>RMB</i> Amount incurred in the same prior period of last year (Unaudited)
Principal operating income	3,547,078,598.17	3,804,537,930.80
Other operating income	59,206,426.12	69,847,457.40
Including: Revenue from concessionaire sales	98,550,682.65	144,442,650.17
Cost from concessionaire sales	(84,796,229.19)	(122,907,148.73)
Net income from concessionaire sales	13,754,453.46	21,535,501.44
Operating costs	2,032,754,444.10	2,331,152,105.99

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

RMB

Item	Operating income		Operating costs	
	Current period (Unaudited)	Same period of last year (Unaudited)	Current period (Unaudited)	Same period of last year (Unaudited)
Publishing segment				
Textbooks and supplementary materials	598,669,031.39	514,685,821.13	344,169,133.75	327,830,624.37
General books	234,617,514.02	446,279,815.26	170,341,150.75	284,730,535.89
Printing and supplies	97,520,435.34	88,743,885.65	84,787,909.11	76,762,638.33
Newspapers and journals	15,546,608.86	14,233,604.02	7,764,639.99	6,570,231.64
Others	14,173,493.78	21,277,551.34	7,078,411.67	14,295,742.63
Subtotal	960,527,083.39	1,085,220,677.40	614,141,245.27	710,189,772.86
Distribution segment				
Education services	2,229,389,493.84	2,188,697,311.84	1,272,579,360.92	1,319,819,952.86
Including: Textbooks and supplementary materials	2,187,432,118.53	2,017,933,725.68	1,240,671,447.58	1,175,268,462.49
Education informatized and equipment business	33,746,176.93	170,763,586.16	29,029,668.42	144,551,490.37
Online Sales	709,633,144.36	694,821,959.04	595,293,772.21	630,809,547.29
Retail	169,672,919.55	315,048,009.62	100,114,835.50	190,005,876.73
Others	99,089,815.19	196,120,005.62	78,749,674.04	148,209,512.20
Subtotal	3,207,785,372.94	3,394,687,286.12	2,046,737,642.67	2,288,844,889.08
Others	153,077,657.45	164,676,846.84	134,162,290.34	139,272,557.33
Less: Inter-segment elimination	(715,105,089.49)	(770,199,422.16)	(762,286,734.18)	(807,155,113.28)
Total	3,606,285,024.29	3,874,385,388.20	2,032,754,444.10	2,331,152,105.99

Details of publishing segment and distribution segment and other details are set out in Note 24.

Note: The “Newspapers and journals” business under the publication segment is separated from “Others” during the current period and figures in the same period of last year have been restated.

22. OTHER INCOME

	<i>RMB</i>	
Item	Amount incurred in the current period (Unaudited)	Amount incurred in the same period of last year (Unaudited)
Book publishing subsidies	4,444,146.05	11,292,616.55
VAT first levied then returned	5,197,605.89	52,517,971.00
Other financial subsidies	7,672,776.30	10,152,401.09
Total	<u>17,314,528.24</u>	<u>73,962,988.64</u>

23. INVESTMENT INCOME

	<i>RMB</i>	
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	31,439,093.39	48,360,904.41
Investment income (loss) on disposal of long-term equity investments	(254,299.46)	—
Investment income from other equity instrument investments	53,544,416.02	49,814,688.02
Investment income from disposal of financial assets at FVTPL	20,254,285.95	24,580,666.53
Total	<u>104,983,495.90</u>	<u>122,756,258.96</u>

24. 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 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 and students and supply of education informatized and equipment services for secondary and primary school education; retailing, distribution and online sales of publications;

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

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

(1) Segment reporting information***Current period (Unaudited)****RMB*

	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	Total
External revenue	307,957,458.16	3,204,160,270.87	94,167,295.26	-	-	3,606,285,024.29
Inter-segment revenue	652,569,625.23	3,625,102.07	58,910,362.19	-	(715,105,089.49)	-
Total operating income	<u>960,527,083.39</u>	<u>3,207,785,372.94</u>	<u>153,077,657.45</u>	<u>-</u>	<u>(715,105,089.49)</u>	<u>3,606,285,024.29</u>
Operating profit	171,562,393.93	204,593,997.22	122,977,114.01	49,143,317.29	54,385,381.15	602,662,203.60
Non-operating income	409,101.85	4,833,853.62	105,575.85	-	-	5,348,531.32
Non-operating expenses	59,967.28	18,145,935.56	0.57	-	-	18,205,903.41
Total profit	<u>171,911,528.50</u>	<u>191,281,915.28</u>	<u>123,082,689.29</u>	<u>49,143,317.29</u>	<u>54,385,381.15</u>	<u>589,804,831.51</u>
Total assets	<u>6,421,571,752.52</u>	<u>9,506,398,047.24</u>	<u>1,455,823,293.02</u>	<u>1,755,515,414.28</u>	<u>(3,627,770,136.80)</u>	<u>15,511,538,370.26</u>
Total liabilities	<u>2,235,332,560.48</u>	<u>6,794,273,191.55</u>	<u>536,148,865.07</u>	<u>246,911,616.93</u>	<u>(3,538,362,694.54)</u>	<u>6,274,303,539.49</u>
Supplementary information						
Depreciation	10,024,391.45	76,816,352.88	14,928,929.93	-	-	101,769,674.26
Amortization	2,256,078.77	20,553,542.80	1,275,860.82	-	-	24,085,482.39
Interest income	428,817.78	35,270,155.99	378,457.49	-	-	36,077,431.26
Loss on credit impairment recognized in the current period	20,557,185.22	81,893,429.36	2,052,996.43	-	-	104,503,611.01
Impairment losses of assets recognized in the current period	27,078,995.64	4,335,898.58	(91,130.03)	-	-	31,323,764.19
Investment income (loss) recognized from long-term equity investment under equity method	184,219.24	(85,961.26)	45,330,211.85	(13,989,376.44)	-	31,439,093.39
Long-term equity investment balances under equity method	20,308,424.97	368,566.78	212,547,559.23	249,796,485.67	-	483,021,036.65
Capital expenditure	1,162,421.88	37,409,607.56	624,438.38	-	-	39,196,467.82
Including: Construction in progress	53,019.97	15,189,865.85	-	-	-	15,242,885.82
Expenditure arising from purchase of fixed assets	1,095,685.09	9,584,259.38	624,438.38	-	-	11,304,382.85
Expenditure arising from purchase of intangible assets	13,716.82	3,440,314.22	-	-	-	3,454,031.04
Development expenditure	-	9,195,168.11	-	-	-	9,195,168.11

Same period of last year (Unaudited)

RMB

	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	Total
External revenue	389,774,431.63	3,391,036,296.96	93,574,659.61	-	-	3,874,385,388.20
Inter-segment revenue	695,446,245.77	3,650,989.16	71,102,187.23	-	(770,199,422.16)	-
Total operating income	1,085,220,677.40	3,394,687,286.12	164,676,846.84	-	(770,199,422.16)	3,874,385,388.20
Operating profit (loss)	280,767,520.70	176,414,883.90	31,769,665.88	64,529,657.77	48,079,783.69	601,561,511.94
Non-operating income	265,693.46	1,266,908.40	93,275.76	-	-	1,625,877.62
Non-operating expenses	53,990.35	12,651,615.15	13,054.92	-	-	12,718,660.42
Total profit (loss)	280,979,223.81	165,030,177.15	31,849,886.72	64,529,657.77	48,079,783.69	590,468,729.14
Total assets	5,746,035,251.59	7,562,740,320.68	1,192,721,420.38	3,053,026,005.00	(3,434,127,857.35)	14,120,395,140.30
Total liabilities	1,935,110,283.74	6,202,631,756.53	529,894,666.13	179,423,718.75	(3,340,552,597.22)	5,506,507,827.93
Supplementary information						
Depreciation	10,148,815.68	63,248,094.53	11,512,521.72	-	-	84,909,431.93
Amortization	1,782,598.41	13,974,886.06	1,700,786.85	-	-	17,458,271.32
Interest income	696,317.12	8,833,123.52	148,808.70	8,495,023.93	-	18,173,273.27
Loss on credit impairment recognized in the current period	9,326,148.51	29,111,107.26	707,681.67	-	-	39,144,937.44
Impairment losses of assets recognized in the current period	9,415,673.65	10,936,387.97	-	-	-	20,352,061.62
Investment income recognized from long-term equity investment under equity method	293,765.69	2,280,790.94	45,786,347.78	-	-	48,360,904.41
Long-term equity investment balances under equity method	504,855.73	252,264,433.13	144,109,203.05	-	-	396,878,491.91
Capital expenditure	6,363,340.70	35,896,863.40	4,776,554.33	-	-	47,036,758.43
Including: Construction in progress	705,904.17	13,330,080.53	1,588,616.21	-	-	15,624,600.91
Expenditure arising from purchase of fixed assets	5,449,804.80	6,451,508.76	3,187,938.12	-	-	15,089,251.68
Expenditure arising from purchase of intangible assets	207,631.73	4,252,444.64	-	-	-	4,460,076.37
Development expenditure	-	11,862,829.47	-	-	-	11,862,829.47

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

More than 99% of the Group's income is sourced from the PRC customers and most of the Group's assets are located in 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 RMB475,129,508.02 (same period of last year: RMB465,164,226.93), 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 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.

25. **INCOME TAX**

	<i>RMB</i>	
Item	Amount incurred in the current period (Unaudited)	Amount incurred in the same period of last year (Unaudited)
Current income tax calculated according to tax laws and relevant requirements	(146,128.43)	767,497.04
Deferred income tax expenses	<u>22,317,429.19</u>	<u>16,159,760.38</u>
Total	<u><u>22,171,300.76</u></u>	<u><u>16,927,257.42</u></u>

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

	<i>RMB</i>	
Item	Amount incurred in the current period (Unaudited)	Amount incurred in the same period of last year (Unaudited)
Accounting profit	589,804,831.51	590,468,729.14
Income tax expenses calculated at 25%	147,451,207.88	147,617,182.29
Tax concessions	(135,020,319.75)	(151,316,905.00)
Effect of expenses that are not deductible for tax purposes	10,476,631.37	14,084,699.55
Effect of tax-free income	(13,386,104.01)	(12,453,672.01)
Effect of utilization of deductible losses for which no deferred income tax asset was recognized in the prior period	(179,251.88)	(1,715,090.64)
Effect of utilization of deductible temporary differences for which no deferred income tax asset was recognized in the prior period	(13,670,942.47)	(10,790,694.31)
Effect of deductible temporary differences or deductible losses for which no deferred income tax asset was recognized during the current period	<u>26,500,079.62</u>	<u>31,501,737.54</u>
Total	<u><u>22,171,300.76</u></u>	<u><u>16,927,257.42</u></u>

26. OTHER COMPREHENSIVE INCOME

For the current period

RMB

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

For the same period of last year

RMB

Item	1 January 2019	Changes for the period					30 June 2019 (Unaudited)
		Amount for the current period before income tax	Less: Amount included in other comprehensive income in the prior period that is transferred to profit or loss for the period	Less: Income tax expenses	Post-tax amount attributable to owners of the parent company	Post-tax amount attributable to non-controlling shareholders	
Other comprehensive income not reclassified into profit or loss	1,021,506,867.83	4,777,536.94	-	(31,584.23)	4,745,952.71	-	1,026,252,820.54
Profit or loss on changes in fair value of other equity instrument investments	1,021,506,867.83	4,777,536.94	-	(31,584.23)	4,745,952.71	-	1,026,252,820.54

27. CALCULATION PROCESS OF BASIC EARNINGS PER SHARE

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

	<i>RMB</i>	
	Current period	Same period of last year
Net profit for the current period attributable to ordinary shareholders	580,258,976.15	579,502,772.35
Including: Net profit from continuing operations	580,258,976.15	579,502,772.35

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

	<i>Shares</i>	
	Current 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	Same period of last year
Net profit for the current period attributable to ordinary shareholders divided by weighted number of ordinary shares outstanding at the end of year	0.47	0.47
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 year	0.47	0.47

The Company has no dilutive potential ordinary shares.

28. OTHER MATERIAL MATTERS

The outbreak of novel coronavirus (“COVID-19”) and the subsequent quarantine measures as well as the travel restrictions imposed by various countries have impacted the global economic and business environment and directly or indirectly affected the Group’s operations. The Group’s financial position and performance were affected in different aspects due to the mandatory quarantine measures imposed by the government in an effort to contain the spread of the COVID-19 outbreak. On the one hand, some of the Group’s retail stores were temporarily suspended during the period from February 2020 to March 2020, resulting in a decrease in revenue from retailing business under the distribution segment and revenue from the sales of general books under the publication segment as compared with the same period of last year. On the other hand, due to the delay in school opening in various regions and the delay in the new project bidding and inspection/acceptance of existing projects of the education informatized and equipment business under the distribution segment of the Group, the revenue from the education informatized and education equipment business decreased as compared with the same period of last year.

29. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements of the Group were approved by the Board on 25 August 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

(I) BUSINESS REVIEW

INDUSTRY OVERVIEW

“National reading” has been included in the Government Work Report for the seventh consecutive year, making it a fundamental people’s livelihood project. As the State Council attaches greater importance to and introduces more support for cultural undertakings and cultural industry, a series of concession policies covering system development, talent training, finance, tax concession and industrial integration have been promulgated. This has strongly boosted the confidence of the publishing and media enterprises in development. As a result, the pace of development of publishing integration has quickened.

With the increasing cultural spending power and the changing reading styles among the people, the demand for reading service showed a growing trend of digitalisation, networkisation and intelligentisation with consumption features of personalisation, experience and diversity. Among which, the publication of children’s books and themed books was faster with market focus gradually shifting to general book publication. While the transformation and upgrade of physical bookstores accelerated, online and offline integrated development further progressed deeply. The expedited progress of new technological research and developments (R&D) and application also provided strong support for the structural adjustment, integrated development, transformation and upgrade of the publishing and media industry. The integration of the traditional publishing and media industry with emerging technologies including the Internet, Artificial Intelligence (AI), big data and Augmented Reality/Virtual Reality (AR/VR) acted as a catalyst to the development of a series of new cultural business segments, injecting new vitality to the traditional publication and distribution industry.

In a modern society with international division of labour and close collaboration, the COVID-19 outbreak has a great impact on the global economy. Since the outbreak of COVID-19, various segments of the publishing industry such as content creation, production and printing, and offline sales, have been affected to varying extents. According to the statistics published by Open Book, in the first half of 2020, the overall book retail market decreased by 9.29% year-on-year. In particular, the online store channel increased by 6.74% year-on-year, whereas the physical store channel decreased by 47.36% year-on-year. However, objectively speaking, the outbreak of COVID-19 has also accelerated the transformation and upgrade of the publishing industry, allowed the players of the publishing industry to attach greater importance to integrated development, accelerated the layout of digital publishing business, and promoted the exploration of new technologies, new formats and new models.

RESULTS

During the Period, the Group steadily promoted the strategies of “revitalising the publishing industry in Sichuan Province” and “revitalising the physical bookstores”, and enhanced the overall market competitiveness of the Company under the guidance of high-quality development, innovative development, integrated development and a people-oriented development approach. Faced with the severe outbreak of COVID-19, the Group has taken effective measures to carry out epidemic prevention and control and resume work and production in an orderly manner, to actively respond to the impact of COVID-19 outbreak on the Group’s business.

During the Period, the Group’s general book publication, physical store retailing and education informatized and equipment businesses were significantly affected by the COVID-19 outbreak, resulting in a decrease in operating income and profit for the Period as compared with the corresponding period of last year. In addition, the increase in gain from fair value changes of the items held by the funds invested by the Group during the Period has, to a certain extent, offset the impact of the COVID-19 outbreak on the Group’s profit. As the duration of the impact of the COVID-19 outbreak is uncertain, the operating results of the Group in the second half of 2020 are uncertain.

During the Period, the Group recorded revenue of RMB3,606 million, representing a decrease of 6.92% as compared with the same period of last year; and net profit of RMB568 million, representing a decrease of 1.03% as compared with the same period of last year.

Revenue

During the Period, the Group recorded revenue of RMB3,606 million, representing a decrease of 6.92% as compared with RMB3,874 million for the same period of last year, among which, revenue of principal businesses amounted to RMB3,547 million, representing a decrease of 6.77% as compared with RMB3,805 million in the same period of last year, mainly due to the year-on-year decrease in sales revenue of the Group from the general book publication, physical store sales, education informatized and equipment businesses affected by the COVID-19 outbreak during the Period.

Operating costs

During the Period, operating costs of the Group amounted to RMB2,033 million, representing a decrease of 12.80% from RMB2,331 million in the same period of last year, among which, costs of principal businesses amounted to RMB2,027 million, representing a decrease of 12.40% as compared to RMB2,314 million in the same period of last year. The decrease in operating costs was mainly caused by the decline in sales. As a result of the changes in sales structure, the consolidated cost ratio decreased year-on-year.

Gross profit margin

During the Period, consolidated gross profit margin of the Group was 43.63%, up by 3.80 percentage points from 39.83% in the same period of last year, among which, gross profit margin of principal businesses was 42.86%, up by 3.67 percentage points from 39.19% in the same period of last year, mainly benefitting from the cost control of products and changes in sales structure.

ANALYSIS OF OPERATING DATA

1. Overview of Principal Business Segments

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

*The principal business of the Group during the Period by segment is as follows:
For the six months ended 30 June 2020*

<i>RMB</i>						
Principal business 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(%)	Change of principal business costs as compared with the same period of last year (%)	Change of gross profit margin as compared with the same period of last year (ppts)
I. Publication	950,228,588.04	609,634,376.88	35.84	(11.02)	(12.67)	1.21
Textbooks and supplementary materials	598,669,031.39	344,169,133.75	42.51	16.32	4.98	6.21
General books	234,617,514.02	170,341,150.75	27.40	(47.43)	(40.17)	(8.80)
Printing and materials	97,517,550.03	84,494,173.27	13.35	9.89	10.07	(0.15)
Newspapers and journals	15,546,608.86	7,764,639.99	50.06	9.22	18.18	(3.78)
Others	3,877,883.74	2,865,279.12	26.11	(1.70)	29.60	(17.85)
II. Distribution	3,156,225,118.79	2,045,375,353.62	35.20	(5.49)	(10.43)	3.57
Education service	2,229,389,493.84	1,272,579,360.92	42.92	1.86	(3.58)	3.22
Of which: Textbooks and supplementary materials	2,187,432,118.53	1,240,671,447.58	43.28	8.40	5.56	1.52
Education informatized and equipment business	33,746,176.93	29,029,668.42	13.98	(80.24)	(79.92)	(1.37)
Online sales	683,797,468.76	595,293,772.21	12.94	(1.59)	(5.63)	3.73
Retailing	155,918,466.09	100,025,100.99	35.85	(46.88)	(47.36)	0.59
Others	87,119,690.10	77,477,119.50	11.07	(46.42)	(45.74)	(1.11)
III. Others	151,616,393.31	134,067,130.43	11.57	(7.19)	(3.67)	(3.24)
Inter-segment elimination total	(710,991,501.97)	(762,286,734.18)				
Total	3,547,078,598.17	2,026,790,126.75	42.86	(6.77)	(12.40)	3.67

Note: The “Newspapers and journals” business under the publication segment is separated from “Others” during the Period and the figures in the same period of last year have been restated.

2. Operating Data of the Business Segments

(1) *Publication segment*

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

Publication of Textbooks and Supplementary Materials

The Group continued to strengthen its capabilities in the education publishing's strategic planning, market expansion and education service. While keeping abreast of the latest changes in education policies, the Group conducted in-depth research on new demands and opportunities brought by changes in policies and teaching requirements, and actively provided services for the reform of national fundamental education and local education development. The Group developed competitive supplementary materials to further consolidate the system of all-subject based textbooks and supplementary materials publication.

During the Period, revenue from the sales of textbooks and supplementary materials publication business amounted to RMB598,669,000 (including domestic sales), representing an increase of 16.32% as compared with the same period of last year; and cost of sales amounted to RMB344,169,100, representing an increase of 4.98% as compared with the same period of last year. Gross profit margin was 42.51%, up by 6.21 percentage points as compared with the same period of last year, mainly benefitting from the cost control of its products and the increased proportion of sales of supplementary materials.

Publication of General Books

Placing social benefits as a top priority and striving to align social benefits with economic benefits, the Group endeavoured to create high-quality publication products adhering to the theory of "targeted publishing, refined publishing and quality publishing". By optimising the product mix and topic selection of the publication segment, the Group steadily promoted key publication projects and created high-quality works, while stepping up online marketing efforts to overcome the impact of the COVID-19 outbreak.

During the Period, revenue from sales of general book publication business amounted to RMB234,617,500 (including domestic sales), representing a decrease of 47.43% as compared with the same period of last year; and cost of sales amounted to RMB170,341,200, representing a decrease of 40.17% as compared with the same period of last year. Gross profit margin was 27.40%, down by 8.80 percentage points as compared with the same period of last year. Due to the impact of the COVID-19 outbreak, there was no timely production of printing factories, nor normal operation of physical bookstores and normal logistics and distribution. Each segment of the general book publication business, from compilation and printing to distribution suffered tremendously. Despite the fact that the Group actively took measures to adjust its operating strategies, its operating results were still significantly affected.

(2) *Distribution segment*

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

During the Period, revenue from the sales of the distribution segment amounted to RMB3,156 million, representing a decrease of 5.49% as compared with the same period of last year, mainly due to the delay in the new project bidding and inspection/acceptance of existing projects of the education informatized and equipment business affected by the COVID-19 outbreak, and the decrease in sales from the retailing business of physical bookstores.

During the Period, gross profit margin of the distribution segment was 35.20%, up by 3.57 percentage points from the same period of last year, mainly due to the changes in sales structure and the decrease in the proportion of sales from the education informatized and equipment service with a lower gross profit margin.

Education Service

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

During the Period, the Group continued to take a customer-oriented approach and continued to enhance its capabilities in product research and development and marketing service to achieve sustained and high efficiency growth of education service as guided by innovative development. As to textbooks, through strengthening the synergies arising from the market and the upstream publication resources, the Group enhanced its capabilities in product planning and product design. In addition to enhancing product quality, it also optimised the product structure with sales revenue maintaining steady growth with progress. As to education informatized and education equipment, the Group seized the market opportunities arising from new college entrance exam curriculum reform and education informatized 2.0 action plan and provided products and services including professional subject classroom, innovation education space and smart campus. At the same time, the Group endeavoured to propel channel innovation, mechanism innovation and business innovation, and enhanced its capability of education service to achieve innovative and integrated development. In the first half of the year, faced with the tremendous difficulties and challenges brought by the COVID-19 outbreak, the Group not only ensured the timely delivery of books, but also worked with a number of publishing houses to provide complimentary electronic teaching materials on certain subjects to teachers and students. In order to realise "continued learning during class suspension", the Group quickly diverted its resources to open live courses free of charge to primary three and secondary three students in the province through Guangdong Broadcasting and Television Network.

During the Period, revenue from the external sales of the education service business of the Group amounted to RMB2,229,389,500, representing an increase of 1.86% as compared with the same period of last year. Among which revenue from the sales of textbooks and supplementary materials during the Period amounted to RMB2,187,432,100, representing an increase of 8.40% as compared with the same period of last year; revenue from the education informatized and equipment business during the Period amounted to RMB33,746,200, representing a decrease of 80.24%, mainly due to the delay in the new project bidding and inspection/acceptance of existing projects affected by the COVID-19 outbreak.

During the Period, gross profit margin of the education service business was 42.92%, up by 3.22 percentage points as compared with the same period of last year, mainly due to the impact of the decrease in the proportion of sales from the education informatized and equipment business with a lower gross profit margin.

Online Sales

In the first half of 2020, the Group's Internet business developed steadily. In terms of sales channel building and marketing activities, the Group actively expanded the market space, carried out in-depth operations, flexibly arranged the pace of marketing, strengthened the expansion of the whole network channel, and expanded the marketing scale. In terms of supply chain development, the Group improved supply and distribution efficiency and continued to reduce commodity and logistics costs by integrating business resources and adopting the combination of procurement and sales. In terms of product operations, by accumulating user and order information through channels, the Group gained insights into market trends and focused on categories such as literature and children, and worked with publishers to launch competitive products. 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 sales of online sales business amounted to RMB709,633,100, representing an increase of 2.13% as compared with the same period of last year. Among which, operating income amounted to RMB683,797,500, representing a decrease of 1.59% as compared with the same period of last year. Gross profit margin was 12.94%, up by 3.73 percentage points as compared with the same period of last year, mainly benefitting from the ongoing enhancement of the overall operating level of the Group's online sales business.

Retailing

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

Adhering to the “multi-brand building, multi-model development and multi-team operations” development strategy, the Group strengthened brand operations and promoted integrated development from the original model of single store operation to the new model of “store operation + institution business” to continuously build a multi-segment modern reading service network system. In the first half of 2020, the Group strove to fight against the epidemic and resumed work in an orderly manner while optimising the existing business and minimising economic losses. Through cooperation with real estate companies, the Group introduced innovative business models and reduced store opening costs. The newly opened physical bookstore, Winshare BOOKS retail store has a floor area of nearly a million sq.m. At the same time, the Group provided a full range of reading and cultural consumption service to readers through online live streaming and all-staff marketing.

During the Period, revenue from the sales of retailing business amounted to RMB155,918,500, representing a decrease of 46.88% as compared with the same period of last year, mainly due to the closure of physical stores during the COVID-19 outbreak. Gross profit margin of the retailing business was 35.85%, which remained basically the same as compared with the same period of last year.

(II) ANALYSIS OF OPERATING RESULTS AND FINANCIAL PERFORMANCE

Breakdown of the relevant item changes in the financial statements

(For the six months ended 30 June 2020)

Item	RMB		
	Current period	Comparative period of last year	Change (%)
Revenue	3,606,285,024.29	3,874,385,388.20	(6.92)
Operating costs	2,032,754,444.10	2,331,152,105.99	(12.80)
Selling expenses	606,376,116.13	572,562,489.33	5.91
Administrative expenses	476,028,730.70	482,911,889.75	(1.43)
Finance expenses	(18,843,738.56)	(6,062,699.09)	(210.81)
Research and development expenditure	773,305.17	1,929,084.96	(59.91)
Net cashflow generated from operating activities	268,432,331.35	664,002,476.79	(59.57)
Net cashflow generated from investing activities	(195,285,686.37)	591,136,300.73	(133.04)
Net cashflow generated from financing activities	(286,496,946.91)	(278,034,035.82)	(3.04)
Taxes and levies	20,356,301.32	14,202,213.13	43.33
Other incomes	17,314,528.24	73,962,988.64	(76.59)
Gain on fair value change (loss represented by “-”)	127,162,814.85	(16,478,022.12)	N/A
Credit impairment loss (loss represented by “-”)	(104,503,611.01)	(39,144,937.44)	(166.97)
Asset impairment loss (loss represented by “-”)	(31,323,764.19)	(20,352,061.62)	(53.91)
Gain on asset disposal (loss represented by “-”)	188,874.38	3,126,981.39	(93.96)
Non-operating income	5,348,531.32	1,625,877.62	228.96
Non-operating expenses	18,205,903.41	12,718,660.42	43.14
Income tax expenses	22,171,300.76	16,927,257.42	30.98
Non-controlling interests (net loss represented by “-”)	(12,625,445.40)	(5,961,300.63)	(111.79)
Other comprehensive income net, after tax	(78,903,392.55)	4,745,952.71	(1,762.54)

EXPENSES

During the Period, selling expenses of the Group amounted to RMB606,000,000, representing an increase of 5.91% as compared with the same period of last year, mainly due to the year-on-year increase in labour costs and logistics expenses.

During the Period, administrative expenses of the Group amounted to RMB476,000,000, representing a decrease of 1.43% as compared with the same period of last year, mainly due to the decrease in the Group's related operating expenses during the COVID-19 outbreak.

During the Period, finance expenses of the Group amounted to RMB(18,843,700), as compared with RMB(6,062,700) in the same period of last year, among which, net interest expenses during the Period amounted to RMB24,524,400, representing an increase of RMB15,525,000 as compared with RMB8,999,400 in the same period of last year, mainly due to the increase in interest income arising from bank deposits as compared with the same period of last year.

During the Period, R&D expenses of the Group amounted to RMB773,300, representing a decrease of 59.91% as compared with the same period of last year, mainly due to the decrease in the part expensed under R&D commitments in the area of the education informatized business during the Period as compared with the same period of last year.

TAXES AND LEVIES

During the Period, taxes and levies of the Group amounted to RMB20,356,300, representing an increase of 43.33% as compared with the same period of last year, mainly due to the timing difference of the payment of property tax and stamp duty.

ASSET IMPAIRMENT

During the Period, provision for asset impairment loss of the Group amounted to RMB31,323,800, representing an increase of RMB10,971,700 as compared with RMB20,352,100 in the same period of last year, mainly due to the increase in provision for decline in value of inventory during the Period as compared with the same period of last year as a result of the increase in inventory balance and inventory turnover days affected by the COVID-19 outbreak during the Period.

CREDIT IMPAIRMENT

During the Period, the Group made provision for credit impairment loss of RMB104,503,600, representing an increase of RMB65,358,700 as compared with RMB39,144,900 in the same period of last year, mainly due to the increase in provision for credit impairment during the Period as compared with the same period of last year as a result of higher trade receivables and longer turnover days of trade receivables affected by the COVID-19 outbreak during the Period.

GAIN/LOSS ON FAIR VALUE CHANGE

During the Period, gain on fair value change of the Group amounted to RMB127,162,800, representing an increase of RMB143,640,800 as compared with loss on fair value change of RMB16,478,000 in the same period of last year, mainly due to the increase in gain on fair value change during the Period as a result of the items held by the funds invested by the Group including Citic M&A Fund and Winshare Hengxin.

INVESTMENT INCOME

During the Period, the Group recognised investment income of RMB104,983,500, representing a decrease of 14.48% as compared with the same period of last year, mainly due to the decrease in income from investment in associates and joint ventures recognised using the equity method during the Period.

OTHER INCOMES AND NON-OPERATING INCOME AND EXPENSES

During the Period, other incomes of the Group amounted to RMB17,314,500, representing a decrease of 76.59% as compared with the same period of last year, mainly due to the significant decline of VAT refund received during the Period as compared with the same period of last year since the progress of application for VAT refund of the Group was affected by the COVID-19 outbreak and because of the year-on-year decrease in book subsidy income recognised during the Period as a result of the decrease in revenue from the general book publication business.

During the Period, non-operating income of the Group amounted to RMB5,348,500, representing an increase of 228.96% as compared with the same period of last year, mainly due to the compensation received by the Group from the PRC government with respect to land requisition for renovation and construction of High Speed Rail and the compensation received with respect to housing demolition and relocation in Qionglai during the Period.

During the Period, non-operating expenses of the Group amounted to RMB18,205,900, representing an increase of 43.14% as compared with the same period of last year, mainly due to the increase in donation expenses including donation of anti-epidemic supplies by the Group during the Period affected by the COVID-19 outbreak.

GAIN ON ASSET DISPOSAL

During the Period, gain on asset disposal of the Group amounted to RMB188,900, representing a decrease of 93.96% as compared with the same period of last year, mainly due to the greater gain on disposal of vehicles for office use and disposal of properties by a subsidiary of the Group in the same period of last year.

INCOME TAX EXPENSES

During the Period, income tax expenses of the Group amounted to RMB22,171,300, as compared with RMB16,927,300 in the same period of last year, mainly due to the changes in deferred income tax expenses arising from the investment income from associates, such as Tibet Winshare recognised by Winshare Investment, a subsidiary of the Company using equity method and the fair value changes of funds held including Winshare Hengxin.

NON-CONTROLLING INTERESTS

During the Period, net loss of non-controlling interests amounted to RMB12,625,400, representing an increase of 111.79% in loss as compared with the same period of last year, mainly due to the fluctuations in the operating results of non-wholly owned subsidiaries.

OTHER COMPREHENSIVE INCOME

During the Period, other comprehensive income net, after tax of the Group amounted to RMB(78,903,400), as compared with RMB4,746,000 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 RMB568,000,000, representing a decrease of RMB6,000,000 as compared with RMB574,000,000 in the same period of last year. Net profit attributable to owners of the parent amounted to RMB580,000,000, which was basically the same as compared with RMB580,000,000 in the same period of last year. The decrease in profit was due to the increase in provision for credit impairment loss and asset impairment loss during the Period as compared with the same period of last year due to slow recovery of receivables, higher inventory balance and longer inventory turnover days; and the decrease in income from government grants such as value-added tax refund recognised during the Period as compared to the same period of last year. However, benefitting from the greater gains from fair value changes of the items held by the funds invested by the Group including Citic M&A Fund and Winshare Hengxin during the Period, the impact of the COVID-19 outbreak on the Group's profit is offset to a certain extent .

EARNINGS PER SHARE

Earnings per share is calculated based on the net profit attributable to the owners of the parent for the Period divided by the weighted average number of the ordinary shares in issue during the Period. During the Period, earnings per share of the Group amounted to RMB0.47, which was the same as compared with RMB0.47 in the same period of last year. For details regarding the calculation of earnings per share, please refer to note 27 to the consolidated financial statements in this interim results announcement.

CASH FLOW

During the Period, net cashflow of the Group generated from operating activities was net inflow of RMB268,000,000, as compared with net inflow of RMB664,000,000 in the same period of last year, mainly due to the delayed goods delivery and recovery of receivables as well as the delayed processing of value-added tax refund as compared with the same period of last year affected by the COVID-19 outbreak. In July, the recovery of this year's receivables for Spring semester complimentary textbooks and supplementary materials and the receivables in the Sanzhou region amounted to approximately RMB200,000,000.

During the Period, net cashflow of the Group generated from investing activities was net outflow of RMB195,000,000, as compared with net inflow of RMB591,000,000 in the same period of last year, mainly due to the substantial increase in cash outflow as compared with the same period of last year as a result of the rolling purchase of bank wealth management products due for recovery during the Period.

During the Period, net cashflow of the Group generated from financing activities was net outflow of RMB286,000,000, as compared with net outflow of RMB278,000,000 in the same period of last year, mainly due to the payment of 2019 dividend of RMB249,000,000 during the Period where the progress of payment of dividend remained basically the same as the same period of last year.

ASSETS AND LIABILITIES ANALYSIS

(As at 30 June 2020)

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
Notes receivables	920,000.00	0.01	2,218,450.46	0.01	(58.53)	Mainly due to the maturity of and endorsed transfer of some of the commercial acceptance bills during the Period.
Financing receivables	3,258,168.30	0.02	7,007,859.79	0.05	(53.51)	Mainly due to the maturity of some of the commercial acceptance bills during the Period.
Other receivables	147,630,205.75	0.95	104,061,715.50	0.68	41.87	Mainly due to the declaration and payment of 2019 dividend of RMB33,600,000 received from Bank of Chengdu included in the balance at the end of the Period.
Other current assets	108,111,594.22	0.70	77,122,753.65	0.50	40.18	Mainly due to the increase in VAT input tax to be deducted as compared with the beginning of the Period.

Item	As at the end of the current period	Amount as at the end of the current period as a percentage of the total assets (%)	As at the end of the prior year	Amount as at the end of the prior year as a percentage of the total assets (%)	Change in the amount as at the end of the current period over the amount as at the end of the prior year (%)	Remark
Long-term receivables	210,185,373.42	1.36	350,957,672.37	2.29	(40.11)	Mainly due to the decrease in long-term receivables at the end of the Period as compared with the beginning of the Period as a result of collection by instalments from the education informatized and equipment business, which were transferred to trade receivables and non-current assets due within one year as the agreed payment term was approaching.
Development expenditure	23,948,366.50	0.15	15,224,896.49	0.10	57.30	Mainly due to the increase in R&D commitments to the education informatized business of the Group during the Period as compared with the beginning of the Period.
Other non-current financial assets	184,231,255.70	1.19	121,821,923.19	0.79	51.23	Mainly due to the increase in large deposit certificate over one year as compared with the beginning of the Period.
Notes payable	44,011,429.41	0.28	14,054,710.75	0.09	213.14	Mainly due to the increase in the balance settled using the notes by the education informatized and logistics businesses at the end of the Period as compared with the beginning of the Period.
Other payables	466,679,145.74	3.01	297,303,824.56	1.94	56.97	Mainly due to payment of the 2019 dividend of RMB121 million payable to the H shareholders in July, included in the balance at the end of the Period.
Deferred income tax liabilities	80,749,867.39	0.52	54,883,601.32	0.36	47.13	Mainly due to the increase in deferred income tax liabilities arising from the investment in associate by Winshare Investment, a subsidiary of the Company using equity method and the fair value changes of funds held including Winshare Hengxin.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2020, the Group had cash and short-term deposits of approximately RMB3,408,000,000 (31 December 2019: RMB3,512,000,000). The Group did not have any interest-bearing bank and other borrowings.

As at 30 June 2020, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 40.45%, down by 0.04 percentage point as compared with 40.49% as at 31 December 2019. The Group's overall financial structure was relatively stable.

GENERAL PARTICULARS OF ENTRUSTED WEALTH MANAGEMENT

On 29 October 2019, the Board of the Company considered and approved the use of idle funds of no more than RMB1,300,000,000 by the Group to purchase bank wealth management products which shall be effective within 12 months from the date of passing of the resolution by the Board. As at 30 June 2020, the balance of bank wealth management products purchased by the Group amounted to RMB1,298,000,000, all of which were capital-guaranteed wealth management products due within one year. None of the applicable percentage ratios in respect of the bank wealth management products purchased by the Group from a single bank on an aggregated basis within 12 months exceeded 5%.

CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2020, the Group's pledged deposits amounted to RMB6,595,300 (31 December 2019: RMB5,649,700), representing the security deposits placed with the banks for the issuance of bank's acceptance bills. Save as disclosed above, the Group did not have any other assets under pledge or guarantee.

FOREIGN EXCHANGE RISK

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

WORKING CAPITAL MANAGEMENT

	30 June 2020	30 June 2019
Current ratio	1.6	1.6
Inventory turnover days	191.9	140.1
Notes and accounts receivable turnover days	94.5	82.3

As at 30 June 2020, current ratio of the Group was 1.6, which remained the same as compared with the same period of last year.

In the first half of the year, the inventory turnover days was 191.9 days, which increased 51.8 days as compared with the same period of last year, mainly due to the decrease in sales revenue from the general book publication, physical book stores, education informatized and equipment businesses during the Period as compared with the same period of last year; and the increase in the inventory balance of the online sales, education informatized and equipment businesses at the end of the Period as compared with the end of the prior period affected by the COVID-19 outbreak.

The notes and trade receivable turnover days was 94.5 days, up by 12.2 days as compared with the same period of last year, mainly due to the delayed in goods delivery and recovery of receivables affected by the COVID-19 outbreak during the Period. As at the end of the Period, accounts receivable increased by approximately RMB200,000,000 as compared with the beginning of the Period, mainly due to the increase in accounts receivable corresponding to the textbooks and supplementary materials business. In July 2020, the Group recovered the receivables for Spring semester complimentary textbooks and supplementary materials and the receivables in the Sanzhou region of approximately RMB200,000,000.

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

(III) OVERVIEW OF MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the Period, the Group centred on the development strategy, optimised the industry layout and strengthened its efforts in principal businesses with a view to establishing the Group as a first-class cultural media group in the PRC.

To further strengthen the competitiveness of the Company's principal publication business and enhance Winshare's publishing influence, during the Period, the Company contributed RMB100,000,000 to Sichuan Tiandi Publishing House Co., Ltd., a wholly-owned subsidiary of the Company.

To safeguard the continuous development and ongoing operation of Winshare Investment, a wholly-owned subsidiary of the Company, the Company contributed RMB100,000,000 to Winshare Investment.

The Company was interested in 80,000,000 shares of Bank of Chengdu and its shareholding was 2.21%. During the Period, the Company recognised a dividend receivable of RMB33,600,000 (tax inclusive) from Bank of Chengdu. As at 30 June 2020, the market capitalisation of the shares held by the Company in Bank of Chengdu was RMB637,000,000.

The Company was interested in 6.27% shares of Wan Xin Media. During the Period, the Company received a dividend income of RMB19,942,400 (tax inclusive). As at 30 June 2020, the market capitalisation of the shares held by the Company in Wan Xin Media was RMB693,000,000.

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

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

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

Information of the major subsidiaries

		<i>RMB0,000</i>					
				January to June 2020		30 June 2020	
Name of subsidiary	Nature of business	Shareholding percentage (%)	Registered capital	Revenue	Net profit	Total assets	Net assets
Sichuan Education Publishing House Co., Ltd.	Publication of books	100	1,000.00	27,847.16	13,168.30	109,612.25	88,303.89
Sichuan Publication Printing Co., Ltd.	Plate-leased printing and supply of textbooks	100	5,000.00	16,045.70	6,249.73	76,197.56	69,062.06
Sichuan Tiandi Publishing House Co., Ltd.	Publication of books	100	23,063.47	8,643.49	(211.05)	48,851.13	36,964.51
Sichuan Youth and Children's Publishing House Co., Ltd.	Publication of books	100	11,000.00	10,211.84	(501.21)	57,487.57	45,693.39
Sichuan Printing Materials Co., Ltd.	Wholesale and retail of goods	100	3,000.00	14,398.81	(81.65)	38,113.69	3,967.66
Sichuan Winshare Education Technology Co., Ltd.	Software development and sales of electronic equipment	100	33,000.00	2,555.92	(3,973.61)	96,960.21	30,189.74
Sichuan Winshare Online E-commerce Co., Ltd.	Online sales of publications and other products	75	6,000.00	83,155.79	(202.39)	207,389.14	(9,703.46)
Sichuan Wenchuan Logistics Co., Ltd.	Storage and distribution of goods	100	35,000.00	14,737.18	(29.68)	56,861.33	33,547.29
Winshare Investment Co., Ltd.	Venture investment and enterprise investment	100	30,000.00	-	9,453.46	77,882.63	46,013.38

(IV) FUTURE PROSPECTS

In 2020, while firmly setting foot in the principal business of publishing and media, the Group will seize the opportunities arising from the development of the international cultural industry and utilise technology and capital as the driving force of transformation. By centring on big culture consumption service, the Group will implement the following strategies:

The Group will continue to further put into practice the strategy of “revitalising the publishing industry in Sichuan Province” adhering to the “three key publishing” concept with focus on the building of Winshare’s publishing business in continuously promoting the implementation of thematic publications and major publishing projects to achieve an improvement in quality and efficiency of Winshare’s publishing business. It will further push ahead the optimisation and upgrading of channels and the development of business integration on the education service business front, vigorously expanding the high school, vocational and preschool education service markets, strengthening the publication and distribution business of textbooks and supplementary materials as well as the education informatized and equipment business, and advancing new business expansion including research education, teacher training and online education. In addition to enhancing its collaborative service capabilities along the industry supply chain, the Group will optimise the cooperation with upstream suppliers and downstream sales channels, continue to expand its channels, and deepen its channel management capabilities to improve online sales scale and operating capabilities. It will also explore new business models, optimise business management mechanisms, and improve reading service capabilities to seek new profit growth drivers for physical bookstores. It will strengthen coordination in all respects along the supply chain, and enhance the comprehensive service capabilities at logistics, information, production and printing, and other platforms to provide strong support for the development of the Group’s business. By making use of the capital operations platform, the Group will gather social capital to continuously create a group of funds for the formation of a multi-level investment model integrating industry and finance with the aim of increasing income from capital operations and driving synergistic development between industrial operations and capital operations. On the basis of the existing platform of its journal and media segment, it will actively promote the development of media integration, and solidly advance the priorities of panda culture and national reading to create a new landscape in the media field.

(V) POTENTIAL RISKS

The industry in which the Group operates is greatly affected by policies such as industry orientation, tax incentives and education reform, and significant changes and adjustments of relevant policies may bring uncertainties to the Group’s daily operating environment and market competitiveness. The Group will continue to track and study the direction of relevant national policies and respond to changes in policies in a timely manner.

In recent years, the Group has endeavoured to explore the application of emerging technologies to drive the integration between the publishing industry and technology. However, due to external uncertainties as well as difficulty and complexity of the technology projects, technological innovation achievements may be far from the Company’s expectations. The Group will continue to conduct in-depth research on the trend of integrated development of industry and technology, improve its information capture capabilities and quick response capabilities, while further improving the technological innovation mechanism, and strengthening the management of technological innovation decision-making, research and development investment, and organisational implementation.

The Group has formulated sound business objectives and optimised the operating plans. However, due to uncertainties in the external market, coupled with the deficiencies in the quality of management team, team building and resource allocation, operating achievements far from the Company's expectations may arise. The Group will further improve the human resources management system and improve the level of operation and management to ensure the achievement of business objectives.

Currently, the COVID-19 epidemic has entered a stage of normalising prevention and control, and the duration is uncertain, which may bring uncertainties to the Group's operating results. The Group will strengthen its online marketing capabilities, promote technology and model innovation, promote the integrated development of publication business, and improve its ability to resist risks and achieve sustainable development.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

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

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

INTERIM DIVIDEND

The Board has not recommended the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

EVENTS AFTER THE REPORTING PERIOD

As at the date of this interim results announcement, there were no material events of the Group after the Reporting Period.

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 2020 included in this interim results announcement and has communicated and discussed the financial reporting issues of the Group with the management of the Company. The Audit Committee confirmed that the interim financial report of the Group has been prepared in accordance with the applicable accounting standards and requirements and have made appropriate disclosures accordingly.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.winshare.com.cn). The Company’s 2020 interim report will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company on or before 30 September 2020.

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

Sichuan, the PRC, 25 August 2020

As at the date of this announcement, the Board comprises (a) Mr. He Zhiyong and Mr. Chen Yunhua as executive Directors; (b) Mr. Luo Jun, Mr. Zhang Peng and Mr. Han Xiaoming as non-executive Directors; and (c) Mr. Chan Yuk Tong, Ms. Xiao Liping and Mr. Fang Bingxi as independent non-executive Directors.

* *For identification purposes only*