WIN SHARE

新華文軒出版傳媒股份有限公司

XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 811)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

The board (the "**Board**") of directors (the "**Director(s)**") of Xinhua Winshare Publishing and Media Co., Ltd.* (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2016 (the "**Year**"). The following financial information is prepared in accordance with the Accounting Standard for Business Enterprises ("**ASBE**") of China.

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2016

RMB

ITEM	*Notes*	Closing balance	Opening balance
Current Assets:			
Cash and bank balances		**1,695,414,090.58**	1,929,029,300.50
Notes receivable		**2,170,000.00**	872,844.14
Accounts receivable	*4*	**801,178,862.51**	660,051,562.79
Prepayments		**92,509,488.32**	60,073,408.90
Interest receivable		**714,789.56**	166,575.34
Other receivables		**70,041,693.67**	73,397,683.83
Inventories		**1,512,550,560.26**	1,464,179,820.95
Other current assets	*5*	**974,629,765.89**	31,671,984.28
Non-current assets due within one year		**120,000,000.00**	120,000,000.00
Total Current Assets		**5,269,209,250.79**	4,339,443,180.73

ITEM	*Notes*	**Closing balance**	Opening balance
Non-current Assets:			
Available-for-sale financial assets	*6*	**2,933,130,717.43**	2,948,341,637.73
Long-term equity investments		**685,192,748.42**	650,739,926.46
Long-term receivables	*7*	**134,581,582.86**	23,145,230.77
Investment properties		**68,671,687.82**	61,149,527.93
Fixed assets		**1,358,740,899.48**	1,409,890,949.80
Construction in progress		**460,203,701.05**	232,590,792.28
Intangible assets		**397,038,235.41**	411,293,500.73
Development cost		**10,944,702.55**	–
Goodwill	*8*	**500,590,036.14**	500,590,036.14
Long-term prepaid expenses		**14,846,016.36**	20,554,421.60
Deferred tax assets		**8,828,117.50**	8,345,365.46
Other non-current assets		**413,198,913.58**	137,204,482.44
Total Non-current Assets		**6,985,967,358.60**	6,403,845,871.34
TOTAL ASSETS		**12,255,176,609.39**	10,743,289,052.07

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2016

RMB

ITEM	*Notes*	Closing balance	Opening balance
Current Liabilities:			
Notes payable		**12,584,784.00**	3,200,000.00
Accounts payable	*9*	**2,715,003,443.35**	2,537,859,546.44
Advance from customers		**309,946,513.41**	240,526,811.54
Employee benefits payable		**251,796,187.52**	233,953,297.60
Taxes payable		**38,956,867.75**	36,430,615.67
Dividends payable		**132,581,130.00**	–
Other payables	*10*	**270,461,490.08**	230,538,122.49
Deferred income		**99,576,587.05**	96,818,099.16
Provisions		**8,834,463.43**	7,770,686.30
Total Current Liabilities		**3,839,741,466.59**	3,387,097,179.20
Non-current Liabilities:			
Deferred tax liabilities		**33,772,112.47**	40,345,532.42
Deferred income		**87,235,679.55**	76,333,156.35
Total Non-current Liabilities		**120,957,792.02**	116,678,688.77
TOTAL LIABILITIES		**3,960,699,258.61**	3,503,775,867.97
Shareholders' Equity:			
Share capital	*11*	**1,233,841,000.00**	1,135,131,000.00
Capital reserve		**2,619,467,530.11**	2,073,002,432.05
Other comprehensive income	*17*	**2,045,820,792.23**	1,903,286,451.10
Surplus reserve		**539,564,967.34**	476,433,736.51
Retained profits	*12*	**1,896,996,070.84**	1,682,817,310.23
Total Equity Attributable to shareholders of the Company		**8,335,690,360.52**	7,270,670,929.89
Non-controlling Interests		**(41,213,009.74)**	(31,157,745.79)
TOTAL SHAREHOLDERS' EQUITY		**8,294,477,350.78**	7,239,513,184.10
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**12,255,176,609.39**	10,743,289,052.07

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

RMB

ITEM	*Notes*	**Amount for the current period**	Amount for the prior period
I. Total operating income	*13*	**6,356,168,113.43**	5,732,693,141.71
Less: Total operating costs		**5,882,301,254.56**	5,281,482,832.72
Including: Operating costs	*13*	**3,977,341,759.38**	3,469,413,266.56
Business taxes and levies		**32,271,503.31**	14,703,776.84
Selling expenses		**804,634,976.55**	743,696,335.05
Administrative expenses		**996,340,516.83**	977,375,063.21
Financial expenses		**(8,948,732.34)**	(4,911,799.47)
Impairment losses of assets		**80,661,230.83**	81,206,190.53
Add: Investment income		**64,865,975.99**	75,895,340.03
Including: Loss from investments in associates and joint ventures		**9,828,451.99**	8,744,291.89
II. Operating profit		**538,732,834.86**	527,105,649.02
Add: Non-operating income	*14*	**121,021,162.30**	107,047,355.58
Including: Gains from disposal of non-current assets		**452,562.89**	19,013,986.43
Less: Non-operating expenses		**24,037,937.44**	16,443,273.60
Including: Losses from disposal of non-current assets		**1,332,520.58**	566,522.64
III. Total profit		**635,716,059.72**	617,709,731.00
Less: Income tax expenses	*16*	**5,678,065.63**	2,789,931.13
IV. Net profit		**630,037,994.09**	614,919,799.87
Including: Net loss of acquiree which realised before business combination under common control (note)		**–**	(2,294,018.60)
Net profit attributable to shareholders of the Company		**647,462,291.44**	647,269,508.49
Profit or loss attributable to non-controlling interests		**(17,424,297.35)**	(32,349,708.62)
V. Other comprehensive income, net of tax	*17*	**142,534,341.13**	1,053,745,114.50
Total comprehensive income attributable to shareholders of the Company		**142,534,341.13**	1,053,745,114.50
Other comprehensive income which will be reclassified into profit or loss subsequently		**142,534,341.13**	1,053,745,114.50
Share of other comprehensive income of the investee that will be subsequently reclassified to profit or loss under the equity method		**412,151.06**	–
Profit or loss arising from changes in fair value of available-for-sale financial assets	*17*	**142,122,190.07**	1,053,745,114.50
VI. Total comprehensive income:		**772,572,335.22**	1,668,664,914.37
Total comprehensive income attributable to shareholders of the Company		**789,996,632.57**	1,701,014,622.99
Total comprehensive income attributable to non-controlling interests		**(17,424,297.35)**	(32,349,708.62)
VII. Earning per share			
Basic earning per share	*18*	**0.55**	0.57
Diluted earning per share	*18*	**N/A**	N/A

Note: Net loss of the acquiree which realised before business combination under common control was arisen from acquisition of equity interests in Sichuan Xinhua Culture Communication Co. Ltd. ("**Sichuan Culture Communication**") in December 2015.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

RMB

ITEM	*Notes*	**Amount for the current period**	Amount for the prior period
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		**6,663,029,048.32**	6,087,579,661.81
Receipts of tax refunds		**57,323,319.75**	177,996,506.81
Other cash receipts relating to operating activities		**96,352,312.32**	110,232,226.82
Sub-total of cash inflows from operating activities		**6,816,704,680.39**	6,375,808,395.44
Cash payments for goods purchased and services received		**4,261,241,599.98**	3,540,594,090.13
Cash payments to and on behalf of employees		**833,079,163.49**	796,997,501.78
Payments of various types of taxes		**145,619,786.24**	122,514,330.02
Other cash payments relating to operating activities		**893,336,852.35**	899,052,245.11
Sub-total of cash outflows from operating activities		**6,133,277,402.06**	5,359,158,167.04
Net Cash Flow from Operating Activities		**683,427,278.33**	1,016,650,228.40
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		**1,851,710,332.00**	1,021,892,000.00
Cash receipts from investment income		**58,370,805.09**	75,865,000.78
Cash receipts from interest of entrusted loans		**7,183,426.01**	10,659,194.85
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		**1,538,222.04**	129,293,337.13
Net cash receipts from disposals of subsidiaries and other business units		**–**	5,486,100.00
Other cash receipts relating to investing activities		**77,329,974.49**	105,434,000.00
Sub-total of cash inflows from investing activities		**1,996,132,759.63**	1,348,629,632.76
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		**341,657,330.79**	198,311,602.98
Cash payments to acquire investments		**2,649,200,169.84**	1,161,484,324.57
Cash payments to entrusted loans		**–**	10,200,000.00
Other cash payments relating to investing activities		**313,828,538.98**	70,000,000.00
Sub-total of cash outflows from investing activities		**3,304,686,039.61**	1,439,995,927.55
Net Cash Flow from Investing Activities		**(1,308,553,279.98)**	(91,366,294.79)

ITEM	*Notes*	**Amount for the current period**	Amount for the prior period
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		**662,315,200.00**	4,500,000.00
Including: cash receipts from capital contributions from non-controlling shareholders of subsidiaries		**7,500,000.00**	4,500,000.00
Other cash receipts relating to financing activities		**18,962,050.26**	–
Sub-total of cash inflows from financing activities		**681,277,250.26**	4,500,000.00
Cash repayments of borrowings		**–**	50,000,000.00
Cash payments for distribution of dividends or settlement of interest expenses		**237,702,136.60**	342,747,637.27
Including: payments for distribution of dividends to non-controlling shareholders of subsidiaries		**130,966.60**	103,199.35
Cash payments to acquire non-controlling interests		**–**	13,768,300.00
Acquisition of subsidiaries through business combination under common control		**–**	44,615,600.00
Other cash payments relating to financing activities		**8,640,101.94**	–
Sub-total of cash outflows from financing activities		**246,342,238.54**	451,131,537.27
Net Cash Flow from Financing Activities		**434,935,011.72**	(446,631,537.27)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		**–**	–
V. Net Increase (decrease) in Cash and Cash Equivalents		**(190,190,989.93)**	478,652,396.34
Add: Opening balance of Cash and Cash Equivalents		**1,824,358,247.63**	1,345,705,851.29
VI. Closing Balance of Cash and Cash Equivalents		**1,634,167,257.70**	1,824,358,247.63

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. BASIC INFORMATION ABOUT THE COMPANY

Xinhua Winshare Publishing and Media Co., Ltd.* (the "**Company**"), collectively sponsored by Sichuan Xinhua Publishing Group Co., Ltd. ("**Sichuan Xinhua Publishing Group**"), Chengdu Hua Sheng Group Industrial Co., Ltd.* ("**Chengdu Hua Sheng**"), Sichuan Daily Press Group Co., Ltd., Sichuan Publication Group Co., Ltd. ("Sichuan Publication Group"), Sichuan Youth and Children's Publishing House Co., Ltd., and Liaoning Publication Group Co., Ltd., was incorporated on 11 June 2005 upon registration with Sichuan Provincial Administration for Industry and Commerce, the registered capital of the Company is RMB733.37 million.

The Company publicly offered overseas listed foreign shares (including overallotment) ("**H shares**") at Hong Kong Stock Exchange on 30 May 2007. The share's par value was RMB1 and its issue price was HKD5.80, the raised funds totaled HKD2,330,213,800.00. Accordingly, the registered capital changed into RMB1,135,131,000.00.

In accordance with *Proposal of Reduction of State-owned Shares* approved by the 1st extraordinary general meeting of 2006 on 20 April 2006, and *Letter of Commitment for Raising Social Security Funds by Reduction of State-owned Shares* jointly issued by Sichuan Xinhua Publishing Group, Sichuan Publication Group Co., Ltd., Sichuan Daily Press Group Co., Ltd., Liaoning Publication Group Co., Ltd., and Sichuan Youth and Children's Publishing House Co., Ltd., the shareholders committed to transfer 10% of the new shares to National Council for Social Security Fund when H shares of the Company were issued. As described in *Certificate of Share Registration* issued by China Securities Depository and Clearing Corporation Limited., as of 22 June 2007, the above share transfer (40,176,100 shares) had been completed.

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 A shares ("**A Share(s)**") at Shanghai Stock Exchange at issue price of RMB7.12 per share. Upon the completion of the issuance of A Shares, the share capital of the Company changed into RMB1,233,841,000.00.

The legal representative of the Company is He Zhiyong. The 4th extraordinary general meeting of 2016 was held by the Company on 15 December 2016. The meeting resolved a change of registered address from 12/F, No. 86 Section One, People's South Road, Qingyang District, Chengdu to Unit 1, 1/F, Block 4, No. 239, Jinshi Road, Jinjiang District, Chengdu. and revised its articles of association (the "**Articles of Association**") The change of registered address is authorised by Sichuan Administration of Industry and Commerce, and the Company has received the renewed business license, which was issued by Sichuan Administration of Industry and Commerce. Its headquarter is located at 6 Wenxuan Road, Rongbei Shangmao Avenue, Chengdu, Sichuan.

The Group are mainly engaged in: sales of books, newspapers, journals, electronic publications; wholesale of audio-visual products (chainstore); 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, limits 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 licences). 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 and education ancillary services (the items above (not including the aforesaid permitted items) are subject to the approval of licences and shall be operated according to the licences).

The parent of the Company is Sichuan Xinhua Publishing Group. State-owned Assets Supervision and Administration Commission of Sichuan Provincial Government ("**SASAC of Sichuan**"), in compliance with instructions of Sichuan Provincial People's Government, set up 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 SASAC of Sichuan, so the Company is actually controlled by SASAC of Sichuan.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

The Group has adopted the *Accounting Standards for Business Enterprises* and relevant regulations issued by the Ministry of Finance. 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 Company Ordinance* and *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* (the "**Listing Rules**").

Going concern

The Group assessed its ability to continue as a going concern for the 12 months subsequent to 31 December 2016, 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 Persistently Implementing System Transformation of Operating Culture Public Institution into Enterprise*" (Cai Shui [2014] No. 84) issued by Ministry of Finance, State Administration of Taxation and Publicity Department of the Communist Party of China, enterprise which transformed from operating culture public institution is exempted from enterprise income tax since the registration date of system reform. The implementation period for the notice is from 1 January 2014 to 31 December 2018.

In compliance with the above regulations, the Company and its subsidiary Beijing Shu Chuan Xinhua Bookstore Book Distribution Co., Ltd. ("**Beijing Shu Chuan**"), Sichuan Xinhua Online Network Co., Ltd. ("**Xinhua Online**"), Sichuan Culture Communication. and 13 publishing houses affiliated to the Company are exempted from enterprise income tax till 31 December 2018.

Sichuan Winshare Education Technology Co.,Ltd. ("**Education Technology**"), a subsidiary of the Company obtained a certificate of new high-tech enterprise on 11 October 2014, the certificate number is GR201451000673 and the date of expiry is 10 October 2017. The enterprise income tax of Education Technology is levied at 15% on taxable income pursuant to the relevant tax regulation. Beijing Aerospace Cloud Education Technology Co., Ltd. ("**Aerospace Cloud**"), a subsidiary of the Company obtained a certificate of new high-tech enterprise on 1 December 2016, the certificate number is GR201611000716 and the date of expiry is 30 November 2019. The enterprise income tax of Aerospace Cloud is levied at 15% on taxable income pursuant to the relevant tax regulation.

Value-added tax

As per *Notice on Persistently Promoting Cultural Value-added Tax and Business Tax Preferential Policies* (Cai Shui [2013] No. 87) issued by Ministry of Finance and State Administration of Taxation: (1) for the period from 1 January 2013 to 31 December 2017, preferential policies of 100% reimbursement and 50% reimbursement are respective proposed for publications of certain category specified in this Notice during publishing phase, and the Group is entitled to this tax incentives; (2) for period from 1 January 2013 through 31 December 2017, the wholesale and retail of books are exempted from value-added tax, and the Group is entitled to this tax incentives.

4. ACCOUNTS RECEIVABLE

(1) Disclosure of accounts receivable by categories:

RMB

Category	Closing balance					Opening balance				
	Carrying amount		Bad debt provision			Carrying amount		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book Value	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book Value
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually	**334,849,963.67**	**35.29**	**(17,949,061.22)**	**5.36**	**316,900,902.45**	290,495,462.42	36.87	(17,921,747.64)	6.17	272,573,714.78
Accounts receivable for which bad debt provision has been assessed by portfolios	**614,113,225.99**	**64.71**	**(129,835,265.93)**	**21.14**	**484,277,960.06**	497,365,339.48	63.13	(109,887,491.47)	22.09	387,477,848.01
Total	**948,963,189.66**	**100.00**	**(147,784,327.15)**	**15.57**	**801,178,862.51**	787,860,801.90	100.00	(127,809,239.11)	16.22	660,051,562.79

Accounts receivable that are individually significant at the end of the period and for which bad debt provision has been assessed individually:

RMB

Category	Closing balance				Opening balance			
	Accounts receivable	Bad debt provision	Proportion of provision (%)	Reasons for the provision	Accounts receivable	Bad debt provision	Proportion of provision (%)	Reasons for the provision
Beijing Jinhuangxuan Culture Development Co., Ltd (originally known as Redkids Cartoon Books Co., Ltd)	**7,860,893.20**	**(7,860,893.20)**	**100.00**	Fully unrecoverable	7,860,893.20	(7,860,893.20)	100.00	Fully unrecoverable
Other	**326,989,070.47**	**(10,088,168.02)**	**3.09**	Partly unrecoverable	282,634,569.22	(10,060,854.44)	3.56	Partly unrecoverable
Total	**334,849,963.67**	**(17,949,061.22)**	**5.36**		290,495,462.42	(17,921,747.64)	6.17	

Accounts receivable portfolios for which bad debt provision has been assessed using the aging analysis approach:

RMB

	Closing balance			Opening balance		
Aging	**Accounts receivable**	**Bad debt provision**	**Proportion of provision (%)**	Accounts receivable	Bad debt provision	Proportion of provision (%)
Within 1 year	**459,959,925.92**	**(14,191,028.80)**	**3.09**	378,884,988.79	(15,050,464.37)	3.97
More than 1 year but not exceeding 2 years	**72,707,243.20**	**(42,042,169.00)**	**57.82**	42,964,059.10	(28,628,912.76)	66.63
More than 2 years but not exceeding 3 years	**17,936,928.69**	**(12,097,302.67)**	**67.44**	13,929,087.50	(8,559,057.48)	61.45
More than 3 years	**63,509,128.18**	**(61,504,765.46)**	**96.84**	61,587,204.09	(57,649,056.86)	93.61
Total	**614,113,225.99**	**(129,835,265.93)**	**21.14**	497,365,339.48	(109,887,491.47)	22.09

The analysis of aging of accounts receivable is based on the time of delivering goods.

(2) Bad debt provision made or reversed in the current year.

The bad debt provision for the current year is RMB25,672,066.69. The reversal of bad debt provision is RMB5,746,978.65. The reversal of accounts receivable which has been written off is RMB50,000.00.

5. OTHER CURRENT ASSETS

RMB

Item	**Closing balance**	Opening balance
Bank wealth management products *(Note 1)*	**936,000,000.00**	–
Available-for-sale financial assets – Trust Products Investments *(Note 2)*	**17,176,654.12**	31,671,984.28
Deductible VAT input tax *(Note 3)*	**21,453,111.77**	–
Total	**974,629,765.89**	31,671,984.28

Note 1: The Group's Bank wealth management products are wealth management products at fair value through profit or loss, its fair value is estimated using discounted cash flow analysis.

Note 2: As at 31 December 2016, the Group's investments in trust products were CITIC Xinhui Capital Trust Plan of Cash-management Financial Investment Portfolio and Wuxing Huijin Trust Plan Investment Portfolio purchased by Winshare Investment Co., Ltd., ("**Winshare Investment**") a subsidiary of the Group. These investments are subsequently measured at fair value.

Note 3: The deductible VAT amount is the amount of VAT input tax to be deducted by the Group within the next year.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(1) Available-for-sale financial assets

RMB

Item	Closing balance: Carrying amount	Closing balance: Provision for impairment	Closing balance: Book value	Opening balance: Carrying amount	Opening balance: Provision for impairment	Opening balance: Book value
Measured at fair value	**2,692,901,902.10**	**–**	**2,692,901,902.10**	2,448,112,822.40	–	2,448,112,822.40
Measured at cost	**243,187,180.82**	**(2,958,365.49)**	**240,228,815.33**	503,187,180.82	(2,958,365.49)	500,228,815.33
Total	**2,936,089,082.92**	**(2,958,365.49)**	**2,933,130,717.43**	2,951,300,003.22	(2,958,365.49)	2,948,341,637.73

(2) Available-for-sale financial assets measured at fair value at the end of the year

RMB

	Closing balance: Cost of equity instruments	Closing balance: Fair value	Closing balance: Accumulated changes of fair value included in other comprehensive income
Anhui Xinhua Media Co., Ltd. ("**Wan Xin Media**") *(Note 1)*	**186,415,328.00**	**2,189,924,800.00**	**2,003,509,472.00**
Jiangsu Youli Investment Holding Co., Ltd. ("**Youli Holding**") *(Note 2)*	**783,556.84**	**1,592,651.85**	**809,095.01**
CITIC Buyout Investment Fund (Shenzhen) (Limited Partnership) ("**CITIC Buyout Fund**") *(Note 3)*	**98,083,837.00**	**102,972,401.83**	**4,888,564.83**
Winshare Hengxin (Shenzhen) Equity Investment Fund Partnership (Limited Partnership) *(Note 4)*	**188,000,000.00**	**220,943,522.28**	**32,943,522.28**
Qingdao Jinshi Zhixin Investment Center (Limited Partnership) *(Note 5)*	**151,667,500.00**	**151,667,500.00**	**–**
Taizhou Xinheng Zongrun Fund (Limited Partnership) *(Note 6)*	**10,206,171.29**	**25,801,026.14**	**15,594,854.85**
Total	**635,156,393.13**	**2,692,901,902.10**	**2,057,745,508.97**

Note 1: The Company's equity investment in Wan Xin Media accounted for 6.85% of the equity interests of Wan Xin Media. The shares of Wan Xin Media went public on 18 January 2010 in the Shanghai Stock Exchange. The fair value changes for the current year resulted in gain of RMB153,211,753.15, which has been included in other comprehensive income.

Note 2: Sichuan Xinhua Printing Co., Ltd., a subsidiary of the Company acquired in August 2014, holds 0.02% equity interest in Youli Holding and the fair value of the acquisition is RMB783,556.84. The fair value changes for the current year resulted in the loss of RMB77,952.58, which has been included in other comprehensive income.

Note 3: As at 2014, the Company, as a limited partner invested RMB40,000,000.00 to CITIC Buyout Fund. In the year of 2015, the Company injected its capital contribution by RMB40,000,000.00 and withdrew its investment in CITIC Buyout Fund by RMB1,676,200.00. For the current year, the Company's injected its capital contribution by RMB20,000,000.00 and withdrew its investment in CITIC Buyout Fund by RMB239,963.00. Pursuant to the partnership agreement, the proportion of capital contribution subscribed by the Company is 1% of its total subscribed capital.

Under the partnership agreement, the general partner is the executive partner of the partnership who has exclusive power over the management and control of the partnership's operations, partnership investment business, and other matters. The distributable cash generated by the partnership in connection with the project investment shall be distributed among all the partners in proportion to their equity interest in the relevant investment, of which the portion attributable to the limited partner shall be first returned for the capital contribution until the cumulative distribution reaches its actual amount paid out. Then, the partnership will give priority to the limited partners according to the internal return rate of 8% each year. Under the premise of satisfying the order of distribution, the general partners will appropriate gain sharing, which is 20% of the total amount of the limited partner's income.

The fair value changes for the current year resulted in gain of RMB6,228,772.02, which has been included in other comprehensive income.

Note 4: In the year of 2015, Winshare Investment, a subsidiary of the Company, as a limited partner, invested RMB100,000,000.00 in Winshare Hengxin (Shenzhen) Equity Investment Fund LLP ("**Winshare Hengxin Fund**"). During the Year, Winshare Investment injected its capital contribution by RMB88,000,000.00. Pursuant to the partnership agreement, the proportion of capital contribution subscribed by the Group is 62.50% of its total subscribed capital. The dividend Winshare Investment received from Winshare Hengxin Fund for the current year was RMB1,109,398.30, which has been included in investment income.

Under the partnership agreement, the general partner is an executive partner of the partnership who has exclusive power over the management and control of the partnership's operations, partnership investment business, and other matters. The distributable cash generated by the partnership in connection with the project investment shall be distributed among all the partners in proportion to their equity interest in the relevant investment, of which the portion attributable to the limited partner first return for the capital contribution until the cumulative distribution reaches its actual amount paid out. Then, the partnership will give priority to the limited partner according to the internal return rate of 8% per year. Under the premise of satisfying the order of distribution, the general partner will appropriate the gain sharing, which is 20% of the total amount of the limited partner's income.

The fair value changes for the current year resulted in loss of RMB10,592,234.49, which has been included in other comprehensive income.

Note 5: In the year of 2015, Winshare Investment, a subsidiary of the Company, as a limited partner, invested RMB150,767,500.00 in Qingdao Jinshi Zhixin Investment LLP ("**Qingdao Jinshi**"). Winshare Investment made up the outstanding capital contribution of RMB900,000.00 for the year. Pursuant to the Partnership Agreement, the proportion of the subscribed capital contribution by the Group is 10.05% of its total subscribed capital. The dividend Winshare Investment received from Qingdao Jinshi for the current year was RMB4,249,545.15, which has been included in investment income.

In accordance with the partnership agreement, the general partner acts as the internal executive partner and the external representative for the partnership. The profits and losses of the partnership shall be distributed and shared by the general partner and the limited partner in proportion to the paid-in capital contribution.

Note 6: In the year of 2015, Winshare Investment, a subsidiary of the Company, transferred the right to earnings of limited partnership of Taizhou Xinheng Zhongrun Investment Fund LLP pro-rata, which accounted for 2.37% of the total subscribed capital of the partnership, The Group's investment cost was RMB10,426,540.29. During the Year, Winshare Investment withdrew its investment by RMB220,369.00 The investment is subsequently measured at fair value.

The fair value changes for the current year resulted in the loss of RMB12,420,926.40, which has been included in other comprehensive income.

7. LONG-TERM RECEIVABLES

RMB

Item	Closing balance Carrying amount	Closing balance Provision for impairment	Closing balance Book Value	Opening balance Carrying amount	Opening balance Provision for impairment	Opening balance Book Value
Goods sold by installments *(Note)*	**134,581,582.86**	**–**	**134,581,582.86**	23,145,230.77	–	23,145,230.77

Note: Receivables of goods sold by installments generated from equipment and software sales of the Group. The selling consideration is collected from two to five years by installments according to contract, which has been discounted at discount rate from 4.75% to 6%.

8. GOODWILL

(1) Original carrying amount of goodwill

RMB

Name of the investee and item resulting in goodwill	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Acquisitions of 15 publishing companies *(Note)*	500,571,581.14	–	–	**500,571,581.14**
Others	3,870,061.53	–	–	**3,870,061.53**
Total	504,441,642.67	–	–	**504,441,642.67**

Note: Goodwill of RMB 500,571,581.14 was generated from the acquisition of 15 publishing entities on 31 August, 2010, which has been distributed to one cash generating unit, including 3 of the 15 publishing entities in the Publication Segment.

The recoverable amount of the Publication CGU is determined based on the present value of its expected future cash flows, which is determined in accordance with the 5-year financial budget authorised by the management. The budgeted gross profit is determined on the basis of average gross profit rate achieved during the five years before the budgeted year; the growth rate of operating revenue after 5 years is set at nil to 2% (2015: nil to 2%). A discount rate of 15% (2015: 15%) is applied in accordance with the specific risks of the publishing business.

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

(2) Provision for impairment loss of goodwill

RMB

Name of the investee and item resulting in goodwill	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Others	(3,851,606.53)	–	–	**(3,851,606.53)**

9. ACCOUNTS PAYABLE

Aging analysis of accounts payable:

RMB

Item	Closing balance	Opening balance
Within 1 year	**1,951,342,495.62**	1,866,015,076.36
More than 1 year but not exceeding 2 years	**502,756,239.78**	473,616,645.00
More than 2 year but not exceeding 3 years	**147,358,941.28**	112,560,097.84
More than 3 years	**113,545,766.67**	85,667,727.24
Total	**2,715,003,443.35**	2,537,859,546.44

The analysis of aging of accounts payable is based on the time of purchase goods or receiving services. Accounts payable aged more than one year are mainly payments due to the supplier.

10. OTHER PAYABLES

RMB

Item	Closing balance	Opening balance
Amounts due to related parties	**2,972,709.57**	744,346.71
Security deposit/deposit/quality warranty/performance security	**86,068,756.41**	59,526,406.65
Construction and infrastructure construction expenses	**17,318,289.77**	50,091,983.29
Other operating payables	**62,362,569.77**	17,427,028.79
Others	**101,739,164.56**	102,748,357.05
Total	**270,461,490.08**	230,538,122.49

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

11. SHARE CAPITAL

RMB

Item	Opening balance	Changes for the year					Closing balance
		New issue of shares	Bonus issue	capitalisation of surplus reserve	Others	Subtotal	
2016:							
Promotor's shares	**693,193,900.00**	**–**	**–**	**–**	**(725,809.00)**	**(725,809.00)**	**692,468,091.00**
National Council for Social Security Fund	**–**	**–**	**–**	**–**	**725,809.00**	**725,809.00**	**725,809.00**
Outstanding overseas listed foreign shares	**441,937,100.00**	**–**	**–**	**–**	**–**	**–**	**441,937,100.00**
Outstanding domestic listed RMB ordinary shares	**–**	**98,710,000.00**	**–**	**–**	**–**	**98,710,000.00**	**98,710,000.00**
Total shares	**1,135,131,000.00**	**98,710,000.00**	**–**	**–**	**–**	**98,710,000.00**	**1,233,841,000.00**
2015:							
Promotor's shares	693,193,900.00	–	–	–	–	–	693,193,900.00
Outstanding overseas listed foreign shares	441,937,100.00	–	–	–	–	–	441,937,100.00
Total shares	1,135,131,000.00	–	–	–	–	–	1,135,131,000.00

12. RETAINED PROFITS

RMB

Item	**Current year**	**Prior year**	**Proportion of appropriation**
Retained profits at beginning of year	1,682,817,310.23	1,432,662,045.46	
Effect of business combination under common control	–	11,645,574.75	
Retained profits at beginning of year	1,682,817,310.23	1,444,307,620.21	
Add: Net profit attributable to shareholders of the Company for the year	647,462,291.44	647,269,508.49	
Less: Appropriation to statutory surplus reserve	(63,131,230.83)	(68,220,518.47)	(1)
Declaration of dividends on ordinary shares	(370,152,300.00)	(340,539,300.00)	(2)
Retained profits at the end of the year	1,896,996,070.84	1,682,817,310.23	

(1) Appropriation of statutory surplus reserves

As required by the Articles of Association, statuary surplus reserve shall be withdrawn at 10% of net profit. If the accumulated amount of the Company's statuary surplus reserve is over 50% of its registered capital, there can be no provision. Subject to certain provisions of the Company Law and the Articles of Association, part of the statuary surplus reserve may be transferred into the share capital of the Company provided that the balance of statuary surplus reserve shall not be less than 25% of its registered capital.

(2) Cash dividends approved in shareholders' meeting

The 4th extraordinary general meeting of 2016 was held by the Company on 15 December 2016, in which a dividend of RMB370,152,300.00 (tax inclusive) (paid in 2015: RMB340,539,300.00 (tax inclusive)) in total, equivalent to RMB0.30 per share (tax inclusive) (paid in 2015: RMB0.30 (tax inclusive)) based on the total 1,233,841,000 shares of the Company, was proposed in respect of the third quarter of 2016.

13. OPERATING INCOME AND OPERATING COSTS

(1) Operating income and operating costs

RMB

Item	**Amount recognised in the current year**	Amount recognised in the prior year
Principal operating income	**6,229,128,447.36**	5,592,163,298.31
Other operating income	**127,039,666.07**	140,529,843.40
Including: Gross revenue from concessionaire sales	**322,989,829.28**	327,730,787.40
Gross cost from concessionaire sales	**(273,618,726.23)**	(276,443,738.12)
Commissions from concessionaire sales	**49,371,103.05**	51,287,049.28
Operating costs	**3,977,341,759.38**	3,469,413,266.56

(2) Details of operating income and operating costs:

RMB

	Operating income		Operating costs	
Item	**Current year**	**Prior year**	**Current year**	**Prior year**
Publication segment				
Textbooks and Supplementary materials	**1,139,310,169.92**	1,137,271,333.64	**686,964,459.09**	699,203,679.55
General books	**296,783,115.19**	241,906,347.75	**207,131,222.87**	171,425,835.82
Printing and supplies	**267,933,641.03**	249,366,923.97	**247,460,395.95**	234,925,562.84
Others	**65,052,834.73**	47,709,903.22	**25,357,376.53**	18,342,643.46
Subtotal	**1,769,079,760.87**	1,676,254,508.58	**1,166,913,454.44**	1,123,897,721.67
Distribution segment				
Education services	**3,728,171,732.24**	3,426,451,722.24	**2,354,765,505.52**	2,135,253,335.88
Including: Textbooks and Supplementary materials	**3,315,531,959.85**	3,164,882,141.30	**1,999,701,835.92**	1,912,602,896.79
Winshare digital campus	**360,783,201.34**	251,028,544.26	**322,513,454.38**	218,991,449.24
Retailing	**637,537,195.19**	648,459,728.54	**379,217,561.98**	380,537,861.37
Commercial Supermarket	**175,051,787.74**	161,278,010.16	**117,158,822.23**	106,834,502.36
Online Sales	**1,075,548,017.43**	865,633,987.69	**1,002,486,069.18**	796,830,482.23
Others	**187,620,804.03**	148,912,012.02	**133,494,728.58**	100,933,929.97
Subtotal	**5,803,929,536.63**	5,250,735,460.65	**3,987,122,687.49**	3,520,390,111.81
Others				
Revenue from distribution of television programs	**443,773.58**	18,230,950.97	**–**	15,148,374.00
Others	**101,073,799.37**	28,760,388.04	**73,767,870.92**	14,718,504.49
Subtotal	**101,517,572.95**	46,991,339.01	**73,767,870.92**	29,866,878.49
Less: inter-segment elimination	**(1,318,358,757.02)**	(1,241,288,166.53)	**(1,250,462,253.47)**	(1,204,741,445.41)
Total	**6,356,168,113.43**	5,732,693,141.71	**3,977,341,759.38**	3,469,413,266.56

Note: Details of the Publication segment, Distribution segment and Others are set out in Note 15.

14. NON-OPERATING INCOME

(1) Details of non-operating income are as follows:

RMB

Item	**Amount incurred in the current year**	Amount incurred in the prior year
Total gains on disposal of non-current assets	**452,562.89**	19,013,986.43
Including: Gains on disposal of fixed assets	**452,562.89**	19,013,986.43
Government grants	**112,806,007.61**	82,870,807.45
Others	**7,762,591.80**	5,162,561.70
Total	**121,021,162.30**	107,047,355.58

(2) Details of government grants:

RMB

Item	**Amount incurred in the current year**	Amount incurred in the prior year
Book publishing subsidies	**22,491,104.11**	19,159,175.93
VAT refund income	**40,068,809.21**	34,011,335.00
VAT surcharge refund	**17,254,510.54**	–
Other financial subsidies	**32,991,583.75**	29,700,296.52
Total	**112,806,007.61**	82,870,807.45

15. SEGMENT REPORTING

Based on the Group's internal organisation structure, management requirements and internal reporting system, the operations of the Group are classified into 2 reporting segments, which are publication segment and distribution segment. The reporting segments are determined based on the Company's business type. The Group's management periodically evaluates the operating results of these reporting segments to make decisions about resources to be allocated to the segments and assess their performance.

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

Publication: publishing, printing and supply of publications like books, journals, audio-visual products and digital products; and

Distribution: Issue textbooks and supplementary materials to schools and students and supply of informationised service for middle and primary school education; publications retail, distribution and sales via internet etc..

Other segment of the Group covers production and distribution of films and teleplays, advertisement service and sales of art work etc. However, these operating businesses do not separately satisfy the definition of reportable segment. The relevant financial materials of such operating businesses are consolidated and presented as "others" in the following table.

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

(1) Segment information

Current year

RMB

	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	Total
External revenue	500,948,403.45	5,796,212,068.12	59,007,641.86	–	–	6,356,168,113.43
Inter-segment revenue	1,268,131,357.42	7,717,468.51	42,509,931.09	–	(1,318,358,757.02)	–
Total operating income	1,769,079,760.87	5,803,929,536.63	101,517,572.95	–	(1,318,358,757.02)	6,356,168,113.43
Operating profit (loss)	362,562,568.34	247,009,204.00	(27,357,890.04)	(18,791,917.91)	(24,689,129.53)	538,732,834.86
Non-operating income	68,062,754.03	41,770,078.84	11,188,329.43	–	–	121,021,162.30
Non-operating expenses	1,478,615.81	22,418,984.49	140,337.14	–	–	24,037,937.44
Total profit (loss)	429,146,706.56	266,360,298.35	(16,309,897.75)	(18,791,917.91)	(24,689,129.53)	635,716,059.72
Total assets	4,421,239,890.32	6,198,867,719.61	775,389,950.68	4,404,915,454.80	(3,545,236,406.02)	12,255,176,609.39
Total liabilities	1,473,228,704.70	5,105,744,062.81	711,677,473.12	64,085,524.25	(3,394,036,506.27)	3,960,699,258.61
Supplementary information						
Depreciation	23,230,769.24	64,374,272.80	11,447,118.60	–	–	99,052,160.64
Amortisation	2,890,963.10	25,411,619.86	4,144,663.61	–	–	32,447,246.57
Interest income	4,413,101.39	4,364,650.25	593,973.16	6,442,875.03	(1,962,264.16)	13,852,335.67
Impairment losses recognised in the current period	13,073,644.04	49,997,000.23	17,590,586.56	–	–	80,661,230.83
Investment losses from long-term equity investment under equity method	–	(5,134,310.25)	(4,694,141.74)	–	–	(9,828,451.99)
Long-term equity investments under equity method	–	174,163,606.73	511,029,141.69	–	–	685,192,748.42
Capital expenditure	16,339,334.62	283,338,671.08	5,245,696.75	–	–	304,923,702.45
Including: Expenditure arising from construction in progress	10,628,960.02	242,514,983.26	568,335.67	–	–	253,712,278.95
Expenditure arising from purchase of fixed assets	3,004,021.71	25,781,390.87	2,957,667.18	–	–	31,743,079.76
Expenditure arising from purchase of intangible assets	2,706,352.89	4,097,594.40	1,719,693.90	–	–	8,523,641.19
Development cost	–	10,944,702.55	–	–	–	10,944,702.55

Prior year

RMB

	Publication segment	Distribution segment	Others	Unallocated items	Inter-segment eliminations	Total
External revenue	434,981,342.05	5,250,735,460.65	46,976,339.01	–	–	5,732,693,141.71
Inter-segment revenue	1,241,273,166.53	–	15,000.00	–	(1,241,288,166.53)	–
Total operating income	1,676,254,508.58	5,250,735,460.65	46,991,339.01	–	(1,241,288,166.53)	5,732,693,141.71
Operating profit (loss)	245,100,168.24	375,766,767.30	(71,109,926.73)	13,412,624.89	(36,063,984.68)	527,105,649.02
Non-operating income	69,145,683.25	29,687,369.49	8,214,302.84	–	–	107,047,355.58
Non-operating expenses	943,540.91	14,958,122.42	541,610.27	–	–	16,443,273.60
Total profit (loss)	313,302,310.58	390,496,014.37	(63,437,234.16)	13,412,624.89	(36,063,984.68)	617,709,731.00
Total assets	3,997,919,436.82	5,369,150,490.28	743,822,195.29	3,816,725,999.83	(3,184,329,070.15)	10,743,289,052.07
Total liabilities	1,427,308,424.67	4,404,991,898.90	661,386,695.36	67,907,148.97	(3,057,818,299.93)	3,503,775,867.97
Supplementary information						
Depreciation	26,329,631.05	72,619,225.29	12,390,334.49	–	–	111,339,190.83
Amortisation	1,451,601.50	30,281,063.09	2,263,553.71	–	–	33,996,218.30
Interest income	1,612,645.86	5,377,921.08	348,574.96	5,532,719.12	–	12,871,861.02
Interest expenses	25,136.21	2,080,001.71	–	–	–	2,105,137.92
Impairment losses recognised in the current period	41,317,692.17	11,328,696.57	28,559,801.79	–	–	81,206,190.53
Investment income from long-term equity investment under equity method	–	1,423,769.63	7,320,522.26	–	–	8,744,291.89
Long-term equity investments under equity method	–	167,323,796.48	483,416,129.98	–	–	650,739,926.46
Capital expenditure						
Including: Expenditure arising from construction in progress	271,924.40	98,745,818.16	18,924,552.56	–	–	117,942,295.12
Expenditure arising from purchase of fixed assets	4,835,860.67	146,133,409.58	2,272,119.05	–	–	153,241,389.30
Expenditure arising from purchase of intangible assets	242,821.51	19,380,131.34	2,615,141.85	–	–	22,238,094.70

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

99% of the Group's income is sourced from Chinese customer and most of the Group's assets are located in China, therefore the regional data is not disclosed.

(3) Dependence on major customers

The Group's revenue from its top one customer is RMB631,314,893.30 (prior year: RMB680,010,050.61). Besides the aforesaid top one customer, the Group has no external customer from which the revenue accounts for 10% or more of the total revenue in the current year or prior year.

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

16. INCOME TAX EXPENSES

RMB

Item	**Amount incurred in the current year**	Amount incurred in the prior year
Current tax expense calculated according to tax laws and relevant requirements	**7,011,459.25**	31,306,249.85
Deferred tax expenses	**(1,333,393.62)**	(28,516,318.72)
Total	**5,678,065.63**	2,789,931.13

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

RMB

Item	**Amount incurred in the current year**	Amount incurred in the prior year
Accounting profit	**635,716,059.72**	617,709,731.00
Income tax expenses calculated at 25%	**158,929,014.93**	154,427,432.75
Tax concessions	**(191,818,631.33)**	(180,242,681.06)
Effect of expenses that are not deductible for tax purposes	**24,180,159.59**	19,334,471.79
Effect of tax-free income	**(9,050,800.00)**	(15,083,400.00)
Effect of unrecognised (using previously unrecognised) deductible temporary differences	**7,366,916.82**	(1,563,811.68)
Effect of unrecognised deductible losses	**12,417,029.20**	25,917,919.33
Supplementary payment for income tax in prior years	**3,654,376.42**	–
Total	**5,678,065.63**	2,789,931.13

17. OTHER COMPREHENSIVE INCOME

RMB

Item	Opening balance	changes for the year: Amount before income tax for the current year	changes for the year: Less: amount included in other comprehensive income in the prior periods that is transferred to profit or loss for the period	changes for the year: Income tax	changes for the year: Attribute to the owner of the Company (after tax)	changes for the year: Attribute to minority shareholders (after tax)	Closing balance
For the current year:							
Other comprehensive income will be reclassified in profit or loss in the subsequent years	1,903,286,451.10	138,931,777.81	(2,170,215.05)	5,772,778.37	142,534,341.13	–	**2,045,820,792.23**
Share of other comprehensive income of the investee that will be subsequently reclassified to profit or loss under the equity method	–	412,151.06	–	–	412,151.06	–	**412,151.06**
Profit or loss arising from changes in fair value of available-for-sale financial assets	1,903,286,451.10	138,519,626.75	(2,170,215.05)	5,772,778.37	142,122,190.07	–	**2,045,408,641.17**
Prior year							
Other comprehensive income will be reclassified in profit or loss in the subsequent years	849,541,336.60	1,077,192,191.11	(5,371,702.70)	(18,075,373.91)	1,053,745,114.50	–	**1,903,286,451.10**
Profit or loss arising from changes in fair value of available-for-sale financial assets	849,541,336.60	1,077,192,191.11	(5,371,702.70)	(18,075,373.91)	1,053,745,114.50	–	**1,903,286,451.10**

18. RETURN ON NET ASSETS AND EARNINGS PER SHARE ("EPS")

The return on net assets and EPS have been prepared by the Company in accordance with *Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revised 2010)* issued by China Securities Regulatory Commission.

Current year

Profit for the reporting period	Weighted average return on net assets (%)	EPS (RMB) Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	**8.22**	**0.55**	**N/A**
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	**7.80**	**0.53**	**N/A**

Prior year

Profit for the reporting period	Weighted average return on net assets (%)	EPS (RMB) Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	9.83	0.57	N/A
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	9.10	0.53	N/A

The Company has no dilutive potential ordinary shares.

19. EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date, the Group has the following significant events:

Dividends distribution

A meeting of the Board of the Company was held on 29 March 2017, in which a dividend of approximately RMB370,152,300.00 (tax inclusive) in total, equivalent to RMB0.30 per share(tax inclusive),was proposed in respect of the year. The proposal of dividend distribution is subject to the approval of the annual general meeting of the Company to be held on 25 May 2017 (the "**2016 AGM**").

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In recent years, the State has strengthened support for the publishing and media sector. The Publicity Department of the Central Committee of the Communist Party of China, State Administration of Press, Publication, Radio, Film and Television of the People's Republic of China, Ministry of Finance of the People's Republic of China and other departments have successively introduced policies and measures to drive the integrated development of traditional publishing and emerging publishing, support physical bookstores and promote national reading, thus creating more opportunities for industry development.

Given the development of the Internet, digitalised technologies and emerging media, the traditional publishing sector has accelerated the digitalisation process and the integrated development with media to increase the publishing efficiency by capitalising on the technological capabilities in compilation, printing and distribution. The publishers made use of big data and social media platforms to carry out topic planning and precision marketing. Focusing on the content, multi-media products are developed to achieve multi-channel development of the content resources.

In recent years, the cultural consumption market has been increasingly trending toward personalisation and diversity and the scale of online cultural consumption has been expanding, which drastically changes the traditional reading style and habits. Publishing and media players gradually transition from publication sellers to reading service providers by restructuring the reading space, providing refined service, integrating the online-offline development and enhancing the reading and cultural experience.

Publishers have gradually abandoned the single product production and sales model and the transformation from product providers to content service providers has become the norm. Publishers endeavour to promote the development of an innovative business model by engaging in cross-sector cooperation to tap into the great cultural consumption areas including digitalised service, knowledge service and education service. This has expanded the boundary of the publishing sector and created room for broader development.

The PRC publishers have been growing with increasing competence. Capital operation is crucial to the rapid development and transformation development of various publishing and media groups. Publishing and media enterprises widely make use of capital means to acquire and merge with quality publishers, emerging media and online companies at home and abroad to accelerate the industry layout and scale expansion and to facilitate the transformation and upgrade of the traditional sector.

With the speedy growth in the economic strength of China, its international cultural influence will continue to increase and its cultural export capabilities will further increase. Guided by the State's strategies, traditional PRC publishers will actively build relationships with countries subject to the "One Belt One Road" policy with a view to enhancing the influence of the Chinese culture in the international arena through various means of internationalisation such as copyrights export, physical book export, joint publishing and capital merger and acquisition.

RESULTS

During 2016, overall operating results of the Company grew steadily. During the Year, revenue of the Group amounted to RMB6,356,168,100, up by 10.88% as compared with that in the same period last year; profit for the Year amounted to RMB635,716,100, up by 2.92% as compared with that in the same period last year; profit attributable to owners of the Company amounted to RMB647,462,300, which remained basically the same as compared with that in last year; and earnings per share amounted to RMB0.55. During the Year, the traditional publishing business of the Group grew steadily and the education service and online sales businesses further expanded.

PRINCIPAL BUSINESS ANALYSIS

Breakdown of relevant item changes in income statement and cash flow statement

RMB

Item	**Current period**	Comparative period last year	Change (%)
Revenue	**6,356,168,113.43**	5,732,693,141.71	10.88
Operating costs	**3,977,341,759.38**	3,469,413,266.56	14.64
Cost of sales	**804,634,976.55**	743,696,335.05	8.19
Administrative expenses	**996,340,516.83**	977,375,063.21	1.94
Finance costs	**(8,948,732.34)**	(4,911,799.47)	(82.19)
Net cash from operating activities	**683,427,278.33**	1,016,650,228.40	(32.78)
Net cash from investing activities	**(1,308,553,279.98)**	(91,366,294.79)	(1,332.21)
Net cash from financing activities	**434,935,011.72**	(446,631,537.27)	197.38
R&D expenses	**18,021,278.96**	15,775,976.43	14.23

Note: R&D expenses include the capitalised portion and cost portion. Among which, the cost amount for the Year was RMB7,076,576.41.

Revenue

During the Year, the Group recorded revenue of RMB6,356 million, up by 10.88% as compared with RMB5,733 million in the same period last year, which was mainly attributable to the steady growth in the traditional publishing business of the Group and the further expansion of the sales of education service business and online sales business.

Gross profit margin

During the Year, the gross profit margin of the Group's principal businesses was 36.42%, down by 1.80 percentage points as compared with 38.22% in the same period last year, which was primarily due to the change in sales structure.

Details of its principal businesses by segment, product and region are as follows:

RMB

Principal business by segment

Segment	Revenue	Operating costs	Gross profit margin (%)	Change of revenue as compared with last year (%)	Change of operating costs as compared with last year (%)	Change of gross profit margin as compared with last year (%)
Publication	1,740,748,858.90	1,154,067,326.04	33.70	5.71	3.37	Increased by 1.50 ppts
Distribution	5,703,116,410.42	3,982,670,256.14	30.17	10.83	13.33	Decreased by 1.54 ppts
Others	99,323,307.26	73,147,325.53	26.35	143.08	152.48	Decreased by 2.74 ppts
Inter-segment elimination	(1,314,060,129.22)	(1,249,512,632.58)	–			
Total	**6,229,128,447.36**	**3,960,372,275.13**	**36.42**	**11.39**	**14.63**	**Decreased by 1.80 ppts**

RMB

Principal business by product

Product	Revenue	Operating costs	Gross profit margin (%)	Change of revenue as compared with last year (%)	Change of operating costs as compared with last year (%)	Change of gross profit margin as compared with last year (%)
I. Publication	**1,740,748,858.90**	**1,154,067,326.04**	**33.70**	**5.71**	**3.37**	**Increased by 1.50 ppts**
Textbooks and supplementary materials	1,139,310,169.92	686,964,459.09	39.70	0.18	(1.75)	Increased by 1.18 ppts
General books	296,783,115.19	207,131,222.87	30.21	22.69	20.83	Increased by 1.07 ppts
Printing and supplies	269,018,073.24	247,460,395.95	8.01	7.61	5.34	Increased by 1.99 ppts
Others	35,637,500.56	12,511,248.13	64.89	102.87	15.41	Increased by 26.60 ppts
II. Distribution	**5,703,116,410.42**	**3,982,670,256.14**	**30.17**	**10.83**	**13.33**	**Decreased by 1.54 ppts**
Education service	3,728,171,732.24	2,354,765,505.52	36.84	8.81	10.28	Decreased by 0.84 ppt
Of which: Textbooks and supplementary materials	3,315,531,959.85	1,999,701,835.92	39.69	4.76	4.55	Increased by 0.12 ppt
Winshare digital campus	360,783,201.34	322,513,454.38	10.61	43.72	47.27	Decreased by 2.15 ppts
Retailing	588,166,092.14	379,217,561.98	35.53	(1.51)	(0.35)	Decreased by 0.75 ppt
Commercial supermarket	175,051,787.74	117,158,822.23	33.07	8.54	9.66	Decreased by 0.69 ppt
Online sales	1,075,548,017.43	1,002,486,069.18	6.79	24.25	25.81	Decreased by 1.16 ppts
Others	136,178,780.88	129,042,297.23	5.24	42.87	36.04	Increased by 4.76 ppts
III. Others	**99,323,307.26**	**73,147,325.53**	**26.35**	**143.08**	**152.48**	**Decreased by 2.74 ppts**
Inter-segment elimination	(1,314,060,129.22)	(1,249,512,632.58)				
Total	**6,229,128,447.36**	**3,960,372,275.13**	**36.42**	**11.39**	**14.63**	**Decreased by 1.80 ppts**

RMB

Principal business by region

Region	Revenue	Operating costs	Gross profit margin (%)	Change of revenue as compared with last year (%)	Change of operating costs as compared with last year (%)	Change of gross profit margin as compared with last year (%)
Within Sichuan Province	4,818,081,403.75	2,756,655,795.52	42.79	9.94	13.02	Decreased by 1.56 ppts
Outside Sichuan Province	1,411,047,043.61	1,203,716,479.61	14.69	16.63	18.50	Decreased by 1.34 ppts
Total	**6,229,128,447.36**	**3,960,372,275.13**	**36.42**	**11.39**	**14.63**	**Decreased by 1.80 ppts**

Details of its production and sales volume are as follows:

Major products	No. of copies	Production	Sales volume	Inventory	Change in production as compared with last year (%)	Change in sales volume as compared with last year (%)	Change in inventory as compared with last year (%)
Publication segment:							
Of which: Textbooks and supplementary materials	10,000	24,677.45	24,687.27	37.74	(15.45)	(2.65)	(20.94)
General books	10,000	3,615.32	3,258.88	1,239.13	43.21	53.29	28.62
Distribution segment:							
Of which: Textbooks and supplementary materials	10,000	38,797.67	36,788.50	7,929.85	88.44	3.38	4.73
General books	10,000	11,144.12	9,384.78	4,456.64	4.81	12.93	4.54

Cost breakdown is as follows:

RMB

By sector

Sector	Cost composition	Amount for the current period	Amount for the current period as a percentage of total costs (%)	Amount for the comparative period last year	Amount for the comparative period last year as a percentage of total costs (%)	Change in amount for the current period over the amount for the comparative period last year (%)	Remark
Publication	Operating costs	1,154,067,326.04	22.15	1,116,395,397.53	23.96	3.37	
Distribution	Operating costs	3,982,670,256.14	76.45	3,514,312,697.69	75.42	13.33	
Others	Operating costs	73,147,325.53	1.40	28,971,341.32	0.62	152.48	
Inter-segment elimination		(1,249,512,632.58)		(1,204,741,445.43)			
Total		3,960,372,275.13		3,454,937,991.11		14.63	

By product

Product	Cost composition	Amount for the current period	Amount for the current period as a percentage of total costs (%)	Amount for the comparative period last year	Amount for the comparative period last year as a percentage of total costs (%)	Change in amount for the current period over the amount for the comparative period last year (%)	Remark
I. Publication	**Operating costs**	**1,154,067,326.04**	**22.15**	**1,116,395,397.53**	**23.96**	**3.37**	
Textbooks and supplementary materials	Operating costs	686,964,459.09	13.19	699,203,679.55	15.01	(1.75)	
General books	Operating costs	207,131,222.87	3.98	171,425,835.82	3.68	20.83	
Printing and supplies	Operating costs	247,460,395.95	4.75	234,925,562.84	5.04	5.34	
Others	Operating costs	12,511,248.13	0.23	10,840,319.33	0.23	15.41	
II: Distribution	**Operating costs**	**3,982,670,256.14**	**76.44**	**3,514,312,697.69**	**75.42**	**13.33**	
Education service	Operating costs	2,354,765,505.52	45.20	2,135,253,335.88	45.82	10.28	
Of which:							
Textbooks and supplementary materials	Operating costs	1,999,701,835.92	38.38	1,912,602,896.79	41.05	4.55	
Winshare digital campus	Operating costs	322,513,454.38	6.19	218,991,449.24	4.70	47.27	
Retailing	Operating costs	379,217,561.98	7.28	380,537,861.37	8.17	(0.35)	
Commercial supermarket	Operating costs	117,158,822.23	2.25	106,834,502.36	2.29	9.66	
Online sales	Operating costs	1,002,486,069.18	19.24	796,830,482.23	17.10	25.81	
Others	Operating costs	129,042,297.23	2.48	94,856,515.85	2.04	36.04	
III. Others	**Operating costs**	**73,147,325.53**	**1.40**	**28,971,341.32**	**0.62**	**152.48**	
Inter-segment elimination		(1,249,512,632.58)		(1,204,741,445.43)			
Total		**3,960,372,275.13**		**3,454,937,991.11**		**14.63**	

ANALYSIS OF OPERATING DATA OF THE PUBLISHING AND MEDIA INDUSTRY

1. Overview of Principal Business Segments

Based on the internal organisational structure, management requirements and internal reporting system of the Group, the operating business 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 Company. The management of the Group regularly assesses the operating performance of these segments to determine its resource allocation and to assess its results.

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

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

Distribution: Distribution of textbooks and supplementary materials to schools and students and provision of education informationalised service to primary and secondary school students; retailing, distribution and online sales of publications.

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

RMB10,000

	Sales volume (10,000 copies)			Sales value			Revenue			Operating costs			Gross profit margin (%)		
	Last year	Current period	Growth rate (%)	Last year	Current period	Growth rate (%)	Last year	Current period	Growth rate (%)	Last year	Current period	Growth rate (%)	Last year	Current period	Growth rate (%)
Publication segment:															
Self-compiled textbooks and supplementary materials	10,475.07	11,272.36	7.61	96,302.30	107,118.90	11.23	48,293.53	54,636.56	13.13	24,778.79	28,163.70	13.66	48.69	48.45	Decreased by 0.24 ppt
Plate-leased textbooks and supplementary materials	11,347.64	11,914.74	5.00	88,062.84	91,646.59	4.07	52,518.68	51,822.44	(1.33)	33,881.54	34,167.88	0.85	35.49	34.07	Decreased by 1.42 ppts
Printing of textbooks and supplementary materials on behalf of others	2,964.64	1,487.29	(49.83)	20,405.06	11,634.80	(42.98)	12,914.92	7,472.02	(42.14)	11,260.05	6,364.86	(43.47)	12.81	14.82	Increased by 2.01 ppts
General books	2,125.90	3,258.88	53.29	52,474.62	79,698.29	51.88	24,190.63	29,678.31	22.69	17,142.58	20,713.12	20.83	29.14	30.21	Increased by 1.07 ppts
										–	–				
Distribution segment:															
Textbooks and supplementary materials	35,585.58	36,788.50	3.38	331,730.48	347,723.64	4.82	316,488.21	331,553.20	4.76	191,260.29	199,970.18	4.55	39.57	39.69	Increased by 0.12 ppts
General books	8,310.08	9,384.78	12.93	258,174.68	300,131.98	16.25	171,940.11	197,494.47	14.86	137,905.94	162,790.48	18.04	19.79	17.57	Decreased by 2.22 ppts

2. Operating data of various business segments

(1). Publication segment

Major cost breakdown

RMB10,000

	Publication of textbooks and supplementary materials			Publication of general books		
	Last year	Current period	Growth rate (%)	Last year	Current period	Growth rate (%)
Plate-leased textbooks and supplementary materials expenses	5,386.87	3,556.53	(33.98)	–	–	–
Copyright fee	3,301.83	2,361.56	(28.48)	–	–	–
Author's remuneration	2,824.66	2,693.21	(4.65)	2,254.00	3,955.67	75.50
Printing costs	47,561.36	40,717.84	(14.39)	10,331.50	15,208.48	47.20
Documentation fee	832.37	785.16	(5.67)	1,864.90	1,910.14	2.43
Others	1,716.88	1,904.80	10.95	766.46	1,204.24	57.12

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

Textbooks and supplementary materials publication business

The publication of textbooks and supplementary materials of the Company is mainly carried out through Sichuan Education Publishing House Co., Ltd. (the "**Education House**"). In the spring and autumn of 2016, there were 1,130 genres of self-compiled textbooks and supplementary materials by the Education House.

In 2016, revenue from the sales of textbooks and supplementary materials under the publication segment of the Company amounted to RMB1,139,310,200, up by 0.18% as compared with that in the same period last year; cost of sales amounted to RMB686,964,500, down by 1.75% as compared with that in the same period last year. Gross profit margin was 39.70%, up by 1.18 percentage points from the same period last year.

General books publication business

The Company has nine publishing units which engage in the publishing of public books. Each of the publishing units has identified its own professional line of products by leveraging on the Company's strengths and expertise as well as the strategic plans. In 2016, more than 4,000 genres of general books were published.

During the reporting period, with respect to the publication business, revenue from the sales of general books amounted to RMB296,783,100, up by 22.69% as compared with that in the same period last year; cost of sales amounted to RMB207,131,200, up by 20.83% as compared with that in the same period last year. Gross profit margin was 30.21%, up by 1.07 percentage points from the same period last year, which was mainly due to the fact that the publishing units not only expanded sales, gross profit margin was also increased.

(2). Distribution segment

Textbooks and supplementary materials distribution business

The provincial government of Sichuan has implemented a single source purchase policy regarding the supply of textbooks to primary and secondary school students during their compulsory education. Since 2008, the Company, being the supplier of the single source purchase, enters into the "purchase contract regarding free textbooks for students in rural villages during compulsory education" (農村義務教育階段學生免費教科書採購合同書) with Sichuan's provincial education office of Sichuan each year with respect to the details of single source purchase.

In 2016, 368 million copies of textbooks and supplementary materials with sales value of RMB3,477 million were distributed. Sales revenue amounted to RMB3,316 million, up by 4.76% as compared with that in the same period last year; operating costs amounted to RMB2,000 million, up by 4.55% as compared with that in the same period last year. Gross profit margin was 39.69%, up by 0.12 percentage point from the same period last year, which was mainly attributable to the channel strengths of the Company which further enhanced the quality of service and resulted in continuous growth in sales of supplementary materials.

General books distribution business

During the reporting period, 93,847,800 copies of general books with sales value of RMB3,001,319,800 were distributed by the Company. Sales revenue amounted to RMB1,974,944,700, up by 14.86% as compared with that in the same period last year; operating costs amounted to RMB1,627,904,800, up by 18.04% as compared with that in the same period last year. Gross profit margin was 17.57%, down by 2.22 percentage points from the same period last year. The increase in sales revenue was mainly due to the growth in sales from the online sales channel. At the same time, since the gross profit margin of such channel is lower than that of the traditional retail stores, gross profit margin was lower as compared with that in the same period last year.

During the reporting period, revenue from the online sales amounted to RMB1,075,548,000. Among which, sales value secured through third-party e-commerce platforms amounted to RMB709,220,900, accounting for 65.94% of the total revenue of online sales business.

EXPENSES

During 2016, the selling expenses of the Company amounted to RMB804,635,000, which increased by 8.19% as compared with that in the same period last year but was lower than the growth of revenue. The expenses margin decreased by 0.31 percentage point as compared with that in the same period last year. The increase in total selling expenses was mainly due to the corresponding increase in resource allocation to marketing efforts in order to facilitate business expansion, and the increase in cost of logistics and transportation as a result of growth in sales.

During 2016, the administrative expenses of the Company amounted to RMB996,340,500, which increased by 1.94% as compared with that in the same period last year but was lower than the growth of revenue. The expenses margin decreased by 1.37 percentage points as compared with that in the same period last year. The increase in total administrative expenses was mainly due to the growth in the cost of human resources and the increase in administrative expenses as a result of normal business development.

During 2016, the finance cost of the Company amounted to RMB(8,948,700), as compared with (4,911,800) in the same period last year. Among which, net interest expenses amounted to RMB12,134,600, representing an increase of RMB3,082,300 from RMB9,052,300 in the same period last year, which was mainly due to the continued efforts of the Company to centralise funds of the Group, the increase in interest income from capital funds and the decrease in interest expense on loans of the subsidiaries as compared with that in the same period last year.

R&D COMMITMENTS

Breakdown of R&D commitments

	RMB
R&D expenses for the current period	7,076,576.41
R&D commitments capitalised for the current period	10,944,702.55
Total R&D commitments	18,021,278.96
Total R&D commitments as a percentage of revenue (%)	0.28
Total no. of R&D personnel of the Company	87
No. of R&D personnel as a percentage of total no. of personnel of the Company (%)	1.12
Percentage of R&D commitments capitalised (%)	60.73

The R&D expenses of the Company mainly referred to the R&D commitments in You class digitalised classroom and one-stop cloud class.

CASH FLOW

RMB

Item	2016	2015	Change	Major analysis of the change
Cash received from sales and services	6,663,029,048.32	6,087,579,661.81	9.45%	
Refund of taxes	57,323,319.75	177,996,506.81	(67.80%)	Mainly due to the receipt of appreciation tax refund settled for prior years in the same period of 2015
Cash paid for purchases and services	4,261,241,599.98	3,540,594,090.13	20.35%	
Cash paid for salaries and on behalf of employees	833,079,163.49	796,997,501.78	4.53%	
Cash paid for various taxes	145,619,786.24	122,514,330.02	18.86%	
Cash received from sale of investments	1,851,710,332.00	1,021,892,000.00	81.20%	Mainly due to the increase in the principal upon sale of trust products and principal guaranteed wealth management products as compared with that in the same period last year, and the recovery of investment in Chengdu Institute outside Sichuan Province during the period
Cash received from returns on investments	58,370,805.09	75,865,000.78	(23.06%)	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,538,222.04	129,293,337.13	(98.81%)	Mainly due to the relocation compensation for the North Improvement Project of RMB116,000,000 received by the Company's subsidiary Xinhua Printing in 2015
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	341,657,330.79	198,311,602.98	72.28%	Mainly due to the increase in commitments in infrastructure projects including the publishing and media creativity centre
Cash paid for acquisition of investments	2,649,200,169.84	1,161,484,324.57	128.09%	Mainly due to the increase in the purchase of principal guaranteed wealth management products during the period as compared with that in the same period last year
Cash received from capital contribution	662,315,200.00	4,500,000.00	14,618.12%	Mainly due to the net proceeds of RMB645,000,000 from the listing of A shares of the Company in August 2016
Cash paid for distribution of dividend or profit and for interest expense	237,702,136.60	342,747,637.27	(30.65%)	Mainly due to the payment of the dividend declared by the Company in December 2016, which was completely paid in January 2017

PROFIT

Net profit for the Year of the Group amounted to RMB630,038,300, which slightly increased from RMB614,919,800 in the same period last year. Net profit attributable by the owners of the parent amounted to RMB647,462,300, which remained basically the same as compared with RMB647,269,500 in the same period last year.

EARNINGS PER SHARE

Earnings per share is calculated based on the net profit attributable to the owners of the parent for the Year divided by the weighted average number of the ordinary shares in issue during the Year. During the Year, earnings per share of the Group amounted to RMB0.55, which slightly decreased as compared with RMB0.57 in the same period last year. Excluding the weighted effect as a result of 98,710,000 A Shares issued in the A Share Issue by the Company during the Year, earnings per share remained basically the same as last year. For details regarding the calculation of earnings per share, please refer to note 18 to the consolidated financial statements in this results announcement.

ASSETS AND LIABILITIES ANALYSIS

The position of assets and liabilities is as follows:

RMB

Item	As at the end of the current period	Amount as at the end of the current period as a percentage of the total assets (%)	As at the end of the comparative period last year	Amount as at the end of the comparative period last year as a percentage of the total assets (%)	Change in the amount as at the end of the current period over the amount as at the end of the comparative period last year (%)	Remark
Bank and cash	1,695,414,090.58	13.83	1,929,029,300.50	17.96	(12.11)	
Receivables	801,178,862.51	6.54	660,051,562.79	6.14	21.38	
Prepayments	92,509,488.32	0.75	60,073,408.90	0.56	53.99	Mainly due to the prepayments made for film production by Huaying Winshare, a subsidiary of the Company
Inventory	1,512,550,560.26	12.34	1,464,179,820.95	13.63	3.30	
Other current assets	974,629,765.89	7.95	31,671,984.28	0.29	2,977.26	Mainly due to the purchase of principal guaranteed wealth management products by the Group which are yet to be matured
Available-for-sale financial assets	2,933,130,717.43	23.93	2,948,341,637.73	27.44	(0.52)	
Long-term receivables	134,581,582.86	1.10	23,145,230.77	0.22	481.47	Mainly due to increase in the number of items that are settled by instalment payment as a result of increase in market share of digitalised classroom

Item	As at the end of the current period	Amount as at the end of the current period as a percentage of the total assets (%)	As at the end of the comparative period last year	Amount as at the end of the comparative period last year as a percentage of the total assets (%)	Change in the amount as at the end of the current period over the amount as at the end of the comparative period last year (%)	Remark
Long-term equity investments	685,192,748.42	5.59	650,739,926.46	6.06	5.29	
Fixed assets	1,358,740,899.48	11.09	1,409,890,949.80	13.12	(3.63)	
Construction in progress	460,203,701.05	3.76	232,590,792.28	2.16	97.86	Mainly due to the increase in commitments to infrastructure projects such as the publishing and media creativity centre
Intangible assets	397,038,235.41	3.24	411,293,500.73	3.83	(3.47)	
Other non-current assets	413,198,913.58	3.37	137,204,482.44	1.28	201.16	Mainly due to the term deposits with a maturity of over one year included in the closing balance in 2016
Payables	2,715,003,443.35	22.15	2,537,859,546.44	23.62	6.98	
Advance receipts	309,946,513.41	2.53	240,526,811.54	2.24	28.86	
Employee compensation payable	251,796,187.52	2.05	233,953,297.60	2.18	7.63	
Dividend payable	132,581,130.00	1.08	–	0.00	N/A	Mainly due to the payment of the dividend declared by the Company in December 2016, which was completely paid in January 2017
Other payables	270,461,490.08	2.21	230,538,122.49	2.15	17.32	
Other current liabilities	108,411,050.48	0.88	104,588,785.46	0.97	3.65	
Deferred income tax liabilities	33,722,112.47	0.28	40,345,532.42	0.38	(16.42)	

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2016, the Group had cash and short-term deposits of approximately RMB1,695 million. The Group did not have any interest-bearing bank and other borrowings.

As at 31 December 2016, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 32.32%, as compared with 32.61% as at 31 December 2015. The Group's overall financial structure remained relatively stable.

CONTINGENT LIABILITIES

As at 31 December 2016, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 31 December 2016, other than the Group's pledged deposits of RMB6,815,900, the Group did not have any other assets under pledge or guarantee.

FOREIGN EXCHANGE RISK

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

WORKING CAPITAL MANAGEMENT

	31 December 2016	31 December 2015
Current ratio	**1.4**	1.3
Inventory turnover days	**136.6 days**	145.9 days
Trade receivables turnover days	**42.0 days**	40.4 days
Trade payables turnover days	**241.0 days**	240.5 days

As at 31 December 2016, the current ratio of the Group was 1.4. During the Year, inventory turnover days, trade receivables turnover days and trade payables turnover days were 136.6 days, 42.0 days and 241.0 days respectively, which remained basically the same as those as at 31 December 2015.

OVERVIEW OF MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the Year, the Group focused on its growth strategies, improved existing industrial 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.

In order to support the Company's strategies for the great cultural industry and share the benefits of China's economic and industrial development, the Company has undertaken to invest RMB100 million in CITIC Buyout Fund. During the Year, the Company made a payment of RMB20 million according to the relevant agreement. The Company made total investments amounting to RMB100 million and all the capital contributions have been made as agreed. In addition, during the Year, the Company's subsidiary, Winshare Investment invested RMB88 million in Winshare Hengxin Fund with a total investment of RMB188 million.

To facilitate the growth strategies of industrial operations and capital operations of the Group, the Company decided to increase the capital of Winshare Investment by RMB100 million, which would be mainly used for investing in the equity interests in quality cultural enterprises and other short to medium-term investment opportunities. The Company settled the payment of capital increase in September 2016.

To promote the transformation from traditional paper education to digitalised education development of the Group, the Company decided to increase the capital of its wholly-owned subsidiary, Education Technology by RMB290 million, which would be used for the development of regional education service cloud platform and Winshare integrated service cloud platform. The Company fully settled the payment of capital increase in November 2016. Upon completion of capital increase, the registered capital of Education Technology was changed to RMB330 million.

Due to strategic growth needs, during the Year, the Company injected capital of RMB40 million, RMB22 million and RMB22.5 million to its wholly-owned subsidiaries, namely, Sichuan Literature & Art Publishing House Co., Ltd., Sichuan Winshare Yuntu Wenchuang Technology Co, Ltd. (formerly known as Sichuan Winshare Education Technological Equipment Co., Ltd.) and its subsidiary Sichuan Winshare Online E-commerce Co., Ltd. respectively.

During the Year, the Company disposed of 24.3% equity interest in Chengdu Institute, Sichuan International Studies University at a consideration of RMB260.25 million. As at the date hereof, the relevant registration changes have not been completed. In addition, the Company disposed of 48% equity interest in Sichuan Wenxuan Zhuotai Investment Co., Ltd. by way of public auction. As at the date hereof, the disposal is still under auction for sale. For details, please refer to the overseas regulatory announcement of the Company published on 22 August 2016.

During the Year, the Company received dividend for 2015 from Wan Xin Media in the sum of RMB16,203,200. On 13 June 2016, Wan Xin Media implemented the proposal of capitalisation of reserve where every 10 shares of capital reserve will be issued to all shareholders for every 10 shares. Upon completion of the capitalisation of reserve, the number of shares in Wan Xin Media held by the Company was changed to 124,640,000 shares where the shareholding percentage remained unchanged.

In addition, the Company also received dividends for 2015 from Bank of Chengdu Co., Ltd, Ren Min Eastern (Beijing) Book Industry Co., Ltd and CITIC Buyout Fund in the sum of RMB20,000,000, RMB3,333,300 and RMB240,000, respectively.

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

During the Year, details of the external investments made by the Company and Winshare Investment are set out in note 6 to the consolidated financial statements in this results announcement.

MATERIAL EVENTS DURING THE REPORTING PERIOD

On 8 August 2016, the Company's Renminbi-denominated ordinary shares (being the A Shares) were listed for the first time on the Shanghai Stock Exchange at the price of RMB7.12 per share and existing Domestic Shares were converted into A Shares. The gross proceeds from the listing amounted to RMB702,815,200 and the net proceeds amounted to RMB645,175,100 after deducting issue expenses of RMB57,640,100. Upon the issue, the total number of shares was 1,233,841,000 shares (comprising 791,903,900 A Shares and 441,937,100 H Shares).

FUTURE PROSPECTS

(I) Growth strategy

Upholding the core values of the publishing and media sector, the Company will capture the growth momentum of the international cultural sector and focus on areas of "online+capital" as transformation drivers. While providing the great cultural consumption service, the Company will, through full-product operations, full-customer service and full-channel coverage, push ahead the development of content resources and optimise the integrated education service industry chain to develop a great cultural consumption ecosphere with a view to building the most innovative and growing publishing and media enterprise in China and a comprehensive cultural service group with international influence.

(II) Operating plans

1. Bearing in mind the responsibilities to revitalise the publishing sector in Sichuan, the Company will continue to increase resource allocation to the publication segment and improve the incentive and appraisal system so as to ensure the rapid growth of performance of the publication segment. At the same time, it will actively promote the integrated development of the publication segment and the journal operation segment in traditional media and emerging media.

2. While stepping up the efforts in e-commerce business, the Company will continue to optimise the development e-commerce supply chain system and maintain the speedy sales growth momentum in an effort to rank No.1 in e-commerce business of books. In addition to pushing ahead the network development of physical bookstores, the Company will optimise the network distribution, build a vertical network service system which covers the entire Sichuan Province and innovate the operating model of retail stores. The Company will also actively explore the online-offline integrated development to shape itself into a professional publication distributor in the era of Internet and Internet of Things.

3. The Company will also accelerate resource integration. While consolidating the traditional businesses, the Company will put great efforts to expand the new businesses of digitalised education and education equipment. The Company will actively explore the online growth model to achieve upgrade in the mode of service, mode of operation and products based on the Internet.

4. Based on its strategy, the Company will make use of capital operations to optimise resource allocation and drive the sector development of the Company so as to gradually improve the sector layout of the Company.

5. To achieve breakthrough in whole-industry chain operations, the Company will actively work with third parties to develop logistic business and build a one-stop service platform with the supply chain of logistics+Internet and logistics+finance. Seizing the growth opportunities in education products arising from the State's "13th Five-Year Plan", the Company will focus its efforts in building itself into a well-known professional education base in the western region. In addition to taking various measures to expand the kindergarten education market, the Company will also expand the supplies trading business to build the brand of printing supplies and achieve breakthroughs in the sales of supplies. The Company will also explore a diversified cultural growth model to enhance Winshare's cultural influence.

(III) Potential risks

Over the years, the State has issued key policies to support the cultural industry where the publishing and media enterprises enjoy standardised preferential tax policies promulgated by the State. In the event the current preferential tax policies are not renewed upon expiry, the financial conditions of the Company will be adversely affected. Since 2016, given the environmental pressure, the price of raw materials in the publishing sector has grown substantially. In addition, logistic costs and labour costs also keep rising. If such trend is not reversed in the future, the operating costs of the publication and distribution business of the Company will increase, thus affecting the profitability of the Company.

To accelerate its development, the Company has formulated scientifically reasonable strategic objectives and optimised the operating plans, as well as structured the objective budget assessment and management system to ensure the operating objectives are achieved. However, due to uncertainties in the external market, coupled with the deficiencies in the quality of management team, team building and resource allocation, risks beyond the Company's expectation will arise in the course of execution of these objectives.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving sound corporate governance, continuously perfecting and optimising the internal control system of the Company. The Company has adopted and complied with all applicable code provisions of the Corporate Governance Code and the Corporate Governance Report as set out in Appendix 14 to the Listing Rules during the Year.

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

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

ADOPTION OF ASBE OF CHINA

The A Shares of the Company were listed on the Shanghai Stock Exchange on 8 August 2016, the Company is required to comply with the relevant requirements of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Shanghai Stock Exchange in respect of the disclosure of financial information. As a results, at the 4th extraordinary general meeting of 2016 held by the Company on 15 December 2016, the appointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP as the Company's sole auditor was approved. Thereafter, the financial reports for the financial years ended 31 December 2016 and onwards of the Company shall be solely prepared in accordance with ASBE of China.

AUDIT COMMITTEE

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

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2016, the Group had a total of 7,743 (31 December 2015: 7,914) employees.

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

For the year ended 31 December 2016, the Group made post-retirement plan contributions and corporate annuity scheme aggregate contributions of RMB112.79 million (2015: RMB110.26 million) for its employees.

The Group attaches great important to the growth and development of employees and endeavours to provide training and opportunities for exchange to help them enhance their professional skills and expand their areas of expertise. Based on the objectives and requirements of personnel training that are in line with the corporate strategies, the Company has built the talent pool reserves through training and planning to optimise talent structure. In addition, it illustrates how the management can master online and capital tools and closely monitors employees of various levels to increase their competence and quality so as to facilitate the development of various business segments of the Company. During the Year, it organised approximately 200 training seminars on capital operations, branding and digital publishing to integrate its organisational capabilities into various training programmes.

Adhering to the "people-oriented" human resources principle, the Company continues to improve the human resources management system so as to grow and progress with its employees and to maintain good relationship with its employees.

DIVIDEND

The Board has proposed the distribution of dividend for the year ended 31 December 2016 of RMB0.30 (tax inclusive) per share, totalling RMB370,152,300.00 (tax inclusive) (2015: nil; dividend paid at the end of the third quarter of 2016: RMB0.30 per share (tax inclusive)) ("**Dividend for 2016**"). Dividends payable to holders of A Shares will be made and paid in RMB, whereas dividends payable to the H shareholders will be declared in RMB and payable in Hong Kong dollars, the exchange rate of which would be calculated based on the average exchange rate published by the People's Bank of China during the week preceding the 2016 AGM.

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

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

The proposed Dividend for 2016 is subject to the approval by Shareholders at the forthcoming 2016 AGM of the Company.

H shareholders whose names appear on the register of members of the Company after the close of business on 24 April 2017 are entitled to attend and vote at the 2016 AGM. H shareholders whose names appear on the register of members of the Company on 6 June 2017 (the "**Dividend Entitlement Date**") are entitled to the Dividend for 2016 of the Company (if approved by the Shareholders).

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

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

2016 AGM

The 2016 AGM will be held at Sichuan Xinhua International Hotel, No. 8 Guzhongshi Street, Chengdu, Sichuan, the PRC (中國四川省成都市古中市街8號四川新華國際酒店) on 25 May 2017. Details of the 2016 AGM will be set out in the notice of 2016 AGM to be despatched by the Company in due course. Such notice will also be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.winshare.com.cn).

CLOSURES OF REGISTER OF MEMBERS

In order to ascertain the Shareholders who are entitled to attend 2016 AGM and to receive the Dividend for 2016 (if approved by the Shareholders), the register of holders of H shares will be closed by the Company during the following periods:

To ascertain the H shareholders who are qualified to attend and vote at the 2016 AGM:

Latest time for lodging transfers of H shares	4:30 p.m, Monday, 24 April 2017
Closure of H share register of members	from Tuesday, 25 April 2017 to Thursday, 25 May 2017 (both days inclusive)
Date for the 2016 AGM	Thursday, 25 May 2017

To ascertain the H shareholders who are entitled to the proposed Dividend for 2016:

Latest time for lodging transfers of H shares	4:30 p.m, Wednesday, 31 May 2017
Closure of H share register of members	from Thursday, 1 June 2017 to Tuesday, 6 June 2017 (both days inclusive)
Dividend Entitlement Date	Tuesday, 6 June 2017

In order for the H shareholders to qualify to attend and vote at the 2016 AGM and to receive the Dividend for 2016 (if approved by the Shareholders) proposed by the Company, all transfers accompanied by the relevant share certificates must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before the abovementioned deadlines for lodging the transfer documents.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement of the Company for the Year is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.winshare.com.cn), and the annual report of the Company for 2016 (including the audited financial statements) will be despatched to the Shareholders on or before 30 April 2017 and will be published on the Stock Exchange's website and the Company's website.

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

Sichuan, the PRC, 29 March 2017

As at the date of this announcement, the Board comprises (a) Mr. He Zhiyong, Mr. Luo Yong and Mr. Yang Miao as executive Directors; (b) Mr. Luo Jun, Mr. Zhang Peng and Mr. Zhao Junhuai as non-executive Directors; and (c) Mr. Han Liyan, Mr. Chan Yuk Tong and Ms. Xiao Liping as independent non-executive Directors.

* *For identification purposes only*